

Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2005.
3. Chapter III deals with the findings of performance audit in various departments while Chapter IV deals with the findings of audit of transactions including Public Works, Irrigation, audit of Autonomous Bodies and departmentally run commercial undertakings. Chapter V deals with the comments on internal control mechanism existing in selected departments in the State.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2004-05 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2004-05 have also been included wherever necessary.

Overview

The Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Madhya Pradesh for the year 2004-05 and three others comprising four reviews, two long paragraphs and 27 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgement basis. The specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and recommendations made taking into consideration the views of the Government.

A summary of the financial position of the State and the audit findings as well as recommendations is given below:

1. Finances of the State Government

Revenue expenditure decreased by 4 *per cent* while the revenue receipts registered a growth of 38 *per cent* as a result of which State Government achieved a revenue surplus of Rs.1717 crore. The main reason for increase in revenue receipts was due to increase of Rs.29.82 crore in non-tax revenue. Salaries, pensions, interest payments and subsidies consumed 64 *per cent* of the revenue receipts of the year. Fiscal liabilities had been steadily rising and so were its ratios to Gross State Domestic Product endangering the debt sustainability.

Return on Governments investments in statutory corporations, companies, cooperative banks and societies were negligible and the Government continued to invest in loss making corporations and companies.

In addition to investment, the Government has also provided loans and advances as well as subsidies to many of these companies, besides giving guarantees for loans raised by them. During 2000-05, the gap between the interest on capital borrowed for investments and returns therefrom had increased.

(Paragraphs 1.1 to 1.10)

2. Allocative Priorities and Appropriation

As against the total appropriation of Rs.43732.16 crore, the actual expenditure during 2004-05 was Rs.34475.66 crore resulting in saving of Rs.9256.50

crore. Supplementary provision of Rs.437.18 crore obtained in 50 cases during the year proved unnecessary. In 19 cases, the entire budget provision of Rupees one crore and above in each case aggregating to Rs.135.15 crore provided under various Central schemes remained unutilised. In 46 schemes, there were substantial savings of Rupees five crore or more and also over 80 per cent of the provision in each case, totaling Rs.3719.98 crore.

The expenditure of the Government exceeded the budget provision during the year in 15 grants/appropriations, by Rs.83.67 crore. Such excesses aggregating to Rs.5004.17 crore pertaining to the years 1993-94 to 2003-04 had not been regularised (August 2005). Expenditure of Rs.48.40 crore was incurred in 8 cases without budget provision.

Provision of Rs.30 crore and expenditure of Rs.27.60 crore on grants-in-aid to Local Bodies/Institutions were incorrectly classified and accounted for under Capital section of Account instead of Revenue section.

(Paragraphs 2.1 to 2.7)

3. Implementation of the Acts and Rules relating to Consumer Protection

The Consumer Protection Act, 1986 was enacted by Government of India for better protection of the interest of the consumers. A review of implantation of the Act in Madhya Pradesh revealed that adequate infrastructure facilities and staff were not provided in the forum. Action plan/ policy for creating awareness among consumers was not framed. Regular district forums were not established in 21 districts and in 3 new districts. Circuit benches of State commission were not established. Members of district forums were not appointed in 4 district Forums, while in 15 district forums one post of member was vacant. While State consumer protection council was not functioning regularly, the district consumer protection councils were non-functional. Adequate steps to implement Jagrati Shivir Yojana and for setting up of District consumer information centre were not taken to ensure wider awareness and empowerment of consumers.

(Paragraph 3.1)

4. Upgradation and improvement of roads from Mandi funds and loans obtained by MPRRDA (Kisan Sadak Nidhi)

Looking to the poor condition of roads in the State and acute shortage of funds specially for repair and maintenance of roads, the Government decided (September 2001) to utilise the Mandi funds (created for development of roads for Krishi Upaj Mandi Market area) for repair and maintenance of State roads. Accordingly 323 roads of different category with length of 5839.95 km were

taken up for up-gradation/improvement by the Public Works Department (PWD) in phased manner for completion by the end of March 2003 at an estimated cost of Rs.648.97 crore. However, only 230 roads with length of 4876.90 km had been completed after incurring an expenditure of Rs.568.90 crore up to March 2005. The performance was deficient as completion of the works was lagging behind the schedule. The criteria of selection of roads having width of 3.75m was not followed and the specifications of MORT&H were not adhered to. There were cases of acceptance of substandard works and excess payment made to the contractor due to incorrect application of rates.

(Paragraph 3.2)

5. Implementation of Integrated Child Development Services

With a view to improve socio-economic, health and nutritional status of women, creating awareness about laws and schemes relating to welfare of women and improving physical, psychological nutritional status of children and protection from malnutrition, ICDS scheme, was being implemented by the Department. However, impact of implementation of scheme was marginal on health and nutritional status of children as more than 55 per cent of the children were malnourished in the State. Due to inadequate budget provision for nutrition and delay in release of funds to district offices, 52 to 62 per cent children and 46 to 59 per cent expectant and nursing mothers in the State were deprived of the nutritional support. Instances of procurement of substandard nutritional food and non observance of prescribed procedure in procurement were also noticed. Large number of posts remaining vacant and improper manpower planning affected the implementation and monitoring of scheme in field adversely. Payment of fuel charges on take home ration resulted in unjustified and avoidable expenditure of Rs.15.22 crore.

(Paragraph 3.3)

6. Implementation of National Project for Cattle and Buffalo Breeding

The Government of India (GOI) formulated (1997) a scheme National Project for Cattle and Buffalo Breeding with cent percent grant-in-aid from GOI with an aim to ensure sustainability of operations as well as quality breeding inputs and services. Target of AI fixed for Phase-I could not be achieved due to deficiency in supply of equipments to AI centres/workers and less number of trained persons, resulting shortfall in AI by 23 percent (Department) and 73 percent by private AI workers. Infrastructure to the tune of Rs.62.37 lakh procured for storage and transportation of LN₂ remained unutilised. Bulls for Natural Service were required to be procured from specified breeding farms, whereas 5349 bulls costing Rs.3.78 crore were purchased from traders and record of their performance was not maintained.

(Paragraph 3.4)

7. Payment of pension through treasuries and Public Sector Banks

The scheme of payment of pension to State Government Civil pensioners through Public Sector Banks was introduced in July 1977 by the Government of Madhya Pradesh. The test check revealed that the scheme was not implemented as per procedures and systems prescribed in the scheme both at treasuries and PSBs levels. Non-adherence of prescribed procedures and non-maintenance of records was noticed. Cases of excess payment of pension, commuted value of pension, irregular payment of family pension beyond the dates prescribed were also noticed. The monthly pension payment scrolls in prescribed forms were also not maintained by paying branches. Pension shareable between Madhya Pradesh and Chhattisgarh was being debited to Madhya Pradesh due to non-recording of allocation of pension on pension payment orders by the paying branches of the banks. Monitoring and evaluation at Directorate level and Internal Audit in treasuries and PSBs also needs to be strengthened

(Paragraph 3.5)

8. Internal Control System in Medical Education Department

Medical Education Department has the over all responsibilities to extend and improve the Medical Education in the state. An evaluation of the Internal Control System (ICS) in Medical Education Department revealed ineffective and deficient control system in the Department. The Government continued to incur huge expenditure on the working of colleges that have been transferred to societies though the revenue earned by them on account of service charges, student fee amounting Rs.56.68 crore was being retained by the societies. Expenditure on pay and allowance was irregularly incurred without sanction for continuation of the temporary posts. Contribution towards Contributory Provident Fund from pay of officials was not being deducted. Cases of non-adjustment of temporary advances and non-utilisation of funds were also noticed. Deficiency in system of departmental inspection by head of the department and heads of the colleges was noticed. Batch-wise sample of medicines worth Rs.21.09 lakh purchased were not got checked/tested at laboratory by the Controller, Food and Drugs. Internal Control Wing was inadequate as none of the 70 units was audited.

(Paragraph 5.1)

9. Results of transaction audit

Audit of financial transactions, subjected to test-check, in various departments of the Government and their field functionaries revealed instances of losses or wasteful spending of over Rs.32.44 crore as mentioned below:

Suspected embezzlement of Rs.35.20 lakh in the Block and Janpad Panchayat, Chanderi by showing bogus transfer and non-accountal of drawals in cash book was noticed.

There was overpayment of Rs.5.47 crore on account of non-adherence to specifications, non-regulation of rates for unbalanced items etc. and non-recovery of debitible extra cost of Rs.31.09 crore in Narmada Valley Development Department. This was facilitated by inflating initial measurements.

Wasteful and infructuous expenditure of Rs.3.53 crore was noticed in Audit. These cases of wasteful expenditure include (i) a case of infructuous expenditure of Rs.92.51 lakh incurred on pay and allowance on idle staff between June 1998 to July 2005 despite closure of Cement Concrete Fabrication units in Itarasi and in Harda in May 1998 and (ii) wasteful expenditure of Rs.1.03 crore on account of non-utilisation of earlier survey results conducted .

There were violations of contractual conditions on account of which extra and unauthorised expenditure of Rs.3.41 crore was incurred. These included two cases of acceptance of substandard work costing Rs.78.34 lakh on account of non-adherence to the specification and non-recovery of extra cost of Rs.59.89 lakh.

Audit also come across instances of avoidable/excess/unfruitful expenditure involving expenditure of Rs.6.89 crore.

These include a case of unfruitful expenditure of Rs.1.30 crore spent on procurement of computers meant for connecting all treasuries with the Directorate and with the Finance Department.

Besides, there was regulatory issue of unauthorised expenditure involving Rs.11.07 crore. These include a case of premature failure of road work costing Rs.1.19 crore due to non-adherence to specification prescribed for execution, widening and strengthening of roads.

(Paragraphs 4.1 to 4.5.6)

CHAPTER I

Finances of the State Government

In Summary

Madhya Pradesh had a relatively comfortable financial year. The State had a revenue surplus of Rs.1717 crore during the year. Capital expenditure increased appreciably by 85 per cent from 2679 crore in 2003-04 to Rs.4951 crore in 2004-05.

The substantial growth in revenue receipts during the year was due to increase of 201.49 per cent in non-tax revenue, 14.49 per cent in tax revenue, 19.54 per cent in central tax transfer and 37.11 per cent in Grants in Aid. Sales tax was the major source of State's own tax revenue having contributed 51 per cent followed by State Excise (15 per cent), and Stamp duty and Registration fees (10 per cent). Non tax revenue has increased from Rs.1480 crore in 2003-04 to Rs.4462 crore in 2004-05. The current levels of cost recovery in supply of merit goods and services by Government were 0.52 per cent for secondary education, 11.68 per cent for technical education, 2.04 per cent in health and family welfare, 6.18 per cent in water supply and sanitation and 15.15 per cent in major and medium irrigation.

Overall expenditure of the State increased from Rs.21648 crore in 2003-04 to Rs.26288 crore in 2004-05. Revenue expenditure, which constituted 68.57 per cent of total expenditure, slightly decreased from 18765 crore in 2003-04 to 18026 crore in 2004-05.

Salaries (Rs.6176 crore), Interest payments (Rs.3661 crore), Pensions (Rs.1330 crore), and Subsidy (Rs.1466 crore) alone consumed 64 per cent of total revenue receipts of the State during the year. The overall fiscal liabilities of the State increased from Rs.37525 crore in 2003-2004 to Rs.44235 crore in 2004-2005. These liabilities as ratio to GSDP increased from 37.14 per cent in 2003-2004 to 40.99 per cent in 2004-2005 and stood at 2.24 times its revenue receipts.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, the use of high cost borrowing for investments, with low yields, is not sustainable.

1.1 Introduction

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

In terms of the Madhya Pradesh Re-organisation Act 2000 (No.28 of 2000) 16* districts of the erstwhile State of Madhya Pradesh were formed the new

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

State of Chhattisgarh on 1 November 2000, 'the appointed day'. The apportionment of assets and liabilities of the composite State of M.P. immediately prior to the appointed day as also the other financial adjustments are being carried out in each case in accordance with the provisions of the Act *ibid*. The actual progress achieved in this direction is indicated in **Appendix-II**.

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

Box 1

Layout of Finance Accounts

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

Statement No.2 contains the summarised statement of capital outlay showing progressive expenditure to the end of 2004-05.

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

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

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

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

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

Statement No.8 depicts the summary of balances under consolidated fund, contingency fund and public account as on 31 March 2005.

Statement No.9 shows the revenue and expenditure under different heads for the year 2004-2005 as a percentage of total revenue/expenditure.

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

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

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

Statement No.13 depicts the detailed capital expenditure incurred during and to the end of 2004-2005.

Statement No.14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2004-05.

Statement No.15 depicts the capital and other expenditure to the end of 2004-05 and the principal sources from which the funds were provided for that expenditure.

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

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

Statement No.18 provides the detailed account of loans and advances given by the Government, the amount of loan repaid during the year, the balance as on 31 March 2005, and the amount of interest received during the year.

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

1.2 Trend of Finances with reference to previous year

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

(Rupees in crore)

2003-04	Sl. No	Major Aggregates	2004-05
14289	1.	Revenue Receipts (2+3+4)	19743
6789	2.	Tax Revenue	7773
1480	3.	Non-Tax Revenue	4462
6020	4.	Other Receipts	7508
36	5.	Non-Debt Capital Receipts	53
36	6.	<i>Of which</i> Recovery of Loans	53
14325	7.	Total Receipts (1+5)	19796
15963	8.	Non-Plan Expenditure (9+11)	19019
15949	9.	On Revenue Account	14861
3206	10.	Of which, Interest Payments	3661
14	11.	On Capital Account	4158
8	12.	Of which Loans disbursed	2775
5685	13.	Plan Expenditure (14+15)	7269
2816	14.	On Revenue Account	3165
2869	15.	On Capital Account	4104
196	16.	Of which Loans disbursed	536
21648	17.	Total Expenditure (8+13)	26288
7323	18.	Fiscal Deficit (17-1-5)	6492
(-4476)	19.	Revenue surplus (+)/ Revenue deficit (-) (9+14-1)	(+) 1717
4117	20.	Primary Deficit (18-10)	2831

1.3 Summary of Receipts and Disbursements for the year

Table 1 summarises the finances of the State Government of Madhya Pradesh for the year 2004-05 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public account receipts and disbursements made during the year as emerging from Statement-1 of the Finance Accounts and other detailed statements.

Audit Report (Civil) for the year ended 31 March 2005

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2004-2005 (Rupees in crore)

2003-04	Receipts	2004-05	2003-04	Disbursements	2004-05		
Section-A: Revenue							
					Non-Plan	Plan	Total
14288.96	I. Revenue receipts	19743.25	18764.72	I. Revenue expenditure	14861.20	3165.17	18026.37
6788.86	Tax revenue	7772.97	6573.58	General services	7424.94	43.41	7468.35
1479.82	Non-tax revenue	4461.86	5321.65	Social Services	3902.12	1770.33	5672.45
4247.14	Share of Union Taxes/Duties	5076.68	6278.58	Economic Services	2797.39	1171.52	3968.91
1773.14	Grants from Govt. of India	2431.74	590.91	Grants-in-aid / Contributions	736.75	179.91	916.66
Section-B: Capital							
	II Misc. Capital Receipts		2678.64	II Capital Outlay	1383.00	3567.98	4950.98
35.84	III. Recoveries of Loans and Advances	53.20	204.36	III Loans and Advances disbursed	2774.65	536.21	3310.86
9938.42	IV Public debt receipts*	8849.00	2275.08	IV Repayment of Public # Debt	3391.38	--	3391.38
22285.06	V Public account receipts	24790.22	22439.02	V Public account # disbursements	23591.45	--	23591.45
--	VI Inter State Settlement	--	--	VI. Inter State Settlement	--	--	--
0.05	VII Amount transferred to Contingency Fund	1.00	1.00	VII Expenditure from Contingency Fund	--	--	--
(-)91.30	Opening Balance	94.21	94.21	Closing Balance	259.84	--	259.84
46457.03	Total	53530.88	46457.03	Total	46261.52	7269.36	53530.88

* Excluding ways and means advances and over draft.

Bifurcation of plan and non- plan not available

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure from the statements of the Finance Accounts for the year 2004-05 and wherever necessary, show these in the light of time series data (**Appendix III to VI**) and periodic comparisons.

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

The reporting parameters are depicted in Box 1.2

Box 1. 2
Reporting Parameters
Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The New GSDP series with 1993-94 as base as published by the Bureau of Economics and Statistics Department of the State Government have been used.
For tax revenues, non-tax revenues, revenue expenditure etc, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP.
For most series a trend growth during 2000-2005 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in Appendix- I .

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

Box 1.3	
State Government Funds and the Public Account	
<p>Consolidated Fund</p> <p>All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled the Consolidated Fund of the State established under Article 266(1) of the Constitution of India.</p>	<p>Contingency Fund</p> <p>Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by State Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.</p>
<p>Public Account</p> <p>Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the related disbursement are made from it.</p>	

1.5 State Finances by key Indicators

1.5.1 Resources by volumes and sources

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

Table 2 shows that the total receipts of the State Government for the year 2004-05 were Rs.53436 crore. Of these, the revenue receipts of the State Government were Rs.19743 crore only, constituting 37 per cent of the total receipts. The balance of receipts came from borrowings and public account .

Table 2 – Resources of Madhya Pradesh

		(Rupees in crore)
I Revenue Receipts		19743
II Capital Receipts		8902
a	Miscellaneous Receipts	--
b	Recovery of Loans and Advances	53
c	Public Debt Receipts	8849
III Contingency fund Receipts		1
IV Public Account Receipts		24790
a	Small Savings, Provident Fund, etc.	1810
b	Reserve Fund	351
c	Deposits and Advances	3875
d	Suspense and Miscellaneous	13436
e	Remittances	5318
Total Receipts		53436

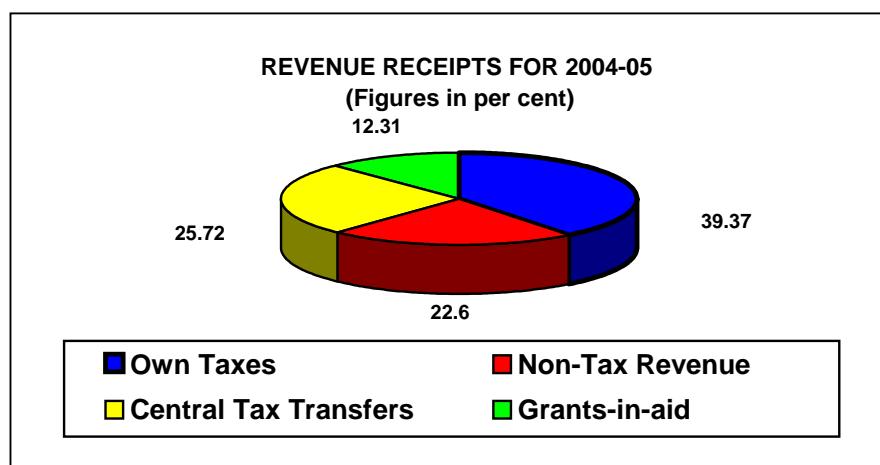
1.5.2 Revenue receipts

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

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

	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Receipts	12839	11211	13391	14289	19743
Own taxes	43.93	41.74	46.04	47.51	39.37
Non-Tax Revenue	13.43	14.29	12.21	10.36	22.60
Central Tax Transfers	30.80	30.68	27.85	29.72	25.72
Grants-in-aid	11.84	13.30	13.90	12.41	12.31
Rate of Growth	Neg	Neg	19.45	6.70	38.16
Revenue Receipts/GSDP	14.52	13.79	16.13	14.14	18.29
Percentage growth of GSDP	Neg.	Neg.	2.122	21.703	6.828
Revenue Buoyancy	Neg.	Neg.	9.166	0.309	5.588
Revenue Buoyancy with reference to own taxes	Neg.	Neg.	14.962	0.466	2.122

Rate of growth of revenue receipts, which was 6.7 per cent during 2003-2004 increased to 38.16 per cent during the year 2004-05. While the receipts from Non Tax Revenue increased by 12.24 percent, the receipts from Own Taxes, Central Tax Transfers and Grant in Aid decreased by 8.14, 4.00 and 0.10 percent respectively. The increase of Rs.5454 crore in the Revenue Receipts during 2004-05 was due to increase in receipts under Power (Rs.2749 crore), Taxes on sales Trades etc. (Rs.619 crore), Corporation tax (Rs.293 crore) and Taxes on Income other than Corporation Tax (Rs.244 crore). Increase in the collection of revenue receipts by Rs.5454 crore helped State Government in achieving the revenue surplus of Rs.1717 crore during the year.



On an average around 62 per cent of the revenue had come from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 38 per cent of the total revenue. Sales tax was the major source of State's own tax revenue having contributed 51 per cent of the tax revenue followed by State Excise (15 per cent), taxes on Stamps and Registration (10 per cent) etc. Of non-tax revenue sources, Power (62 per cent) Non-Ferrous Mining and Metallurgical Industries mainly the royalty from minerals (16 per cent) and Forestry and Wild life (13 per cent) were the principal contributors. Non-tax revenue increased sharply by 201 per cent from Rs.1480 crore in 2003-04 to Rs.4462 crore in 2004-05. The current levels of cost recovery in supply of merit goods and services by Government are 0.52 per cent for secondary education, 11.68 per cent for technical education, 2.04 per cent in health and family welfare, 6.18 per cent in water supply and sanitation and 15.15 per cent in major and medium irrigation.

1.6 Application of resources

The sources of receipts under different heads/sections of Government Account and GSDP during 2000-2005 are indicated in Table 4.

Table 4 – Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts				Total Receipts	Gross State Domestic product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account	Contingency Fund		
2000-01	12839	13	3101	16520	7	32480	88445
2001-02	11211	1588	3281	15013	-	31093	81286
2002-03	13391	43	4949	20120	-	38503	83011
2003-04	14289	36	9938	22285	-	46548	101027
2004-05	19743	53	8849	24790	1	53436	107926

1.6.1 Trend of growth

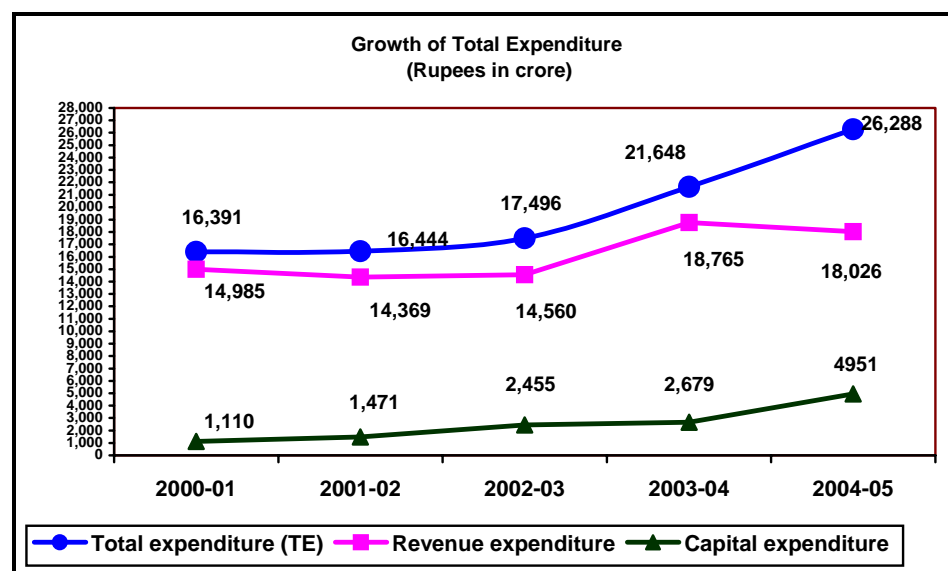
Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure major head wise. The total expenditure of the State increased by 21 per cent during the year.

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

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

	2000-01	2001-02	2002-03	2003-04	2004-05
Total Expenditure	16391	16444	17496	21648	26288
Rate of Growth	--	--	6.40	23.73	21.43
TE/GSDP	18.53	20.23	21.08	21.43	24.36
Revenue Receipts/TE	78.33	68.18	76.54	66.00	75.10

The increase in total expenditure in the current year was primarily due to appreciable increase of Rs.2272 crore under Capital section. The ratio of revenue receipts to total expenditure increased from 66 per cent in 2003-04 to 75.10 per cent in 2004-05 indicating that about 75 per cent of the State's total expenditure was met from its current revenue and the balance of 25 per cent was financed from borrowings.

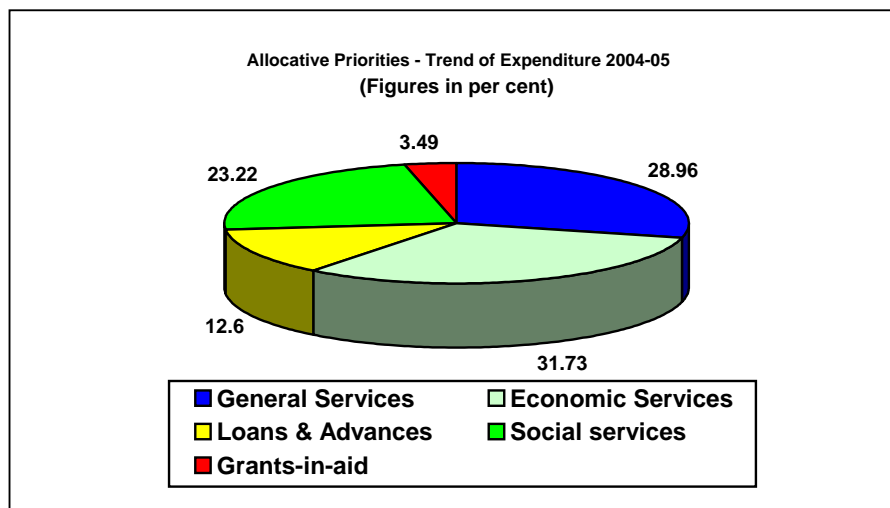


In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

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

	2000-01	2001-02	2002-03	2003-04	2004-05
General Services	32.57	30.80	31.33	30.53	28.96
Social Services	36.43	28.92	33.26	27.05	23.22
Economic Services	25.97	34.30	30.34	38.74	31.73
Grants-in-aid	3.22	2.27	2.32	2.73	3.49
Loans and advances	1.81	3.64	2.75	0.95	12.60

The movement of the relative shares of these components of expenditure indicated that the share of General, Social and Economic Service in Total Expenditure declined from 30.53, 27.05 and 38.74 per cent in 2003-04 to 28.96, 23.22 and 31.73 per cent in 2004-05 respectively. However, disbursement of loans and advances increase appreciably from 0.95 to 12.60 percent.



1.6.2 Incidence of Revenue expenditure

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

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

	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Expenditure	14985	14369	14560	18765	18026
Rate of Growth	Neg.	Neg.	1.33	28.88	Neg.
RE/ GSDP	16.94	17.68	17.54	18.57	16.70
RE as <i>per cent</i> of TE	91.42	87.38	83.22	86.68	68.57
RE as <i>per cent</i> to Revenue Receipts	117	128	109	131	91

Revenue expenditure of the state decreased by 4 percent from Rs.18765 crore in 2003-04 to Rs.18026 crore in 2004-05. The decrease was mainly due to less expenditure on power (Rs.2488 crore) and Relief on account of natural calamities (Rs.152 crore) in comparison to previous year.

Revenue expenditure constituted about 69 per cent of total expenditure during the year 2004-05. The ratio of revenue expenditure to revenue receipts decreased from 131 per cent in 2003-04 to 91 per cent in 2004-05. However salaries, (Rs.6176 crore), interest payments (Rs 3661 crore), pension (Rs.1330 crore), and subsidy (Rs.1466 crore) together consumed 64 per cent of total revenue receipts of the State during the year.

(a) High salary expenditure

Salaries alone accounted for nearly 31 per cent of the revenue receipts of the State. The expenditure on salaries increased from Rs.5312 crore in 2003-04 to Rs.6176 crore in 2004-05. Yearwise expenditure on salaries for the last five years is given in Table 8:

Table 8

Heads	(Rupees in crore)				
	2000-01	2001-02	2002-03	2003-04	2204-05
Salary expenditure	5715	4669	5258	5312	6176 ^v
As percentage of GSDP	6.46	5.74	6.33	5.26	5.72
As percentage of Revenue Receipts	44.51	41.65	39.27	37.17	31.28

(b) Expenditure on pension payments

Pension payments have increased by 11.11 per cent from Rs.1197 crore in 2003-04 to Rs.1330 crore in 2004-05 mainly due to increase in payment of dearness relief on pension and leave encashment benefits.

Year-wise breakup of expenditure incurred on pension payments during the years 2000-2001 to 2004-2005 was as under:

Table 9

Year	Expenditure	Percentage to total revenue Receipt
Rupees in crore		
2000-2001	962.65	7
2001-2002	1010.76	9
2002-2003	1082.68	8
2003-2004	1197.27	8
2004-05	1329.89	7

With the increase in the number of retirees from 2000-01, the pension liabilities are likely to increase further in future. The State Government has not constituted any fund to meet the fast rising pension liabilities of the retired State employees. Considering the rate at which pension liabilities are increasing, reforms in the existing pension schemes assume critical importance.

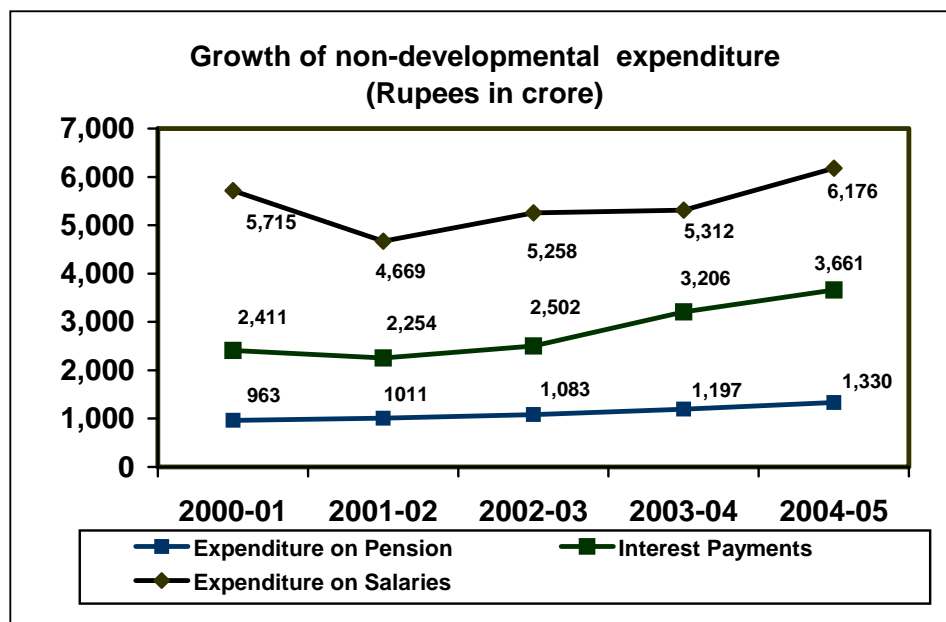
(c) Interest payments

The Eleventh Finance Commission (August 2000) had recommended that as a medium term objective, the States should endeavour to keep interest payment as a ratio to revenue receipts pegged to 18 per cent. It was observed, however, that interest payment as percentage of revenue receipts during the year 2004-05 was 19 per cent.

^v Source: details supplied by Finance Department

Table 10

Year	Interest Payment (Rupees in crore)	Percentage of interest payment with reference to Revenue Receipts	Revenue Expenditure
2000-2001	2411	18.78	16.09
2001-2002	2254	20.11	15.69
2002-2003	2502	18.68	17.18
2003-2004	3206	22.43	17.08
2004-2005	3661	18.54	20.31



The rate of growth of interest payments which was 28 per cent during 2003-04 decreased to 14 per cent in 2004-05.

(d) Subsidies by the Government

State Government continued to pay subsidies to its Electricity Board and Road Transport Corporation. During the last five years, State Government paid subsidies under various schemes as under.

(Rupees in crore)

Sl. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05
1	Madhya Pradesh State Electricity Board	410.33	2037.08	938.88	3924.78	1465.93
2	Madhya Pradesh State Road Transport Corporation	1.20	1.08	0.00	2.00	0.00
	Total	411.53	2038.16	938.88	3926.78	1465.93
3	Percentage increase (+)/decrease(-) over previous year	(-)64.89	(+)395.26	(-)53.93	(+) 318.24	(-)62.67
4	Percentage of subsidy with total expenditure	2.51	12.40	5.37	18.14	5.58

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

Though the expenditure on payment of subsidies declined by 63 per cent during the year, it still constituted 6 per cent of total expenditure which was paid to M.P.S.E.B.

(e) Incorrect budgeting and classification of expenditure

As per the Rules^s, expenditure on grants-in-aid to local bodies/institutions even for the purpose of creating assets has to be classified as revenue expenditure. However, during 2004-05, the State Government provided Rs.30 crore for payment of grant in aid to local bodies under capital account and accordingly the expenditure of Rs.27.60 crore on grants-in-aid to local bodies/institutions was booked in the Capital section of the accounts under Capital Outlay on Urban Development, as follows:

(Rupees in crore)

Sl. No.	Major/Minor Heads	Grants-in-aid to/for	Budget provision	Expenditure
1	4217-01-191-1201-8294	Bhoj Wet Land Conservations	25.00	22.60
2	4217-03-191-1301-5866	Basic Services under Recommendation of finance commission	5.0	5.0
		Total	30.00	27.60

The incorrect classification not only inflated the Capital outlay by Rs.27.60 crore but also increased the revenue surplus to that extent.

1.7 Expenditure by Allocative Priorities

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

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

	2000-01	2001-02	2002-03	2003-04	2004-05
Plan Expenditure	24.79	26.22	36.77	26.26	27.65
Capital Expenditure	6.77	8.95	14.03	12.38	18.83
Developmental Expenditure	62.40	63.22	63.60	65.79	54.95

The plan expenditure which constituted 26.26 per cent of total expenditure during 2003-04 increased to 27.65 per cent during the year. The capital expenditure increased by Rs.2272 crore, and its share in the total expenditure also increased by six per cent.

Social services (Rs.6104 crore) accounted for 42 per cent of the developmental expenditure (Rs.14446 crore) during the year. Out of the expenditure on Social services, 42 per cent was spent on General Education, 18 per cent on Welfare of Schedule Caste/Schedule Tribe/Other Backward Classes, 11 per cent on Social Welfare and Nutrition, 12 per cent on Water and Sanitation and 15 per cent on Health and Family Welfare.

^s Rules 30 and 31 of Government Accounting Rules, 1990

Table 13
Social Sector Expenditure

(Rupees in crore)					
Major Head	2000-01	2001-02	2002-03	2003-04	2004-05
General Education	2763 (3.12)	2126 (2.62)	2312 (2.84)	2376 (2.35)	2576 (2.39)
Medical and Public Health	862 (0.97)	688 (0.85)	779 (0.90)	799 (0.79)	899 (0.83)
Water Supply and Sanitation	701 (0.79)	608 (0.75)	792 (0.97)	820 (0.81)	721 (0.67)
Welfare of SC/ST/OBC	1007 (1.14)	753 (0.93)	937 (1.15)	979 (0.97)	1116 (1.03)
Social Welfare and Nutrition	547 (0.62)	501 (0.62)	911 (1.12)	794 (0.79)	700 (0.65)

Percentage of GSDP in brackets

Similarly, the expenditure on Economic Services (Rs.8342 crore) accounted for 58 per cent of the developmental expenditure, of which, Power consumed 39 per cent (largely in the nature of assistance/ subsidy to the State Electricity Board), Agriculture and Allied Activities 16 per cent and Rural Development 12 per cent.

Table 14
Economic Sector Expenditure

(Rupees in crore)					
Major Head	2000-01	2001-02	2002-03	2003-04	2004-05
Agriculture and Allied Activities	1258	1131	1259	1198	1303
Rural Development	970	768	855	833	1008
Power	649	2210	1327	4283	3212

1.7.1 Financial assistance to local bodies and other institution

(a) Autonomous bodies and authorities including local bodies are set up to discharge generally non commercial functions of Public utility services. These bodies/authorities receive substantial financial assistance from government. Government also provides substantial financial assistance to other institutions such as those registered under the respective state co-operative societies Act 1960 and companies Act 1956 etc; to implement various programmes of government. The grants are given by government mainly for maintenance of educational institutions, hospitals, charitable institutions, constructions and maintenance of Schools and Hospital Buildings improvement of roads and other communication facilities under municipalities and local bodies.

The quantum of assistance provided to different bodies etc. by the departments test checked during the period of five years ending 2004-05 was as follows:

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Sl. No.	Name of bodies authorities etc.	2000-01	2001-02	2002-03	2003-04	2004-05
1.	Educational Institutions	156.20	154.80	134.56	173.96	158.74
2.	Municipal corporations and municipalities	190.72	430.72	506.00	557.35	320.61
3.	Panchayati Raj Institutions	218.89	431.90	526.29	524.58	437.82
4.	Development Agencies	9.08	153.05	253.29	21.30	7.33
5.	Hospitals and other medical Institutions	18.90	4.60	7.08	13.71	8.67
6.	Other institutions	170.36	29.65	121.22	113.72	170.90
	Total	764.15	1204.72	1548.44	1404.62	1104.07
	Percentage increase (+) decrease (-) over previous year	Not possible*	Not possible #	29 +	9 (-)	2.14 (-)
	Assistance as percentage of revenue receipt	Not possible *	11	12		5.59
	Assistance as percentage of revenue expenditure	Not possible	8	11		6.12

(b) Delay in furnishing utilization certificate

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

2469 utilisation certificates of Rs. 1401.26 crore for the period from 1997-98 to 2004-05 were not received from 28 departments as under.

(Rupees in crore)

Sl. No.	Name of Department	No. of Institution	1997 to 2000-01		2001-02		2002-03		2003-04		2004-05		Total	
			No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
1.	Education	4	-	-	139	1.40	59	0.70	51	61.29	139	138.84	388	202.23
2.	Municipal Corporation	1	45 [§]	61.76 [§]	45	21.98 [§]	45	37.60 [§]	45	23.26 [§]	336	320.61	516	465.21
3.	Punchayati Raj	4	-	-	89	3.79	93	5.73	95	24.30	110	437.75	387	471.57
4.	Development Agencies	1	--	--	--	--	--	--	--	--	31	6.32	31	6.32
5.	Medical	3	2	2.33	1	0.54	2	7.31	2	7.92	4	8.65	11	26.75
6.	Other department	15	104	4.36	128	40.00	160	19.03	292	61.25	452	104.54	1136	229.18
	Total	28	151	68.45	402	67.71	359	70.37	485	178.02	1072	1016.71	2469	1401.26

Being first complete financial year after Reorganisation of State.

* Due to reorganization of State

[§] Utilisation certificate of following schemes were not obtained.

(i) SGSY, (ii) Drinking Water & Latrines in slum area, (iii) Rehabilitation and (iv) 15% compensation of private colonies SGSY (Swarn Jayanti Swarojgar Yojana)

(c) Delay in submission of accounts by autonomous bodies

The status of submission of accounts by the autonomous bodies as on September 2005 was as under.

Sl. No.	Name of bodies	Submission of Accounts	Present position of pending
1.	Madhya Pradesh Housing Board Bhopal	1998-99 to 1999-2000	Account for the period 2000-01 to 2004-05
2.	Madhya Pradesh Khadi & Village Industry Bhopal	2000-01 to 2003-04	Accounts for the period 2004-05
3.	Madhya Pradesh Human Rights Commission Bhopal	2001-02 to 2004-05	Accounts for the period 2003-04 to 2004-05

(d) Audit arrangement

The audit of Local Bodies (Nagar Palika, Town Area/Notified Area committees) some educational Institutions, some Panchayati Raj Institutions etc. was conducted by the Commissioner of Local Fund Audit Madhya Pradesh, Gwalior. Audit of co-operative societies is conducted by the Registrar, Co-operative Societies Madhya Pradesh, Bhopal.

Out of 472 units which attracted audit by Comptroller and Auditor General of India, 313 units were audited during 2004-05.

(e) Unutilised grants

During 2004-05 Rs.5.76 crore were drawn and deposited in Civil deposit instead of providing as grants to the concerned Institutions -Panchayat & Samajik Nyaya Bhopal (Rs.4.78 crore), Director of Veterinary Services (Rs.0.82 crore) and Director General Science and Technology Bhopal (Rs. 0.16 crore).

During 2004-05, Rs. 11.20 crore were also drawn & deposited in Banks instead of Providing as grants to the concerned Institutions Commissioner of Public education Bhopal Rs.0.52 crore and by Public Health Engineering department Bhopal Rs.10.68 crore.

(f) Assets created by the Local Bodies

The departments have not maintained any record in respect of assets created by the local bodies.

1.7.2 Misappropriation, defalcations, etc.

State Government reported 719 cases involving Rs.4.70 crore on account of misappropriation, defalcations etc. of Government money. These cases pertained to the period from 1965-66 to the end of March, 2005 on which final

action was pending at the end of June 2005. The department-wise/year-wise and category-wise break-up of pending cases is given in **Appendix-VII and VIII** respectively.

1.7.3 Write off of losses, etc.

During 2004-2005, Rs.12.45 lakh representing losses due to theft, fire and irrecoverable revenue, etc. were written off in 70 cases by competent authorities as reported to audit. The relevant details are shown in **Appendix-IX**.

1.8 Assets and Liabilities

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. **Appendix-III** presents an abstract of such liabilities and the assets as on 31 March 2005, compared with the corresponding position on 31 March 2004. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund, the assets comprise mainly the capital expenditure, loans and advances given by the State Government and the cash balances.

The liabilities of the Government of Madhya Pradesh, which increased by 17 per cent during the year, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/ letters of comfort issued by the State Government. **Appendix-VI** depicts the Time Series Data on State Government Finances for the period from April 2000 to 31 October 2000 of the composite State of Madhya Pradesh and from November 2000 to 31 March 2005 of the successor State of Madhya Pradesh.

1.8.1 Financial results of irrigation works

The financial results of 13 major, medium and minor irrigation projects with revenue expenditure of Rs.295.50 crore during the year showed that revenue realised (Rs.45.23 crore) from these projects during 2004-05 was 15.31 per cent of revenue expenditure which was far from sufficient to meet even the expenditure on maintenance.

1.8.2 Incomplete projects

As on 31 March 2005, there were 436 incomplete projects with a cumulative investment of Rs.9031 crore. This showed that the Government was spreading its resources thinly, which failed to yield any return.

1.8.3 Investments and returns

Government as on 31 March 2005, had invested Rs.4151.65 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. However, Government's return on this investment was meagre (less than one per cent) as indicated in Table 17 below. Of these, 3 statutory corporation and 11 government companies with an aggregate investment of Rs.591 crore upto 2004-2005 were incurring losses and their accumulated losses amounted to Rs.4202 crore as per the accounts furnished by these companies upto 2004-05 (Appendix-X).

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

Out of the total investment of Rs.4151.65 crore at the end of March 2005, Rs.1619.56 crore pertained to the composite State of Madhya Pradesh but retained in M.P. pending allocation between M.P and Chhattisgarh State (Statutory Corporations (Rs.935.57 crore) Government Companies (Rs.199.54 crore), Co-operative Banks and Societies (Rs.482.91 crore) and Joint-Stock Companies (Rs.1.54 crore).

Table 17: Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return
2000-01	1679.09	0.31	0.02
2001-02	1687.08	1.64	0.10
2002-03	1702.39	4.09	0.24
2003-04	1737.29	8.42	0.48
2004-05	4151.65	2.50	0.06

1.8.4 Loans and advances by State Government

In addition to its investment, Government has also been providing loans and advances to many local bodies and non-government institutions. Total outstanding balance of the loans advanced was Rs.5866 crore as on 31 March 2005 (Table 18). Overall, interest received against these advances declined sharply from 0.42 in 2003-04 per cent to 0.09 per cent during 2004-2005 primarily due to less receipts from State Public Sector undertakings. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

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

	2000-01	2001-02	2002-03	2003-04	2004-05
Opening Balance	2845	2991	2002	2440	2608
Amount advanced during the year	295	599	481	204	3311
Amount repaid during the year	13	1588	43	36	53
Closing Balance	2991*[@]	2002	2440	2608	5866
Net Addition (+) / Reduction (-)	146	(-)989	438	168	3258
Interest Received (Rupees in crore)	157	237	24	11	5
Interest received as <i>per cent</i> to outstanding Loans and advances	5.25	11.84	0.98	0.42	0.09
Average rate of interest paid by the State	10.69	8.51	8.25	8.54	8.28
Difference between interest paid and received	(-)5.44	3.33	(-)7.27	(-)8.12	(-)8.19

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

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

Repayments, except for the year 2001-02, have constituted only a very small percentage of loans advanced during the period 2000-2005. The interest received on these loans has also been meagre indicating not only injudicious investment but also poor loan administration.

1.8.5 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. Madhya Pradesh had the WMA limit of Rs.345 crore from 3rd March 2003 and Rs.395 crore from 1st April 2004. During the year, the State has used this mechanism for 127 days only as against 200 days last year although it raised borrowings of Rs.1730 crore from the market on six occasions.

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

	2000-01	2001-02	2002-03	2003-04	2004-05
Ways and Means Advances					
Taken in the Year	2246.46	2491.64	2306.65	5330.26	2234.74
Outstanding	--	--	--	266.78	--
Interest Paid	8.22	10.51	11.55	14.06	3.75
Number of days state was in W.MA	165	117	103	200	127
Overdraft					
Taken in the Year	1220.14	3722.79	4140.40	1083.54	--
Outstanding	--	--	--	--	--
Interest Paid	2.79	5.08	6.69	3.41	--
Number of Days State was in Overdraft	47	172	176	60	--

1.8.6 Undischarged Liabilities

Fiscal liabilities – public debt and guarantees

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

Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the overall fiscal liabilities of the State increased from Rs.22548 crore in 2000-01 to Rs.44235 crore in 2004-2005. These liabilities as ratio to GSDP increased from 36.55 per cent in 2002-2003 to 40.99 per cent in 2004-2005 and stood at 2.24 times of its revenue receipts and 3.62 times of its own resources comprising its own tax and non-tax revenue. Table 21 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources.

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

	2000-01	2001-02	2002-03	2003-04	2004-05
Fiscal Liabilities *	22548	26487	30340	37525	44235
Rate of growth			14.55	23.68	17.88
Ratio of Fiscal Liabilities to					
GSDP	25.49	32.58	36.55	37.14	40.99
Revenue Receipts	175.62	236.26	226.57	262.61	224.05
Own Resources	306.19	421.70	388.97	453.80	361.54

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

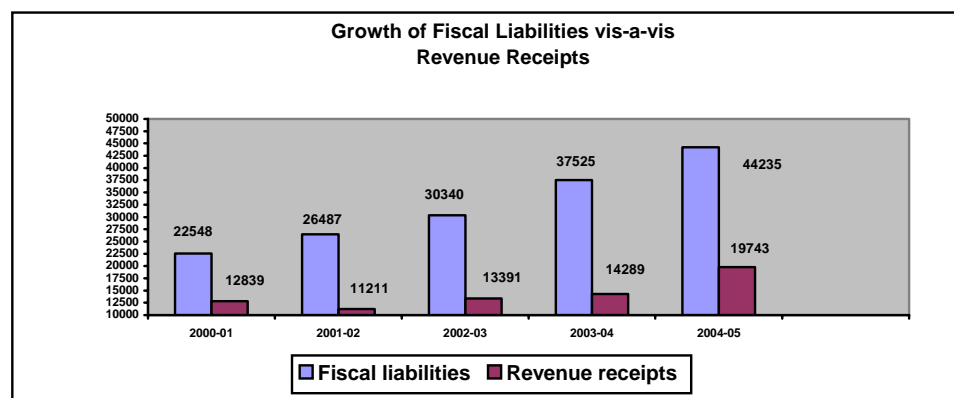
In addition to these liabilities, Government had guaranteed loans raised by various Corporations and others, which in 2004-2005 stood at Rs.12507 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of GSDP.

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

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

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

	2000-01	2001-02	2002-03	2003-04	2004-05
Weighted Interest Rate	9.94	9.19	8.81	9.41	8.96
GSDP Growth	(-)10.45	(-)8.09	2.12	21.70	6.83
Interest spread	(-)20.39	(-)17.29	(-)6.68	12.29	(-)2.13



Another important indication of debt sustainability is the net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 23 below gives the position of the receipts and repayments of internal debt over the last 5 years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments decreased from 48 per cent to 31 per cent during 2003-2005.

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

	2000-01	2001-02	2002-03	2003-04	2004-05
Internal Debt*					
Receipts	1876	1830	3169	7949	6968
Repayments (Principal + Interest)	843	906	1105	1857	3061
Net Funds Available	1033	924	2064	6092	3907
Net Funds Available (<i>per cent</i>)	55	50	65	77	56
Loans and Advances from Government of India					
Receipts	994	1451	1780	1723	1881
Repayments (Principal + Interest)	1494	1368	2468	3158	3052
Net Funds Available	(-500)	83	(-688)	(-1435)	(-1171)
Net Funds Available (<i>per cent</i>)	(-50)	6	(-39)	(-83)	(-62)
Total Public Debt					
Receipts	2870	3281	4949	9672	8849
Repayments (Principal + Interest)	2337	2274	3573	5015	6113
Net Funds Available	533	1007	1376	4657	2736
Net Funds Available (<i>per cent</i>)	19	31	28	48	31

* Internal debt excluding ways and means advances

The State Government raised market loans of Rs.1730.19 crore during the year. The average interest rate on borrowing during the year was 6.56 per cent whereas the State Government borrowed Rs.2765.67 crore from National Small Saving Fund at the rate of 9.5 per cent per annum and Rs.1881 crore at the rate of 9 per cent per annum from Government of India. The State Government did not use the option of raising the market borrowing at competitive rates through auctions. As on 31 March 2005, 48 per cent of the existing market loans of the State Government carried an interest rate exceeding 10 per cent. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which Government is able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly one- third of the total market loans are repayable within next five years while remaining two third loans are required to be repaid within 5 to 10 years.

1.9 Management of deficits

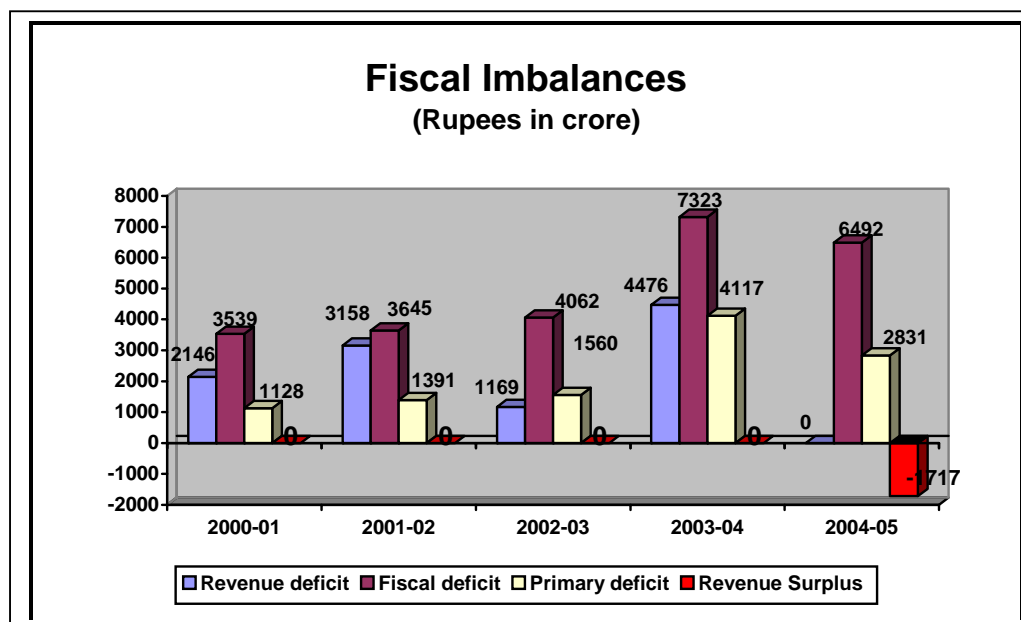
1.9.1 Fiscal imbalances

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

The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, increased from Rs.3158 crore in 2001-02 to Rs.4476 crore in 2003-2004. However, the State had a revenue surplus of Rs.1717 crore during 2004-05. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, decreased from Rs.7323 crore in 2003-04 to Rs.6492 crore in 2004-2005. State also had a primary deficit decreasing from Rs.4117 crore in 2003-04 to Rs.2831 crore in 2004-05 as indicated in Table 24.

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

	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue deficit (-) /surplus (+)	(-)2146	(-)3158	(-)1169	(-)4476	(+)1717
Fiscal deficit	(-)3539	(-)3645	(-)4062	(-)7323	(-)6492
Primary Deficit	(-)1128	(-)1391	(-)1560	(-)4117	(-)2831
RD/GSDP	2.43	3.89	1.41	4.43	1.59 ^w
FD/GSDP	4.00	4.48	4.89	7.25	6.02
PD/GSDP	1.28	1.71	1.88	4.08	2.62
RD/FD	60.64	86.64	28.78	61.12	N.A



1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 25 below presents a summarized position of Government Finances over 2000-2005, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

^w Figure pertains to Revenue Surplus / GSDP

Audit Report (Civil) for the year ended 31 March 2005

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. These ratios, show a continuous improvement during 2000-2005 indicating mobilization of resources and its sustainability.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilization. While the development expenditure has remained around two-third of the total expenditure during 2000-2005, the capital expenditure as percentage to total expenditure has increased from 12 per cent in 2003-04 to 22 per cent in 2004-2005.

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

Fiscal Ratios	2000-01	2001-02	2002-03	2003-04	2004-05
Resources Mobilization					
Revenue Receipts/GSDP	14.52	13.79	16.13	14.14	18.29
Own Tax/GSDP	6.377	5.756	7.427	6.720	7.202
Expenditure Management					
Total Expenditure/GSDP	18.53	20.23	21.08	21.43	24.36
Revenue Receipts/ Total Expenditure	78.33	68.18	76.54	66.00	75.10
Revenue Expenditure/Total Exp.	91.42	87.38	83.22	86.68	68.57
Capital Expenditure/Total Exp.	6.90	9.29	14.43	12.49	21.54
Development Expenditure/Total Expenditure (RE+CE)	63.55	65.63	65.40	66.41	62.87
Management of Fiscal Imbalances					
Revenue deficit (Rs. in crore)	2146	3158	1169	4476	1717 [^]
Fiscal deficit (Rs. in crore)	3539	3645	4062	7323	6492
Primary Deficit (Rs. in crore)	1128	1391	1560	4117	2831
Revenue Deficit/Fiscal Deficit	60.64	86.64	28.78	61.12	N.A
Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	25.49	32.58	36.55	37.14	40.99
Fiscal Liabilities/RR	175.62	236.26	226.57	262.61	224.05
Net Fund Available	19	31	28	48	31
Other Fiscal Health Indicators					
Return on Investment	0.11	0.02	0.39	0.48	0.06
BCR (Rs. in crore)	(-)-793	(-)-1811	791	(-)-3057	2909
Financial Assets/Liabilities	0.80*	0.71*	0.71*	0.65 *	0.75*

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

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, decrease in primary deficit indicating increase in interest payments coupled with increase in payments on other non-developmental expenditure like Salaries, Subsidies, Pensions year after year reduced the net availability of funds from its borrowings for infrastructural developments as a larger portion of these funds was being used for debt servicing. The State's low return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it is not sustainable.

[^] Figure pertains to Revenue Surplus

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2004-2005 against 97 grants/ appropriation was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-) Excess(+)
Voted	I. Revenue	14571.98	1279.10	15851.08	14093.89	-1757.19
	II. Capital	7840.35	859.80	8700.15*	7399.08*	-1301.07
	III. Loans & Advances	682.08	2765.17	3447.25	3310.86	-136.39
Total Voted		23094.41	4904.07	27998.48	24803.83	-3194.65
Charged	IV. Revenue	4079.54	4.32	4083.86	4038.42	-45.44
	V. Capital	8.50	0.07	8.57	7.29	-1.28
	VI. Public Debt	11641.25	-----	11641.25	5626.12	-6015.13
Total Charged		15729.29	4.39	15733.68	9671.83	-6061.85
Grand Total		38823.70	4908.46	43732.16	34475.66	-9256.50

* Includes provision of Rs 30.00 crore and expenditure of Rs 27.60 crore being grants-in-aid to Local Bodies/ Institutions incorrectly classified and accounted for under capital head of Account, instead of Revenue Section.

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure: Rs. 105.94 crore and capital expenditure: Rs 2455.37 crore.

The overall savings of Rs 9256.50 crore was the net result of savings of Rs 9340.17 crore in 179 cases of grants and appropriations offset by excess of Rs.83.67 crore in 15 cases of grants and appropriations.

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

Scrutiny of the Appropriation Account revealed the following further points:

(a) The expenditure was overstated:

By Rs. 92.90 crore (Revenue section: Rs.66.47 crore and Capital section: Rs. 26.43 crore) being unspent amounts transferred to Major Head 8443-Civil Deposit, 800- Other Deposit, through NIL payment vouchers.

By Rs.18.53 crore (Deposits: Rs.151.61 crore less disbursements therefrom: Rs.133.08 crore) added to the balance of Major Head 8443- Civil Deposit, 106- Personal Deposit Account, in respect of semi- government institutions. Out of total deposit of Rs.784.21 crore during the year, Rs. 270.74 crore were credited through NIL payment vouchers.

Genuineness of expenditure of Rs.0.83 crore drawn on Abstract Contingent bills could not be vouchsafed, as Detailed Contingent bills were not submitted.

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

To the extent of Rs.7.90 crore spent under various heads for which vouchers were not received from the treasuries during the year; the amount accordingly remained unaccounted for and was kept under objection in the books of the Accountant General (A&E) I.

The savings/ excesses (Detailed Appropriation Account) were sent to the controlling officers requiring them to explain the significant variations. Out of total of 756 sub-heads commented upon in Appropriation Accounts, explanation for savings/ excesses in respect of 607 Sub-heads (80 per cent) were either not received or not to the point.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

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

Grant No. 6- Finance.

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	1591.92	1591.92	1383.47	208.45
Supplementary:	--Nil--			

Saving occurred mainly under 2070-Other Administrative Services- Lumpsum provision for voluntary retirement (Rs.10.00 crore), Relief on Pension (Rs.62.40 crore), and 2071-Pensions and Other Retirement Benefits- For Successor State of Madhya Pradesh (Rs.34.56 crore) and For combined State of Madhya Pradesh (Rs.139.96 crore) which was partly counter balanced by excess over the provision mainly under 2071-Pensions and Other Retirement Benefits- For combined State of Madhya Pradesh (Rs. 39.95 crore).

Reasons for saving/ excess have not been intimated (August-2005).

Grant No.12- Energy*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	2797.31	5563.67	5247.58	316.09
Supplementary:	2766.36			

Saving occurred mainly under 4801-Capital Outlay on Power Project-Assistance to M.P.State Electricity Board/Succeeding Companies for adjustment of amount payable to Rural Electrification Corporation (Rs.185.20 crore), Provision for settlement of Guaranteed loans (Rs.146.44 crore) and 6801- Loans for Power Project-Energy Development fund- Other Loans to Electricity Board (Rs.172.27 crore) which was partly counter balanced by excess over the provision mainly under 6801-Loans for Power project-Externally Aided Projects (Normal)- Payment of project assistance received from Asian Development Bank of M.P.E.B. (Rs.164.82 crore). Saving of Rs.185.20 crore was attributed to reduction of provision in revised estimate, which was irregularly re-appropriated from non plan to plan without the approval of State Legislature. Saving of Rs.146.44 crore was attributed to non-requirement of funds in financial year 2004-05 (Rs.46.44 crore), while saving of Rs.172.27 crore was mainly due to non-receipt of fund from Government of India. Reasons for remaining saving as well as for excess have not been intimated (August-2005).

Grant No. 41- Tribal Areas Sub Plan*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	579.95	742.29	591.56	150.73
Supplementary:	162.34			

Savings occurred mainly under 4225-Capital outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes- Central Sector Schemes-T.S.P.- Miscellaneous Development Works in Tribal sub plan Area [Article 275(1)] (Rs.43.25 crore), 4701-Capital Outlay on Major and Medium Irrigation- Tribal Area Sub Plan- Omkareshwar Project (Rs.47.01 crore) and 4515- Capital Outlay on Agricultural Research and Education- Externally Aided Projects (T.S.P.) (Rs.39.67 crore). Saving of Rs.47.01 crore under Omkareshwar Project was mainly due to non-finalization of agency. Reasons for other savings have not been intimated (August-2005).

Grant no.48 -Narmada Valley Development*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	2668.63	2762.86	2489.02	273.84
Supplementary:	94.23			

As the actual expenditure was less than the original provision, even though supplementary grant of Rs.94.23 crore was taken. Savings occurred mainly under 4701- Capital Outlay on Major and Medium Irrigation-State Plan Scheme (Normal)- Canal and Appurtenant Works (Rs.72.70 crore), Indira Sagar Project Unit-I (Rs.73.21 crore) and 4801-Capital Outlay on Power Projects- State Plan Scheme (Normal)- Expenditure for Land Acquisition and other work in submerged area of Sardar Sarovar (Rs.114.73 crore). Saving of Rs.72.70 crore under Canal and Appurtenant Work was due to slow progress of work, Rs.73.21 crore under Indira Sagar Project Unit-I was due to non-payment to N.H.D.C. while Rs.114.73 crore was partly due to no progress in the work (Rs.94.25 crore). Reasons for residual saving have not been intimated (August-2005).

Grant no.55 –Women and Child Development

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	320.91	333.24	230.89	102.35
Supplementary:	12.33			

Expenditure of Rs.230.89 crore was inflated by debit of Rs.10.81 crore to this Grant and credit to Major Head 8443- Civil Deposit- 800- Other Deposit, on 31 March 2005. Saving occurred mainly under 2235-Social Security and Welfare- Central Sector Scheme (Normal)- Integrated Service Scheme (Under Externally Aided Scheme) (Rs.19.16 crore), Integrated Child Development Service Scheme (Rs.11.59 crore), Balika Samriddhi Yojna (Rs.6 crore) and 2236- Nutrition- State Plan Schemes (Normal)- Minimum Needs Programme Special Nutrition Programme (Rs.8.80 crore), Central Sector Scheme Normal-Pradhan Mantri Gramodaya Yojna (Rs.49.38 crore). Saving of Rs.6 crore was partly due to ban on implementation of Balika Samriddhi Yojna by Government of India and due to late release of revised budget allotment. Reasons for other saving have not been intimated (August-2005).

Grant no.58 –Expenditure on relief on account of Natural Calamities and Scarcity

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	241.70	241.70	101.75	139.95
Supplementary:	--Nil--			

Saving occurred mainly under 2245-Relief on account of Natural Calamities-Additional Provision for Drought Relief and Employment (Rs.80.80 crore) and Transfer to Reserve Funds and Deposits Accounts- Natural Calamities Unspent Margin Money Fund- Famine Relief Fund (Rs.76.13 crore) which was partly counter balanced by excess over the provision mainly under 2245-Relief on account of Natural Calamities- Cash Doles (Rs.24.61 crore). Reasons for saving/excess have not been intimated (August-2005).

Grant no.76 –Nabard and Externally Aided Projects pertaining to Public Works Department

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	195.21	242.01	91.64	150.37
Supplementary:	46.80			

Supplementary grant of Rs.46.80 crore proved unnecessary in view of final saving of Rs.150.37 crore, as the total expenditure was less than the original grant. Saving occurred mainly under 5054-Capital Outlay on Roads and Bridges- Externally Aided Projects (Normal)- Roads Construction Works (A.D.B.) (Rs.119.78 crore), State Plan Scheme (Normal)- Construction of Major Bridges under Nabard Loan Assistance (Rs.15.62 crore) and Construction of Roads under Nabard Loans Assistance (Rs.14.41 crore). Saving of Rs.119.78 crore under Roads Construction Works (A.D.B.) was partly due to issue of belated acceptance of tenders of works by Asian Development Bank (Rs.85.28 crore).

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

- In other 71 cases of grants/ appropriations, savings exceeding Rupees one crore in each case and also by more than 10 per cent of total provision was Rs.8241.07 crore as indicated in **Appendix XI**. In 3 of these (serial numbers 36,37 and 48), the entire provision aggregating to Rs.15.68 crore was not utilised.
- In 19 cases, the entire budget provision of Rupees one crore and more in each case totaling Rs.135.15 crore, provided under various Central schemes remained unutilised, as detailed in **Appendix XII**.
- In 18 schemes, expenditure in each case exceeded the approved provisions by Rs.5 crore or more and also by more than 100 per cent of the total provision, aggregating to Rs.312.08 crore. Excess indicate poor budgeting and weak expenditure control. Details are given in **Appendix XIII**.
- In 46 schemes, substantial saving of Rs.5 crore or more and also more than 80 per cent of the provision in each case, aggregating to Rs.3719.98 crore was noticed. In 27 of these schemes, the entire provision remained unutilised. The details are given in **Appendix XIV**.

2.3.2 Persistent savings

In 24 cases of grants, there were persistent savings of more than Rupees one crore in each case and 20 per cent or more of provision. Persistent savings indicate budgeting based on inappropriate assumptions. Details are given in **Appendix XV**.

2.3.3 Excess requiring regularisation

(i) Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/ appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.5004.17 crore during the years 1993-94 to 2003-04 had not been regularised so far (August 2005). This was breach of Legislative control over appropriations.

The details are as follows:

(Rupees in crore)

Year	No. of grants/ appropriation	Amount of excess	Amount for which explanations not furnished to PAC
1993-94	21	258.11	1.12
1994-95	15	407.46	0.39
1995-96	21	251.59	Furnished
1996-97	18	224.17	Furnished
1997-98	13	302.79	0.97
1998-99	17	1276.45	1.84
1999-2000	17	1584.94	Furnished
2000-2001	07	265.07	264.70
2001-2002	03	6.26	6.26
2002-2003	08	424.79	387.84
2003-2004	07	2.54	2.54
Total		5004.17	665.66

(ii) Excess over provisions during 2004-05 requiring regularisation

The excess of Rs.83,66,18,117 under 15 grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given below :

(In Rupees.)

Sr. No.	Grant No.	Name of Grant/ Appropriation	Total Provision	Actual Expenditure	Amount of Excess (Percentage of Excess)
(1)	(2)	(3)	(4)	(5)	(6)
A-REVENUE- VOTED					
1	24	Public Works- Roads and Bridges	123,24,00,000	137,01,26,635	13,77,26,635 (11.2)
2	59	Externally Aided Projects pertaining to Rural Development	--Nil--	1,00,00,000	1,00,00,000 (Nil Provision)
3	67	Public Works- Buildings	1,99,54,83,000	2,24,42,03,288	24,87,20,288 (12.5)
4	92	Upgradation of Standards of Administration recommended by the Eleventh Finance Commission	--Nil--	1,000	1,000 (Nil Provision)
5	94	Expenditure Pertaining to Simhasth Mela-2004	1,14,37,000	1,49,94,194	35,57,194 (31.1)
Total-A-			323,93,20,000	363,93,25,117	40,00,05,117

B-REVENUE-CHARGED					
1	67	Public Works- Buildings	1,00,00,000	1,02,92,207	2,92,207 (2.9)
		Total-B	1,00,00,000	1,02,92,207	2,92,207
C-Capital-(Voted)					
1	06	Finance	41,34,65,100	43,93,96,967	2,59,31,867 (6.3)
2	19	Public Health and Family Welfare	22,80,30,000	26,44,58,353	3,64,28,353 (16.0)
3	30	Rural Development	42,00,00,000	42,00,50,000	50,000 (0.01)
4	59	Externally Aided Projects pertaining to Rural Development	39,66,00,000	72,59,20,000	32,93,20,000 (83.1)
5	66	Welfare of Backward Classes	2,30,00,000	2,59,00,000	29,00,000 (12.6)
6	78	NABARD Aided Projects pertaining to Narmada Vally Development	1,39,95,43,000	1,40,00,12,543	4,69,543 (0.03)
7	84	Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Revenue	26,74,38,000	30,72,22,883	3,97,84,883 (14.9)
8	86	Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Jail	1,06,95,000	1,17,97,511	11,02,511 (10.3)
		Total-C	315,87,71,100	359,47,58,257	43,59,87,157
D-CAPITAL-CHARGED					
1	45	Minor Irrigation Works	20,00,000	23,33,636	3,33,636 (16.7)
		Total-D	20,00,000	23,33,636	3,33,636
		Grand Total (A+B+C+D)	641,00,91,100	724,67,09,217	83,66,18,117

Reasons for the excesses had not been furnished by the Government as of August- 2005.

2.3.4 Original budget and supplementary provision

Supplementary provision (Rs.4908.46 crore) made during this year constituted 12.64 *per cent* of the original provision (Rs.38823.70 crore) as against 32.72 *per cent* in the previous year.

2.3.5 Unnecessary/ excessive/ inadequate supplementary provisions

Supplementary provision of Rs.437.18 crore made in 50 cases during the year proved unnecessary in view of aggregate saving of Rs.1554.52 crore (saving in each case exceeding Rs. 10 lakh), as detailed in **Appendix XVI**.

In 23 cases, against additional requirement of only Rs.3538.31 crore, supplementary grants and appropriations of Rs.4377.00 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh, aggregating to Rs.838.69 crore. Details of these cases are given in **Appendix XVII**.

In 5 cases, supplementary provision of Rs.92.87 crore proved insufficient leaving an uncovered excess expenditure of Rs.78.14 crore. Details are given in **Appendix XVIII**.

2.3.6 Persistent excesses

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

Description of Appropriation	Amount of excess (in Rupees) and percentage in bracket		
	2002-2003	2003-04	2004-05
Revenue (Charged)			
67-Public Works-Buildings	20,06,537 (401.3)	4,64,171 (46.4)	2,92,207 (2.9)

2.3.7 Excessive/ unnecessary re-appropriations/ surrender of funds

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

2.3.8 Anticipated savings not surrendered

(a) According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2004-05, there were 147 cases of grants/ appropriations in which large savings had not been surrendered by the departments; the amount involved was Rs.7445.88 crore. Out of these, in 42 cases, significant amounts of available savings (of Rupees five crore and above in each case), aggregating to Rs.7372.45 crore, were not surrendered, as per details given in **Appendix XX**.

(b) Besides, in 127 cases, Rs.1924.68 crore (99.4 per cent) were surrendered on the last day of March 2005, out of total surrender of Rs1935.89 crore, indicating inadequate financial control over expenditure.

2.3.9 Injudicious surrender of funds

(a) In 16 cases, the amount surrendered was in excess of the available saving, which indicated inefficient budgetary control. It was noticed that as against the total available savings of Rs.283.89 crore, the amount surrendered was

Rs.324.69 crore, resulting in injudicious excess surrender of Rs.40.80 crore. Details are given in **Appendix XXI**.

(b) In 5 cases, Rs.0.83 crore were surrendered though there was excess expenditure of Rs.60.71 crore. Details are given in **Appendix XXI**.

2.3.10 Expenditure without Budget Provision

Expenditure should not be incurred on any scheme / service without provision of funds by budget. It was however, noticed that expenditure of Rs.48.40 crore was incurred in 8 cases without the provision having been made in the original estimates/ supplementary demands as per details given in **Appendix XXII**.

2.4 Unreconciled expenditure

Financial rules require Departmental Controlling Officers to reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (A&E). The reconciliation of expenditure of Rs.1330.32 crore in respect of 13 major heads involving 28 grants, representing 3.9 per cent of the total expenditure during the year, had however, remained in arrears in several departments. Details are given in **Appendix XXIII**.

2.5 Defective sanctions for re-appropriations/surrenders

As per instructions (August 1996) of State Government and financial rules, (i) all sanctions for re-appropriations / surrenders should be issued before the end of the financial year and should be received in Accountant General (A&E) office well in time for incorporation in the Accounts, (ii) budget provision under the head "office expenses" should not be increased by re-appropriation in any circumstances; (iii) no amount can be re-appropriated from Charged to Voted and Revenue to Capital and vice versa, (iv) re-appropriations are not permissible from "Salary and wages" head to other heads and vice versa, (v) saving from budget provision should be available under the head from which re-appropriations / surrenders are sanctioned; (vi) proper details of schemes should be furnished from which surrenders/ re-appropriations are sanctioned and total of both sides of re-appropriation sanction should tally etc. Audit observed that Rs.258.97 crore were re-appropriated/ surrendered during the year in violation of these instructions. However, these were not accepted by Accountant General (A&E) for inclusion in accounts. Details are given in **Appendix XXIV**.

2.6 Rush of expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. The rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure for the four quarters and also for the month of March 2005 is depicted in **Appendix XXV** which shows that the expenditure incurred in March 2005 in 8 cases ranged between 50 and 100 *per*

cent of the total expenditure during the year indicating a tendency to utilise the budget at the close of the financial year.

2.7 Budgetary Control

A review of budgetary procedure and control over expenditure and test check of records in case of 8 grants* revealed the following:

2.7.1 Non maintenance of expenditure control registers

Monthly statement of expenditure were not received or called for regularly by the Controlling Officers of Grants number 3,13,30,42 and 48 from their subordinate units. Expenditure control registers were also not maintained in any of these offices. Thus the controlling officers could not work out monthwise the up to date progressive totals of expenditure. This was indicative of absence of proper control and monitoring of expenditure which led to (a) heavy excesses/ large savings over the provisions under certain sub-heads, (b) inadequate/ unnecessary/ excessive supplementary provisions, and (c) irregular re-appropriations and non-surrender of funds thereof, as discussed earlier. The department of grants no 30 stated that the accounts of the expenditure was maintained by the subordinate unit, hence the maintenance of the register was not necessary in HOD. The reply was not tenable, as the said register was essential for Controlling Officer to watch the actual flow of expenditure.

2.7.2 Defective preparation of budget estimates

The procedure followed in test-checked grants* and the Appropriation Accounts, 2004-05 revealed that demands for budget estimates were prepared on ad hoc basis. The poor quality of budget preparation and budgetary operations led to:

(i) Excessive provisions ranging from Rs.5.43 crore to Rs.102.35 crore in five grants (3,13,39,48 and 55) under Revenue voted section. In Capital voted section also, excessive provisions ranged from Rs.11.46 crore to Rs.316.09 crore in five grants (12,42,48,39 and 55). The department of grant no.39 stated that excessive provision was due to higher rate of interest of Government in comparison to rate of interest of Banks.

(ii) Substantial savings of Rupees two crore or more and also more than 20 per cent of the provision in each case aggregating to Rs.889.91 crore under 35 schemes of test checked grants during 2004-05 (in 18 schemes persistent saving had occurred) as per details given in **Appendix XXVI**. While under 10 schemes, substantial excesses of more than Rupees one crore in each case, totaling Rs.291.48 crore during 2004-05 (in three schemes persistent excess had occurred) were noticed as per details given in **Appendix XXVII**.

* 3-Police (Revenue Voted), 12- Energy (Capital Voted), 13-agriculture (Revenue Voted), 30- Rural Development (Capital Voted), 39- Food, Civil Supply and Consumer Protection (Revenue Voted), 42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges (Capital Voted), 48-Narmada Valley Development (Revenue and Capital Voted) and 55- Women and Child Development (Revenue and Capital Voted).

2.7.3 Unnecessary/excessive/inadequate supplementary provisions

In eight schemes of test checked grants supplementary provisions totaling Rs. 13.52 crore remained unutilised and proved unnecessary, in six schemes supplementary provisions were excessive by Rs.19.69 crore and in two schemes supplementary provision of Rs 7.74 crore proved inadequate in view of final excess of Rs.6.24 crore. Details are given in **Appendix XXVIII**.

2.7.4 Transfer of Funds to Deposit head on the last day of financial year

Rs.10.81 crore drawn on last day of financial year under the scheme-Integrated Child Development Service Scheme (Rs.0.18 crore) and Pradhan Mantri Gramodaya Yojna (Rs.10.63 crore) in grant no. 55- Women and Child Development were credited to Major Head 8443-Civil Deposits-800 Other Deposits on 31 March 2004 after exhibiting as expenditure in accounts to avoid lapse of budgetary provision. This resulted in undue inflation of expenditure to that extent.

2.7.5 Withdrawal of funds in advance of the requirement

An amount of Rs.30 crore was drawn under the scheme "State Government share in the Major Works" and paid to the agency to which works was awarded in grant no.30. The agency could however utilise Rs.29.11crore up to 31 March 2005 leaving an unutilised balance of Rs.89 lakh to be utilised in the next financial year i.e. 2005-06. Thus the amount of Rs.89 lakh was drawn in anticipation of requirement to avoid the lapse of budget grant and was incorrectly shown as expenditure incurred during the year 2004-05.

2.7.6 Rush of expenditure in March

Regular flow of expenditure throughout the year is the primary requirement of budgetary control. The percentage of expenditure during March 2005 under various schemes of grant no. 42 and 48 was as under-

Rupees in lakh					
Sr. No.	Grant No.	Particulars of schemes	Total Expenditure	Expenditure in March-05	Percentage of Expenditure in March-05
1	42	5054-03-796-337-0102-3710 State Highway	22.17	7.97	36
2	42	5054-04-796-800-0102-4416 Survey	7.77	6.59	84.8
3	42	5054-04-796-800-0102-7081-Renovation, Up gradation and Bitumenisation of State Highways/Main District Roads	1537.33	607.43	39.5
4	48	4701-80-800-0101-6399-Indira Sagar Project- Unit-I	21787.50	18771.00	86.2
5	48	4801-01-203-0101-6403-Payment of share of Indira Sagar Project unit-I to NHDC	36104.50	24798.00	68.7
6	48	4801-01-205-0101-9133-Sardar Sarovar Project	71685.00	68185.00	95.1
7	48	4801-01-205-0101-8905-Investment in share capital of NHDC Indira Sagar Project Unit-I and II	66000.00	66000.00	100

High percentage of expenditure in the month of March indicate poor financial control.

2.7.7 Non conducting of Internal Audit under the Grant No.30

As per the provision of section 13.4.2 of the Pradhan Mantri Gram Sadak Yojna's operation manual, the State Rural Road Development Agency (SRRDA) is required to appoint independent internal auditors to ensure the exact utilisation of funds provided for the purpose. Moreover as per the paragraph six (Chapter-XII) of the 'Accounting Procedure for District Rural Development Agencies' (as amended in 2001), the central schemes of the Ministry of Rural Development being implemented through DRDAs/ZPs may be subjected to the internal audit by the Ministry of Rural Development, Government of India and State Government teams. However the entire amount of the budget allotment of Rs.42 crore for the year 2004-05 was paid to the MPRRDA by the Development Commissioner but no internal audit of the accounts of the agency was conducted to ensure the exact and proper utilisation of the amount.

CHAPTER III Performance Reviews

This Chapter includes three performance reviews and two long paragraphs viz. 3.1 Implementation of the Acts and Rules relating to Consumer Protection, 3.2 Upgradation and improvement of roads from Mandi funds and loans obtained by MPRRDA (Kisan Sadak Nidhi), 3.3 Implementation of Integrated Child Development Services, 3.4 Implementation of National Project for Cattle and Buffalo Breeding Programme and 3.5 Payment of Pension through Treasuries and Public Sector Banks.

Food, Civil Supplies and Consumer Protection Department

3.1 Implementation of the Acts and Rules relating to Consumer Protection

Highlights

The Consumer Protection Act, 1986 provides for establishment of a separate three-tier quasi-judicial consumer dispute redressal machinery at the National State and district level to provide speedy, simple and inexpensive redressal to consumer disputes. Implementation of the Act was not fully ensured and consumers right to seek redressal was not fulfilled. Adequate infrastructure facilities and staff were not provided in the forum. Action plan/policy for creating awareness among consumers was not framed. Required meetings of consumers protection councils were not held for effective implementation of the Act. Adequate initiative was not taken to generate awareness and empowerment of consumers. Some other salient points in the review are given below:

Regular district Forums were not established in 21 districts out of 48 districts and were not established in 3 new districts even after lapse of more than 2 years since creation of new districts. Circuit benches of State Commission were not established.

(Paragraphs 3.1.6.1 and 3.1.6.3)

Shortage of Food and Weights and Measures Inspectors led to shortfall in inspections and lifting of food samples etc. thereby affecting the enforcement of Acts and depriving the consumers of the envisaged benefits. 12 Secondary laboratories out of 13 laboratories have not been upgraded.

(Paragraphs 3.1.9.1, and 3.1.9.5)

State Consumer protection council was not functioning regularly and district consumer protection councils were non-functional.

(Paragraphs 3.1.10.1 and 3.1.10.2)

Members of district forums were not appointed in 4 district forums, while in 15 district forums one post of member was vacant. Panel of members were not maintained for immediate appointment.

(Paragraph 3.1.11)

Adequate staff was not provided in all district forums, while in 4 part time district forums no staff was posted and in 12 district forums only one Class IV was posted.

(Paragraph 3.1.11)

Adequate steps to implement Jagrati Shivir Yojna and for setting up of District consumer information centre were not taken to ensure wider awareness and empowerment of consumers.

(Paragraphs 3.1.12)

3.1.1 Introduction

In order to provide simple, speedy and inexpensive redressal for consumers' grievances. "The Consumer Protection Act, 1986 (Act)" was enacted by Government of India (GOI). The object of the Act was also to ensure rights to consumers, viz. the right of choice, safety, information, public hearing, redressal and consumer education. The Act came in force from 1st July 1987. In exercise of the powers conferred by the Act, the State Government framed the Madhya Pradesh (M.P.) Consumer Rules, 1987. The Act provides for establishment of separate three-tier quasi-judicial Consumer Dispute Redressal Machinery at the National, State and District Level. The Act empowers Consumers and Consumer Organisations to file complaints in the Consumer Courts. The Act has been amended in 2002 to facilitate quicker disposal of complaints, enhance the capability of redressal agencies, strengthen with more powers, stream line procedures and widen the scope of the Consumer Protection Act, 1986 to make it more functional and effective and also to strengthen the consumer movement at grass root level.

With a view to ensure availability of unadulterated food and beverages to consumers, the Government of India enacted "The Prevention of Food Adulteration Act, 1954" and framed "The Prevention of Food Adulteration Rules, 1955". Under the Adulteration Act, the samples of various categories of food items are required to be taken for analysis and to enforce the standards of weights and measures the Government of India enacted "The Standard of Weights and Measures (Enforcement) Act, 1985". Under the Weights and

Measures Act the weighing and measuring instruments used in trade and commerce are controlled by periodical checking.

3.1.2 Organizational setup

The Principal Secretary Food, Civil Supplies and Consumer Protection Department is responsible for implementation of Acts and Rules relating to consumer protection at State level and Commissioner-Cum-Director is the head of the Department assisted by one Joint Director, three Deputy Directors and at district level by District and Civil Supplies Officers who are designated as District Consumer Protection Officers.

3.1.3 Audit objectives

Main objectives of the review were to assess:

- The extent to which the adjudication mechanism has been created as had been prescribed in the Act with reference to period of operation;
- whether any documented policy for achieving the intended objectives and strengthening of infrastructure of the adjudication mechanism, greater involvement of NGOS and for empowerment of the consumers existed;
- whether rules governing implementation of the Act particularly with respect to staffing, governance by state Commission and District forum have been formulated;
- the extent to which the infrastructure created for disposal of complaints had met the expectation of the consumers;
- whether there was adequate mechanism for administering various Acts for consumer protection;
- whether a uniform plan for staffing and operation had been prescribed and is being adhered in staffing and manning of District Forum and State Commission for ensuring their proper functioning;
- whether various steps and initiatives including schemes by GOI / State Government had succeeded in creating awareness amongst the populace with regard to knowledge about consumer dispute redressal machinery including procedure of filling of complaints and;
- whether adequate system of monitoring of the grievances made by consumers had been created and extent to which mid course corrective and rectificatory measures were introduced with a view to ensure timely disposal of the grievances.

3.1.4 Audit coverage

Review covers the implementation of acts and rules relating to consumer protection for the period 2000-2005, based on test check of the records of

Commissioner-cum-Director Food, Civil Supplies and Consumer Protection (Commissioner), State Commission, ten* district forums and district councils, Controller, Weights and Measures and 4 district offices, Controller, Food and Drug Administration and 5 district offices and three Voluntary Consumer Organizations (VCOs) located at Bhopal,

Entry Conference was held in April-May 2005 with the Principal Secretary Food, Civil Supplies and Consumer Protection Department and Chairman of the State Commission in which audit plan as applicable to the entity consisting of audit objectives etc. were discussed. The Governments views have been taken into account while finalising the review.

ORG Centre for Social Research was also entrusted to conduct survey on functional status of the Consumer Protection Act in ten districts of M.P. The Government was informed about this survey in July 2005. The survey conducted during second week of July to fourth week of August is based on 2234 consumers, 448 complaints, 11 manufacturers/service providers and 2 NGOs. The details of ORG findings are given in *Appendix-XXIX*.

Audit Findings

3.1.5 Financial outlay and expenditure

The budget provision and expenditure during 2000-05 was as under :-

(Rupees in crore)

Year	For running State Commission and District Forums		
	Budget Provisions	Expenditure	Saving
2000-01	2.87	2.42	0.45
2001-02	2.03	2.03	-
2002-03	3.72	2.61	1.11
2003-04	2.99	2.83	0.16
2004-05	4.41	3.97	0.44

Persistent and substantial savings during 2002-05 were due to non-filling up of vacant posts. Audit observed that provision for vacant posts was being made in Budget estimates in contravention of financial rules.

3.1.6 Implementation

3.1.6.1 Creation of adjudication mechanism

The Act provides creation of separate quasi-judicial consumer dispute redressal machinery at State level as well as District level. The responsibility

* Balaghat, Barwani, Bhopal, Chhatarpur, Damoh, Dewas, Pana, Rewa, Sagar & Neemuch.

of setting up the State Commission and the District Forums and to make them functional effectively rested with the State Government.

State Commission started functioning after a lapse of more than three years from the date of enactment of the Act.

The State commission was created by a notification (10th January 1990) and started functioning (1st September 1990) after a lapse of more than three years and from the date of enforcement of the Act. Thus there was substantial delay in establishment of the redressal machinery at State level.

District Forums started functioning after a lapse of more than three to four years from the date of enactment of the Act.

The district forums were created in 38 districts one each in a district in phased manner, seven independent district forums, (viz, Jabalpur, Gwalior, Rewa in January 1990 and Bhopal, Indore, Sagar, and Ujjain) were notified for creation in March 1990. While remaining 31 district forums were notified (April 1991) with sitting District and Session Judge of the concerned district. Four district forums started functioning as independent district forums (viz Rewa, Indore in May 1990 Gwalior, Ujjain in July 1990 after lapse of about three years from the date of enforcement of the Act). The delay and slow pace of establishment of redressal machinery reflected that consumers were deprived to get inexpensive and speedy redressal of their grievances. All the 38 district forums started functioning in May 1991 to September 1992 with the District and Session Judge as the President of district forums. It was an adhoc arrangement of a separate quasi-judicial consumer dispute redressal machinery at district level which continued up to August 1997 despite the order of January 1993 of Hon'ble Supreme Court of India in Common Cause versus Union of India to discontinue adhoc arrangement and take steps to constitute independent district forums in each district within a period of one year as discussed below. Three new districts (Anuppur, Ashok Nagar and Burhanpur) were created in March 2003 but district Forums were not established as of September 2005. Thus consumer forums are not available within easy reach of 12.39 lakh consumers of these three districts.

District Forums were not established in three districts.

Independent full fledged District Forums could not be established in 21 districts.

Despite the orders (August 1991 and January 1993) of the Hon'ble Supreme Court of India in Common Cause Versus Union of India that it is the statutory obligation of State Government for setting up a District Forum in every district and as envisaged in Section 9 of the Act, only 24 District* Forums are functioning as full-fledged District Forums and in the rest 21 Districts** the President of the full-fledged District Forums hold link sittings. Thus these are part time District Forums and are partly functional in nature as they are not available on every working day. In these districts 1400 cases were pending as of March 2005. Thus after lapse of more than 18 years since the enactment of the Act independent full fledged District Forums could not be established in 21 districts.

* 14 districts Forums from September 1997, 6 districts Forums from June 1998 and 4 districts Forums from March 2003.

** Balaghat, Barwani, Betul, Chhatarpur, Datia, Dewas, Dindori, Harda, Jhabua, Mandleshwar, Narsinghpur, Neemuch, Panna, Raisen, Rajgarh, Sehore, Sidhi, Shahdol, Shajapur, Sheopur Kala and Umaria.

Seven part-time district Forums started functioning as sitting district Forums after more than two years from the date of creation of districts.

Seven part-time district forums (Barwani, Dindori, Harda, Neemuch, Katni, Sheopur Kala and Umaria) were notified (November 1999) to be created, consequent upon formation of new districts (May-July 1998). These started functioning as sitting district forums during April 2000 to December 2001 after delay of more than two years from the date of creation of districts.

Thus due to delay in establishment and non establishment of consumer dispute redressal machinery, the implementation of the Act was not fully ensured and the right of consumers to seek redressal were not fulfilled.

3.1.6.2 Non-shifting/delay in shifting of cases

Eight complaint cases of consumers of Neemuch district were transferred by district forum, Mandsaur to district forum, Neemuch in April 2001 though it started functioning in April 2000. While 5 complaint cases of consumers of Neemuch were decided in Mandsaur. Similarly 5 complaint cases of consumers of Umaria district were not transferred to district forum, Umaria but decided in district forum, Shahdol during November 2000 to December 2004 despite the order (April 2000) of the State Commission to decide the cases in the concerned forum. Complaints of these districts had to bear hardships in pursuing their cases as the forums were located in other districts.

3.1.6.3 Non -establishment of circuit benches

Circuit benches has not been established.

To cover the vast geographical territory and to reach out to the consumers, mechanism of Circuit Bench was introduced. No circuit bench has been notified and established by the State Government even after lapse of two years. The National Consumer Dispute Redressal Commission (NCDRC) proposed two additional benches of the State Commission in the interest of the consumers as intimated (May 2004) by the GOI. The Registrar replied (September 2005) that State Commission is presently holding circuit sitting at Jabalpur, Indore and Gwalior for 2-3 days each month along with necessary minimum staff as no separate staff have been recruited for the additional circuit courts.

How the consumer perceive Government's inaction to increase the capacity of the State Commission and the district forums to deal with more cases came out in the survey conducted by the ORG MARG. They reported that almost 83 percent of the consumers responded that the Government was not doing enough to safeguard consumers rights or that they were not aware of such efforts by the Government.

State Government should provide sufficient funds for creation of additional benches for the State Commission and district forums to provide timely and expeditious redressal to consumers' grievances.

3.1.7 Formulation of policy and notification of rules :-

3.1.7.1 Non-preparation of policy

Neither action plan nor has any policy been framed for creating awareness among the people.

Neither action plan nor any policy has been framed with which various consumer welfare objectives could be achieved or awareness created among the people such as creation of State Consumer Welfare Fund for providing financial assistance to Voluntary Consumer Organizations (VCO's)/Non-Governmental Organizations (NGOs) for developing consumer awareness and strengthening the consumer movement in the State, particularly in rural areas. Even no initiative had been taken to involve VCOS and NGOs to spread consumer awareness to strengthen consumer movement and to file complaints in redressal machinery. Non-preparation of any policy or action plan for empowerment of consumers by the Government resulted in non-achievement of objectives of the Act to ensure the rights of the consumers, viz the right of choice, information, consumer education, safety, public hearing and redressal. Thus the implementation of the Act was not ensured.

No complaint of consumers grievances was lodged by Consumer Protection officers in district Forum or State Commission.

The District Food and Civil Supplies Officers have been declared (March 2004) as Consumer Protection Officer (CPO). Any consumer aggrieved with any irregularity, etc. may lodge report before the CPO who after verification may lodge complaint before consumer forums. It was noticed that no complaint was lodged by CPO in district forum or state commission so far which was indicative of the fact that adequate awareness amongst the populace of this initiative of Government has not been made.

3.1.7.2 Notification of rules

MP Consumer Protection Rules, 1987 were not amended though the Act was amended in December 2002.

Madhya Pradesh (M.P.) consumer protection Rules, 1987 were notified in September 1987. The Act was further amended in December 2002 and the amended Act has been brought into force with effect from 15 March 2003. The basic objectives of the consumer protection (Amendment) Act, 2002 are to facilitate quick disposal of complaints, enhance the capability of redressal agencies, strengthen them with more powers, streamline the procedures, widen the scope of Act to make it more functional and effective and also to strengthen the consumer movement at grass root level. While sub-section (2) of section 30 empowers the State Government to make rules for carrying out the provisions of the Act.

The State Government has not initiated action for amending/framing M.P. Consumer protection Rules, 1987 even after lapse of more than two years of the amended enactment of 2002.

The Act provided that every complaint filed (w.e.f. 15 March 2003) in Consumer dispute redressal agencies is to be accompanied with appropriate amount of fee. In exercise of powers conferred by Sub-Section (i) of Section 30 of the Act. Central Government formulated (March 2004) rules for depositing fee in respect of complaints upto Rs.20 lakh in District forums after delay of one year from amendment of Act. Rules were further amended (February 2005) for depositing fee for making complaints of more than Rs.20

lakh to Rs.one crore before State Commission. This resulted in non-collection of fees along with complaints in district forums during 2003-04 and in the State Commission during 2003-05. Fees amounting to 2.85* lakh was not collected with complaints during 2003-05 in the Commission and in nine district forums.

No laboratory has been accredited by the State Government for testing of products.

Rule-2 A of Central Consumer Protection Rules provide that State Government should notify a laboratory as an appropriate laboratory for the purpose of the Act for a period of three years. The Registrar State Commission stated (September 2005) that no laboratory had been accredited by the State Government for the purpose of testing of products.

34 per cent of the complaints used stamp papers to file the case on advice of lawyers.

The result of ORG MARG survey also revealed that about one third (30 per cent) of the complaints reported that they registered the complaint at the district Forum in person, while more than half (62 per cent) reported that they registered the complaint through an agent or lawyer. Nearly 34 per cent of the complainants used stamp paper to file the case which though was not required and in majority of cases (85 per cent) the lawyers / agents advised them to do so.

3.1.8 Adequacy of infrastructure :

3.1.8.1 Delay in utilisation of one time grant

To Strengthen the infrastructure of State Commission and district Forums, GOI provided one time financial assistance of Rs.5 crore (State Commission: Rs.0.50 crore and 45 district Forums: Rs.4.50 crore) between October 1995 to March 1999 to the State Government. The assistance was to be utilized on the infrastructural needs like accommodation for the consumer forums, office equipment, library books, computers, furniture, for the purpose of liquidation of pending cases in consumer forums. The following points were noticed.

An amount of Rs.4.53 crore (Rs.24 lakh for seven months, 215 lakh for one year, 194.33 lakh for three years and 20 lakh for four years) was locked in civil deposit for a period of seven months to four years resulting in delay in creation of required infrastructure. An amount of Rs.474.70 lakh was utilized upto March 2005 and Rs.25.30 lakh (Rs.25 lakh with PWD and Rs.0.30 lakh with State Commission) lying unutilised.

Buildings of two district Forums and one building of Circuit Bench were not constructed.

Building of three district Forums (Betul, Sehore and Raisen) were under construction as of September 2005. Buildings of two District Forums (Jabalpur and Ujjain) and one building of Circuit Bench, Jabalpur were not constructed as land was not made available, while construction of one building of district Forum, Vidisha was held up due to dispute of land. An amount of Rs.25 lakh (Rs.10 lakh each for district Forums Jabalpur and Ujjain and Rs.5

* State Commissioner (Rs.0.92 lakh) Barwani (Rs.0.02 lakh) Bhopal (Rs.0.84 lakh) Chhatarpur (Rs.0.04 lakh), Damoh (Rs.0.09 lakh), Dewas (Rs.0.09 lakh), Neemuch (Rs.0.07 Lakh) Panna (Rs. 0.10 lakh) Rewa (Rs.0.41 lakh) Sagar (Rs. 0.27 lakh).

lakh for Circuit Bench, Jabalpur) was lying unutilised with PWD since March 2000.

Three district forums were running in hired buildings. An expenditure of Rs.11.52 lakh was incurred during 2000-05 on payment of rent which could have been avoided had the effective steps been taken for construction of buildings in the interest of 50.77 lakh consumers of these districts.

3.1.8.2 Infrastructure facilities

No infrastructure facilities were available in two district Forums, while in four district Forums adequate facilities of drinking water were not available.

It was noticed that in 4 district Forums (Balaghat, Chhatarpur, Dewas and Panna) no supporting office infrastructure such as xerox machine, fax, computer hardware, etc., were provided. In 4 district Forums (Balaghat, Chhatarpur, Panna, Sagar) adequate facilities of drinking water were not available for consumers, while in 3 district Forums (Balaghat, Chhatarpur and Rewa) furniture were not available for consumers. There was no infrastructure facilities available in 2 district Forums (Barwani and Neemuch) created (November 1999). The State Government did not take effective measures to provide minimum infrastructure facilities in consumer forums.

3.1.9 Enforcement mechanism

3.1.9.1 Prevention of Food Adulteration Act

With a view to ensure availability of unadulterated food and beverages to consumers, the Government of India enacted "The Prevention of Food Adulteration Act, 1954 (Act) and framed "The Prevention of Food Adulteration Rules, 1955. In exercise of the powers conferred by the Act, the State Government framed the M.P. Prevention of Food Adulteration Rules, 1962. The Controller, Food and Drug Administration has been declared as the Food (Health) Authority who is in charge of administration and enforcement of the Act at the State level. Following points were noticed.

Section 10 (2) of the Act envisage that the Food Inspectors were to inspect all establishments licensed for manufacture, storage of an article of food within the area assigned to him and were responsible for implementation of the Act. The working strength of Food Inspectors was far less than the sanctioned strength. There were 275 sanctioned posts of Food Inspectors as of April 2000 against which only 71 men were in position (MIP). Their number decreased year by year and was only 39 at the end of March 2005 as under.

Shortage of Food Inspectors ranged from 74 to 87 per cent which affected implementation of the Act.

Year	Sanctioned strength	Working strength	Vacant posts	Percentage of vacant posts
2000-01	275	71	204	74
2001-02	275	52	223	81
2002-03	275	45	230	84
2003-04	275	36	239	87
2004-05	275	39	236	86

In nine* Districts no regular food inspector was posted. Thus 51.58 lakh consumers of these districts were not being ensured of the availability of unadulterated food and beverage due to non-availability of regular enforcement mechanism for regulation of the Act.

Controller intimated (September 2005) that posts of Food Inspectors were not sanctioned for these newly created districts so Food Inspectors of near by district is holding additional charge of these districts.

Inspection is an important regulatory function through which the Act is administered. Rules provided that the Food Inspector has to inspect all establishments licensed for the manufacture, storage or sale of an article within the area assigned to him.

To implement the provisions of the rules, it is essential that the Department prescribe the norms of staff pattern of Food Inspectors (FIs) on the basis of population of the area, prepare an exhaustive list of various manufacturers of food articles, wholesalers, retailers, vendors, etc. by conducting detailed survey of the market and also prescribe the norms/target for inspection and lifting of sample by each inspector annually.

During test check of records of Controller, it was revealed that target for inspection of such establishments were fixed as 180 and for lifting samples were fixed 120 per inspector annually. The inadequate number of FIs during 2000-05 not only adversely affected the implementation of the Act but also the rights of 6.03 crore consumers of the state as under :-

There were shortfall in conducting inspections from 2 to 22 percent and in lifting of sample from 22 to 55 percent by the inspectors during 2000-05 as detailed in **Appendix-XXX**. The year wise details of prosecution launched against adulterant, cases decided by the court as on 31st March 2005 and pending in the court during 2000-05 is given in **Appendix-XXXI**. It would be seen that in 31 to 50 percent cases adulterants were acquitted and in 50 to 69 percent cases adulterants were convicted. No appeal was made against the acquittal by the department in higher court. On being pointing out Deputy Director, Bhopal intimated that for pleading the cases of prevention of food adulteration, Government advocate was not appointed. So in most of the cases adulterants were acquitted and also due to non-availability of witness for old cases. Year wise details of pendency of 10,277 cases as on 31st March 2005 (details given in **Appendix-XXXI**) was not available with Controller. In test checked 4 districts 680 (Bhopal 178, Damoh-210, Dewas-40 and Sagar-252) cases were pending for the period more than 10 year and 276 (Bhopal-104, Damoh-11, Dewas-63, and Sagar-98) were pending for more than 5 years.

* *Anuppur, Ashok Nagar, Burhanpur, Dindori, Harda, Sheopurkala, Neemuch, Katni and Umaria*

3.1.9.2 The Standards of Weights and Measures (Enforcement) Act, 1985

With a view to provide enforcement of the standards of weights and measures for regulation of inter state trade and commerce, export and import, the Government enacted "The Standards of Weights and Measures (Enforcement) Act, 1985".

The Principal Secretary Food, Civil Supplies and Consumer Protection Department also administer the Standards of Weights and Measures (Enforcement) Act, 1985 and Standard of Weights and Measures (Packaged Commodities Rules, 1977). The Controller of Weights and Measures is the regulatory authority. Following points were noticed:

3.1.9.3 Non-maintenance of Register of Users

Discontinuation of registration of users of weight or measure affected the implementation of the Act.

Act and Rules provided that no person can use any weight or measure in any transaction or for industrial production unless he is registered for this purpose. A register of users is required to be maintained and a certificate is issued to the users of weights and measures which is valid for a period of five years and required to be renewed. The Act further provided that use of any weight and measure is a punishable offence unless it is registered.

During test check of records of Controller, it was revealed that register of users was not maintained. On being pointed it was replied that fees for registration was discontinued in the provisions since July 1996. As much stationary and labour was consumed so its maintenance discontinued. The reply is not tenable as the registration has not been discontinued. Thus discontinuation of maintenance of Register of users adversely affected the implementation of the Act as it is the primary source of information for enforcement of the Act.

Inspection is an important regulatory function through which the Act, is administered. The Act, provided that an inspector has to inspect and test any weight and measure within the area assigned to him. For efficient enforcement of the Act, the norms of staff pattern, regular survey of users of weights and measures were required to be prescribed. However, norms of staff pattern was not formulated and maintenance of Register of users was also discontinued.

During test check of records of controller, it was revealed that targets of 3000 inspections of such establishments and 240 for framing cases against offenders per inspector annually were prescribed. Against 109 sanctioned posts of inspectors 70 to 90 inspectors were in working position during 2000-05, as shown in *Appendix-XXXII*. Shortage of inspectors adversely affected the implementation of the Act as under :

There were shortfall in conducting inspections from 11 to 54 percent and framing cases 55 to 70 percent by the inspectors during 2000-05 as detailed in *Appendix-XXXII*.

Shortage in conducting inspections ranged from 11 to 54 per cent and 55 to 70 per cent framing cases.

Thirty seven thousand six hundred and three cases were framed against the offenders of weights and measures during 2000-05 as detailed in *Appendix-XXXIII*. Of these 31,834 (85 percent) cases were compounded with offenders. Only 172 (0.4 percent) cases were launched in Court while 5594 (14.6 percent) (1143 of 2000-01, 1277 of 2001-02, 940 of 2002-03, 811 of 2003-04 and 1423 of 2004-05) were lying with the Department. Effective action was not taken against these offenders which affected enforcement of the Act.

3.1.9.4 Non-verification of secondary standard and working standard

Non adherence of periodicity of verification of secondary and working standard affected accuracy of weights and measures used in trade and commerce.

Act and Rules provided that every secondary standard* or working standard** requires to conform to the standard established under the standards Act. Every secondary standard has to be verified against the appropriate reference standard at an interval not exceeding two years, while every working standard has to be verified against the appropriate secondary standard at an interval not exceeding one year. The act further provided that an unverified secondary standard or working standard shall not be deemed to be a secondary standard or a working standard. An unverified secondary standard shall not be used for the verification of any working standard and an unverified working standard can not be used for verification of any weight and measure.

Test check of records of Assistant Controller, Sagar revealed that all the three sets of Secondary Standards were first verified on 9th February 2001 and subsequently on 14th October 2004 after lapse of three years and eight months, while their validity to the secondary standards expired on 8th February 2003. No working standard was verified during 2001-02 and 29 sets of working standards (5 sets on 04-06-2003 and 24 sets during 25-09-2004 to 11-10-2004) were verified with those unverified secondary standards. Thus weights and measures used in trade and commerce in five districts (Chhatarpur, Damoh, Panna, Sagar and Tikamgarh) during 2001-02 and 2003-05 were not verified as per standards prescribed under the Act.

3.1.9.5 Laboratories not upgraded to electronic system

Laboratories were not equipped with electronic balances.

The weights and measures department of the state is functioning with 13 secondary standard laboratories equipped with mechanical balances are required to be upgraded to electronic balances for verification and stamping of electronic balances and instruments used in trade and commerce. Out of these 13 laboratories only one laboratory was upgraded to electronic system with the help of grant provided by the Central Government. Twelve Secondary laboratories were not upgraded to Electronic system thus regulating all the weighing and measuring instruments used in trade and commerce was not

* *Secondary Standard: The set of standard weight or measure which is made or manufactured by or on behalf of the Central or State Government for the verification of any working standard.*

** *Working Standard: The set of standard weight or measure which is made or manufactured by or behalf of Government for the verification of any working standard weight or measure other than a national prototype or national reference or secondary standard.*

possible as accuracy of the instruments could not be ensured. On being pointed out the Controller replied (September 2005) that proposal had been sent to GOI for upgradation of 12 Secondary laboratories. Reasons for not upgrading the balance 12 laboratories were not indicated.

3.1.10 Functioning of Consumer Protection Councils

The primary object of the State Consumer Protection Council is to promote and protect the six rights of consumers viz right to safety, right to be informed, right to choose, right to be heard, right to seek redressal and to consumer education within the state as laid down in section 6 of the Act.

3.1.10.1 State Consumer Protection Council

In terms of Section 7 (3) of the Act, the State Council must hold at least two meetings in a year. Under section 7 (4) of the Act, it is provided that State Government formulate rules or procedures regarding conducting business at the meeting of the State Consumer Protection Council. The rules have not been framed by Government.

During test check of records of the State Commission it was revealed that the State Council was established in August 1995 and its first meeting was held in November 1995. During 2000-05 only one meeting was held on 26 July 2003.

The Government was requested (September 2005) to intimate the reasons for not formulating rules or procedure regarding conducting business at the meeting of the State Council even after lapse of 18 years. Reply of Government is awaited. Thus due to non-functioning of State Council, 6.03 crore consumers of the State were deprived of benefits as laid down in the Act.

3.1.10.2 District Consumer Protection Council

The objects of the District Council are to promote and protect within the district the rights of consumers laid down in section 6 of the Act. Collector of the district functions as the Chairman and such number of other official and non-official members as prescribed by the State Government. Section 8A of the Act provided that the District Council must hold at least two meetings in a year. The rules or procedure for conducting business at the meeting were required to be formulated by the State Government.

The rules and procedures for conducting business at meeting of the district council were not formulated even after lapse of 2 years. On being pointed (April 2005), Commissioner replied (September 2005) that formulation of rules is under process.

The district council were created (February 2004) after lapse of one year from the date of enforcement of the Act. No meetings of District Consumer Protection Councils was held in 10* test checked districts.

District Councils remained non-functional.

* *Bhopal, Balaghat, Barwani, Chhatarpur, Dewas, Damoh, Panna, Neemuch, Rewa and Sagar.*

Thus due to non-functioning of district council and irregular functioning of State Council the rights of consumers, as envisaged in the Act were neither promoted nor protected. Monitoring of functioning of consumer Forums were never conducted

On an average the complainant had to spend Rs.2453 to resolve the case.

ORG survey also revealed that hardly any of the respondents reported to have learnt about the Acts and Rules from the NGOs. Main source of knowledge about the Acts and Rules is electronic and print media were 84 per cent and 61 per cent respectively. On an average the complainant had to spend Rs.2453 to resolve the case of which a large proportion (average amount of Rs.2034) comprised of the advocate's fee. Majority of the complainants resided in urban areas (92 per cent), and almost all were literate (98 percent). The average monthly house hold income of complainants was Rs.11953. This implied that facilities provided by redressal agencies were availed mostly by residents of urban areas and that too by the upper or middle income strata of the community. The manufacturers and service providers were well aware of the Acts and Rules. Overall all the stakeholders and the complainants perceive the redressal as simple and in expensive but not very speedy.

3.1.11 Adequacy of staffing and funding for operations

It is the responsibility of the state Government to make the State Commission and each district forum functional by providing adequate staff. The State Commission and 45 district forums are running in the State. For efficient functioning of the State Commission and District Forums the norms of Staff pattern were to be prescribed. But norms for staff pattern were not formulated. The recommendations of Bagla Committee (June 2000) to maintain uniform staffing pattern for all district forums were not implemented at all and there exists wide variation in staffing pattern in various district forums as under :-

District Forums are not functioning on all working days.

Twenty four posts of Presidents are sanctioned to run 45 district forums. As only 24 district Forums are functioning as full fledged district forums and rest 21 district Forums are functioning as sitting district forums and attached with full fledged district Forums, so these are not functioning on all working days. The norms for visiting the full fledged districts by Presidents in their sitting district forums were not prescribed by the Government or the State Commission. In test checked districts, 6 district Forums are functioning only one to six days in a month (Barwani and Panna: 1 day; Dewas: 2 days; Chhatarpur: 4 days, Balaghat: 5 days and Neemuch: 6 days).

The Presidents of these districts Forums stated that they visited in these sitting district Forums on their convenience and keeping in view the pendency of cases.

Two district Forums remained non-functional for period ranging 18 to 19 months.

Two district Forums remained non-functional for periods ranging from 18 months to 19 months (Dindori, April 2003 to September 2004 and Umaria, May 2003 to November 2004). Fourty three complaints (Dindori: 13 and Umaria: 30) of consumers remained pending for redressal as President had not visited on sitting days of these forums.

For 45 districts Forums 90 posts of members were sanctioned. In four district forums (Chhatarpur July 2004, Mandsaur July 2003, Sidhi March 2004 and Vidisha August 2003) both the two posts of members were vacant, while in 15* district forums one post of member was vacant.

The Central Consumer Protection Council in its XXIII meeting held on 16th July 2003 recommended that a panel of members may be prepared in advance of creation of vacancy of member but no action was taken in this regard. On being pointed out the Registrar, State Commission replied (September 2005) that the delay in appointment of members are due to non receipt of panels of members from the Collectors and delay in appointment of members was on the part of Government.

Three district Forums remained non-functional for a period ranging from six months to nine months due to non posting of members and 521 complaints of consumers remained pending till alternative arrangement of additional posting of members of near by districts were not made as under :

Name of district forums	Period during which posts of both member were vacant	No of complaints were pending before existing vacancy of both members	No. of complaints filed during the period	Total No. of complaints remained pending	Period of pendency (In months)	Date on which alternative arrangement was made
Sidhi	Mar 04 to Nov.04	165	NIL	165	9	30th November 2004 One member of Rewa was given additional charge
Chhatarpur	July 04 to Dec 04	113	02	115	6	30th Nov.2004 One Member of Damoh was given additional charge
Mandsaur	Aug-03 to Feb-04	243	24	267	7	5th March 2004 One member of Neemuch was given additional charge
Total		521	26	547	-	

No staff is posted in four district Forums, while 12 district Forums had only class IV staff.

Two posts (1 Lower Division Clerk and 1 Class-IV) for each 21 part-time district Forums were sanctioned (December 2002). Four district Forums (Chhatapur, Dindori, Umaria and Sidhi) were running without any staff, while 12 district Forums (Datia, Dewas, Barwani, Betul, Harda, Panna, Shajapur, Neemuch, Jhabua, Shadol, Sheopur Kala and Mandleshwar) had only Class IV staff.

In five district Forums there was no arrangement to receive the complaints on every working day.

In five district Forums (Barwani, Chhatarpur, Dewas, Dindori and Neemuch) there was no arrangement to receive the complaints of consumers on every working day. The Presidents of these district forums stated that complaints of consumers were received on sitting days of district forums. Thus 48.71 lakh consumers of these district could not file their complaints in district forums on every working day.

* *Balaghat (January 2004), Betul (August 2002), Bhind (July 2002), Datia (December 2001), Dindori (November 1999), Panna (December 2003), Ratlam (May 2003), Rajgarh (January 2005), Satna (March 2004), Seoni (July 2003), Sehore (October 2004), Shadol (July 2004), Tikamgarh (February 2004), Indore (January 2005) and Morena (July 2003)*

Inadequate staff was posted in 24 district Forums which were functioning as full-fledged district Forums as under:

Sl. No.	Name of posts	No. of post sanctioned for each district forum	No. of district forum for which posts were sanctioned	No. of district forums in which posted	No. of district forums in which posts are vacant	Period from which vacant
1.	Superintendent of Court	1	20	11	9	Bhind, Chhindwara, Damoh and Khandwa since December 2002, Guna and Mandsaur from February 1996, Morena from December 2001, Sagar February 2004 and Ujjain March 2004.
2.	Upper Division Clerk	1	20	14	6	Guna, Hoshangabad, Mandsaur, Rewa, Satna and Seoni since December 2002.
3.	Readers	1	24	15	9	Bhind, Chhindwara, Damoh, Khandwa, Katni, Sagar and Shivpuri since August 2004, Mandsaur December 2002 and Rewa October 2002
4.	Steno typist	1	24	6	18	Bhopal, Bind, Chhindwara, Damoh, Dhar, Guna, Gwalior, Hoshangabad, Indore, Khandwa, Mandsaur, Morena, Rewa, Sagar, Satna, Shivpuri, Ujjain and Vidisha since August 2004.
5.	Stenographer	1	24	23	1	Mandla since December 2002.

The Registrar, State Commission stated (September 2005) that existing vacancies could not be filled due to ban imposed by the Government on appointment.

It was the responsibility of the State Government to provide adequate staff in district Forums for their effective, smooth and un-interrupted functioning so that the complaints of consumers are disposed off as quickly as possible within the time as prescribed in the Act. But the Government failed to provide even minimum sanctioned staff. Thus the implementation of the Act was not ensured as envisaged.

3.1.12 Awareness and empowerment of consumer

Jagrati Shivar Yojna was not implemented to create awareness.

Government of India launched (December 2003) a scheme Jagrati Shivar Yojna to create awareness among the consumers at district level by holding consumer awareness camps, meetings, functions, etc, with the help of State Government, District Authorities.

The Government had not taken initiative to implement the scheme for creating awareness among 6.03 crore Consumers and particularly to those 4.43 crore Consumers living in rural areas about their rights and ensuring the implementation of Act.

Commissioner replied (September 2005) that information from District Collectors was under process and no fund was received from the Government of India.

District Consumer Information Centre was not established in each district.

GOI introduced (October 2000) a scheme for setting up at least one District Consumer Information Center (DCIC) with the help of Zila Parishad and reputed Voluntary Consumer Organizations (VCOs) with objects to disseminate information on all aspects of consumer protection. A financial assistance of Rs.5 lakh was admissible for each DCIC in phased manner covering 3 years (Rs.2.5 lakh first year, Rs.1.75 lakh in second year and Rs.0.75 lakh in third year)

Test check of the records of Commissioner revealed that no information was available regarding establishment of DCIC in districts. On being pointed out it was replied (September 2005) that no grant was sought by State Government/NGO/VCO, for establishment of DCIC.

Scrutiny of records of 3* VCOs of Bhopal district revealed that Rs.4.50 lakh (Rs.2.75 lakh in July 2001 and Rs.1.75 lakh March 2004) was provided by the GOI to National Center for Human Settlement and Environment, Bhopal and DCIC was set up (July 2001) in Bhopal and guidance were provided to 1521 consumers (198 in 2001-02, 386 in 2002-03, 557 in 2003-04 and 380 in 2004-05) while the other two VCOs/NGO stated that they did not receive financial assistance.

Media policy was not formulated to create awareness about the Act.

No media policy was formulated for dissemination of information pertaining to awareness about the act, mechanism for filing of complaints and procedure of adjudication including location of district forum and state commission to facilitate the consumers. The guidelines such as filing of complaints on plain paper, no lawyers required, prescribed fee are not displayed in the premises of district forums or out side the premises to educate the consumers.

81 per cent of the consumers were not aware of their rights, while only 5 per cent of rural population had heard about it.

Results of the ORG MARG survey revealed that 81 per cent of the consumers were not aware of their rights as consumers and 87 per cent were still unaware of Consumer Protection Act. The Act is envisaged to benefit all the consumers in urban and rural areas, but only 5 per cent of the rural population had heard about it. The analysis for the for the showed that among those who were aware of the Act, most belonged to the educated lot (20 per cent), self employed (30 per cent), employed with Government (45 per cent) and retired of the survey revealed that 76 per cent of the consumers at large believed that it is important for every consumer to know about his rights.

3.1.13 Monitoring mechanism

3.1.13.1 Disposal of consumers grievances

Age wise analysis of 7698 pending cases (State Commission : 2203 cases and district Forums : 5495) as on 31 March 2005 were as under:

* *National Centre for Human Settlements and Environment, all India Consumer Congress and Bhopal Upbhogta Hit Chintak Parishad.*

In State Commission and district Forums 7698 cases of consumers were pending on 31 March 2005.

Sl. No.	Particulars	State Commission	District Forums	Total
1.	Cases outstanding for more than six months	870	2823	3693
2.	Cases outstanding for more than six months upto one year	883	1394	2277
3.	Cases outstanding for more than one year upto three years	398	1025	1423
4.	Cases outstanding for more than three years	52	253	305
	Total cases outstanding	2203	5495	7698

The delay in disposal of complaints of consumers in district forums was due to delay in appointment of members, providing inadequate staff and inadequate infrastructural facilities, etc.

Consumer Forums have not been interlinked through computer network with State/National Commission.

Around 26 per cent of cases were still unresolved after about 9 hearings.

ORG survey also revealed that there were 78 cases where the decree was passed and compensation was yet to be received on an average the compensation was due for 18 months. For those received compensation the same was received within an average period of four months. On an average 6.9 hearings were required to resolve the case. Around 26 per cent of cases were still unresolved even after about 9 hearings. To resolve a case on an average 9 months were spent. In case of unresolved case the same were pending for past 25 average months. Majority of complaints (82 per cent) were against services such as electricity, banking, insurance, communication and other financial services while only about 18 per cent of the complaints were against products, mostly consumer durables (60 per cent).

3.1.14 Conclusion

Consumer right to seek redressal of grievances was not fulfilled. District Forums established in 45 districts were not functioning regularly due to non-establishment of regular forum in 21 districts. Adequate infrastructure facilities (including sitting accommodation) were not provided in district forums. District forums were inadequately staffed while in some district forums no staff was posted leading to cases not being disposed off speedily. Vacancies of members in district forums remained unfilled. No action plan or policy has been framed for creating awareness among the people. State Consumer Welfare Fund to be created for strengthening the consumer movement in the State was not created so far. There was shortage of enforcement staff for enforcement of Food Adulteration and Standard of Weights and Measures Acts. Meetings of State consumer Protection Council were not held and district consumer protection councils have not started functioning. Adequate initiative was not taken to generate awareness and empowerment of consumer.

3.1.15 Recommendation

- There is a need to establish independent full fledged district Forums in each district, and circuit benches of the State Commission at the earliest.
- Adequate infrastructural facilities like proper accommodation, furniture, drinking water facilities, xerox machine, computers etc. in all district Forums needs to be provided.
- Secondary laboratories of weights and measures department require upgradation to electronic system to ensure proper regulation of all the weighing and measuring instruments used in trade and commerce.
- There is need to provide adequate staff in district Forums and appointment of members should be made on time to ensure effective functioning.
- District Consumer Information Centres need to be established in each district to enforce awareness among the consumers. Consumer welfare fund should be created for generating consumer movement with the help of VCO's/NGOs.

The matter was reported to Government in November 2005; reply had not been received (January 2006).

Public Works Department

3.2 Upgradation and improvement of roads from Mandi funds and loans obtained by MPRRDA (Kisan Sadak Nidhi)

Highlights

The Government decided (September 2001) to utilise the Mandi funds (created for development of roads for Krishi Upaj Mandi Market area) for repair and maintenance of State roads in view of their poor condition and shortage of funds. Accordingly 323 roads of different category with length of 5839.95 km were taken up for up-gradation/improvement by the Public Works Department(PWD) in a phased manner for completion by the end of March 2003 at an estimated cost of Rs.648.97 crore. However, only 230 roads with length of 4876.90 km had been completed after incurring an expenditure of Rs.568.90 crore up to March 2005. The performance was deficient as implementation of the works was lagging behind schedule. The criteria of selection of roads having width of 3.75m was not followed and the specifications of MORT&H were not adhered to. There were cases of acceptance of substandard works and excess payment made to the contractor due to incorrect application of rates. Some important findings of the review are given below:

An expenditure of Rs.17.17 crore was incurred on works against the sanctioned amount of Rs.15.93 crore resulting in unauthorized expenditure of Rs.1.24 crore; blockage of funds amounting to Rs.5.18 crore due to demand of funds in excess of requirement resulting in loss of interest of Rs.17.23 lakh.

(Paragraph 3.2.6.1 & 3.2.6.4)

The department failed to achieve the target even after overrun of two and half years and 93 roads remained incomplete as of March 2005.

(Paragraph 3.2.8.1)

Incorrect selection of State Highways and other roads having width of more than 3.75 m for up-gradation against the criteria of the guidelines resulted not only in degradation of roads Wasteful expenditure of Rs.31.51 lakh due to incorrect selection of Lunera-Mandev road for widening up to 3.75m against actual requirement of 5.5 m was noticed.

(Paragraph 3.2.8.2)

Extra cost of Rs.3.94 crore was incurred due to execution of surface dressing without assessing its requirement and adoption of higher specification for tack coat.

(Paragraph 3.2.10.1 & 3.2.10.5)

Excess payment of Rs.3.54 crore was made to the contractors due to incorrect computation and incorrect application of rates and undue financial aid of Rs.85.64 lakh was also extended to the contractors by granting them inadmissible advances.

(Paragraph 3.2.10.6 to 3.2.10.12)

3.2.1 Introduction

The Government of Madhya Pradesh (GOMP) issued a Gazette notification on 15 March 2000 to levy a market fee of 2 per cent on every sale of “agriculture produce” brought from outside the State or that were sold in the State, under MP Krishi Upaj Mandi Adhinyam, 1972. The fee was to be collected by Mandi Committees. According to gazette notification dated 13 July 2001 the committees were to deposit 85 per cent[@] of the fee to the MP State Agriculture Marketing Board (Board) under the head “Kisan Sadak Nidhi” (Mandi Funds) for development of roads of Krishi Upaj Mandi Market area. Government, however, launched a programme (March 2001) with the object of utilising this fund to upgrade and improve the deteriorated existing bituminous Major and Other District roads having width up to 3.75 m.

[@] Balance 15 percent was to be retained by the board for agriculture research and infrastructure development.

3.2.2 Organisational Set up

The planning and implementation of the scheme was the responsibility of the Engineer-in-Chief (E-in-C), PWD. The up-gradation and improvement of roads were being executed through 52 out of 94 divisions of PWD in the State, each headed by an Executive Engineer (EE) under the administrative control of Chief Engineers (CE).

3.2.3 Objectives of Audit

The audit objectives were to assess :

- whether selection of roads was as per guidelines and prescribed criteria;
- efficacy of the planning and economy in implementation ;
- adequacy of system of accounting ;
- the extent to which the technical specifications had been followed; and
- effectiveness of supervision, quality control and monitoring.

3.2.4 Audit Criteria

The Audit findings are based on the following Audit Criteria:

- Guidelines issued by Government of Madhya Pradesh for upgradation and improvement of roads with Mandi funds.
- General Financial Rules/Treasury Rules and circular issued by Government of Madhya Pradesh.
- CPWD Code and Madhya Pradesh Works Department manual specifying the rules and regulation for execution of Public Works including deposit works.
- Ministry of Road Transport and Highways specifications for Road and Bridge works.
- Practices/recommendations published by Indian Road Congress for roads works.

3.2.5 Scope of Audit

The performance audit is based on test check of records of 13 (out of 52) PWD divisions relating to the period from 2001-05, conducted during April 2005 to September 2005. Information and data were also collected from the office of the E-In-C, PWD. The points noticed during audit are discussed in succeeding paragraphs.

Audit Findings

3.2.6 Financial Management

The Mandi funds were collected by the Board and were deposited with Madhya Pradesh Rural Road Development Authority (MPRRDA) for execution of works under the scheme on the basis of demands made by the CE. These funds were released by MPRRDA directly to executing divisions of PWD for execution of work.

It was assessed (March 2002) by MPRRDA that Rs.350 crore would be available through the board (Mandi funds) for upgradation of roads. However, as the PWD proposed to General Body of MPRRDA to take up roads works for an amount of Rs.650 crore, therefore, a loan of Rs.250 crore (April 2003 - Rs.200 crore, and March 2004-Rs.50 crore) was taken by MPRRDA from the Financial Institution (HUDCO) on the guarantee of the State Government. Out of Rs.250 crore obtained as loan from HUDCO, Rs.193.75 crore was swapped (October 2004) with ICICI bank. An amount of Rs.41.17 crore was paid (up to March 2005) as interest including prepayment charges to HUDCO. Further, an amount of Rs.25 crore was also borrowed (May 2005) from ICICI bank by MPRRDA.

During the period 2001-05 Rs.570.08 crore were released by MPRRDA against which Rs.568.90 crore were expended by the PWD in the upgradation and improvement of roads through these funds.

Audit scrutiny revealed the following:

3.2.6.1 Unauthorized transfer and blockage of funds.

As per instructions of E-in-C issued in June and December 2002, the funds were required to be demanded on actual requirement for works already awarded and likely to be utilized within 15 days failing which, the funds were required to be refunded to the MPRRDA immediately to avoid blockage of funds.

Blockage of funds of Rs. 5.18 crore resulting in a loss of interest of Rs.17.23 lakh

It was, however, seen in audit that in seven divisions^{\$}, the funds were demanded in excess of requirement and unauthorisedly kept in their saving bank accounts for a period of more than 6 months in some cases, instead of surrendering to the MPRRDA. This has resulted not only in blockage of funds to the tune of Rs.5.18 crore but also in a loss of interest of Rs.17.23 lakh[#] on account of loan taken from HUDCO/ ICICI due to difference in rates of interest on loan to be paid and interest earned.

^{\$} Hoshangabad- Rs.1.07 crore (9 months), Dewas- Rs. 0.68 crore (10 months), Vidisha- Rs. 0.38 crore (17 months), Ratlam- Rs. 0.34 crore (17 months), Ujjain- Rs.0.78 crore (12 months) & Rs. 0.95 crore (6 months), Seoni- Rs. 0.61 crore (6 months) and Sidhi- Rs.0.37 crore (12 months).

[#] Interest was calculated on average rate of 8 per cent minus 4 percent earned on saving bank deposits.

3.2.6.2 Irregular payment of secured advances

Secured Advance of Rs. 16.04 lakh was paid to contractors against provision

There was no provision in the contract agreements entered for execution of works with the contractors for payment of secured advances on perishable material brought to the site. It was however, observed in test check of records of Betul division that secured advance of Rs. 16.04 lakh was paid on bitumen and cement during January 2004 to September 2004. This was not as per the provisions of the contract and was thus undue financial aid to the contractors.

3.2.6.3 Diversion of funds

In contravention to the instructions (August 2002) of Government, an amount of Rs.39.52 lakh[@] recovered on account of income tax, commercial tax etc. from the bills of contractors during 2002-05, was diverted and intermittently utilised for payment of work done instead of remitting at the end of same month to the heads of account for which recovery was made. These amounts were remitted to concerned Departments after delay ranging between 2 and 6 months from date of recovery.

3.2.6.4 Unauthorised expenditure

As per administrative approval for the various works undertaken from these funds, the expenditure was not to exceed the sanctioned cost.

A sum of Rs.1.24 crore was incurred unauthorisedly in excess of cost of works sanctioned by Government.

It was however, noticed in four divisions, that as against sanctioned cost of Rs.15.93 crore, an expenditure of Rs.17.17 crore had been incurred on the works executed through 7 agreements. Thus, an amount of Rs.1.24 crore* was unauthorisedly spent on the works in excess of sanctioned cost. The increase in cost was mainly due to tender premium, payment of escalation and unrealistic estimates. The revised administrative approval has also not been obtained so far (July 2005).

3.2.7 System of accounting

As per the provisions of MP Works Department Manual and CPWD Account Code, the deposit work should be executed by PWD only after the funds are deposited by the department/ agency for which work is undertaken in Government account through treasury chalan. The accounts of the transactions under deposit work were required to be maintained/ prepared in form-65 "Schedule of Deposit Works" and rendered to the Accountant General. The Government ordered (October 2001) to execute the Mandi works as deposit works.

The accounting of receipt and expenditure on work was not as per codal provision

It was, however, observed that the codal provisions to be adhered to in pursuance of execution of work as deposit work were not followed. No accounts were also rendered to the Accountant General as has been prescribed

[@] Mandla- Rs. 19.74Lakh, and Raisen- Rs19.78 Lakh.

* Betul- Rs.0.41 crore, Hoshangabad – Rs.0.50crore, Mandla- Rs.0.07crore and Seoni- Rs.0.26 crore.

for deposit works. Further, a separate saving bank account was opened by EEs for execution of these works and subsidiary registers including cash book for these accounts were also separately opened. Audit scrutiny revealed that Government instruction of treating these works as deposit works was not correct, since the Government only had allowed for opening of separate bank accounts for execution of these works which though was not mandatory as per provisions for execution of deposit works.

Thus, the accounting of entire expenditure of Rs.568.90 crore on Mandi works was not as per the codal provisions. The accounts of the expenditure were also not rendered to the Accountant General thereby, keeping beyond the purview of the Accountant General. It was further observed that, neither the bank reconciliation of balances was done nor the subsidiary registers relating to advances, Income tax, Commercial tax, security deposit etc. of contractors were maintained in the divisions as directed by the E-in-C (June 2002). This was indicative of ineffective internal control. The possibility of misappropriation of funds in these circumstances cannot be ruled out due to unreconciled differences between the balances as per cash book and bank pass book.

3.2.8 Planning

For successful implementation of a time bound programme, the financial and physical planning in phased manner with overall implementation schedule in PERT Chart/ CPM with all construction activities is essential. But no such planning with priority for number of roads of entire zones of the state to be upgraded/ improved in a systematic manner under the programme was done.

3.2.8.1 Target and achievement

No specific overall target with category of roads for completion of its improvement / up-gradation was fixed. However, as per instructions issued by the E-in-C (September- 2001), the works were to be completed within a period of 6 months to 11 months from the date of issue of work order. Similarly a time frame of two months was provided for issue of work order from date of sanction.

The position of target and achievement of works as of March 2005 is detailed below:

Phase of Sanction	Target		Achievement			Shortfall		
	No. of roads	Length in km	Sanctioned cost	No. of roads	Length in km	Expenditure	No. of roads	Length in km
Phase-I (works sanctioned in Sept 2001) 2001-02	101	1950.65	216.68	76	1719.27	201.59	25	231.38
Phase-II (works sanctioned in March 2002) 2001-02	222	3889.30	432.29	154	3157.63	367.31	68	731.67
TOTAL	323	5839.95	648.97	230	4876.90	568.90	93	963.05

(Rupees in crore)

The PWD failed to complete the work within the period stipulated in the agreements.

Although, the Mandi works of phase-I and II were to be completed by November 2002 and March 2003 respectively, however, the completion of works was delayed mainly due to lack of planning, delay in fixing of agencies, award of works of Phase- I with a period of execution ranging from 15 months to 21 months, poor performance of contractors and ineffective monitoring. It was seen that the Department failed to take timely action to check the slippages, as a result 93 roads (25 of Phase-I and 68 of Phase-II) remained incomplete as of March 2005.

3.2.8.2 Incorrect selection of roads

The original objective of construction of roads with these funds was to improve access to market places and accordingly the Gazette Notification was also issued (July 2001) by Government specifying that these funds would be utilised for development of roads of “Krishi Upaj Mandi Market area”. It was, however, observed that these funds were also utilised even for upgradation work of State Highways and improvement of roads connecting to tourist centres as discussed below:

State Highways

The work of improvement of roads was also extended to State Highways (SH) which had already been laid with road width of five metre to seven metre. However, as per directions of the Government (October 2001) the up-gradation/ improvement of roads through these funds was to be restricted to a width of 3.75 metre only. The E-in-C while, expressing (October 2001) reservations had observed that if improvement of the roads to 3.75 m width only is carried out instead of full width of the road it may lead to mishaps and deterioration of the created assets. But this suggestion was not responded by the Government.

Selection of SH & other roads having width in excess of 3.75m for upgradation was in contravention of laid down criteria resulting in diversion of funds Rs.92.76 crore

Audit observed that 41 works of SHs with a length of 1023.50 km having carriage way width of more than 3.75 m (ranging up to 7 m) had been selected for up-gradation/ improvement at a sanctioned cost of Rs.105.74 crore. The restriction for improvement in a width of 3.75 m in the state highways only at a cost of Rs.92.76 crore (March 2005) by leaving remaining crust of roads, actually had led to degradation of the State Highways and also was one of the cause for mishaps due to rise in levels in the improved middle portion of these SH Roads and deterioration of crust in the remaining widths.

Roads connecting tourist centres

The roads named Lunera-Mandev (14 kms) and Mandla-Seoni (21.8 Kms) connecting Mandev and Kanha National Park respectively were selected for improvement under the scheme at a cost of Rs.4.96 crore* without considering their utility for the market area, thereby defeating the very purpose of creation of fund.

* Mandla- Seoni road Rs. 3.28 crore and Lunera- Mandev road Rs. 1.68 crore.

Wasteful expenditure of Rs.31.51 lakh due to incorrect selection of Lunera- Mandev road for widening upto 3.75m against actual requirement of 5.5m width.

Further, Lulera-Mandev road, a part of Dhar-Mandev Road was taken up (August 2002) for widening from 3 m to 3.75 m and improvement of existing crust with hard shoulders on the ground of insufficient width for heavy traffic connecting famous tourist place Mandev. It was noticed that after one year of its completion (August 2003) at a cost of Rs.1.66 crore, the road was again taken up (January 2005) for further widening up to 5.5 m at an additional cost of Rs.2.02 crore under 'Special Central Assistance'. The widening and improvement of crust is always designed for a period more than 10 years after considering all aspects including growth of traffic. However, these aspects had been overlooked while selecting the road under Mandi fund, even though the Department was well aware of the fact of the requirement of 5.50-m considering aspects including growth in traffic. Thus, incorrect selection of road for Mandi work has resulted in wasteful expenditure of Rs.31.51 lakh due to change of centre line and excavation of hard shoulders constructed only one year back.

EE stated that this was consequent to the decision taken by higher authorities.

3.2.9 Implementation of the contracts

3.2.9.1 Imposition of nominal penalty beyond the scope of agreement

Imposition of nominal penalty for delay against the scope & spirit of agreement led to loss of Rs.62.84 lakh to Govt.

As per orders of Government (September 2001) the stipulated period for completion of work was to be strictly adhered to. In case, the completion of work is delayed, timely action for granting of time extension in terms of the provisions of agreement was to be taken. No payment was to be made till the approval / sanction of time extension. It was, however, observed in test check that the completion of works was delayed abnormally but, time extension had not been sanctioned by the CE even after release of final payment in six contracts (Betul-3 and Hoshangabad-3).

Further, the agreement provided that in the event of the contractor failing to give the proportionate progress of work, the compensation on account of liquidated damages equal to 1/16 per cent of the value of work per week or Rs.20000/- per day limited to 6 per cent value of work done was to be levied. The decision of the CE in the case of dispute on any account except other wise than specified in the agreement would be final.

It was, however, seen in audit that while finalising the time extension of 14 cases, the CE imposed nominal penalty ranging between Rs.0.20 lakh to Rs.2.20 lakh without analysing the period of delay attributed to the contractors. The EEs of concerning divisions had however computed and analysed the number of days of delay attributed to contractors. Thus, the imposition of nominal penalty in contravention to the scope of agreement and in disregard to delays that has been worked out by EEs resulted in undue financial benefit to the contractor of Rs.62.84 lakh as detailed in **Appendix-XXXIV**.

Extra payment of Rs.2.11crore on account of escalation due to incorrect provision of period for completion with more than 12 months

3.2.9.2 Extra payment on account of escalation

The test check of records in seven divisions revealed that works were awarded with a stipulated period of completion ranging from 15 to 21 months instead of 6 to 11 months as per the instruction of E-In-C (September 2001). As the stipulated period of completion of these works was beyond one year the clause of escalation was also incorporated in the agreement and accordingly extra payment on account of escalation amounting to Rs.2.11 crore[@] was also paid to contractors.

EEs stated (April 2005 to September 2005) that the works were awarded as per approved NIT by the CE and escalation was paid accordingly. The reply is not acceptable as the instructions of E-in-C to complete the work with in a period of six to eleven months were not kept in view while approving the NITs.

3.2.10 Execution of the works

3.2.10.1 Execution of unwarranted item of surface dressing

Unwarranted execution of surface dressing below BM & SDBC resulting in extra cost of Rs.1.60 crore

As per MORT&H specifications and Manual for construction and supervision of bituminous roads, surface dressing is to be provided as an intermediate wearing course on freshly laid Water Bound Macadam (WBM) surface to prevent deterioration of WBM surface when it is not possible to lay designed bituminous overlay immediately.

It was, however, seen in seven divisions that, inspite of the fact that the BM/SDBC was to be laid without delay, the provision of surface dressing prior to laying of BM & SDBC was unwarrantedly made in estimates and executed.

Thus, unwarranted provision of surface dressing & its execution has resulted in an extra cost of Rs.1.60 crore^{*}.

On this being pointed out, the EEs stated (April 2005 to September 2005) that the surface dressing was done as per the sanctioned estimates. The reply is not tenable in view of the specifications.

3.2.10.2 Acceptance of Sub-standard work

Unauthorised acceptance of substandard work costing Rs.5.70 crore

As per the provisions of SOR, sub-standard work can be accepted at a reduced rate only after analysis of the rates under the approval of the CE. It was however, seen in test audit that in three divisions four sub-standard works^{**} valuing Rs.5.70 crore[#] were accepted without any reduction in rates/ cost by

[@] Raisen- Rs.0.14 crore, Khandwa- Rs.0.57 crore, Dewas- Rs.0.21 crore, Guna- Rs.0.28 crore, Jhabua- Rs.0.17crore, Tikamgarh- Rs. 0.05 crore and Damoh- Rs. 0.69 crore.

^{*} Dewas- Rs.0.17 crore, Dhar- Rs.0.23 crore, Damoh- Rs.0.17 crore, Hoshangabad- Rs. 0.25 crore, Jhabua- Rs.0.17 crore, Khandwa- Rs.0.41 crore and Raisen- Rs. 0.20 crore.

^{**} Improper grading of aggregates, less bitumen contents, uneven surface and less compaction.

[#] Dhar- Rs0.87. crore, Hoshangabad- Rs. 0.48 crore and Khandwa- Rs.4.35crore.

the EEs during October 2003 to July 2005 disregarding the provision of ensuring analysis of rates and prior approval of the CE.

EEs stated (May 2005 to August 2005) that approval of reduced rates would be taken from the CE. Reply is not acceptable as the approval of reduced rates was to be obtained before release of payment.

3.2.10.3 Deviation from specifications

Execution of SDBC against MORT&H specifications resulting in extra cost of Rs.14.14 lakh.

As per provisions of MORT&H specifications and manual for construction and supervision of bituminous roads, Semi Dense Bituminous concrete (SDBC) can be laid only on previously prepared bituminous bound surface. It was, however, observed in two divisions that, in four roads, SDBC was laid over granular base at a cost of Rs.1.15 crore[@] instead of Open Graded Premix Carpet (OGPC) with seal coat. This resulted not only in deviation from specifications but also in an extra cost of Rs.14.14 lakh[§]. In reply EEs stated (August 2005) that the SDBC was executed as per sanctioned estimate. Reply is not acceptable in view of the specifications.

3.2.10.4 Doubtful measurements and unauthorised payment

According to technical note of Government for execution of Mandi works enclosed with each administrative approval, the work of patch repairs was to be got executed and measured on the basis of cubic contents and not on square metre (sqm).

Doubtful measurements and unauthorised payment of Rs 10.49 crore on account of BUSG.

Scrutiny of records of 11 divisions revealed that disregarding the above orders, the work of patch repairs with BUSG valuing Rs.10.49 crore[^] was got executed in square metre with uniform depth of 75 mm by making provision in estimates. Plotting cross-sections at suitable intervals was not carried out. As the patches in roads can never be of uniform depth of 75 mm the absence of plotting the extent to which incorrect provision was made in the quantities was not readily verifiable. Thus, an expenditure of Rs.10.49 crore had been incurred on the patch repairs. The quantity of work and cost that was avoidable could not be ascertained as a uniform depth of 75mm had been considered throughout the entire road.

In reply the EEs stated (March 2005 to September 2005) that the patch repair was done as per the provision of sanctioned estimates. The reply is not acceptable in view of orders of Government.

[@] Hoshangabad- Rs. 0.82 crore and Shajapur- Rs.0.33 crore,.

[§] Shajapur- Rs.4.48 lakh and Hoshangabad-Rs.9.66 Lakh.

[^] Betul- Rs.0.43 crore, Dewas- Rs.0.70 crore, Dhar- Rs. 1.99 crore, Damoh- Rs. 0.15 crore, Guna- Rs.0.40 crore, Hoshangabad- Rs. 0.75 crore, Jhabua- Rs.1.86 crore, Mandla- Rs.1.53 crore, Raisen- Rs.0.93 crore, Shajapur- Rs.1.52 crore and Datia- Rs. 0.23 crore.

3.2.10.5 Execution of tack coat against the specifications

Extra cost of Rs.2.34crore due to execution of tack coat with bitumen instead of bitumen emulsion as provided in specifications.

As per MORT&H specifications, the tack coat for laying bituminous course should be applied only with bitumen emulsion. It was, however, seen in audit that in 12 divisions, tack coat was applied with bitumen (costlier item) instead of bitumen emulsion. The application of costlier item beyond the scope of specifications resulted in an extra cost of Rs.2.34 crore*.

On being pointed out in audit, the EEs stated (March 2005 to September 2005) that the tack coat with bitumen was applied as per provision of approved estimates. The reply is not tenable in view of MORT&H specifications.

3.2.10.6 Non- reduction in rates of NP-3 Hume pipes

Excess payment of Rs.16.29 lakh made to contractors due to non application of reduced rate of NP-3 pipes of IS-458-1988.

An item for providing and fixing of NP-3 Hume pipes of different diameters with the specifications of IS-458-1971 in construction of CDs based on Bridge –SOR was provided in the schedule of items of work appended with the agreements. But the pipes of these specifications were not available due to revision of specifications to IS-458-1988. Looking to the lighter specification of new standard, the rates were to be analyzed for reduction to the extent of Rs.452 and Rs.722 per RM for 1000 mm and 1200 mm diameter respectively as decided (May 2002) by the MPRRDA.

It was, however, seen in audit of seven divisions that CDs were constructed by using pipes of lighter specifications (IS-458-1988) but payment was made without reduction in the rates. This has resulted in an excess payment of Rs.16.29 lakh^ψ.

3.2.10.7 Non utilisation of excavated soil and incorrect payment for hard shoulders

Excess payment of Rs.80.04 lakh due to non utilisation of excavated soil and incorrect payment of hard shoulders.

The scrutiny of measurements recorded in Measurement Books in five divisions revealed that an excess payment of Rs.80.04 lakh* was made to the contractors due to non utilisation of excavated soil obtained from widened portions and drains. Further, the payment for hard shoulders was made at the rate of Rs.152 per cu m (granular soil brought from borrow area) instead of Rs.86.20 per cum (soil obtained from excavation) as the roads were passing through moorum areas.

* Betul- Rs.0.21 crore, Dewas- Rs.0.16 crore, Damoh- Rs. 0.36 crore, Hoshangabad- Rs. 0.16 crore, Jhabua- Rs.0.29 crore, Khandwa- Rs.0.19 crore, Mandla- Rs. 0.26 crore, Seoni- Rs.0.24 crore, Tikamgarh- Rs.0.15 crore, Chhindwara- Rs.0.04 crore, Chhatarpur- Rs.0.05 crore and Raisen- Rs.0.23 crore.

^ψ Betul- Rs.1.75 lakh, Dewas- Rs.2.88 lakh, Dhar- Rs.2.64 lakh, Hoshangabad- Rs. 1.60 lakh, Jhabua- Rs.1.22 lakh, Khandwa- Rs.1.41 lakh, Raisen- Rs.4.79 lakh.

* Dhar – Rs. 14.62 lakh, Khandwa- Rs.19.16 lakh, Raisen - Rs.7.43 lakh, Mandla- Rs.33.09 lakh and Betul - Rs.5.74 lakh.

On this being pointed out, the EEs stated (March 2005 to September 2005) that the excavated soil was not usable for construction of embankment and the payment for construction of hard shoulder would be verified. The reply is not tenable as the excavation was done for widening of existing roads and the earth which was excavated should have been utilised.

3.2.10.8 Incorrect adjustment of cost of bitumen

Excess payment of Rs.95.21 lakh due to non adjustment / incorrect adjustment of difference in cost of bitumen.

As per guidelines and special condition of contract, 60/70 grade packed bitumen only was required to be procured and used in the work. However, 12 contractors in six divisions were allowed unauthorisedly to procure and utilise the bulk bitumen in bituminous works even without reduction in cost on this account being cheaper material. This has resulted in an excess payment of Rs.66.76 lakh*.

On being pointed out, the EEs agreed to recover the excess payment and stated that the contractors were allowed to use bulk bitumen due to non - availability of packed bitumen.

Further scrutiny revealed that as per SOR, if the consumption of bitumen in the mix of SDBC is less or more than five per cent of weight of total mix based on job mix design as per MORT&H specifications, the rate of SDBC was to be reduced/ increased, as the case may be.

It was seen in audit that the cost of bitumen consumed in excess over five percent was adjusted considering the weight of mix as 2100 to 2200 kg instead of actual weight of designed mix varying between 2350 and 2512 kg. This has resulted in excess payment of Rs.28.45 lakh@ to the contractors.

In reply, the EEs stated (April 2005 to September 2005) that the difference was worked out on the basis of standard weight of mix. The reply is not acceptable as the difference should be worked out only on the basis of actual weight of designed mix.

3.2.10.9 Incorrect application of item

As per provisions of SOR (Bridge) and MORT&H specifications, the granular soil was to be utilised for back filling, filling between the returns and behind abutments in construction of Hume pipe culverts for which item D-26 of SOR @ Rs.165 per cum was applicable.

It was, however, seen in test check of records of 4 divisions that another item D-11 of SOR @ Rs.467 per cum applicable for Moorum filling in haunches of arch type culverts/ Bridges, was applied for back filling behind the abutment

* Betul- Rs. 2.84 lakh, Dewas- Rs.10.60 lakh, Tikamgarh- Rs. 16.84 lakh Chhatarpur- Rs.17.61 lakh, Raisen- Rs. 17.75 lakh and Seoni Rs.1.12 lakh.

@ Raisen- Rs. 5.05 lakh, Khandwa – Rs.5.38 lakh and Betul- Rs.18.02 lakh.

and between the pipes instead of item D-26. This has resulted in an excess payment of Rs.11.14 lakh[§].

EEs stated (March 2005 to August 2005) that the item was executed as per the provision of sanctioned estimates. The reply is not acceptable in view of the specifications.

3.2.10.10 Non recovery of excavated rock

As per mandatory provision of SORs (Bridge and roads) all excavated rock should be issued to the contractor at the rate of Rs.200 and Rs.100 per cum respectively for utilization in the work.

The test check of records of two divisions, however, revealed that recovery for 1688.48 cum of excavated rock was not effected from the contractors. This has resulted in excess payment of Rs.1.82 lakh* made to the contractors.

While EE (Raisen) agreed to recover the excess payment, the EE (Mandla) stated that the hard rock was utilised in stone pitching work without payment. The reply is not acceptable as no such work was executed by the contractor.

3.2.10.11 In admissible payment for tack coat between two bituminous courses

Inadmissible payment of Rs.1.27 crore due to unwarranted application of tack coat between two bituminous courses.

As per MORT&H specifications no traffic should be allowed over freshly laid Bituminous Macadam (BM) without its sealing by wearing course. Moreover, as per SOR (roads) the tack coat is not required to be applied over a freshly laid bituminous course for laying another bituminous course except in extraordinary circumstances under the prior written permission of the Chief Engineer (CE).

It was, however, noticed that the payment for tack coat for laying wearing course over freshly laid BM was irregularly made to 18 contractors in eight Divisions. This has resulted in inadmissible payment of Rs.1.27 crore* for tack coat between two bituminous courses. On being pointed out, the EEs agreed to recover the inadmissible payments.

3.2.10.12 Incorrect application of rates

Excess payment of Rs.22.15 lakh due to incorrect application of rate of BM.

As per SOR (roads), in the case of non-utilization of Sensor Paver Finisher[♥] for laying of BM, the rate of BM was to be reduced by three percent.

[§] Dhar- Rs.3.87 lakh, Hoshangabad- Rs.1.74 lakh, Mandla- Rs. 1.99 lakh, Dewas- Rs.3.54 lakh.

* Raisen- Rs. 1.56 lakh and Mandla- Rs. 0.26 lakh.

[♦] Dewas- Rs.0.006 crore, Dhar- Rs.0.08 crore, Damoh- Rs.0.16 crore, Hoshangabad- Rs.0.10 crore, Khandwa- Rs.0.27 crore, Mandla- Rs. 0.31 crore, Shajapur- Rs. 0.31 crore and Raisen- Rs.0.03 crore.

[♥] A sensitive computerised machine for laying of bituminous overlay uniformly and smooth pavement.

Audit observed that, the full rate for item of BM was paid to contractors in three divisions, without any evidence for use of sensor paver finisher. This has resulted in an excess payment of Rs.22.15 lakh* .

In reply, the EE, promised to take appropriate action after verification.

3.2.11 Monitoring

Effective monitoring of the programme is the key factor to achieve the objectives and benefits timely. As per instructions, the implementation of the programme was required to be monitored by the E-in-C and CEs of the zones with a view to ensure that the targets relating to the time, cost and economic benefits were achieved. Although the prescribed status reports were regularly submitted to the CEs by the EEs, however, the steps for expediting the execution of work and removal of bottlenecks, adherence to time schedule, deviation from specification etc. were not taken. It indicates ineffective monitoring and internal control mechanism.

3.2.12 Conclusion

Restriction of taking up improvement upto a width of 3.75 m did not fulfil the prescribed objectives of improvement in the entire width of SH roads. There were cases of incorrect selection of roads. The programme was lagging behind the schedule as 93 roads were not completed as of March 2005. Cases of deviation from specifications and guidelines, execution of surface dressing without requirement, application of costlier specifications and excess payments due to incorrect determination of quantities of items of works were noticed.

3.2.13 Recommendations

- Accounting system as per codal provisions for deposit works should be adopted and accounts thereof should be rendered to the Accountant General.
- Work should be executed strictly as per the MORT&H specifications.
- The decision of improvement of SH roads up to a width of 3.75 m needs to be reviewed.
- A system of close monitoring so as to ensure speedier development and completion of various works should be put in place.

The matter was reported to Government in November 2005; reply had not been received (January 2006).

* *Hoshangabad- Rs. 5.82 lakh, Raisen- Rs. 10.74 lakh and Betul Rs. 5.59 lakh.*

Mahila Evam Bal Vikas Department

3.3 Implementation of Integrated Child Development Services

Highlights

With a view to improve socio-economic, health and nutritional status of women, creating awareness about laws and schemes relating to welfare of women and improving physical, psychological nutritional status of children and protection from malnutrition, various schemes such as ICDS, National Nutrition Mission and Adolescent Girls Scheme were being implemented by the Department. However, impact of implementation of these schemes was marginal on health and nutritional status of children as more than 55 per cent of the children were malnourished in the State. Nutritional support could not be provided to all eligible beneficiaries due to inadequate budget provisions. Instances of procurement of substandard nutritional food, non observance of prescribed procedure in procurement and distribution to the beneficiaries were also noticed.

Substantial and persistent savings due to preparation of budget estimates on adhoc basis, parking of funds in civil deposits, irregular/ unauthorised re-appropriation showed poor budgetary and expenditure control.

(Paragraphs 3.3.5.1 to 3.3.5.3)

Large number of posts remaining vacant and improper manpower planning affected the implementation and monitoring of schemes in field adversely.

(Paragraph 3.3.6)

Due to inadequate budget provision for nutrition and delay in release of funds to district offices, 52 to 62 per cent children and 46 to 59 per cent expectant and nursing mothers were deprived of the nutritional support.

(Paragraphs 3.3.7.1 and 3.3.7.2)

Procurement of substandard dalia, non-adherence of prescribed procedure for procurement of nutritional food, payment without receipt of material and at higher rate, etc. resulted in irregular purchase valuing Rs.4.66 crore and avoidable expenditure of Rs.10.51 crore besides non-purchase of jaggery and salt inspite of crediting Rs. one crore to the accounts of AWWs.

(Paragraphs 3.3.8.1 to 3.3.8.7 and 3.3.8.10)

Payment of fuel charges on take home ration resulted in unjustified and avoidable expenditure of Rs.15.22 crore.

(Paragraph 3.3.8.9)

3.3.1. Introduction

Mahila Evam Bal Vikas Department (Department) came in existence in 1988 in the State with the responsibilities inter-alia to (i) improve socio-economic, health and nutritional status of women; (ii) improve physical, psychological, social and nutritional status of children in the age group of 0-6 years and protect them from malnutrition; (iii) create awareness about laws and schemes relating to welfare of women and (iv) co-ordinate with other Departments which have been implementing the schemes for overall development of women and children. The Department was implementing various schemes, such as Integrated Child Development Services (ICDS), National Nutrition Mission, Adolescent Girls Scheme, organisation of women awareness camps, etc.

Of total population of 6.04 crore of the State, population of women and children (in the age group of 0-6 years) were 2.89 crore and 1.06 crore respectively, as per Census Report, 2001.

3.3.2. Organisational set up

The Department is headed by the Principal Secretary at the Government level. Commissioner, Women and Child Development (Commissioner) is the nodal officer at State level and responsible for day to day planning, guidance, monitoring and supervision. At the district level, the District Programme Officer (DPO) / District Women and Child Development Officer (DWCDO) is responsible for co-ordination, monitoring, supervision and implementation of the schemes while at the block levels this work is assigned to the Child Development Project Officer (CDPO).

The focal point for delivery of package of services is Anganwadi Centre (AWC) set up in a village or a ward of urban slum area with population of about 1000 (700 in tribal areas). AWC was being attended by Anganwadi Worker (AWW).

3.3.3. Audit Objectives

Integrated Audit of Women and Child Development Department was taken up to assess.

- Adequacy and effectiveness of budgetary and expenditure control meant for safeguarding against unauthorised excess expenditure and excessive savings.
- Economy and efficiency in implementation and quality of nutritional food supplied to beneficiaries.
- Impact of implementation of ICDS on nutritional and health status of women and children.
- Effectiveness of monitoring and supervision of the schemes.

3.3.4 Audit Criteria

The implementation of various components and progress made under ICDS was evaluated with reference to :

- Budgetary and expenditure control system maintained at the Directorate and district level.
- Instruction issued by GOMP pertaining to procurement, distribution, maintenance and quality specification for supply of nutritional food.
- Manual on ICDS implementation and issued by the GOI.
- Guidelines and instructions issued by GOI and GOMP for selection of beneficiaries and opening of AWCs.

3.3.5 Audit Coverage

Test check of records for the period 2000-05 was conducted during April – September 2005 and November-December 2005 in the Directorate and offices of 4* DPO, and 3@ DWCDO out of 48 DPOs/DWCDOs. Further 39 CDPOs#, were covered out of 336 CDPOs in the State.

3.3.6 Financial management

3.3.6.1 Persistent savings

Department incurs expenditure from Grant No.15, 41, 55, 64, 80 and 82. Position of budget provision and expenditure during 2000-05 was as under.

(Rupees in crore)				
Year	Total budget Provision	Expenditure	Savings	Percentage of saving
2000-01	272.97	199.62	73.35	27
2001-02	274.06	189.58	84.48	31
2002-03	335.86	261.78	74.08	22
2003-04	393.89	275.86	118.03	30
2004-05	408.86	283.50	125.36	31

Persistent savings of 22 to 31 per cent were due to defective budgetary estimation

There were substantial and persistent savings of 22 to 31 per cent during the period 2000-05 due to preparation of budget estimates on adhoc basis without obtaining estimates of requirement from field offices. Further the savings were mainly due to non filling up of the vacant posts. Thus, persistent substantial savings underline the need for better estimation of requirement of funds.

* Damoh, Indore, Khandwa (including Burhanpur) and Sehore.

@ Mandla, Mandsaar and Vidisha.

Damoh (6), Indore (5), Khandwa (2), Mandla (9), Mandsaar (5), Sehore (5) and Vidisha (7).

3.3.6.2 Irregular re-appropriations

Irregular re-appropriation of Rs.27.54 crore was made.

According to instructions (August 1996) of State Government and financial rules, re-appropriation from Central Sector Scheme (cent per cent centrally aided) and cent per cent externally aided scheme to other schemes/State Sector Scheme is prohibited. Re-appropriation from the savings under pay and allowances and wages to another head is also prohibited. However, re-appropriation of Rs.27.54 crore was incorrectly made from Central sector scheme to State sector scheme in February 2004. Of Rs.27.54 crore re-appropriated, Rs.13.84 crore pertained to savings that were available under pay and allowances.

3.3.6.3 Parking of funds in civil deposits and in Personal deposit accounts

Rs.70.01 crore were parked in civil deposits of which Rs.5.47 crore had also lapsed.

Treasury Rules provide that no money shall be drawn from treasury unless required for immediate disbursement. It was noticed that Central assistance of Rs.70.01[@] crore were drawn and parked under Civil Deposits during 2001-05 to avoid lapse of budgetary provisions by inflating expenditure. However, Rs.52.86 crore were drawn from Civil Deposits in subsequent years while Rs.5.47 crore were allowed to lapse in March 2005 to Government due to non-utilisation within 3 years after deposits. Balance of Rs.11.68 crore was lying in Civil Deposits as of March 2005.

Contrary to Treasury Rules, funds amounting to Rs.5.24 crore were parked in personal deposit accounts of Madhya Pradesh Laghu Udyog Nigam during 1999-2003 (Rs.2.92 crore) and 2004-05 (Rs.2.32 crore).

3.3.7 Vacancies in posts of field officials

Position of manpower sanctioned and available with the department for implementation of various schemes for achieving the objectives was as under:-

Name of post	Number of posts		
	Sanctioned	Filled in as March 2005	Vacant
District Programme Officer	29	23	6
District women and Child Development officer	34	24	10
Project Officer ICDS	336	257	79
Assistant Statistical Officer	241	171	70
Assistant Project Officer	108	88	20
Assistant Women & Child Development Extension officer	592	529	63
Supervisors	2063	1514	549
	3403	2606	797

50 to 75 per cent posts of CDPOs were vacant in the state and 50 to 83 per cent posts ASOs were vacant in 10 districts.

The work relating to implementation, coordination, monitoring and supervision of various schemes in the districts suffered adversely as 16 posts of DPO and DWCDO were vacant. Project officers were responsible for implementation, supervision and monitoring of programmes in their project areas. However, implementation, supervision and monitoring of schemes in

[@] 2001-02: Rs.34.21 crore; 2002-03: Rs.18.52 crore; 2003-04: Rs.6.47 crore and 2004-05: Rs.10.81 crore.

field was adversely affected as 79 posts of Project Officers were vacant. In Datia, Khargone, Mandsaur, Raisen, Sidhi and Shivpuri districts, 50 to 75 per cent posts of Project Officers were vacant.

The work of monitoring and reporting was not being done properly as 70 posts of Assistant Statistical Officers (ASO) were vacant. Audit scrutiny further revealed that five ASOs were working in excess of sanctioned strength in Balaghat, Dindori and Ujjain districts (one each) and Directorate (2), no ASO was posted in Anuppur district against four sanctioned posts. Posts that were in this category vacant (47) in ten districts* worked out to 50 to 83 per cent of posts that had been sanctioned (64).

The work of assisting and guiding the AWWs, mobilising and motivating beneficiaries, co-ordination between AWWs and CDPOs was adversely affected as 549 posts of Supervisors were vacant. Though, six Supervisors were working in excess of sanctioned posts in Bhopal (1) and Jabalpur (5) districts, one hundred and sixty posts of supervisors lying vacant in seven districts^ worked out to 50 to 76 per cent of sanctioned posts (276).

Thus, lack of proper manpower planning and a number of posts remaining vacant had affected the implementation, coordination and monitoring and supervision in the districts and field adversely.

3.3.8 Execution of ICDS

Schemes viz ICDS, National Nutrition Mission, Adolescent Girls Scheme, organisation of Women Awareness Camps, etc., were implemented by the Department. Funds provided under Minimum Needs Programme for Special Nutrition Programme (SNP) were to be utilized for supplementary nutrition and with the introduction of ICDS, SNP was merged with ICDS. Of the total expenditure (Rs.1210.34 crore) incurred by the Department during 2000-05, expenditure of Rs.1088.62 crore (90 per cent) was incurred on ICDS which comprised of Rs.406.28 crore (37.32 per cent) on nutrition. Remaining expenditure of Rs.682.34 crore (62.68 per cent) on ICDS was mainly on pay and allowances, honorarium, etc. of the staff. ICDS was under implementation since fifth five year plan to improve nutritional and health status of children in the age group up to six years, for laying foundation for proper psychological, physical and social development of child, reducing the incidence of mortality, malnutrition and school dropouts and enhancing the capability of mother to look after the normal health, nutrition and health education. Under ICDS uptill the year 2002-03 uncooked food was also obtained from WFP/CARE. The package of services provided by the Department under the scheme, comprised supplementary nutrition, nutrition and health education and non formal pre school education. The scheme was implemented through 336 projects and 49,784 AWCs in all 48 districts of the State.

* Ashoknagar (3), Bhind (5), Khandwa (4), Morena (5), Rajgarh (3), Rewa (6), Sagar (8), Sidhi (4), Shivpuri (5) and Tikamgarh (4).

^ Ashoknagar (13), Bhind (34), Dewas (23), Mandsaur (25), Rajgarh (25), Sidhi (25) and Umaria (15).

3.3.8.1 Inadequate budget provision for assisting identified beneficiaries

According to norms laid down by GOI, supplementary nutrition was required to be provided to the beneficiaries for 300 days in a year. Scrutiny of records of Directorate revealed that budget provision made for supplementary nutrition was not sufficient for 300 feeding days in the year as per details given below:-

(Rupees in crore)

Year	No. of beneficiaries identified for daily coverage (in lakh)			Funds required for assisting identified beneficiaries			Actual expenditure	Shortfall in provision
	WFP/ CARE projects	Non WFP/ CARE projects	Total	WFP/ CARE projects	Non WFP/ CARE projects	Total		
2001-2002	21.01	37.04	58.05	8.85	131.99	140.84	65.78	75.06
2002-2003	21.73	40.71	62.44	9.14	144.35	153.49	84.39	69.10
2003-2004	4.54	60.39	64.93	1.25*	214.45	215.70	86.49	129.21
2004-2005	3.14	65.28	68.42	1.33	230.26	231.59	77.27	154.32
Total	50.42	203.42	253.84	20.57	721.05	741.62	313.93	427.49

* Reduction was due to discontinuance of World Food Programme (WFP)/Co-operation for American Relief Everywhere (CARE) scheme of distribution of food.

Expenditure for providing nutrition was only 42 per cent of the requirement

Above table shows that actual expenditure on nutritional support during 2001-05 was 42 per cent of the requirement. Thus inadequate provision of funds on nutrition had resulted in denial of benefits to large number of identified beneficiaries.

3.3.8.2 Identification and coverage of beneficiaries

Number of beneficiaries identified, assisted and percentage of shortfall during 2000-05 in the State were as under :

(Number in lakh)

Year	Pregnant and nursing mothers			Children in the age group 6 months to 6 years		
	Identified	Assisted	Percentage of shortfall	Identified	Assisted	Percentage of shortfall
2000-01	8.49	3.45	59	39.27	14.89	62
2001-02	10.51	5.20	51	48.80	21.77	55
2002-03	11.06	5.77	48	51.38	24.26	53
2003-04	11.66	6.30	46	53.26	25.75	52
2004-05	12.03	6.24	48	56.39	26.24	53

46 to 62 per cent beneficiaries were denied nutritional support.

Thus, 52 to 62 per cent children and 46 to 59 per cent expectant and nursing mothers were denied supplementary nutrition though identified mainly due to insufficient budget provision for nutrition with reference to beneficiaries identified, non-release/ delayed release of budget provision to the districts. Position of test checked districts is given in *Appendix-XXXV*.

In test checked districts (except Mandla district) of the identified beneficiaries, 29 to 61 per cent pregnant and nursing mothers and 23 to 65 per cent children were deprived of the nutritional support during 2000-05. Thus large number of beneficiaries remained deprived of the benefits of the scheme mainly due to insufficient budget provision for nutrition.

3.3.8.3 Assistance to ineligible beneficiaries and in excess of norms

Survey of all the families was to be conducted by AWW in the entire area of the project with the objective of identifying eligible beneficiaries and to ascertain the level of malnutrition and to enroll them for providing supplementary nutrition to help in improving their health status. Survey was to be followed by a repeat survey in a quarter. Test-check of records of Mandla district revealed (June 2005) that there was abnormal increase of more than 51 per cent in expectant and nursing mothers and 54 per cent in children upto age of six years during 2001-02 as compared to those in 2000-01. On being pointed out in Audit, DWCDO intimated that all expectant and nursing mothers and children upto age of six years in nearby villages/habitations were provided nutritional food. Reply is not acceptable as the nearby villages/habitations were to be served through adjacent AWCs meant for these locations.

3.3.8.4 Improper establishment of AWCs

According to the norms laid down by Government, under ICDS, AWC was to be opened in urban and rural areas for an average population of 1000 (700 in tribal areas). Following points were noticed in test check:

306 AWCs were established in excess of norms in 10 blocks.

Against 884 AWCs required in Sehore district, only 690 AWCs were working. Due to shortage of 194 AWCs, 420 villages of Sehore district were deprived of the facilities under ICDS. Against 1135 AWCs required to be established as per norms in 10 blocks* of Khandwa (5) and Mandla (5) districts, 1441 AWCs were found established, resulting into excess establishment of 306 AWCs. On the other hand, against 1157 AWCs required to be established in 7 blocks# of these districts, only 996 AWCs were established resulting into shortage of 161 AWCs. Thus, AWCs had not been established as per norms.

In 44 blocks, AWCs were established in those villages where population was far below the norms as per details give below:

District	Total AWCs	Number of AWCs opened				Total
		Less than 300 population	301 to 500 population	501 to 700 population	701 to 999 population	
Damoh	756	12	64	150	173	399
Indore	892	3	32	49	108	192
Khandwa	979	39	102	112	92	345
Mandla	1282	102	227	233	--	562
Mandsaur	792	9	22	86	176	293
Vidisha	848	17	132	188	198	535
Total:	5549	182	579	818	747	2326

* Khandwa (Khandwa Rural, Chaigaon Makhani, Harsood, Baladi and Khalwa) Mandla (Bijadandi, Mawai, Mohgaon, Ghughari and Nainpur).

Khandwa (Punasa, Khnadwa Urban, Pandhana) and Mandla (Mandla, Niwas, Narainganj and Bichhiya).

It was also observed that 4 AWCs were established in villages whose population was less than 100 in Mandla district.

DPO, Damoh and DWCDO, Vidisha stated that these AWCs were established by Panchayat and Rural Development Department and it was not possible to change location of AWCs due to public pressure. DWCDO, Mandla intimated that AWCs were opened according to the demand of public and sanction of Government. Reply was not tenable as AWCs were to be established as per norms.

Further opening of AWCs in disregard to the norms also resulted in recurring liabilities of pay and allowances of AWWs for these excess AWCs as more than 66 per cent of the expenditure that had been incurred on ICDS during 2000-05 had been on establishment.

3.3.8.5 Inadequate facilities in Anganwadi Centres

AWCs were to be established in buildings having adequate space for physical and mental development of children. Proper facilities of safe drinking water and toilets were required to be provided. Each AWC was to be equipped with weighing machine and utensils.

Basic facilities were not available in most of AWCs

Position of AWCs working in Government buildings, rented building, residence of workers, availability of safe drinking water, toilets was not available in the Directorate. In six* test checked districts, out of 5726 AWCs, 4251 AWCs were working in rented buildings/residence of workers where adequate and suitable space was not available for proper physical and mental development of children. Location of 185 AWCs was not known to the CDPOs and DWCDO in Mandla district. Test check further revealed that drinking water facilities and toilets were not available in 3156 and 2595 AWCs respectively in these districts. Storage bins for storage of nutritional food and utensils in good condition for cooking of dalia were not ensured in the AWCs functioning in the Mandla district. DWCDO, Mandla and Vidisha and DPO, Damoh intimated that facilities could not be provided due to non-availability of additional budget provision.

3.3.9 Procurement of supplementary nutrition

Procurement of supplementary nutrition containing nutritional value as per norms to all eligible and identified beneficiaries was the most important activity entrusted to district officers of the Department. The position noticed in test check is mentioned below.

3.3.9.1 Procurement of substandard dalia

According to the orders of Government, each 80 gram nutritional food (73.6 gram dalia and 6.4 gram jaggery and salt) was required to contain 300 calories and 10 gram protein. Above nutritive value would be available in the mixture of dalia if the proportion of wheat dalia and soyabean/green moong dal was

* Damoh, Indore, Khandwa, Mandla, Mandsaur and Vidisha

9:1, as per Nutritive Value of Indian Foods – ICMR 1980. However, dalia mixture purchased in test checked districts contained wheat dalia and soyabean/moong dal in the ratio of 22:1 (in Vidhisha district ratio was 24:1 during 2003-05). Thus, supplies actually obtained deviated from the proportion laid down by Government and were deficit in calories to the extent of 17 to 22 while protein was less by 0.31 to 1.32 grams per 80 grams of food provided.

Proportionate deduction of Rs.2.95 crore was not made for deficient nutritive value

Nutritional food of 32532 tonne was purchased during 2000-05 from private suppliers and Self Help Groups (SHGs) in seven[@] districts at cost of Rs.46.25 crore which did not contain nutritive value as per norms prescribed in Nutritive value of Indian Foods - ICMR 1980. As per terms of agreement entered into with private suppliers and SHGs proportionate deduction was to be made for deficiency in nutritive value. However, test check in Audit revealed that proportionate deduction to the tune of Rs.2.95 crore was not made from the bills of suppliers for deficiency in nutritive value.

Acceptance of short supply of moong dal resulted in undue benefit of Rs.26.34 lakh to SHGs.

As per terms of agreement SHGs were to supply one kg moong dal per bag of 25 kg of nutritional food in Mandla district during 2001-05. Test check in Audit revealed that SHGs had supplied only half kg moong dal and remaining quantity was substituted by half kg wheat dalia. As the difference in cost of moong dal and wheat dalia was Rs.20 per kg, the undue benefit given to SHGs for 1317 quintal moong dal short supplied during 2001-05 in Mandla district worked out to Rs.26.34 lakh.

Infected nutritional food valuing Rs.4.48 lakh was accepted

Nutritional food of 418 quintal (Rs.4.48 lakh) supplied by SHGs to Indore Rural project in January 2004 and Gyaraspur project of Vidisha district in November 2004 were found (February and December 2004) infected and not fit for human consumption. However, instead of taking penal action such as recession of contract, payment was made in full in March-April 2004 and January 2005. DWCDO, Vidisha stated (September 2005) that the full quantity of dalia was replaced by the SHGs. Reply is not acceptable as concerned CDPO incharge of Gyaraspur block had confirmed (September 2005) that no replacement had been made. Further no steps were taken to rescind the contract.

3.3.9.2 Extra expenditure due to non-observance of prescribed procedure

Financial Rules provide that purchases should be made in most economic manner. Government also reiterated adherence of Financial and Store Purchase Rules while purchasing nutritional food. Government instructed (May 2003) that purchase of dalia prepared by SHGs should be made at the rate decided on 'Cost plus' basis by a committee and cost of BPL wheat, processed soyagrit, processing and transportation charges, wastages, interest on capital and profit to the SHGs @ 10 per cent of cost were to be taken into account while deciding the rates on 'Cost Plus' basis.

[@] *Damoh, Indore, Khandwa (including Burhanpur), Mandla, Mandsaur, Sehore and Vidisha.*

Test check of records of district offices* involving procurement of 18,314 tonne of dalia revealed that there was no uniformity in deciding the rate for purchase of dalia on Cost Plus basis as detailed below:

(a) In Damoh, Mandla and Vidisha districts, the rates were not decided on Cost Plus basis as separate elements of cost towards processing, transportation, wastage, interest, etc. as had been specified, were not computed.

(b) In Khandwa, Mandsaur and Sehore districts the sale price of grinded Atta (Flour) that will be generated after grinding of wheat was found to be ignored in computation of rates.

(c) Profit element was considered at 20 per cent in Khandwa instead of 10 per cent specified.

Incorrect fixation of rates resulted in extra expenditure of Rs.5.25 crore.

Thus, due to incorrect fixation of rates of nutritional food extra expenditure of Rs.5.25 crore[@] was incurred on purchase of 18,314 tonne nutritional food in test checked districts as formulae prescribed for computation of the rates was not adhered.

On being pointed out in Audit, district officers stated that rates were decided according to instructions of Government. Reply was not tenable as orders of Government were not adhered to while deciding the rates.

3.3.9.3 Purchases in violation of agreements

Dalia valuing Rs.50.72 lakh was purchased in violation of agreements.

According to the conditions of agreements executed with private suppliers and SHGs, nutritional food that was produced by them was only to be supplied. As such therefore as per terms of agreement the suppliers/SHGs were to supply their own produce and should not source it from another manufacturer. It was, however, observed that in three agreements 4180* quintal dalia valuing Rs.50.72 lakh was supplied during 2001-03 which was not actually produced by the suppliers/SHGs who had entered into the agreements.

On being pointed out it was stated that dalia produced by other firms was accepted as there was technical fault in the plants of the approved suppliers. Verification in audit revealed that no such communication pointing out technical fault in the plants was on record.

3.3.9.4 Authorisation of middleman for supply of nutritional food

Government issued (May 2003) instructions for purchase of nutritional food (dalia) from SHGs with a view to increasing opportunities for women

* Damoh, Indore, Khandwa, Mandla, Mandsaur, Sehore and Vidisha.

@ Mandsaur (Rs.88.15 lakh), Khandwa (Rs.77.21 lakh), Indore (Rs.34.16 lakh), Mandla (Rs.156.73 lakh), Sehore (Rs.44.76 lakh), Damoh (Rs.39.23 lakh) and Vidisha (Rs.84.28 lakh).

* Damoh (1650 quintal : Rs.19.27 lakh) and Vidisha (2530 quintal : Rs.31.45 lakh).

empowerment belonging to economically weaker sections, increasing community participation and thereby improving the quality of the programme implementation. Orders for supply of nutritional food were to be given to the SHGs of high grade after assessing their managerial and financial capability for successful implementation of the programme. Records of Vidisha district revealed that out of eight SHGs selected for supply of nutritional food, six SHGs were not having any grinding, storage and transportation facilities. These selected SHGs also did not have the adequate working capital for processing such orders. Thus, these SHGs entered into agreements with firms based in Vidisha and Ganjbasoda for execution of supply and their role was only limited to preparation of bills. It was also noticed that one of the SHG was headed by AWW which was also not permitted. Total supply made by these six SHGs during 2003-05 was 22,885 quintal dalia costing Rs.2.86 crore.

Authorisation of middleman for supply valuing Rs.2.86 crore was in violation of government orders.

As such the instructions of the Government were violated since these 6 SHGs engaged other agencies as middleman for execution and supply of the orders. In reply, DWCD, Vidisha stated (September 2005) that middlemen were allowed by Commissioner. Audit verification revealed that no such instructions were issued by the Commissioner.

3.3.9.5 Irregular payment without receipt of material

Rupees 16.35 lakh were paid to supplier without receipt of material

As per the prescribed procedure, the bills for payment of supplies made should be supported with the challans containing the acknowledgement of the receipt of the supplies by CDPOs. It was however, observed that DWCD Mandla paid Rs.16.35 lakh for 1417 quintal dalia during 2001-05 stated to have been supplied to three blocks although the bills for supplies were not supported by challans duly acknowledged by CDPOs of these blocks.

Further scrutiny in Audit revealed that the aforesaid quantity of dalia was not entered in stock registers of these blocks. CDPOs of these blocks (Bichhiya, Mohgaon and Bijadandi) also intimated (July 2005) that the stated quantities were not received by them. No reasons were extended by the DWCD Mandla as to how the payment was released by him without adhering to the prescribed procedure.

3.3.9.6 Procurement in excess of norms

Procurement in excess of norms resulted in doubtful purchases valuing Rs.1.28 crore.

Wheat was released at BPL rates to SHGs for preparation and supply of dalia. As per instructions of DWCD Vidisha, SHGs were required to supply quantity of dalia which was to be 65 to 75 per cent of the quantity of BPL wheat lifted. SHGs lifted 20976 quintal BPL wheat during 2003-05 and maximum quantity of dalia likely to be prepared at 75 per cent worked out to 15732 quintals. However, SHGs supplied during this period wheat dalia of 27352 quintals which was more than 173 per cent of the expected quantity of wheat dalia from the wheat that was lifted by these SHGs. Thus, supply of more than 11,620 quintals of dalia valuing Rs.1.28 crore by the SHGs appears doubtful.

DWCD, Vidisha assured (September 2005) to maintain the ratio in future.

3.3.9.7 Supply of supplementary nutrition

Jaggery and salt were not purchased and supplied to beneficiaries inspite of expending Rs. one crore.

Scheme provided for supply of supplementary nutrition to each beneficiary for 300 days in a year. Under the scheme, 80 gram nutritional food was to contain 73.6 gram dalia and 6.4 gram jaggery and salt. In Indore, and Vidisha districts, 8,576 tonne dalia was purchased and supplied during October 2000 to March 2005 and Rs. one crore were credited in bank accounts of AWWs of 13 blocks[#] for purchase and supply of jaggery and salt in these districts. Scrutiny of stock registers and Form-7 revealed that jaggery and salt were neither purchased by AWWs nor were supplied to beneficiaries. Instead, dalia was supplied to beneficiaries at 80 gram per day without additions of prescribed quantities of jaggery and salt. No action has also been taken to recover the amounts paid to AWWs towards supply and addition of salt and jaggery.

3.3.9.8 Interrupted supply of nutritional food by SHGs

The supply of nutritional food was arranged through SHGs. As per the terms of agreement entered into with SHGs, in the event of non-supply of nutritional food deduction of Rs.10 per day was to be made and the scheme provided for supply of nutritional food for 300 days in a year. It was noticed that 690 AWCs of 5 projects of Sehore district failed to provide nutritional food for 4 to 7 months during 2003-04 and 6 months during 2004-05, due to insufficient resources for supplying adequate quantity of nutritional food with SHGs (2003-04) and delay in payment to SHGs (2004-05). Similarly, supply of nutritional food to beneficiaries was not made on 49 days during 2004-05 in 87 AWCs of Niwas block and 18 to 109 days during 2001-05 in Madhopur I of Bichhiya block of Mandla district. Supply was interrupted for 11 to 170 days in various AWCs of Gyaspur project of Vidisha during 2003-05. No supply was made to 166 AWCs from October 2003 to June 2004 in Damoh.

3.3.9.9 Avoidable expenditure on fuel charges

Fuel charges of Rs.15.22 crore paid on THR were irregular and avoidable.

As per the provisions of the scheme, an amount of Rs.62.50 per quintal of uncooked dalia supplied was to be paid as fuel charges to the AWWs who were responsible for cooking of dalia. Another provision of scheme allowed that prescribed quantity of uncooked dalia to be supplied as Take Home Ration (THR) by pregnant and nursing mothers for cooking by utilising their own fuel arrangements. As such AWWs were not to be paid fuel charges on THR since no cooking of this ration was done by them. It was, however, observed that fuel charges of Rs.15.22 crore were paid on 24.35 lakh quintal uncooked dalia distributed as THR. The payment of fuel charges on THR was thus irregular and was also avoidable. In reply Commissioner stated (September 2005) that fuel charges on THR were given to AWWs since fuel charges received by them otherwise for cooking of dalia were inadequate. Reply is not tenable as the payment of fuel charges on THR was in contravention of the Government orders.

[#] Indore (6 blocks: Rs.65.44 lakh), Vidisha (7 blocks: Rs.34.56 lakh).

3.3.9.10 Excess payment for cooked food

Rupees 1.84 crore were paid in excess due to non payment on dry weight.

As per instructions of the Government, the suppliers were required to supply cooked nutritional food (dalia) in urban projects and urban slums to beneficiaries. Every 80 gram dry dalia was to contain 10 gram protein and 300 calories. Weight of cooked dalia out of 80 gram dry dalia was to increase to 120 gram on account of weight of water. It was noticed that the suppliers had supplied cooked dalia at 80 gram per beneficiary the dry weight of which was 53.33 gram. As such the nutritive value contained in 80 gram cooked dalia were 199.99 calories and 6.67 gram protein. In the test checked five^ψ districts during October 2001 to November 2004 the dry weight of cooked Dalia that was supplied was only 3115 tonne on which the payment should have been made instead the district officers concerned authorised payment on gross weight which was higher on account of moisture due to addition of water. As the cooked food did not contain the prescribed nutritive value a deduction of 33.33 per cent towards deficit in nutritive value as provided in the agreements was to be made from the bills of suppliers. No such deduction was made resulting in excess expenditure of Rs.1.84* crore in these districts to the supplier.

The DWCDO, Mandla and DPO Khandwa intimated that cooked nutritional food was provided as per instructions of Government after laboratory test from time to time. DWCDO Mandla assured for making payment for dry weight in future. DPO, Damoh stated that payment was made as per instructions of Government while DWCDO, Vidisha stated that payment was made as per agreement. DWCDO Mandsaur intimated that corrective measures were taken from April 2005. Replies were not tenable as agreement in Vidisha was defective and payment made in Damoh district was irregular. All district officers were reminded by the Commissioner in November 2003 for making payment for dried weight.

3.3.10 Internal audit

A separate Internal Audit Wing was set up in the Directorate under the supervision of Accounts Officer. Two Assistant Accounts Officers and two Senior Auditors were deployed as per sanctioned strength.

No auditing guidelines for selection of units, programming of audit, identification of key areas for check in audit, detailed duties and responsibilities assigned to each member of party, measures and time frame to comply with the objections raised, etc., were provided in departmental codes/manuals/standing instructions for Internal Audit Wing.

No internal audit was conducted during 2000-04. However, internal audit of 14 district offices was planned on adhoc basis for 2004-05 out of which

^ψ Damoh, Khandwa, Mandsaur, Mandla and Vidisha

* Damoh (Rs.16.37 lakh), Khandwa (Rs.95.25 lakh), Mandsaur (Rs.15.21 lakh), Vidisha (Rs.25.70 lakh), Mandla (Rs.31.13 lakh)

internal audit of 9 units was conducted as of March 2005. Of 5 inspection reports issued upto March 2005, compliance of only two reports was received as of April 2005. Thus, internal audit wing was not effective in the Department.

3.3.11 Monitoring and impact evaluation

Monitoring of ICDS Scheme was to be done through Monthly Progress Reports (MPRs) submitted by each AWW to CDPO through Supervisor, by CDPO to DPO/DWCDO and by DPO/DWCDO to Commissioner for furnishing report to GOI after consolidation. It was, however, noticed that data reported through MPRs were not reviewed and analysed at any level. Supervision by Supervisors / CDPOs was also deficient. Records of test checked districts revealed the that the crude birth rate (CBR) reported in MPRs was below 21 per thousand births while it was 24 to 30.47 per thousand births in 2004-05 in test checked districts. CBR in Ghughari project of Mandla district was as high as 44.50 per thousand during 2004-05. Similarly infant mortality rate (IMR) was reported almost Nil in MPRs while IMR in the districts (Damoh, Mandla and Vidisha) was 75.80 to 96 per thousand live births during 2004-05. Further no maternal mortality was shown in MPRs. However maternal mortality rate found in districts was 324.55 to 700 per lakh during 2004-05.

According to the National Nutrition Monitoring Bureau Survey (2000), almost three-fourth of the tribal children were underweight and stunted and about 42 per cent tribal children were severely underweight. As more than 55 per cent children were malnourished in the State as of January 2005, nutritional food supplied to beneficiaries had only marginal impact on health and nutritional status of children due to non-supply of weaning food to infants, non supply of therapeutic food to severely malnourished children, inadequate nutritive value in nutritional food supplied to beneficiaries and interrupted supply thereof.

3.3.12 Conclusion

Persistent savings due to preparation of budget estimates on adhoc basis, injudicious surrender of funds without assessing actual savings, parking of funds in civil deposits, etc., showed lack of proper budgetary control. Large number of posts remaining vacant and lack of proper manpower planning adversely affected the implementation and monitoring of various schemes. Non-establishment of AWCs as per norms with adequate basic facilities, purchase and supply of substandard and interrupted supply of nutritional food resulted in more than 55 per cent children remaining malnourished. Further 46 to 62 per cent identified beneficiaries were deprived of the nutritional support due to inadequate provision for nutrition and delay in release of provision to field offices. Besides, non adherence of purchase rules and norms in supply to beneficiaries, avoidable expenditure on fuel charges on take home ration were indicative of deficiencies in management of the scheme.

3.3.13 Recommendations

- Budget estimates need to be prepared only after assessing the actual requirement of funds for the Department.
- AWCs need to be established as per norms with adequate facilities to ensure proper physical, psychological and social development of children.
- Procurement and supply of nutritional food needs to be strictly ensured as per rules and norms.
- To ensure supply of nutritive food as per calorie and protein content prescribed, a system of quality check and periodic review of the performance of the suppliers/ SHGs/AWWs should be introduced.

The matter has been reported to Government in September 2005; reply has not been received (December 2005).

Animal Husbandry Department

3.4 Implementation of National Project for Cattle and Buffalo Breeding

3.4.1 Introduction

The Government of India (GOI) formulated (1997) a scheme for cattle and buffalo breeding with an aim to ensure sustainability of operations as well as quality in breeding inputs and services. These efforts culminated in merger of the ongoing Centrally Sponsored Scheme on cattle and buffalo breeding, namely Extension of Frozen Semen Technology and Progeny Testing Programme and National Bull Production Programme in to a new Centrally Sponsored Scheme the National Project for Cattle and Buffalo Breeding (NPCBB) with cent percent grant-in-aid by the Central Government to the State Implementing Agency (SIA). The Madhya Pradesh State Live Stock and Poultry Development Corporation (MPLPDC) Bhopal was designated as SIA for the project till December 2004 and thereafter Madhya Pradesh State Cooperative Dairy Federation (MPCDF) Bhopal was designated as SIA. The project period is spread over a period of 10 years to be completed in two phases. The first phase of the project was to be completed between 2000-05.

The main objectives of the project were to arrange delivery of improved Artificial Insemination (AI) services at the farmers' door steps, to bring all breedable female cattle and buffalo under organised breeding through AI or Natural Service (NS) by high quality bulls, to undertake breed improvement programme for indigenous cattle and buffalo breeds so as to improve their genetic qualities as well as their availability and to provide quality breeding inputs in breeding tract of important indigenous breeds so as to prevent the breeds from deterioration and extinction.

3.4.2 Financial Management

The position in respect of grants received and expenditure incurred against available fund was as under:

(Rupees in crore)

Year	Opening balance	Grant-in-aid received	Expenditure	Balance at the end of year
2000-01	2.78*	3.31	2.94	3.15
2001-02	3.15	8.29	4.35	7.09
2002-03	7.09	--**	5.79	1.30
2003-04	1.30	6.60	6.98	0.92
2004-05	0.92	6.62	3.93	3.61***

Note : * Rs.2.78 crore available for April 2000 was the remaining balances of ongoing Centrally Sponsored Schemes on cattle and buffalo breeding, namely Extension of Frozen Semen Technology and Progeny Testing Programmes and National Bull Production Programmes transferred to this Project.

** During 2002-03 funds were not received against the sanctioned amount of Rs.6.60 crore; these funds were released during 2003-04.

*** Rs.3.61 crore remained unspent at the end of Phase-I of the project due to non procurement of bulls for Natural Service .

It was observed that expenditure control register showing monthwise expenditure in respect of each component and progressive expenditure thereof was not maintained by the SIA.

3.4.3 Excess expenditure without approval of GOI

Excess expenditure incurred in two components without approval of GOI

To make the project effective, intercomponent flexibility of expenditure was allowed subject to approval of GOI. It was observed that expenditure to the tune of Rs.6.76 crore incurred mainly in two components was in excess of the sanctioned amount as detailed below:

(Rupees in crore)

Sl. No.	Name of component	Funds available	Expenditure	Excess expenditure
1.	Conversion of Stationary units into mobile AI units (2000-01 to 2004-05)	4.30	8.58	4.28
2.	Supply of bulls for Natural Service (2000-01 to 2003-04)	1.30	3.78	2.48
	Total	5.60	12.36	6.76

The excess expenditure shown above was met out from savings under various components such as strengthening of Training Centres, Frozen Semen Station and bank, training to private AI workers, supply of equipments to trained persons and supply of Liquid Nitrogen (LN₂). The approval of excess expenditure was also not found obtained from GOI by the SIA.

3.4.4 Non achievement of target of Artificial Insemination

Shortfall in achievement of AI due to deficiency in supply of equipments

Out of total breedable population 93.17 lakh of the State (as per live stock census 1997) 55 percent (51.24 lakh) was to be covered between 2000-05 (Phase-I) out of which 60 percent (30.74 lakh) was to be covered through AI against which achievement of AI was 23.73 lakh. Hence there was

shortfall of AI by 23 percent. The reasons for the shortfall in achievement of AI were due to deficiency in supply of equipments to the AI centres/workers, absence of proper infrastructure and Frozen Semen Bank, shortfall in imparting of training to AI workers as discussed below:

3.4.5 Non providing of essential equipments for AI

Non supply of essential equipments for AI to implementing agencies

To promote mobile AI and conversion of existing stationary Government AI centres into mobile centres for door step delivery of AI, 5155 number of LN₂ containers, 3292 number of AI kits and 2373 number of castrators were purchased for supplying to implementing agencies. During test check of records of SIA/District offices it was observed that 495 LN₂ containers, 809 AI kits and 674 number of castrators valued Rs.80.19 lakh, Rs.11.38 lakh and Rs.26.05 lakh respectively (Total Rs.117.62 lakh) were lying idle with SIA and District offices*.

3.4.6 Non-utilisation of procured infrastructure

Infrastructure procured for storage and transportation of LN₂ remained unutilised

Streamlining storage and supply of LN₂ was to be accomplished by sourcing supply from Industrial Gas Manufacturers and setting up infrastructure for bulk transport and bulk storage of the LN₂. Accordingly SIA (MPLPDC) purchased six storage containers and three chassis valued Rs.62.37 lakh as detailed below:

(Rupees in lakh)			
Sl. No.	Particulars, No. of item and capacity	Month of purchase	Amount
1.	VIC – 5000 Bulk storage containers – 3 (5000 litre)	February 2002	27.87
2.	Tata – 709 Cab Chassis – 3	February 2002	13.79
3.	LN ₂ Transport Tank – 3 (2000 litre)	October 2002	20.71
		Total	62.37

It was observed that the above infrastructure which was specifically purchased for the purpose of bulk storage and transportation of LN₂ has remained unutilised since February 2002 as a result of which the objective of storage and supply of frozen semen to remote location through mobile AI centres got negated.

3.4.7 Shortfall in Training of AI workers

Shortfall in training of targeted AI workers resulting in non achievement of target of AI

Target fixed for imparting training to private AI workers in Phase-I was 2450 (2000-01:650, 2001-02:800, 2003-04:800, 2004-05:200). Audit observed that only 810 workers were trained as of 2000-05.

The trained AI workers were to be provided with necessary equipments required for AI. However, out of 810 trained workers only 263 workers were equipped with such necessary equipments and kits. Hence remaining 547

* Bhopal, Chhindwara, Mandsaur, Khargone and Satna.

trained workers could not render AI services as they were not provided with necessary equipments and kits.

Target fixed for AI by the Department for each private AI worker was 15 in a month. Thus 10,44,000 AI services (2000-01: 4,68,000; 2001-02: 4,32,000 and 2003-04: 1,44,000) were required to be done during phase-I against which only 2,82,839 services were conducted by private AI workers resulting in shortfall of 73 percent.

3.4.8 Purchase of inferior quality bulls

Purchase of bulls from traders instead of specified breeding farms

As per guidelines of the project introduction of quality bulls with high genetic merit were required and accordingly bulls were to be procured from specified cattle breeding farms such as Haryana Live Stock Development Board (HLDB) and Central Cattle Breeding Farms. These bulls were required to be of specified quality and the procurement should have been made alongwith their production records. Bulls were not required to be procured from private traders as per the stipulation of the programme. It was however observed that 5349 bulls at a cost of Rs.3.78 crore were purchased between 2001-04 from traders on the basis of demand raised by district offices instead from specified cattle breeding farms. As per information furnished by SIA, a bull was required to perform 2 to 3 services per week (about 100 services in a year). Accordingly, 9.72 lakh services (2002-03:1,32,100; 2003-04:3,05,400 and 2004-05:5,34,900) were required to be performed by 5349 bulls but report of their performance was not collected and kept on record by SIA. In absence of proper breeding records of the bulls that have been procured from private trader, the extent to which the objective of the project to undertake breedable female cattle and buffalo under organised breeding through NS has been achieved remains unverified, particularly since 2001-02 the quality of the bulls that have been procured was inferior.

3.4.9 Non transfer of Assets

Non transfer of Assets to SIA by the Department

As per guidelines of GOI the SIA was required to taken over the assets such as existing bull mother farms, semen banks/depots, LN₂ plants, training centers etc. belonging to the Directorate of Animal Husbandry either by transfer or through appropriate lease agreement. It was however, observed that despite completion of Phase-I of the project 4 LN₂ plant, 5 training centers and frozen semen distribution system has not been taken over by SIA. Thus the objective of developing synergies among the major agencies engaged in this work in the State through strengthening of SIA remained unfulfilled.

3.4.10 Monitoring and evaluation

Deficiency in monitoring the project activities

To monitor the activities of the project, though the meeting were held to review the programme, but no effective step to achieve the projected target of various components, quality control of goods and services were taken. Evaluation of activities of the project was done by NABARD in 2004, regarding the entire breeding infrastructure in the state and the state performance was assessed to be highly deficient. Periodical progress report regarding performance of NS of bulls, AI, training to AI workers and supply

of necessary equipments for AI etc. required to be sent to GOI were also not submitted by the SIA.

3.4.11 Conclusion

It was observed that bulls for natural services were not procured from specified breeding farms. Targetted number of workers were not trained for AI and necessary equipments to the majority of trained workers was not provided resulting in non achievement of the target of AI. Due to non maintenance of records of natural services, the performance of the bulls purchased from traders other than the specified farms could not be verified. Excess expenditure was incurred by the SIA without the approval of GOI.

3.4.12 Recommendation

It is recommended that:

- the bulls need to be procured from specified breeding farms of specified quality,
- private AI workers need to be trained to the extent of target fixed,
- sufficient AI equipments need to be provided to trained AI workers.

The matter was reported to Government in October 2005; reply is still awaited.

Finance Department

3.5 Payment of Pension through Treasuries and Public Sector Banks

3.5.1 Introduction

The scheme of payment of pension to State Government civil pensioners through Public Sector Banks (PSBs) was introduced (July 1977) by the Government. Under the scheme, on the basis of pension payment orders (PPOs) received from the treasury, the PSBs credit monthly pensions to the accounts held by pensioners. After consultation with Government of India and Reserve Bank of India, the services of ten^{*} PSBs were utilised for the purpose in the State for disbursement of the pensions. The scheme was implemented by PSBs at two stages viz Link Branch and Paying Branch. Each PSB had nominated their branch at district headquarters as link branch which co-ordinates with its paying branches located within the district.

^{*} 1. State Bank of India, 2. State Bank of Indore, 3. Central Bank of India, 4. Bank of India, 5. Punjab National Bank, 6. Allahabad Bank, 7. Bank of Maharashtra, 8. Union Bank of India, 9. UCO Bank and 10. Dena Bank.

The Director of Pension is the Chief Controlling Officer under over all supervision of Principal Secretary to the Government of Madhya Pradesh, Finance Department and is responsible for implementation of scheme. The Director of Pension is assisted by Treasury Officers (TO) at district level and by seven ** Divisional Joint Directors of Treasuries and Accounts at Divisional level. Pension cases are finalised and PPOs are prepared by these offices and forwarded to District Treasury Officer (DTO) for onward transmission to the link branches of nominated PSBs who transmit the same to concerned paying branches and simultaneously maintain records for such transfers.

Review of the scheme, was conducted at four districts (Bhopal, Gwalior, Indore and Jabalpur) out of 48 in the State during June-August 2005. The records of 44[@] branches, 30 branches which were both link and paying branches and 14 only paying branches, of these banks out of 425 in these four districts were test-checked. There was a total number of 69511 pensioners in these four districts (Bhopal : 24000; Gwalior : 15318; Indore : 17780; Jabalpur : 12413). The objectives of the review were to see whether the payment of pension was being made correctly and as per rules after adhering the prescribed procedure and to assess whether the system of upkeep of records was proper. The results of test-check are mentioned in the succeeding paragraphs.

3.5.2 Non-adherence of procedure by District Treasuries and PSBs

Non-submission of specimen signature and facsimiles of special seal by the DTOs to Link Branches

The District Treasury Officer was required to send his specimen signatures and facsimiles of their special seal to the link branches duly countersigned by the Manager/Agent of the State Bank of India/ Indore of the place, conducting government business, in order to enable the link branches to ascertain the genuineness of the PPOs by comparing specimen signatures of TO and facsimiles of special seal received from the treasury. No such specimen signatures and facsimiles of the special seal were sent by any of the four TOs to any of the 30 link branches test checked.

Submission of PPOs to PSBs without embossing of special seal.

The DTOs were also required to transmit PPOs to the concerned link branches of PSBs under their special seal. Test-check of PPOs forwarded to the link branches revealed that three (Bhopal, Gwalior and Jabalpur) district treasuries did not emboss their special seal on the letter forwarding PPOs to the link branches. In the absence of special seal on the forwarding letter of PPO, the check exercised to prevent presentation of false PPOs was rendered ineffective.

Non-submission of information to AG(A&E)

As per provisions of Subsidiary Rule 389 of M.P.T.C. Vol. I, list of pensioners who had failed to draw their pensions for more than one year was required to be sent to the AG (A&E), by the TOs on half yearly basis. It was, however, observed that the DTOs of test checked districts had not sent the requisite information to the A.G. (A&E), during 2002-2005 though there were number

** *Bhopal, Gwalior, Indore, Jabalpur, Rewa, Sagar, Ujjain*

@ *Bhopal:17; Gwalior:7; Indore:11; Jabalpur:9.*

of the pensioners who had not drawn their pensions for a period more than one year.

3.5.3 Improper record keeping

Non-maintenance of PPO Index Register by PSBs

Scheme guidelines prescribe maintenance of the Pension Payment Orders Index Registers for recording all the details of PPOs that have been forwarded to paying branches for payment. Further, Pension Payment Index Register prescribed (Appendix III) for recording monthly payments was required to be maintained by link and paying branches of PSBs. The entries in these registers were to be attested by officer incharge. The test-check revealed that 23 out of 30 combined link branches and 7 out of 14 paying branches had not maintained these registers.

Non maintenance of personal files of pensioners

The life certificate, non-employment, re-employment, remarriage and non-marriage certificates furnished by the pensioners/family pensioners were also not found attached with personal files of pensioners concerned. In absence of these essential records in the personal files of the pensioners, timely detection of irregularities and consequent immediate action for avoidance of excess payments was difficult.

Pension payments were not entered in disbursers portion of PPOs

Pension payments made from time to time by the paying branches were also to be entered in the disburser's portion of the PPOs and authenticated by the authorised officer of the branch. During test-check it was noticed that all 44 branches had not made these required entries, in the disburser's portion of PPOs.

Non submission of nominations by pensioners

As per provisions of subsidiary Rule 388 of M.P.T.C. Vol.-I, nominations for payment of life time arrears of pension were required to be obtained from the pensioners so as to ensure timely payment of balance amount of pension lying undrawn in their accounts on the date of death. It was noticed that such nominations were not obtained in Bhopal (17 branches), Jabalpur (9 branches) and Indore (11 branches) districts.

3.5.4 Non allocation of the pensions liabilities with the state of Chhattisgarh

Non maintenance of pension payments scrolls in prescribed forms by PSBs

Consequent upon the separation of Madhya Pradesh and Chhattisgarh States, the paying branches were to maintain monthly pension payment scrolls in form III and III-A prescribed by the Government of Madhya Pradesh to assess the liabilities of these two successor States. This was essential for apportioning the liabilities of pension between the State of Madhya Pradesh and the State of Chhattisgarh. From 1 November 2000, the crucial date of separation, the Form III was prescribed for incorporating the liabilities between M.P. and Chhattisgarh States, in the ratio of their population. Form III-A was meant for incorporating the actual shares of undivided Madhya Pradesh, successor State of Madhya Pradesh and Chhattisgarh separately calculated on the basis of actual services rendered under these States. Thus the pension payments of pensioners who retired prior to 1 November 2000 were to be incorporated in Form III and payments to pensioners who retired on or after 1 November 2000 in Form III-A. During test-check it was seen that except State Bank of Indore,

Marwari Raod, Bhopal and Rajwada, Indore none of 42 branches had adopted these forms and allocated these payments. Accordingly the entire amount of pension payments was, thus, being debited to Madhya Pradesh State only without passing the share that was debitible to Chhattisgarh State in the 42 branches.

3.5.5 Excess payment of pension and family pension

3.5.5.1 Excess payment of family pension

Excess payment of family pensions beyond the prescribed dates

As per provisions of Madhya Pradesh Civil Services (Pension), Rules 1976, when a government servant dies while in service after completion of seven years of service, his/her family is entitled to a family pension at double the normal rate or 50 per cent of the pay last drawn by the deceased government servant at the time of death whichever is less, for a period of seven years from the date following the date of death or till the date on which the government servant would have attained the age of 67 years, had he remained alive, whichever is earlier.

During test-check of records of District Treasuries/PSBs, it was observed that in 137 cases, excess payment of family pension of Rs.33.57 lakh was made by 53* branches of different public sector banks in nine districts at enhanced rates beyond the period indicated in the pension payment orders. The reduced rate of family pension was not enforced from dates specified in the PPOs.

3.5.5.2 Excess payment of family pension beyond the date of maturity

As per provisions of Madhya Pradesh Civil Service (Pension) Rules, 1976, the family pension in the case of son is payable only upto the age of 25 years and in the case of unmarried daughter it is payable upto the age of 25 years or to the date of marriage whichever is earlier.

During test-check of records of the branches of PSBs, it was observed that a sum of Rs.0.72# lakh was irregularly paid beyond the date of admissibility in three cases.

* Bhopal: 6; Gwalior: 2; Indore: 7; Jabalpur:10 ; Damoh: 5; Sehore:2 ; Raisen: 6; Hoshangabad:8 ; Vidisha:7.

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(Rupees in lakh)

Sl. No.	Name of Treasury	Name of PSB	No. of cases	Period of excess payment	Amount paid in excess
1.	Bhopal	Dena Bank, Kohefiza	1	20-04-99 to 28-02-2002	0.56
2.	Jabalpur	Union Bank of India, Malviya Chowk	1	08-07-2005 to 31-08-2005	0.03
3.	Jabalpur	Allahabad Bank, Kundum	1	11-05-2002 to 30.9.2002	0.13
		Total	3		0.72

3.5.5.3 Excess payment of commutation of pension

The Government of Madhya Pradesh implemented recommendations of Vth Central Pay Commission and revised pay-scales with effect from 01 January 1996. The orders regarding revision of pension cases of government servant retired on or after 01 January 1996 were issued vide Finance Department letter dated 14th July 1998. The pension cases finalised prior to issue of these orders were further revised after giving the benefit of revised pay.

Non deduction of revised monthly commuted amount of pensions

It was noticed during test-check of records of district treasury and PSBs of Jabalpur district that the revised authorities for payment of commuted value of revised pension were forwarded from this treasury to link branches of PSBs for payment of commuted value of pension after adjusting the commuted value already paid and deducting the revised amount of pension commuted. The PSBs though had paid the revised commuted value of pension to the pensioners but did not deduct the revised commuted amount of pension and instead continued the deduction of old commuted amount of pension. Consequently an excess payment of Rs.31.50 lakh was made by PSBs in 190 cases.

3.5.5.4 Non-adjustment of revised amount of commuted pension

As per provisions of Madhya Pradesh Civil Services (Commutation of Pension) Rules, 1996 the amount of pension originally sanctioned is to be reduced by the amount of pension commuted from the date of payment of lumpsum commuted value of pension or after three months from the date of issue of authority for commuted value whichever is earlier.

A test-check (March/April 2005) of records of District Treasury, Balaghat revealed that in 71 cases, the amount of pension commuted was not deducted from the date of payment of commuted value of pension during the period from February 2002 to April 2005 by PSBs of the District. This has resulted in an excess payment of Rs.15.73 lakh to the pensioners by the PSBs.

3.5.6 Monitoring mechanism

No separate monitoring cell exists in the Directorate of Pension. No periodical returns/reports in respect of pension payment has been prescribed by the Directorate to be submitted by the District Treasuries for effective monitoring and evaluation. Only monthly information regarding pension cases finalised were being received from District Treasuries during last three years.

No internal audit management existed at Directorate, District Treasuries and Link/Paying Branches of PSBs level. Periodicity of internal audit of pension payments in PSBs has not been prescribed. The Director of pension had conducted pension audit of only 10* and 15** out of 48 Districts Treasuries during 2003-04 and 2004-05 respectively.

* 2003-04 (10):- Gwalior:2 ; Bhopal: 3; Sehore, Raisen, Morena, Datia, and Vidisha

** 2004-05 (15) :- Indore:2 ; Jabalpur: 2, Khandwa, Dhar, Khargone, Ratlam, Jhabua, Narsinghpur, Mandla, Seoni, Dindori Badwani and Katni

3.5.7 Conclusion

The scheme of payment of pension by PSBs was not implemented as per procedures and systems prescribed in the scheme both at Treasury and PSBs levels. Non-adherence of prescribed procedures and non-maintenance of records by District Treasuries and PSBs was noticed. Cases of excess payment of pension, commuted value of pension, payment of family pension beyond the dates prescribed were noticed. The information pertaining to the allocation of liabilities for pension between the State of Madhya Pradesh and State of Chhattisgarh was not being collected and recorded by paying branches. Adequate provision for internal audit management and monitoring mechanism at various levels has not been provided for effective implementation of the scheme.

3.5.8 Recommendations

In order to improve the implementation of the scheme of payment of pension through PSBs the following recommendations are made.

- Adherence to systems and procedures prescribed in the scheme needs to be ensured by the Treasuries and PSBs to avoid cases of excess and irregular payments.
- Monitoring and evaluation at Directorate level is to be strengthened for effective implementation of the scheme and internal audit in treasuries and public sector banks (PSBs) needs to be strengthened.
- Critical information pertaining to allocation of liabilities of pension between the State of Chhattisgarh and Madhya Pradesh should be collected and maintained by the paying branches.

The matter was reported to the Government in October 2005; reply has not been received (January 2006).

CHAPTER IV

Audit of Transactions

4.1 Fraudulent Drawal / Misappropriation/losses

Narmada Valley Development Department

4.1.1 Fraudulent payment and undue aid to contractor

Fraudulent and inflated measurements for running payments led to overpayment of Rs.5.47 crore and non-recovery of debitabe extra cost of Rs.31.09 crore from defaulting contractor. Non-invoking of contract clause for retaining additional security deposit due to unbalanced rates resulted in loss to the Government - Rs.2.52 crore.

Four contracts for the works “Construction of Bargi Right Bank Canal from RD 12 to 16 km, 16 to 20 km, 25 to 33 km and Panagar and Matamar Minor Canal Distribution System in RD 42 to 50 km for Bargi Diversion Project”, estimated to cost Rs 81.37 crore, were awarded (between April and July 2002) to contractor ‘A’ on item rate basis for Rs. 55.27 crore. The contracts were awarded between 22.23 and 39.14 *per cent* below estimated rates. The work orders to complete the work within 12 and 24 months were issued between April and July 2002 by the Executive Engineer (EE), Narmada Development Division No.7, Jabalpur and N.D. Dn No. 1, Panagar.

The working capacity and resources of tenderer were not ascertained at the time of acceptance of tenders, as a result the contractor failed to give proportionate progress as per construction programme. Despite issuance of notices (October 2003 and January 2004), contractor did not accelerate the progress and after executing the work valuing Rs.21.20 crore the contractor stopped the works. Owing to slow progress, the contracts were rescinded between November 2003 and February 2004 at the risk and cost of the defaulting contractor. Scrutiny in audit revealed the following:

- The final measurements taken after rescission of three contracts however revealed that the quantities actually executed and paid as per initial measurements were highly inflated. For instance the quantities of excavation in soft rock / disintegrated rock were initially measured and paid for 13,16,890.615 cum, while the final measurements revealed that the excavation in soft rock / disintegrated rock was only 6,27,517.61 cum. Similarly excavation in hard rock initially measured and paid for 3,25,040.87 cum, while the final measurements revealed excavation for the quantity of 1,15,026.87 cum. On account of excess measurements recorded earlier and paid, the final bills computed for a recoverable amount of Rs. 5.47 crore as detailed in *Appendix XXXVI*. Further scrutiny in audit revealed that this was due to recording of incorrect measurements.

- The Works Department Manual envisaged that running payments to the contractor should be made after recording measurements by the Sub Divisional Officer. Ten *per cent* of such measurements should be test checked by the Divisional Officer. The required checks were not properly exercised. The actual quantity executed for dry and wet excavation in all types of disintegrated rock and soft rock in *RD 25 to 33 km*, was 11,961.395 cum as per measurements recorded in the measurement books (MBs). However, during transcription in abstract MB the above quantity was increased and recorded as 1,19,611.30 cum. thereby, registering an increase of 107649.905 cum quantity for payment. Similarly, in other two groups (RD 12 to 16 km and RD 16 to 20 km) also the quantities were enhanced in the abstract MBs while making payment. This resulted in fraudulent payment of Rs.98 lakh as detailed in **Appendix-XXXVII**.

When overpayment was pointed out (May 2005) in audit, the Executive Engineer, N.D.Division No.7, Jabalpur, stated that recovery will be made from the final bill or will be adjusted from contractor's dues or by issue of Revenue Recovery Certificate. The fact remains that running payments were made on inflated measurements without exercising proper checks; neither action for recovery of overpayment was initiated nor was any responsibility fixed for making overpayment as of June 2005.

- After rescission of the contracts, works left incomplete were awarded at higher rates to other contractors at the risk and cost of contractor 'A' during 2004-05. Thus injudicious award of work to a single contractor beyond his capacity and resources led to termination of contracts midway resulting in debitible extra cost of Rs.31.09 crore recoverable from contractor 'A' as detailed in **Appendix-XXXVIII**.

An amount of Rs.4.46 crore in shape of security deposit, earnest money and performance security was available with the department as of June 2005. As per the agreements, the deposit of *Rs.4.46 crore* was to be forfeited just after rescission. However, the department failed to adjust the deposits timely. The contractor filed (March 2005) a writ petition in Hon'ble High Court against the forfeiture of deposits and obtained *status quo* with respect to the deposit from High Court.

On being pointed out, the Executive Engineers stated (May 2005) that the finalisation of incomplete work was under progress; hence actual extra cost recoverable was yet to be ascertained. The reply is incorrect as the recoverable extra cost could have been determined with reference to the tendered rates of subsequent tender, as per recommendations (April 2000) of *Public Accounts Committee*. Delay in initiating recovery process was, thus, unwarranted.

- According to the clause 3.26 of the tender documents, in case the approving authority considers that the tenderer has quoted disproportionately high rates for some items or the tender is unbalanced, the payment of such items shall be limited to the estimated rates plus or minus overall percentage and the balance payment of such items shall be retained as additional security deposit, which shall be released after completion of entire work. In case of failure to complete the work, the entire additional security deposit shall be forfeited. The Narmada Valley Development Department (NVDD) also directed (April 1993) that item

rate tenders should be accepted with the above stipulations. However, the clause is defective as it is left to the discretion of approving authority to invoke the same rather than making it mandatory.

Though the contractor had quoted disproportionately high rates for excavation items in all types of soil, hard moorum and hard rock, the approving authority did not invoke the clause for retention of additional security deposit and the contractor was paid at his tendered rates. Thus, by non-invocation of this clause, the Department lost the opportunity to retain additional security deposit, resulting in avoidable loss of Rs.2.52 crore as detailed below

Name of Division/ Agt No.	Items of work	Executed Quantities in cum	Quoted/ Paid rates In Rupees	Payable rates i/c Tender %	Amount of additional S.D .recoverable
N.D Dn.7 JBP Agt.No.1/01-02	2.Excavation in Hard Soil/ Moorum	430150.60 56584.70	70.00 66.14	67.66 67.66	10,06,552 (-) 86,009
	3(a).Excavation in soft rock	7521.78	156.50	121.81	2,60,931
	3(b) Excavation in Hard Rock	127897.80	110.00	103.63	8,14,709
N.D Dn.7 JBP Agt.No.2 /02-03	2.Excavation in Hard Soil / Moorum	330789.26	70.00	65.10	16,20,8 67
	3.Excavation in Hard Rock	182394.82	120.00	110.27	17,74,702
N.D Dn.7 JBP Agt.No.3 /02-03	2.Excavation in Hard Soil/Moorum	499366.05	60.00	43.89	80,44,787
	3.Excavation in Hard Rock	14748.85	180.00	92.32	12,93,179
N.D.Dn.1 Panagar Agt.No.1/01-02	1.Excavation in all sorts of soil	392669.059	30.00	20.01	39,22,764
	3.Excavation in Hard Rock	106153.85	180.00	118.77	64,99,800
TOTAL Rs.					2,51,52,282

On this being pointed out, EE stated (August 2004) that the approving authority did not consider this clause necessary. The reply confirms that the accepting authority's action was not in conformity with the NVDD's instructions to safeguard the Government's interest.

Thus, inflated and fraudulent measurement, non-recovery of debitible extra cost, non-invoking of clause for additional security deposit led to a loss of Rs.39.08 crore.

The matter was reported to the Government in July 2005, reply has not been received (September 2005).

Panchayat and Rural Development Department

4.1.2 Suspected embezzlement

Incorrect entries and non-accountal of drawals in the cash books indicated suspected embezzlement of Rs.35.20 lakh .

4.1.2.1 Government of Madhya Pradesh, Panchayat and Rural Development Department, Bhopal, in October 1995 issued detailed instruction for formation of tri-level Panchayats functions. As per para 2.4.4 of aforesaid instructions it was reiterated that Block Development officer is responsible for drawing and

disbursing the money drawn from the treasury. According to Rule 53 (ii) of Madhya Pradesh Treasury Code Vol.I money drawn from treasury must be entered in cash book in the receipt side and should be shown as expenditure or balance on the opposite side.

Test-check of records of Chief Executive Officer, Janpad Panchayat (CEO), Chanderi (May 2005) revealed that an amount of Rs.20.20 lakh was drawn from the treasury through seven bills during May 2000 to July 2001 and shown as transfer to Chief Executive Officers (Janpad) Bank accounts, on the expenditure side in the block cash book. On verification of cash book and bank accounts of respective CEOs (Janpad), amounts shown as transferred were neither accounted for in their cash book nor were appearing in their bank accounts. Thus, amount shown as expenditure in block cash book amounts to suspected embezzlement. Similar nature of embezzlement of Rs.10.93 lakh was reported by Collector, Ashoknagar (August 2004) but no action has been taken by Government.

On being pointed out in audit (May 2005) the CEO replied that relevant records were not handed over by the previous accountant.

4.1.2.2 Test-check of records further revealed that the cash amounting to Rs.4.07 lakh was withdrawn from the CEO's bank account no. 3989 of State Bank of Indore Branch, Chanderi during the period from April 2000 to February 2002, which was not accounted for in the CEO's cash book. As such suspected embezzlement of Rs.4.07 lakh could not be ruled out.

On being pointed out in audit the CEO replied that the relevant record was not handed over by the previous accountant, and F.I.R. has also been lodged (May 2002).

The matter was reported to Government in June 2005; reply is still awaited.

4.2 Infructuous/ wasteful expenditure and overpayment

Narmada Valley Development Department

4.2.1 Overpayment to contractors on account of price escalation

Incorrect adoption of base indices for price escalation resulted in overpayment of Rs. 34.19 lakh to the contractors.

Tenders for construction of main canal of Indira Sagar Project from RD 45.431 to RD 51.506 km alongwith 9 structures, estimated to cost Rs.11.37 crore, were opened on 21 March 2001 and work was awarded (December 2001) for Rs.6.99 crore to a contractor. The contractor was paid for aggregate amount of Rs.7.38 crore in August 2004. Scrutiny of running payments revealed as under:

The agreement provided that the base indices for computation of price escalation would be the average consumer price index on the date of opening of tender. It was noticed that the tenders were opened on 21st March 2001 and

the base indices for labour and material were 455 and 159.1 respectively. However, while computing price escalation the division incorrectly adopted indices as 444 and 155.7 respectively. Besides, the calculation for price adjustment of POL was also incorrect. As against payable amount of Rs. 9.50 lakh the department computed and paid Rs.10.74 lakh. The incorrect indices for labour and material and incorrect computation for POL had, thus resulted in overpayment of Rs.15.02 lakh to the contractor.

On being pointed out the Chief Engineer stated (September 2005) that excess payment of Rs 15.02 lakh as worked out would be recovered as arrears of land revenue.

Similarly, tenders for construction of earth work and cement concrete lining including structures for left bank main canal of Rani Awanti Bai Lodhi Sagar, estimated to cost Rs.18.65 crore in two groups were opened on 4th June 2002 and work was awarded to the lowest contractor for Rs.20.79 crore, by Executive Engineer, LBC Division No.II, Jabalpur in September 2002. The contractor was paid for Rs.20.68 crore including price escalation of Rs.1.37 crore till May 2005. Scrutiny of records revealed that on the date of opening of tender viz 4th June 2002 the price of High Speed Diesel (HSD) was Rs.21.17 per liter, against this the base prices for HSD were adopted Rs.19.55 per litre by the division while calculating price escalation, resulting in excess payment of Rs.19.17 lakh.

On being pointed out the Executive Engineer stated (June 2005) that calculation will be re-examined and excess payment, if any, will be recovered. No recovery has been made as of September 2005.

Incorrect adoption of price indices had, thus, paved the way for overpayment of Rs.34.19 lakh to the contractors.

The matters were reported to the Government in July 2005, replies were awaited as of September 2005.

4.2.2 Defective terms of contract resulted in loss to the Government

Non-invoking of condition for additional security deposit due to unbalanced rates of items of work resulted in avoidable loss of Rs.41.57 lakh to the Government.

The work "Construction of Bargi Right Bank Canal from RD 20 to 25 km", estimated to cost Rs. 17.27 crore, was awarded (June 2002), by the Executive Engineer (EE) to a contractor for Rs. 12.54 crore (evaluated at 27.39 per cent below USR-1998) for completion within 12 months from the date of commencement of work. As the work remained incomplete up-to the stipulated period, extension of time up-to March 2004 was granted in October 2003. Owing to slow progress and failure to resume the work till December 2003, the contract was rescinded (January 2004) at risk and cost of the defaulting contractor. However, the contractor was paid Rs.4.16 crore till March 2004. Scrutiny in audit revealed (August 2004) the following:

According to the terms of the contract, in case the approving authority considers that the tenderer has quoted disproportionately high rates for some

items or the tender is unbalanced, the payment of such items shall be limited to the estimated rates plus or minus overall percentage and the balance payment of such items shall be retained as additional security deposit, which shall be released after completion of entire work. In case of failure to complete the work, the entire additional security deposit shall be forfeited. The Narmada Valley Development Department (NVDD) also directed (April 1993) all the Chief Engineers that item rate tenders should be accepted with the above stipulations. This condition was defective in as much as rather than making binding and mandatory it was left to the discretion of approving authority to invoke the same.

Though the contractor had quoted disproportionately high rates for excavation in hard soil and hard moorum @ Rs.30/- per cum and for providing and fixing LDPE film @ Rs.30 per sqm as against the estimates rates of Rs.24.55 per cum and Rs.12.41 per sqm respectively, the approving authority did not invoke the condition for retention of additional security deposit and the contractor was paid at his tendered rates. Had the condition been invoked by the accepting authority, the payable rates worked out to Rs. 17.83 per cum and Rs.9.01 per sqm, respectively for both the items. The contractor executed the item of excavation in hard soil and hard moorum for 3,28,456 cum as against total estimated quantity of 4,86,675.24 cum and 7,612.00 sqm LDPE film against the total estimated quantity of 3,20,962.10 sqm. Thus, by non-invoking the condition, department foreclosed the opportunity to retain additional security deposit resulting in avoidable loss of Rs.41.57 lakh*.

On this being pointed out in audit (August 2004), EE stated (August 2004) that the approving authority did not consider this clause necessary. The reply was not tenable as the action of approving authority was not judicious in the light of NVDD's instruction to safeguard the Government's interest.

The matter was reported to the Government in September 2004, reply had not been received (September 2005).

Rehabilitation Department

4.2.3 Infertuous expenditure on closed Cement Concrete Fabrication Units

Expenditure of Rs.92.51 lakh was incurred on pay and allowances etc. on idle staff between June 1998 and July 2005 despite closure of CCF Unit Itarsi and Harda in May 1998.

Government decided (May 1998) to close the Cement Concrete Fabrication (CCF) units Itarsi and Harda, which were running in losses since 1988-89. Apart from the disposal of the fixed assets of the units it was decided to

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Excavation in soil/Moorum- Executed Qty 328456.00 cum x Rate Difference (30-17.83)12.17	Rs.39,97,310
LDPE Film- Executed Quantity 7612.00 sqmx Rate Difference (30-9.01)20.99	Rs.1,59,776
Total	Rs 41,57,086

declare the staff deployed in the units as surplus and to merge them in other departments.

Test-check (August 2004) of the records of Commissioner, Rehabilitation, MP, Bhopal (Commissioner) and further information collected in August 2005 revealed that despite closure (May 1998) of the CCF units, 11 out of 22 surplus employees have not been absorbed in other departments and were retained in the units. During June 1998 to July 2005 expenditure of Rs.90.17 lakh on pay and allowance of the surplus staff and Rs.2.34 lakh on office expenses was incurred.

On being pointed out in audit the Commissioner replied (August 2004) that staff of both units had been declared surplus and efforts were being made to absorb them but no positive results have so far been arrived at. Thus, staff of CCF units remained idle and an infructuous expenditure of Rs.92.51 lakh was incurred on pay and allowances and office expenses of the closed units.

The matter was referred to the Government in March 2005; reply had not been received (July 2005).

Water Resources Department

4.2.4 Wasteful expenditure on abandonment of scheme due to defective hydrological study

Due to defective/inadequate hydrological study, Kishanpur nalla flood protection scheme had to be abandoned rendering expenditure of Rs.28.64 lakh wasteful.

In order to tackle flood problem in low lying areas of Hoshangabad town, Government accorded (March 2000) administrative approval for Rs.1.24 crore for Kishanpur nalla flood protection scheme. Scheme envisaged construction of earthen dam with 2 sluices. Technical sanction for Rs.1.39 crore was accorded by the Chief Engineer in September 2000. The Earth work of dam commenced through departmental machines and 37,000 cum earth work was executed between May 2001 and February 2002. Scrutiny in audit revealed the following:

The Secretary, Water Resources Department during site inspection in February 2002 directed the Executive Engineer to recheck the hydrology of the scheme. Accordingly, Bureau of Designs and Hydrological Investigation (BODHI) rechecked the hydrology and intimated (June 2002) to the department that the scheme was unfeasible as the flood and rains data collected were defective / incorrect and suggested for recollection of these data. The Chief Engineer resubmitted the case to BODHI in May 2003. BODHI did not clear the scheme and intimated (September 2003) that the scheme was technically unfeasible since flood volume and other hydrological data were defective and provision for discharge of water during flood was not made in the scheme. The Chief Engineer referred (May 2005) the case to Central Water Commission (CWC) for rechecking of hydrology.

It was noticed that Rs.95.36 lakh were lying under Civil Deposit since March 2000. The Divisional Officer, after incurring an expenditure of Rs.28.64 lakh had already abandoned the scheme in June 2002. Thus due to defective/inadequate hydrological data, scheme had to be abandoned despite availability of funds, rendering the entire expenditure of Rs.28.64 lakh wasteful, defeating the main objective.

On being pointed out in audit the Chief Engineer stated (July 2005) that unless hydrology report is received from Central Water Commission (CWC) expenditure incurred on Flood Protection Scheme cannot be termed as wasteful. Reply was not tenable because technical sanction was accorded without adequate study/checking of hydrological data of the scheme. Further with the passage of time period earthwork done for the scheme was wasteful.

The matter was referred to Government in April 2005; reply had not been received (September 2005).

4.2.5 Wasteful expenditure on Survey work

Non-utilisation of earlier survey rendered expenditure of Rs.1.03 crore wasteful.

The work of Sindh Project Phase II was administratively approved for Rs.607.67 crore in November 1991 by the Government of Madhya Pradesh for providing of irrigation to 74650 hectare land in Gwalior and Bhind districts. The work included construction of Harsi High level Canal (HHLC) estimated at Rs.78.13 crore. An expenditure of Rs.1.03 crore was incurred on survey work up to 2000-01 by Harsi High Level Canal Division, Gwalior (Rs.64.99 lakh) and by Sindh Project, RBC Division, Narwar (Rs.38.42 lakh). The work was transferred to newly constituted HHLC division (June 2003) at Shivpuri, which was later shifted to Dabra (June 2004).

Further scrutiny revealed that HHLC division has undertaken the survey work afresh on contract basis due to non-availability of records of the earlier survey. The division submitted a detailed estimate for Rs.1.36 crore in December 2003 for survey, design, preparation of grid and contour plans including preparation of land acquisition cases to Chief Engineer Rajghat Canal Project, Shivpuri, without mentioning that survey had been earlier conducted up-to 2000-01. The total expenditure on fresh survey work up-to May 2005 was Rs.33.35 lakh. Thus, expenditure of Rs.1.03 crore incurred on earlier survey proved wasteful.

On being pointed out in audit the Divisional officer stated (May 2005) that the survey conducted earlier by previous divisions had become ineffective due to changes which have taken place at the work site and non availability of related records. The reply of Divisional Officer was in confirmation of the fact that survey conducted earlier had proved wasteful.

The matter was reported to Government in June 2005 but reply is awaited as of July 2005.

4.2.6 Execution of below specification work of Cohesive Non-Swelling material

Cohesive non-swelling (CNS) material provided at a cost of Rs.53.06 lakh was below specification.

Construction of earth work for canal lining including 33 structures and WBM service road from Km 0 to 16 of Datia Irrigation Canal, estimated to cost Rs. 7.50 crore was awarded (May 2000) to a contractor on item rate contract for Rs.6.89 crore for completion in 18 months. The work scheduled for completion in November 2001 remained incomplete and contractor's 60th running account bill for Rs.7.07 crore was paid in November 2004. Scrutiny in audit revealed as under:

To counteract the swelling pressure and to prevent deformation of rigid lining materials, a cohesive CNS material in required thickness depending upon the swelling pressure of soil is sandwiched between the soil and rigid lining material. Where swelling pressure is less than 0.50 kg/ sq cm, CNS material is not required. Specifications provided that the swelling pressure and free swell index tests shall be conducted on the soil available at the site before deciding the type of treatment.

- The Specifications forming part of the contract stipulated that for canals having discharge of more than 2 cumecs and swelling pressure of soil from 0.5 to 1.5 kg/ sq cm, minimum thickness of CNS material shall be 75 cm. Scrutiny revealed that the discharge of canal was 12.712 cumecs and swelling pressure was between 0.52 and 0.56 kg/sqcm in 5 reaches, hence a minimum of 75 cm thick CNS was required in these reaches in terms of specifications. The measurements, however, disclosed that in total disregard to the above, 21181.87 cum CNS provided was in 60 cm thickness only, resulting in the work of CNS valuing Rs.53.06 lakh below specification.

On this being pointed out the Executive Engineer while admitting less swelling pressure in 11 kms, stated (July 2005) that soil samples between 0 to 16 km were got tested at each km during preparation of estimates. The estimates provided for CNS in 33 per cent reaches only. To substantiate this, tests were again conducted in July 2005. The fact remains that execution of CNS was substandard.

Matter was reported to the Government in July 2005; reply was awaited as of August 2005.

4.3 Violation of contractual obligation

Narmada Valley Development Department

4.3.1 Violation of contractual obligations

Payment for work of stacking of hard rock actually not done- Rs.37.75 lakh.

The work of excavation of main canal of Indira Sagar Project from Km 45.431 to Km 58.856 including 19 concrete structures (estimated to cost Rs.29.86 crore) was awarded to two contractors on item rate contracts for Rs.6.99 crore and Rs.15.57 crore in December 2001 and March 2003 for completion in 36 and 24 months respectively. Contractors 24th and 18th running account bills against these agreements for Rs.7.38 crore and Rs.9.27 crore were paid in August and September 2004 respectively.

Scrutiny in audit (October 2004) revealed as under:

The scope of work under item “Dry and wet excavation in all kinds of hard rock”, inter-alia, included stacking in stock piles. Further, specifications forming part of contracts also provided that contractors were required to stack the excavated hard rock in accordance with their gradation like masonry stones, rubbles, pitching stones, boulders, etc. in such a way that these can be easily removed or transported for other works.

It was, however, observed that the contractors did not stack the excavated hard rock and dumped it in stock yard. Since, the stacking was not carried out, the rates of excavation should have been reduced to the extent of stacking charges by Rs.6.30 per cum plus or minus overall tender percentage. However, the contractors were paid at full rates without any deduction for work actually not done. This had resulted in excess payment of Rs.37.75 lakh¹ for 8,29,494.85 cum.

On being pointed out in audit, the Chief Engineer stated (September 2005) that the language of the item does not include the work of stacking of hard rock in “Chattas” as has generally been conceived. Therefore, payment made to the contractor does not involve any extra payment on this ground. The reply was not tenable in view of Departmental instructions issued (March 2003) to all the Chief Engineers that stacking the material in stacks is a part and parcel of the item of excavation and on completion of the same payment for the item is permissible. The facts remain that rates for work not done were not reduced while making payments.

¹ AgtNo.1/2003-04 (15.76%below) 392434.85 cum X Rs.5.31 = 20,83,829

AgtNo.7/2001-02 (38.61% below) 437060.002 cum X Rs.3.87 = 16,91,422

Total Rs.37,75,251

The matter was reported to the Government in June 2005; reply had not been received (September 2005).

Public Works Department

4.3.2 Violation of contractual obligations/undue favour to contractor

Non-adherence to specification led to execution of sub-standard work of Rs.48.93 lakh and non-recovery of extra cost and cost of damaged work-Rs.34.27 lakh was also noticed.

The work "Improvement of Riding Quality Pavement (IRQP) in km.571 to 573 of National Highway No.3", estimated to cost Rs.1.34 crore was awarded (November 2002) on percentage rate contract at 34.94 *per cent* below the Schedule of Rates (SOR) to contractor "A" for completion in four months. Owing to failure in completion by the scheduled date, extension of time up-to 15th December 2003 was granted (October 2003) by the Chief Engineer. The contractor could execute the work valuing Rs.60.37 lakh but was paid Rs. 48.93 lakh as the 3rd bill was cancelled by the Executive Engineer. Due to non completion of work by the contractor even after granting extension, the contract was rescinded (November 2003) and the balance work was awarded (February 2004) to contractor "B" at 1.81 *per cent* above the SOR by the Executive Engineer (EE), National Highway Division, Indore, at the risk and cost of original contractor "A".

Scrutiny of records revealed the following irregularities:

- According to the specifications, the Bituminous Macadam (BM) work was to be covered with either next pavement course or wearing course within 48 hours before opening the road for traffic. If there was to be any delay, the surface was to be covered by seal coat as incidental to the work at contractor's cost. The contractor had laid 3127.64 cum BM between January and June 2003, but neither next pavement course / wearing course nor the seal coat over the surface was laid by the contractor before opening the road to the traffic. Thus the entire work valuing Rs.48.93 lakh was *sub-standard* indicating lack of supervision by the department. This had also resulted in undue financial aid of Rs.4.54 lakh to the contractor for not laying of seal coat.
- The Superintending Engineer (SE), while inspecting (September 2003) the site had found that the work of BM damaged at several places because of non-covering of surface with wearing course or seal coat. The SE ordered to scarify and re-lay BM in km 573, where surface was badly damaged. The EE rejected (October 2003) 834.155 cum of BM laid on 8774.41 sqm area valuing Rs.12.18 lakh. Besides, an expenditure of Rs.1.97 lakh was also incurred on scarification. Thus, an amount of Rs.14.15 lakh was also recoverable from the contractor.

- After rescission of the contract, the contractor 'A' filed an appeal in arbitration before the Chief Engineer (CE) under clause 29 of the agreement. The Chief Engineer, however, upheld (November 2004) the action of the E.E. to rescind the contract. Since the balance work was executed and completed at the risk and cost of defaulting contractor "A", the evaluated extra cost of Rs.28.53 lakh was recoverable from him. An amount of Rs.8.41 lakh (Performance security Rs.7.40 lakh and Earnest Money deposit Rs.1.01 lakh) of the contractor was available with the department; it was adjusted against Government dues. No action to recover the balance extra cost and cost of damaged work was initiated by the department as of August 2005.

On being pointed out (March 2004) in audit, the Chief Engineer stated (July 2005) that the contractor did not respond to seal the BM, therefore, action taken by EE to rescind the contract was correct and was upheld. The matter is still under decision of the State Government to form arbitration Board. Recovery will be made after the decision.

The matter was referred to the Government in March 2005; its reply had not been received (September 2005).

4.3.3 Violation of contractual obligations/undue favour to contractor

Non-adherence to specification led to execution of sub-standard work of Rs.29.41 lakh and non-recovery of extra cost Rs.25.62 lakh.

The work "Improvement of Riding Quality Pavement (IRQP) in km.543 to 546,549,551 and 556 to 561 of National Highway No.3, estimated to cost Rs.2.52 crore was awarded (March 2002) on percentage rate contract at 34.20 *per cent* below the Schedule of Rates (SOR) to Contractor "A" for completion in 4 months. Owing to failure in completion by the scheduled date, time extension up-to March 2003 was granted (February 2003) by the Chief Engineer. The contractor could execute the work valuing Rs.29.41 lakh and was paid for till January 2003. As the work remained incomplete during the extended period also, the contract was rescinded (March 2003) and the balance work was awarded (May 2003) to contractor "B" at 22 *per cent* below SOR by the Executive Engineer (EE), National Highway Division, Indore, at the risk and cost of original contractor "A".

Scrutiny of records revealed the following irregularities:

According to the specifications, the Bituminous Macadam (BM) work was to be covered with either next pavement course or wearing course within 48 hours before opening the road for traffic. In case of any delay, the surface was to be covered by seal coat as incidental to the work at contractor's cost. The contractor had laid BM on 20986 sqm surface area between November and December 2002, but neither next pavement course / wearing course nor the seal coat over the surface was laid by the contractor before opening the road to the traffic. Further, scrutiny of measurements recorded (page 38 to 43 MB No.5852) revealed that the thickness of BM laid in Km 543 to 545 was

between 28 and 40 mm as against the minimum thickness of 50 mm prescribed in specifications. Thus the entire work valuing Rs.29.41 lakh was below specification.

After rescission of the contract, the contractor filed an appeal in arbitration before the Chief Engineer (CE) under clause 29 of the agreement. The Chief Engineer, however, upheld (June 2005) the decision of the E.E. to rescind the contract. Since the balance work was executed and completed at the risk and cost of defaulting contractor "A", the evaluated extra cost of Rs.25.62 lakh was recoverable from him. No action to recover the extra cost was initiated by the department as of June 2005.

On being pointed out, the EE stated (March 2004) that the work was done as per site conditions and also approved by the RO Bhopal. The reply was not tenable as the work of BM was not conforming to the specifications. As regards recovery of extra cost the EE stated that it would be recovered. No recovery was affected as of June 2005.

Matter was reported to the Government in December 2004; reply was awaited as of September 2005.

Water Resources Department

4.3.4 Violation of contractual obligations/undue favour to contractor

Non-adherence to the contractual provisions led to excess and inadmissible payment to the contractor- Rs.1.35 crore

The work "*construction of two aqueducts for Bansagar Right Bank Canal*" at estimated cost Rs 2.68 crore was awarded (July 2002) on lump sum contract for Rs.2.39 crore to a contractor for completion in 21 months including rainy season. The work scheduled for completion by 26 April 2004 remained incomplete despite extension of time granted up-to 26 October 2004. Contractor's 16th Running Account Bill for aggregate amount of Rs.3.74 crore, including Rs. 1.25 crore towards extra work and Rs.0.22 crore towards price escalation, was paid in June 2004. Scrutiny in audit (August 2004 & June 2005) revealed the following:

The contract provided that the contractor may quote according to his own design, based on the site and foundation strata conditions. In such a case the contractor shall have to satisfy the Chief Engineer, regarding the correctness and soundness of design, specification and calculations in respect of offered design. Failing this, the contractor will have to accept such modifications in the details of offered design, as are necessary and the contractor will not be entitled to any extra payment on this account. Further, the agreement provided that extra work arising out of this contract would be payable only due to change in parameters viz. length, formation level, foundation level, broad outline details and design hydraulic data and shall be valued and paid @ 80 per cent above Current Schedule of Rates (C.S.R). Similarly rebate for reduction in scope of work shall be deducted at par with C.S.R.

After award of the work on General Arrangement Drawing (GAD) contractor submitted his alternate design for the aqueducts providing abutments at both the ends instead of piers, which was approved by the Chief Engineer in terms of the above clause of agreement. This proposed change did not affect any of the parameters responsible for payment of extra and covered under the scope of work in terms of agreement. Thus the contractor was not entitled to any extra payment for the works emanated from his own alternate design. It was, however, observed that the Chief Engineer, accorded permission for extra payment for items created due to such changes treating as extra work. This had resulted in excess and inadmissible payment of Rs. 1.35 crore² including escalation Rs.9.28 lakh to the contractor.

On this being pointed out the Engineer-in-Chief, conveyed (May 2005) that the claim of extra payment had been rejected by the Government in October 2004; hence Rs.1.35 crore would be recovered from the contractor. However, an amount of Rs.0.34 crore was only recovered (May 2005).

Matter was referred to Government in July 2005; reply had not been received (September 2005).

4.3.5 Violation of contractual obligations/undue favour to contractor

Non-regulation of rates for unbalanced items resulted in violation of contractual obligations/ undue favour to contractor resulting in excess payment of Rs.30.02 lakh.

Control Board for Major Projects, Water Resources Department, Government of Madhya Pradesh, accepted (March 2001) item rate tender for construction of Mahi Subsidiary Dam at a cost of Rs.6.79 crore against the estimated cost of Rs.7.59 crore, evaluated as overall 10.45 *per cent* below the estimated rates. The work order to commence and complete the work within 24 months was issued in April 2001. However, work remained incomplete during the extended period up-to December 2004. Owing to failure in completion after execution of work valuing Rs.4.64 crore, contract was rescinded in December 2004. Scrutiny revealed the following:

The acceptance letter forming part of the contract inter-alia stipulated that items[⊗], for which contractor had quoted higher rate than estimated rates, be paid at estimated rates plus or minus overall tender percentage till completion of the work. Thus, unbalanced rates for items were to be regulated by the department. Notwithstanding the above contractual provision, payment to the contractor was made at his tendered rates instead of estimated rates plus or

² Extra work Rs.1,38,57,833 (-)Rebate Rs.13,27,721=Rs.1,25,30,112 + Escalation on extra Rs.9,27,924= Rs.1,34,58,036.

⊗ Item No.28, 33, 34 and 40

minus overall tender percentage. This had not only resulted in undue favour to contractor but also entailed excess payment of Rs.30.02 lakh*.

On this being pointed out in audit (February 2005) the Chief Engineer stated (July 2005) that payment of bills made by the Executive Engineers was in order. The reply is not acceptable in view of specific mention in the acceptance letter for regulation of unbalanced rates till completion of work.

The matter was reported to Government in June 2005; reply had not been received (September 2005).

4.4 Avoidable/Excess/Unfruitful expenditure

Agriculture Department

4.4.1 Avoidable expenditure on electricity charges

Loss of Rs.1.01 crore due to payment of electricity charges at higher rates for the domestic consumption to the allottees of quarters of Jawaharlal Nehru Krishi Vishwa Vidyalaya (JNKVV) Jabalpur, campus.

Jawaharlal Nehru Krishi Vishwa Vidyalaya (JNKVV) had High Tension (HT) connection with MP State Electricity Board (MPSEB) for electricity supply to its premises as well as staff quarters hence recovery from the staff was to be made at the HT tariff unless a separate LT – Domestic connection for staff quarters had been taken.

Test-check (March 2001 and further September 2003) of the records of JNKVV, Jabalpur revealed that the electric connections from main HT connection were provided to the allottees of the quarters at JNKVV Jabalpur campus by the University. The electricity charges were being recovered by the University from the employees as per their consumption (being recovered by submetres) at domestic rates for which lower rates per unit are applicable.

During the period from 1999-2004 an amount of Rs.1 crore was recovered from the employees as electricity charges at domestic rates against which the payment of Rs.2.01 crore was made to the Electricity Board for the same consumption at HT consumer rate. which resulted in excess payment / loss of Rs.1.01 crore.

*

Sl. No.	Item/No.	Quantity executed	Estimated rates (Rs.)	Overall tender %	Payable rates (Rs.)	Paid rates (Rs.)	Excess payment (Rs.in lakhs)
1.	M-20 controlled concrete	7611.40 M ³	1472.35	10.45 % below	1318.48	1700	29.04
2.	300 mm stove ware pipe	128 Mtr	326.40	10.45 % below	292.29	1000	0.91
3.	Excavation in HR for outlet	63.80 M ³	108.26	10.45 % below	96.95	200	0.07
							30.02

On being pointed out in audit (September 2003) the JNKVV replied (January 2005) that the matter was reported to Government to sort out this discrepancy with MPSEB and initiate action to recover the excess amount paid to the Board. Further, MPSEB, Jabalpur was also requested (August 2001) to supply electricity to its residential quarters at domestic rate and provide individual connections to each quarter early.

The matter was referred to Government (December 2004). Government replied (July 2005) that the matter has been resolved as the MP Poorv Skhetra Vidyut Vitran Co. Ltd. Jabalpur a new company formed by Government in place of MPSEB for this region, has agreed (April 2005) to provide a separate 11 KV line exclusively for residential quarters. Thus, due to failure on the part of JNKVV to initiate timely action resulted in avoidable payment of Rs.1.01 crore.

4.4.2 Excess payment of subsidy under Macro Management Schemes

Excess payment of subsidy of Rs.1.59 crore during 2002-03 under Macro Management Scheme.

Government of India, Ministry of Agriculture, Department of Agriculture and Cooperation, Policy and Plan Division (GOI) approved (July 2002) continuation of Centrally Sponsored Schemes, namely Integrated development of fruits, commercial floriculture, production and supply of vegetable seeds, development of medicinal plants farming of states efforts through Work Plans (Macro Management) during tenth five year plan period as per approved guidelines with the condition that subsidy per farmer or per activity (*Appendix-XXXIX*) should not exceed 25 per cent of the cost or the present subsidy level, whichever is less.

Test-check of records of Director Horticulture, Bhopal (Director) (February 2005) and further information collected (May 2005) revealed that the subsidy was paid in excess of prescribed limits to the extent of Rs.1.59 crore during 2002-03 (*Appendix-XXXIX*).

The Director, stated (May 2005) that the orders were received in November 2002 from Government of Madhya Pradesh while the procedure for payment of subsidy was taken up as per norms of previous year.

The reply was not tenable as the GOI orders were received in July 2002 and payment of subsidy was made thereafter up to March 2003. Thus, non observance of GOI orders resulted in excess payment of subsidy.

The matter was referred to Government (February 2005); reply was awaited (December 2005).

Housing and Environment Department

4.4.3 Avoidable payment of interest

Delayed repayment of unutilised loan resulted in payment of interest of Rs.57.49 lakh on excess drawal of loan from National Housing Bank without requirement.

Financing for construction of 495 residential units of Katara hills housing scheme was agreed upon (14 June 2001) between National Housing Bank (NHB) and MP Housing Board. As per clause 3.12 of the loan agreement (June 2001), the borrower was to refund within six months unutilised amount of loan component; failing which had to pay penal interest to bank at the rate of two per cent over and above the prevailing rate of interest or at such higher rate as may be fixed by the Bank from the date of release of loan to the date of refund.

Test-check (January 2005) of records of Commissioner, M.P. Housing Board, Bhopal revealed that out of a loan component of Rs.15.64 crore, Rs.14.31 crore were drawn in two instalments in March 2002 and September 2002 for construction of 495 housing units. Out of which 354 housing units could be completed (October 2003) at a cost of Rs.11.51 crore and the remaining loan amount of Rs.2.80 crore (Rs.14.31 crore – Rs.11.51 crore) remained unutilised which was refunded on 31 December 2003. As such the delay in refund of unutilised loan amount resulted in avoidable payment of interest of Rs.48.95 lakh and penal interest of Rs.8.54 lakh.

On being pointed out in audit (January 2005) the Commissioner stated that due to insufficient registration (demand) under the scheme, curtailment proposal was made (September 2003) to NHB.

The reply of the department is not tenable as the excess loan amount was refunded with undue delay (ranged from 461 days to 644 days) which resulted in avoidable payment of interest of Rs.57.49 lakh.

The matter was reported to Government in April 2005; reply has not been received (June 2005).

Finance Department

4.4.4 Unfruitful expenditure on computerisation of the treasuries

Expenditure of Rs.1.30 crore incurred on procurement of 203 P-III computers between December 1999 to January 2000 and January 2001 to March 2001 remained largely unfruitful, as the objective of connecting the treasuries with the Directorate and the Finance Department was not achieved.

Under the scheme 'Government of Madhya Pradesh Public Finance Reform and Institutional Strengthening' an assistance of \$ 1,30,000 was provided by the Asian Development Bank (Bank) for computerisation of treasuries to have

effective expenditure control. The software and hardware for networking of all treasuries with the Director and Finance Department were to be purchased through the Bank.

Test-check (September 2004) of the records of the Director, Treasuries and Accounts Bhopal (Director) revealed that the Bank arranged supply (December 1999 to January 2000) of 158 computers (P-III) and accessories worth Rs.one crore through an Indian Agent of Singapore based firm. The above computers were got installed in all treasuries of the State. Further on formation of 15 new districts the Director purchased (January to March 2001) 45 computers (P-III) and accessories for 15 new treasuries through MPLUN from a Bhopal based firm for Rs.29.56 lakh. It was noticed that due to technical difficulties the desired objectives of connecting the treasuries with Directorate and Finance Department, through computers was not achieved, which rendered the expenditure of Rs.1.30 crore largely unfruitful. Thus, after installation of 203 (158+45) computers (P-III) in all the treasuries of the State, the objective of the scheme (transmission of data through e-net working) and providing other information to the Director through computer network was not achieved.

On being pointed out the Director replied (September 2004) that proposal of network arrangements with the Finance Department could not materialise due to technical faults in the system. It was also stated that budget control and entries of bills passed was being ascertained through these computers.

The contention of the department was not acceptable because the objective of the scheme to computerise the treasuries and link them with the Directorate and the Finance Department to have effective expenditure control was not achieved.

Thus, the expenditure of Rs.1.30 crore incurred on purchase of 203 P-III computers proved largely unfruitful.

The matter was referred to the Government in May 2005; reply had not been received.

Public Health and Family Welfare Department

4.4.5 Avoidable excess expenditure on the purchase of medicines at higher rates

Avoidable excess expenditure worth Rs.1.04 crore was incurred by CMHO, Barwani, Bhind, Ratlam, Shahdol and CS Ratlam on account of purchases of medicines from SC/ST firms during 2003-05 at higher rates than the rates prescribed by Madhya Pradesh Laghu Udyog Nigam (MPLUN).

Government amended Rule-14 of Store Purchase Rules and issued instructions (February 2003) that at least 30 per cent purchase of the demand of the reserved items should be ensured from the SC/ST firms through authorized Nigam/ Mandal at MPLUN rates. Government also issued (November 2004

and February 2005) instructions to follow strictly above rule and instructions in purchases.

Test-check (between February 2005 and August 2005) of records of Four* Chief Medical and Health Officers and one Civil Surgeon revealed that during 2003-05 medicines were purchased from different SC/ST firms, registered with Commissioner, Industries Bhopal, whose rates were higher than the rates approved by MPLUN. This resulted in avoidable excess expenditure of Rs.1.04 crore.

On being pointed out in audit, the concerned CMHOs and Civil Surgeon replied (February-August 2005) that the medicines were purchased as per purchase policy from SC/ST firms at their rates.

The reply was not tenable because as per rules supply orders were to be placed to SC/ST firms through MPLUN at its approved rates and not at the rates fixed by SC/ST firms themselves which were higher than the MPLUN rates.

The matter was referred to the Government in July 2005; reply had not been received (August 2005).

Medical Education Department

4.4.6 Unfruitful expenditure on appointment of five Assistant Professors without recognition from MCI

Unfruitful expenditure of Rs.59.95 lakh on pay and allowances due to non-commencement of Post Graduate and Diploma Courses.

Government declared (October 1994) "Gwalior Mansik Arogyashala" as teaching Institute for Post Graduate and Diploma Courses in Psychiatry. For this purpose Gwalior Mansik Arogyashala was attached (May 1997) to Gajararaja Medical College Gwalior and affiliated with Jiwaji University Gwalior and 88 temporary posts in different cadres were created (September 1996). It was essential to get this institution registered with Medical Council of India (MCI) for becoming a bonafide teaching institute.

Test-check (June 2005) of records of the Director, Gwalior Mansik Arogyashala (Director) revealed that in place of professor and reader, 5 Assistant Professors were appointed by the Government between November 1997 and February 2003 for teaching Post Graduate and diploma classes and an amount of Rs.55.95 lakh was paid on their pay and allowances during November 1997 to May 2005. The institute did not advertise the courses for enrollment of student as such no student/scholar could be admitted for these courses. Thus expenditure incurred on pay and allowances remained unfruitful. Further an amount of Rs.4 lakh was remitted to MCI for recognition

* CMHO Barwani (August 05) Rs.34.69 lakh, Bhind (April 2005) : Rs.15.45 lakh, Ratlam (February 2005) : Rs.35.58 lakh and Shahdol (June 2005) : Rs.2.59 lakh and Civil Surgeon Ratlam (April 2005) : Rs.6.70 lakh (+) Commercial Tax @ 9.2 per cent i.e. Rs.8.74 lakh.

of the aforesaid Post Graduate Courses by the institute in July 1998. The MCI did not give recognition (October 2003) because the required infrastructure as per norms of MCI was not created and forfeited the amount of Rs.4 lakh which had also resulted in loss of Rs.4 lakh to the institute.

On this being pointed out in audit (June 2005) the Director stated that all the appointments were made as per orders issued by the Government.

The reply was not acceptable as before appointment of staff the Director should have fulfilled the requisite conditions for registration etc. and got recognition from MCI.

The matter was reported to Government (July 2005); reply is awaited.

Revenue Department

4.4.7 Nugatory expenditure on electricity consumption

Incorrect assessment of power load required and non-maintenance of the power factor to the prescribed level led to avoidable payment of Rs.44.85 lakh on energy consumption by Deputy Controller Government Press Bhopal and Gwalior.

High Tension (HT) connections of 235 KVA and 282 KVA were taken for operating plant and machinery by the Government Regional Press Gwalior and Government Central Press Bhopal (Press). Agreements were executed (April 1988) between presses and Madhya Pradesh Electricity Board (MPEB) for supply of power on high tension line. The contracts inter-alia laid down that the minimum monthly billing demand would be 75 per cent of the contract demand whether energy was consumed or not. Further presses were responsible to maintain 90 per cent power factor and in case of failure additional charges were payable to the Board.

Test-check (March 2005 and December 2004) of the records of Press Gwalior and Bhopal and further information collected in July 2005 revealed that the presses failed to maintain the required power factor of 90 per cent of the contracted demand and paid Rs.32.55 lakh (Gwalior : Rs.11.93 lakh, January 2002 to February 2005 and Bhopal : Rs.20.62 lakh, February 2002 to June 2005) as low PF penalties.

It was also noticed that the actual power consumption by the press at Gwalior which ranged between 40 to 75 KVA (during January 2002 to February 2005) and press at Bhopal had ranged between 102 to 164 KVA (during February 2002 to June 2005) was far below the 75 per cent of the contracted demand of 176 and 212 KVA respectively for which the presses had to pay extra avoidable payment Rs.12.30 lakh (Gwalior : Rs.6.74 lakh and Bhopal : Rs.5.56 lakh during above period) without consuming energy.

On being pointed out Dy. Controller Press Gwalior replied (March 2005) that capacitor already existed in the power supply system and no adverse report was given by the technical experts in their annual report (December 2004). Bhopal press replied that matter of consumption of 50 per cent of the contracted demand has been taken up with MPSEB and PW Department in

July 2005 and Government Press Gwalior had revised its contracted demand from 235 KVA to 180 KVA only in December 2005.

Failure of the press authorities to correctly assess the required power load and thereafter to ensure timely arrangement for maintaining the power factor to the desired level led to unnecessary and avoidable payment of Rs.44.85 lakh.

The matter was referred to the Government in June 2005; reply had not been received.

Water Resource Department

4.4.8 Extra expenditure due to unrealistic estimation

Defective and unrealistic estimation for construction of earth work and concrete structures on distributaries and minors of Rajghat Left Bank Canal led to incorrect evaluation of tender and avoidable extra expenditure of Rs.33.10 lakh.

In order to prepare a proper estimate for irrigation projects, specifications provide that sub-surface exploration is to be done either by exploratory bores or by digging pits at every 150 metre to a depth equal to full supply depth of the canal or 2 metres below the designed level, whichever is less.

In contravention to the above, tenders for construction of earthwork and concrete structures on distributaries and minors of Rajghat Left Bank Canal (RLBC), estimated to cost Rs.4.28 crore were invited (September 2000) by the Superintending Engineer, Rajghat Canal Circle, Chanderi on the basis of estimates prepared on preliminary survey of canal and structures. The lowest offer of Contractor 'A' received at Rs. 4.21 crore (evaluated as 1.62 *per cent* below USR-1998) was accepted in April 2001 by the Government. The work order to commence and complete the work within 15 months was issued (June 2001) by the Executive Engineer, RLBC Disnet Division, Khaniyadhana. The contractor was paid for Rs.5.10 crore as of September 2004.

Scrutiny in audit revealed that quantities of various items of work increased/decreased abnormally. The increase in quantity of excavation in all types of soil, disintegrated rock and soft rock in canal and concrete in structures was ranging between 31 and 76 *per cent*, while decrease in excavation of canal in hard rock and excavation of structures ranged between 59 and 95 per cent as detailed in *Appendix-XL*. This abnormal variation was indicative of inadequate survey and investigations for preparation of estimates.

Based on the executed quantities as of September 2004, the work would have cost Rs.4.59 crore at 2nd lowest tenderer's rates evaluated as 1.14 *per cent* above USR-1998, whereas the present 1st lowest contractor was paid Rs.4.92 crore. The defective and unrealistic estimation had, thus, resulted in incorrect evaluation and avoidable extra expenditure of Rs. 33.10 lakh also.

On this being pointed out the EE admitted the fact that variations in quantities were due to unrealistic estimates based on preliminary survey of canal and sample estimates of structures. The matter was reported to the Government in February 2005; reply was awaited as of July 2005.

4.5 Regulatory issues and other points

Commerce and Industry Department

4.5.1 Non-recovery of capital investment subsidy and interest thereon

Non recovery of Capital Investment subsidy and interest thereon from units which had gone out of production within five years from the date of commencement of commercial production resulted in undue benefit of Rs.38.82 lakh alongwith interest of Rs.72.71 lakh.

In term of clause 11.1 (b) of State Investment subsidy Sanction Rule 1989, if a unit having availed of investment subsidy, goes out of production within 5 years from the date of commencement of commercial production, the entire amount of subsidy paid together with interest shall be recovered as arrears of land revenue. The disbursing agency was responsible for recovery. Further, Rule 11.2 stipulates that the industrial unit receiving the subsidy shall furnish to the disbursing agency, the annual audited accounts and balance sheet within nine months from the close of the year. Mention was made in Para 3.4 and 3.10 of Audit Reports for the year ending 31 March 1996 and 31 March 1999 on similar subject. Public Accounts Committee had commented that the issuance of RRC was not the final action and recommended to take action in a planned way for recovery within stipulated time; to fix responsibility against the related persons for non recovery or leniency in recovery and to consider for making the provision to pledge the moveable/immoveable assets of Industrial units to avoid such condition.

Test-check (June 2003 and August 2004) of records in the office of the General Manager, District Industry Centre (DIC), Malanpur district Bhind (GM) and further information collected in July 2005 revealed that a sum of Rs.38.82 lakh was paid to 9 units as State Capital Investment Subsidy during the period October 1991 to October 2000 as detailed in *Appendix XLI*. As these units had gone out of production within 5 years from the date of commencement of production, the subsidy paid was recoverable alongwith interest thereon amounting to Rs.1.12 crore upto March 2005. No recovery had, however been made even after 3 to 8 years of their closure. Revenue Recovery certificates were issued (January 2003: 1 case, June 2003: 1 case and November 2004: 4 cases) in 6 cases. The department had not taken any action to recover the dues after issuing the RRC.

It was also noticed that certified annual statement of accounts, balance sheets and progress reports were not obtained from the units in time as required under the rules.

On this being pointed out in audit, the General Manager, DIC, Malanpur stated (July 2005) that action for recovery was under process. The reply was not tenable in view of inordinate delay in the action required to be taken in these cases.

The matter was referred to Government in November 2004; reply had not been received (December 2005).

Planning Economic and Statistics Department

4.5.2 Irregular expenditure on execution of non-permissible works

Works of temporary nature not permissible under Vidhan Sabha Election Area Development Scheme worth Rs.2.58 crore were executed by District Planning & Statistical Officer Datia, Dewas, Gwalior, Umaria and Rajgarh.

According to the guidelines of Vidhan Sabha Election Area Development Scheme (1994) (Scheme), execution of works of permanent nature are permissible. Government further reiterated (September 2003) that execution of Earth work/murmikaran/ Water Bound Macadam (WBM) for road works be not carried out.

Test-check (August 2004 to April 2005) of the records of District Planning and Statistical Officer (DPSO) Datia, Dewas, Gwalior, Rajgarh and Umaria revealed that 325 works^ψ of temporary nature like earth work, murmikaran and WBM involving expenditure of Rs.2.58 crore were executed which were not permissible to be executed under the guide lines of the scheme as these works were of temporary nature which often gets washed out during rainy season.

On being pointed out the DPSOs stated (August 2004 to April 2005) that the works were executed prior to the issue of aforementioned instructions regarding prohibition of construction of such roads.

The replies were not tenable because the instructions for non execution of such works already existed in the scheme since its inception. Thus, the expenditure was incurred on those works which were not permissible under the scheme.

^ψ

Sl. NO.	Name of Distt.	Year	No. of works	Amount (Rs. in Lakh)
1	Datia	2000-01 to 2002-03	26	31.20
2	Dewas	2000-01 to 2003-04	184	127.17
3	Rajgarh	2001-02 to 2003-04	85	69.66
4	Umaria	2000-01 to 2002-03	4	10.47
5	Gwalior	2003-04	26	19.50
			325	258.00 or Rs.2.58 crore

The matter was referred to the Government in June 2005; reply had not been received.

Public Works Department

4.5.3 Sub-standard work of widening and strengthening of rural road

Non-adherence to specifications led to sub-standard execution of widening and strengthening work resulting in premature failure—Rs.1.19 crore

Widening and strengthening of Sanwer-Kshipra, a rural road from Km 1 to 20, estimated to cost Rs.3.49 crore, was awarded (September 2001) to a contractor on percentage rate contract at 7.77 per cent below the Schedule of Rates (June 2000). The work scheduled for completion by August 2002 was actually completed in March 2003 at a cost of Rs.3 crore. It was noticed that both the crust of the existing pavement and the widened portion were badly damaged within 6 months of the completion of work. The contractor did not rectify the defects within the liability period. Scrutiny in Audit (May 2005) revealed that the following inconsistencies were responsible for the premature damage of the road:

- The Rural Roads Manual published by Indian Road Congress (*IRC-SP: 20-2002*) provides that “the thickness of pavement is designed on the basis of projected number of commercial vehicles for the design life using the current commercial vehicle per day (CVD) and its growth rate”. Further, it requires the sub-grade strength in terms of California Bearing Ratio (CBR). Once the design traffic and CBR of sub-grade are known, the total thickness of pavement can be obtained directly using the design curve given in *IRC: 37*.

The crust thickness of existing pavement was 250 mm with traffic intensity of 156 CVD and the CBR of sub-grade was 2 per cent only. Accordingly, considering the growth rate (7.5 per cent per annum), Vehicle Damage Factor (2.5), and design life (15 years), the total pavement thickness (as per design curve of *IRC-37*) worked out to 760 mm as detailed in *Appendix-XLII*. Against this, the department provided 600 mm thickness in widened portion of 2.25 meter width and only 50 mm on existing crust of 3.0 m width. The deficiency in the crust on widened portion was, therefore, 160 mm and that on existing portion was 460 mm. Thus, deficient and uneven crust thickness in existing and widened portion contributed to premature crust failure rendering the work of strengthening in widened portion as *sub-standard*.

- Ministry of Road Transport and Highways (MORT&H) specifications, forming part of contract provided that thickness of Built-Up-Spray Grout (BUSG) shall be 75mm and **shall be used in a single course** in a pavement structure. Notwithstanding the above, measurements recorded in the Measurement Books (MBs) disclosed that 2 courses of 75mm each (150mm thick) over 7141.51 sqm area and single course of 112.50 mm thick over 4976.41 sqm area on existing pavement were carried out with BUSG and payment of Rs.19 lakh towards 1631.08 cum was made. Thus,

execution of BUSG in two courses and excess thickness in single course was contrary to the specifications.

Non-adherence to the technical specifications, thus led to sub-standard execution of widening and strengthening work costing Rs.1.19 crore.

The EE stated (May 2005) that all the work was done as per approved estimates. Further, repair would be carried out of deposits of the contractor available with the department. Reply was not tenable as repair estimate costing Rs.51.30 lakh provided for patch repair only and not strengthening, which was also not sanctioned as of August 2005. The fact remains that incorrect and deficient crust design, resulted in premature failure.

Matter was reported to the Government in July 2005; reply was awaited as of September 2005.

Scheduled Tribes and Scheduled Castes Welfare Department

4.5.4 Irregular purchases of store articles

During 1994-02 Assistant Commissioner Tribal Development Sidhi purchased store articles worth Rs.1.03 crore without any budget provision. Contrary to the codal provisions payment of Rs.92.94 lakh was kept pending even after a lapse of four to 10 years.

Financial Rules provide that expenditure from public funds should not be incurred unless (a) it is sanctioned by competent authority (b) sufficient funds are available in the authorised grants. Rule 283 of MP Treasury Code Volume-I requires that all charges actually incurred must be paid and drawn at once, and under no circumstances may be allowed to stand over to be paid from the grant of another year. Further, Store Purchase Rules provide that assessment of the actual requirement of store articles should be obtained from the subordinate units and store articles should be purchased observing prescribed procedure by inviting quotations as per the recommendations of Departmental Purchase Committee.

Test-check (February 2005) of the records of Assistant Commissioner, Tribal Development, Sidhi (ACTD) revealed that purchases of Rs.1.03 crore for departmental hostels/ashrams and educational institutions were made during 1994-95 to 2001-02. It was noticed that these purchases were made by the Assistant Commissioner without any budget provision, approval of the competent authority, demand from the concerned units and without observing the prescribed procedure such as inviting open tenders/quotations and forming purchase committee. The records regarding receipt, distribution to various units and accountal thereof were also not made available to audit. The payment for purchases of Rs.92.94 lakh could not be made as of February 2005 due to non availability of funds. It was also noticed that on the demand for allotment of budget by ACTD Sidhi, Commissioner, Tribal Development

had directed (August 2005) the Collector, Sidhi to investigate the matter regarding purchase procedure and accountal of stores.

On being pointed out ACTD Sidhi confirmed the facts. Thus, irregular purchases of Rs.1.03 crore in violation of codal provisions by the ACTD, Sidhi a liability of Rs.92.94 lakh on the Government is pending even after a lapse of 4 to 10 years period.

The matter was referred to the Government in April 2005; reply had not been received.

4.5.5 Irregular release of grant to ineligible non-Government educational institutions

Assistant Commissioner, Tribal Development, Chhindwara and Jabalpur irregularly released grant of Rs.1.37 crore to five non-Government educational institutions between 2001-02 and 2004-05, without enrolling the required 85 per cent ST students in each session.

According to Grant-in-Aid (GIA) Rules 1985, GIA may be paid to the non-Government educational institutions for educational activities which enrolls at least 50 per cent tribal students in each session. This limit was enhanced to 85 per cent by the Government with effect from November 1999 for welfare of tribals.

Test-check (November 2004 and May 2005) of the records of the Assistant Commissioner Tribal Development (ACTD), Jabalpur and Chhindwara revealed that grants amounting to Rs.1.37 crore were released to Five* non-Government educational institutions between 2000-01 and 2004-05 which could maintain 41 to 73 per cent of the total enrolment of the Scheduled Tribes students in each session *Appendix XLIII* which defeated the very purpose of enhancement of limit for the welfare of tribals.

On being pointed out ACTD, Jabalpur replied (November 2004 and August 2005) that the grants were released as per grant-in-aid rules 1985 under which grant to private educational institutions functioning in Tribal areas were admissible subject to 50 per cent of the enrolled students belonged to Scheduled Tribes. ACTD Chhindwara replied (May 2005) that grants was released in view of Government orders (August 2000) with the provision of enrollment of 70 per cent Scheduled Tribes students.

The reply was not tenable because the limit of 50 per cent was revised to 85 per cent in November 1999. Besides, Government orders (August 2000) provides not to make 20 per cent annual deduction from grant if the enrollment of S.T students remains 70 per cent during the academic session.

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- *Chhindwara: Gram Kalyan Sewa Samiti Sonpur, Jai Gramothan Shiksha Samiti Rambag Jabalpur: New Amar Jyoti Satna, Adivasi Mahasangh Jabalpur, Ganga Maiya Shiksha Samiti Jabalpur,*

Thus the GIA released to those institutions which did not maintain the enrolment of the Scheduled Tribes students to the prescribed 85 per cent from 2000-01 onwards was irregular.

The matter was referred to the Government in June 2005; reply had not been received.

4.5.6 Release of grant to ineligible non-Government organisation

Contrary to the GIA Rules 1985 grant worth Rs.76.79 lakh was released to a unregistered NGO and Rs.3.44 crore were paid during 2001-2004 to six NGOs without obtaining income and expenditure statement from them.

Grant-in-aid Rules, 1985 (Rules) provide that except in case of relaxation granted under special or ordinary sanction/permission, the Non-Government Organisation (NGO) registered under MP Society Registration Act 1973, could be eligible to receive the grant for the specified purposes. Rules, further provide that organisations intended for the grant were required to submit applications to the respective sanctioning authority supported with the required documents alongwith income and expenditure statement pertaining to the preceding year, duly certified by the registered Chartered Accountant.

Test-check (August 2004) of the records of Assistant Commissioner Tribal Development (ACTD), Jhabua revealed that grant worth Rs.76.79 lakh was released during 2001-04 to NGO* which was not even registered under MP Society Registration Act 1973. It was also noticed that six NGOs at Jhabua did not render the required income and expenditure statement, for the grant of Rs.3.44 crore^ψ pertaining to the years 2001-04 and the yearly grants were released without verification of utilisation of grants.

On being pointed out ACTD, Jhabua replied (August 2004) that grant was released to the organisation with registration authorities at Delhi. It was added that grant was released after due approval of Jila Yojna Samiti and District Collector.

♣ *Dayanand Sevashram Sangh Thandla Hqrs (Jhabua)*

^ψ

(Rupees in lakh)

	2001-02	2002-03	2003-04	Total
(1) Rajendra Ashram Katthiwada	27.94	27.55	24.03	79.52
(2) Gramin Sewa Kendra/ Gram swaraj Ashram, Mandlinall	23.61	22.15	22.05	67.81
(3) Adimjati Gramin Kalyan Kendra, Vagaivadi	15.34	18.25	16.22	49.81
(4) Adivasi Siksha, Sanskriti Evam Paryavaran Kendra Dhamnichamma	7.94	10.82	8.12	26.88
(5) Bheel Sewa Sangh Jhabua	40.44	41.68	30.80	112.92
(6) Vanvasi Kalyan Parishad Bhopal	1.91	2.98	2.24	7.13
	117.18	123.43	103.46	344.07

The reply was not tenable because grant was released irregularly to the NGO which was not registered under MP Society Registration Act, 1973. No special/ general permission was produced by the department to release the grant to the concerned NGO as required under the GIA Rules 1985.

The matter was referred to the Government in June 2005; reply had not been received (December 2005).

CHAPTER V

Internal Control System in Government Departments

5.1 Internal Control System in Medical Education Department

Highlights

Medical Education Department has the over all responsibilities to extend and improve the Medical Education in the state. Review of the Internal Control System (ICS) in Medical Education Department revealed ineffective and deficient control system in the Department. The Government continued to incur huge expenditure on the working of colleges that have been transferred to societies though the revenue earned by them was being retained by the societies. Expenditure on pay and allowance was irregularly incurred without sanction for continuation of the temporary posts. Contribution towards Contributory Provident Fund from pay of officials was not being deducted. Cases of non-adjustment of temporary advances and non-utilisation of funds were also noticed. Some of this important findings are as follows-

Service charges, student fees, etc. of Rs.56.68 crore collected in colleges and hospitals were not remitted into treasury in Government account but was retained by society while expenditure on these institutions was borne by the Government.

(Paragraph 5.1.5)

Department spent Rs.3.95 crore irregularly on pay and allowances in respect of temporary posts for which sanction to the continuance was not found during 2000-2005.

(Paragraph 5.1.6)

Neither, the employees share of Rs.59.93 lakh was deducted from their pay nor the matching share of contribution of Rs.67.20 lakh towards CPF was deposited by the societies.

(Paragraphs 5.1.6)

Deficiency in system of departmental inspection by head of the department and heads of the colleges was noticed.

(Paragraph 5.1.8)

Batch-wise sample of medicines worth Rs.21.09 lakh purchased were not got checked/tested at laboratory by the Controller, Food and Drugs.

(Paragraph 5.1.10.1)

Internal audit wing was ineffective as none of the 70 units was audited because of actual shortage of staff during 2000-2005.

(Paragraph 5.1.11.1)

5.1.1 Introduction

Internal Control/Internal Audit System safeguards against errors and irregularities in operational and financial matters. It also assures senior management on the adequacy of risk management. It tends to ensure that provisions of codes, manuals and rules laid down by the Government provide fool proof and workable system for smooth performance of duties and responsibilities to the various levels of staff. In order to ensure these objectives, internal audit wing assists in safeguarding against errors and irregularities in operational and financial matters. The aim of Medical Education Department (MED) is to extend and improve the quality of Medical Education in the state and promote high quality of health services through affiliated hospitals of Medical colleges.

5.1.2 Organisational Set up

At the level of State Government Medical Education Department (MED)¹ is headed by the Principal Secretary who is assisted by a Directorate headed by the Director Medical Education (DME). Under the Directorate there are five² Medical College headed by a Dean, Principal, Dental College at Indore, Principal Nursing College at Indore, Director of Regional Eye Institute at Bhopal and Director Mental Hospital, Gwalior. There were ten³ hospitals which were attached to these Medical Colleges in the State. In the Directorate, a Deputy Director, Finance was responsible for matters pertaining to Finance and Internal Audit Wing.

5.1.3 Audit Coverage

Test-check of the records of the Director, Medical education (DME) office at Bhopal and offices of four⁴ of the five Deans of medical colleges and Superintendents of five⁵ of the 10 hospitals for the period from 2000-01 to 2004-05 was conducted during April to October 2005. The results of test check are given in the succeeding paragraphs.

¹ *MED consists of two system of treatment viz Indian System of Ayurveda and Homeopathy and its subordinate College and hospitals and Allopathy system. This present review covers allopathy system controlled by DME and its subordinate College and hospitals working under the DME.*

² *Medical College –Bhopal, Gwalior, Indore, Jabalpur and Rewa.*

³ *Attached hospitals – Two at Bhopal; One at Gwalior; Four at Indore; Two at Jabalpur and One at Rewa.*

⁴ *Medical College – Bhopal, Gwalior, Indore, Rewa.*

⁵ *Hospitals – Hamidia hospital, Sultania hospital at Bhopal; Maharaja Yashwant Rao and Cancer hospital at Indore, Mahatama Gandhi Memorial/Sanjay Gandhi Memorial hospital at Rewa.*

5.1.4 Audit objectives

The objective of the review was to assess the adequacy and effectiveness of;

- budgetary controls
- expenditure controls
- cash controls
- administrative controls
- operational controls
- store management controls and
- the system of internal audit

5.1.5 Budgetary controls

5.1.5.1 Persistent savings

The details of budget provisions and actual expenditure as per appropriation accounts of the DME for the period from 2000-2001 to 2004-2005 were as under:-

(Rupees in crore)			
Year	Budget Provision	Expenditure*	Excess (+) Savings (-)
1	3	4	5
2000-01	103.60	92.28	(-) 11.32
2001-02	92.62	76.36	(-) 16.26
2002-03	102.48	98.28	(-) 4.20
2003-04	109.12	95.23	(-) 13.89
2004-05	119.42	103.02	(-) 16.40
Grant Total	527.24	465.17	(-)62.07

* Expenditure under grant no 79- Medical Education Department.

Poor budgetary control resulted in persistent savings

There were persistent savings ranging from Rs.4.20 crore to 16.40 crore during 2000-05 under the grant. The Department was also incurring expenditure under Grant No. 41 Tribal areas sub plan and under Grant No. 64 Special component plan for schedule caste mainly for releasing stipend to the students belonging to schedule tribes and schedule caste category.

The DME attributed (April 2005) persistent savings to the ban imposed by Finance Department on drawals from treasury after 15th of January each year and imposition of 10 per cent cut on budget provisions for adopting economy measures. The reply of the Department was not acceptable as the imposition of ban on drawals and 10 per cent cut on budget provision were regular feature of each year as such these should have been kept in view while framing the budget estimates.

5.1.5.2 Non-remittance of Departmental receipt into treasury

Departmental receipts were retained by autonomous societies of the Medical Colleges

The Government of Madhya Pradesh by the notification (March 1997) had declared all Medical Colleges and their affiliated hospitals as autonomous bodies to be governed by societies registered under Madhya Pradesh Registrkaran Adhinyam, 1973. The Government did not specify in the notification of March 1997, the nature of receipt to be deposited in the society account and utilisation of receipt towards expenditure of Medical Colleges/hospitals. Perusal of the records revealed that while preparing budget estimates by the Department the entire receipt of Rs. 56.68 crore during 2000-05 on account of fees collected from students, rent of Government building/properties, pathological and x-ray charges, operation charges, etc. was not shown as Departmental receipt under the receipt head 0210-Medical and Public Health, 03-Medical Education, Training and Research, 105-Allopathy as was being shown before issue of the notification and only a token provision was made in the budget estimates under the receipt head of the Department. The expenditure of Rs.465.17 crore during 2000-05 was incurred by the Government on these Medical Colleges/hospitals while the revenue earned by them was retained by the societies.

5.1.6 Expenditure Controls

5.1.6.1 Non-reconciliation of expenditure figures

Expenditure incurred on medical education was not reconciled by the department

Financial rules require departmental controlling officers to reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (A&E) to ensure accuracy of accounts, identification of errors, omissions, misclassifications, detection of frauds, etc. Test-check of records of DME revealed that the departmental figures were not reconciled in any of the year during 2000-2005. The difference between departmental figures of expenditure and those booked by the Accountant General (A&E) was as under:-

(Rupees in crore)

Sl. No.	Year	Expenditure		Difference with reference to figures of appropriation accounts.
		As shown by the Department	As per Appropriation Account	
1	2000-01	90.58	92.28	(-) 1.70
2	2001-02	74.46	76.36	(-) 1.90
3	2002-03	94.58	98.28	(-) 3.70
4	2003-04	95.78	95.23	(+) 0.55
5	2004-05	98.50	103.02	(-) 4.52
	Total:	453.90	465.17	

Thus, the departmental figures of expenditure were not reconciled fully during any of the financial year leaving difference ranging from Rs.0.55 crore to Rs.4.52 crore during 2000-2005. Non reconciliation resulted in ineffective control over expenditure. DME stated (April 2005) that though the work was entrusted to the Joint Director, Jayarogya group of hospitals, Gwalior, the reconciliation is still incomplete for which reasons have been called for from the Joint Director.

5.1.6.2 Non-maintenance of sanctioned strength and men-in- position register

Non-maintenance of proper registers of sanctioned strength vis-à-vis men-in-position resulted in irregular drawal of pay and allowance of staff

Office of the DME was not maintaining guard files containing details of sanction/creation of permanent and temporary posts and sanctions for the continuation of temporary posts. Registers showing number of permanent and temporary posts, sanctions for creation of posts, sanctions to the continuation of temporary posts and institution-wise men-in-position against the each category of sanctioned posts were also not maintained by the Department.

Scrutiny of records revealed that Gas Relief and rehabilitation Department had sanctioned 19⁶ class III and 25 class IV posts for the Hamidia hospital, Bhopal during 1987-88. The last sanction for continuation of these temporary posts was accorded upto February 1991. Public Health and Family Welfare Department had sanctioned six posts of staff nurses and 12 class IV posts for open heart surgery in Hamidia hospital, Bhopal during 1994-95. Medical Education Department had sanctioned 4⁷ class II, 22⁸ class III and 6⁹ class IV temporary posts during 1996-97 for strengthening of blood banks in Hamidia hospital, Bhopal and Mahatma Gandhi Memorial hospital, Rewa. Medical Education Department had sanctioned 14 class III and 2 class IV temporary posts for establishment of cardial centre in Gandhi Medical College, Bhopal during 1998-99.

Thus, total 4 class II, 61 class III and 45 class IV temporary posts were sanctioned by the Government during the period from 1987-88 to 1998-99. Though their sanctions for continuation were not found accorded during 2000-2005, Rs 3.95 crore on account of pay and allowances were irregularly drawn in respect of 4 class II, 54 class III and 51 class IV posts against the above mentioned posts during the period from 2000-05. DME while accepting the facts, stated (October 2005) that matter will be examined.

⁶ Staff Nurse: 6; Pharmacists: 3; Clerk:6; Driver: 4.

⁷ Rewa hospital – Associated blood transfusion officer: 1; Assistant Surgeon: 3.

⁸ Staff nurse: 2 in Bhopal and 1 in Rewa; Store keeper: one for each Bhopal and Rewa; Lab technician/Lab assistant 10 in Bhopal and 7 in Rewa.

⁹ Ward boy/Lab attendant: 3 for each in Bhopal and Rewa.

5.1.6.3 Non-deduction of contribution towards Contributory Provident Fund from pay of officials

Neither the employee's contribution nor the matching share of contribution towards contributory provident fund was deducted from the pay of officials appointed by the societies

As per rule 7 (g) of Contractual Service Recruitment Rules, 2000 read with rule 17 (b) of Swashashi Chikitsa Mahavidyalaya Ke Samwardhan Evam Samviliyan Sambandhi Niyam-1998 persons appointed on contract basis on fix pay under these rules are entitled to such CPF benefits as may be determined by the society from time to time and the equal matching share of contribution would be payable by the society. Test-check of records of four autonomous Institutions revealed that contrary to these rules neither the employee's share of Rs.59.93¹⁰ lakh was deducted from their pay nor the matching share of contribution Rs.67.20¹¹ lakh during 2001-2005 towards CPF was given by the society. DME admitted (June 2005) that the Contractual Service Recruitment Rules, 2000 applies on the officials appointed by the autonomous societies of the institutions.

5.1.6.4 Non-adjustment of temporary advances

Temporary advances remained unsettled for one to more than 20 years

Rule 53 (iv) of MPTC Vol.-I lays down that temporary advances are required to be adjusted as early as possible and should not remain out standing for more than three months. It was observed that temporary advances aggregating Rs.9.08 lakh¹² were lying unadjusted at the end of March 2005 in office of the Dean, medical college, Bhopal (Rs.5.50 lakh) and Rewa (Rs.1.22 lakh), Superintendent, Hamidiya hospital Bhopal (Rs.0.78 lakh) and Dean Sanjay Gandhi memorial hospital, Rewa (Rs.1.58 lakh). DDOs stated that action to recover/adjust these advances would be taken.

5.1.6.5 Non utilization of funds

Central funds remained unutilised due to non-purchase of essential equipment for study

The Government of India, Atomic Energy Department had sanctioned during 2001-02 a project of Rs.27.71 lakh to the Medical College, Indore for study on patients suffering from pulmonary tuberculosis. The study was to be completed within three years. An instrument named bronchoscope was necessary for the said study. Scrutiny of the records revealed that though there was availability of funds the essential bronchoscope was not purchased. Therefore, the study could not be completed within stipulated time. On enquiry, the Professor incharge of the project stated (May 2005) that the process of purchase of bronchoscope was going on.

¹⁰ Autonomous society Bhopal: Rs.6.24 lakh, Gwalior: Rs.15.66 lakh, Indore: Rs.13.97 lakh and Rewa: Rs.24.06 lakh.

¹¹ Autonomous society Bhopal Rs.7.08 lakh, Gwalior: Rs.15.66 lakh, Indore: Rs.13.97 lakh and Rewa: Rs.30.49 lakh.

¹² More than 20 years: Rs.0.09 lakh; 16-20 years old : Rs.0.31 lakh; 11-15 years old ; Rs.0.31 lakh; 6-10 years old ; Rs.1.98 lakh; 1-5 years old : Rs.6.39 lakh.

5.1.7 Cash controls

5.1.7.1 Defective maintenance of cash-book and bill register

Defective maintenance of initial accounts records and poor cash control

According to Rule 53 of Madhya Pradesh Treasury Code (MPTC) volume-I, Drawing and Disbursing officer (DDO) in charge of cash-book was required to records analysis of cash balance and to verify it personally at the end of each month under his dated signature. Daily totals of the cash-book were to be checked and fortnightly verification of drawals was to be conducted with reference to treasury voucher slips.

Test-check of records of 8¹³ DDOs revealed that monthly details of cash balance was never recorded by any of the DDO. Though the daily totals of the cash book were checked, the fortnightly verification of drawals with reference to treasury voucher slips / schedules was also not found to have been done in the cash books by any DDOs.

Physical verification of cash was not done by any of the six¹⁴ DDOs during 2000-05 while physical verification of cash was not done in 14 and 52 months by DDOs of Hamidia hospital and Sultaniya hospital Bhopal respectively during 2000-05.

According to Rule 197 of MPTC Vol.-I each DDO should review bill register monthly and record result of such review conducted by him. It was noticed that none of the 8 DDOs¹⁵ reviewed bill register during 2000-2005.

5.1.7.2 Non reconciliation with banks

Periodical reconciliation with bank was not done resulted in huge differences in balances

Test-check of records of four out of eight DDOs revealed that funds of the societies were kept in saving bank accounts opened in scheduled banks and Rs.3.60 crore were deposited at the end of March 2005. Audit observed that there were huge differences in balances shown in the cash book and those in the bank statements/pass books as detailed below:

¹³ DDO Medical College: Bhopal, Indore and Rewa. DDO Attached hospitals: Hamidiya hospital and Sultania hospital at Bhopal, M.Y. hospital, Cancer hospital at Indore and S G. M hospital, Rewa.

¹⁴ DDO Medical College: Bhopal, Indore and Rewa. DDO Attached hospitals:, M.Y. hospital, Cancer hospital at Indore and S G. M hospital, Rewa.

¹⁵ DDO Medical College: Bhopal, Indore and Rewa. DDO Attached hospitals: Hamidiya hospital and Sultania hospital at Bhopal, M.Y. hospital, Cancer hospital at Indore and S G. M hospital, Rewa.

(Rupees in lakh)

Sl. No.	Name of the DDO	Balance as per cash-book as on 31 March 2005	Balance as per bank statement/pass-book	Difference with reference to cash book
1.	MG Medical College Indore	96.95	204.49	(+)107.54
2.	MY Hospital, Indore	4.06	17.44	(+)13.38
3.	GR Medical College, Gwalior	153.47	128.90	(-)24.57
4.	SS Medical College, Rewa	105.57	132.43	(+)26.86

Huge differences in the two set of figures/balances indicate that the system of periodical reconciliation was not existing in any of the unit test-checked. The periodical reconciliation was essential to ensure accuracy of accounts, identification of errors, omissions and detection of frauds etc. The DDOs stated (April-October 2005) that the reconciliation will be done as soon as possible.

5.1.7.3 Absence of security deposit from persons handling cash/store

Security deposit not obtained from the officials deployed for collecting service charges from patients

According to rule 282 of Madhya Pradesh Financial Code Vol.-I, the persons handling cash and store were required to deposit Rs. 5000/- as security deposit. Audit observed that the required deposit was not obtained from any person made responsible for collecting charges from patients in four¹⁶ medical colleges and their attached hospitals. Heads of the offices stated (April-October 2005) that the required security deposits would now be obtained from the concerned persons.

5.1.8 Administrative Controls

Audit observed that the administrative control mechanism was not effective as the departmental code and manual were not prepared by the department even after a lapse of a decade since its formation. The DME had not conducted required inspections of field offices as discussed below:

5.1.8.1 Inspections by the head of department and heads of institutions

Inadequacy of departmental inspections of DME and Deans of the Medical Colleges

Periodic inspections by departmental officers are important to know the adequacy and effectiveness of internal control mechanism of the department. As per roster prepared in the Directorate, against 90 inspections to be carried out by the DME only 40 were carried out during 2000-2005.

Monthly inspection of the College was required to be done by the Dean of the Medical College and record his observations and other information/data relating to civil/construction works, maintenance of central store of medicines,

¹⁶ Medical College- Bhopal, Gwalior, Indore and Rewa.

machine and equipments, ambulance and vehicles, central workshop, library reading room, hostels, common room of staff and students and arrangements of light, drinking water and sanitation, etc. It was observed that monthly inspections were not carried out by any of the Deans of Medical Colleges during 2000-05.

5.1.8.2 Ambulance Services

Hospitals ambulances were to be used for transporting patients, doctors and staff from their residences for attending emergency cases in hospitals outside their duty hours. During test-check it was noticed that out of four ambulances available in Sultaniya Zanana Hospital, Bhopal, two ambulances covered a total distance of 31,058 kms during July 2002 to March 2005, but were never utilised for transporting patients as one was being used as staff car and another was under the disposal of the Superintendent of the hospital.

5.1.9 Operational Control

As envisaged in the bye-laws, the autonomous societies were to control their operations through General Council, Executive Committee, Finance Committee and Hospital Advisory Committee. Following deficiencies in control over operations were noticed:

General Council : General Council of the society is the supreme authority constituted under the presidentship of Minister of Medical Education with 20 other members. The Dean/Principal of the college is the member secretary of the general council. The general council of the society was required to lay down the broad policies and programmes of the college and hospital and to review from time to time the implementation of the policies and device methods to enable the college and hospital to generate its own resources to supplement the funds provided by the state Government. Meetings of the general council was required to be held twice every year. But in Bhopal, Gwalior, Indore and Rewa medical colleges and their attached hospitals, only 17¹⁷ meetings were held during 2000-05 as against the required 40. It was also observed that at Gwalior no meeting was held in 2003-05

Due to non functioning of Finance Committees budget estimates were not got checked by the Executive Committees.

Finance Committee : As per para 13 (C) of the bye-laws of the society, finance committee would aid and assist the executive committee in financial management of the society and particularly (i) frame draft bye-laws for expenditure from the funds of the society, (ii) ensure preparation of annual budget and its approval by the Executive Committee before the commencement of the ensuing financial year and (iii) scrutinize and make recommendations regarding all proposals for purchase of equipments /instruments / material and sanction of capital and other expenditure. Finance committee is required to meet as and when required but at least once in month. The committees were, however, not constituted in the Bhopal, Gwalior and Rewa Medical colleges. Due to non-functioning of Finance Committees in these Colleges the budget estimates were not being prepared in time and the

¹⁷ Bhopal : 6, Gwalior : 3, Indore : 4 and Rewa : 4.

annual financial estimates and annual account were not got checked by the Executive Committee.

Hospital Advisory Committee: The hospital advisory committee is to be constituted under the Chairmanship of the Divisional Commissioner and with Superintendent of the attached hospital as the member secretary. The main function of the committee is to make recommendations to the executive committee for improving hospital services and for starting new services. This committee was required to meet as and when required but at least twice every year. In medical college Gwalior, only two meetings were held during the period 2000-2005, against the required 10. No such committee was constituted in Bhopal, Indore and Rewa hospitals so far (October 2005). Reason for non constitution were not extended by the Deans, Medical Colleges.

5.1.10 Store management control

Store and stock accounts were not prepared in the Department

5.1.10.1 As per provisions of Madhya Pradesh Financial Code Volume-I, each Government office is required to maintain store and stock account in the prescribed form. An inventory of plant, machines, equipments, apparatus should be prepared and submitted to the controlling officer at the time of his inspection. Physical verification of store should be done once in a year. Articles found short / excess be reported and unserviceable store should be recommended for condemnation to get them written off by the competent authority. Test-check revealed that store and stock accounts were not prepared in Medical College, Bhopal, Cancer hospital, Indore and Sultania Hospital, Bhopal during the period 2000-2005. During physical verification 78 articles like Dyenometa Andraws, Micro Projection apparatus, Reflex attachment for universal cameras, Cordiometer and Onchometer, etc. of Physiology department, 65 journals and 111 books were found short.

Samples of the medicines were not got tested at laboratory.

As per provisions of Drugs and Cosmetics Act, 1940 and orders of Government of Madhya Pradesh Public Health and Family Welfare Department (August 1984) batchwise sample of medicines purchased were required to be got tested at laboratory before the use of medicines. Test check of records of Cancer hospital, indore revealed that batch wise samples of medicines worth Rs.21.09 lakh were not got tested at laboratory. The Superintendent of the hospital stated (May 2005) that samples of the medicines will got tested at laboratory in future.

Gentamycin injections 7500 and 20,000 Ciprofloxin tablets purchased (July 2004) in Hamidia hospital, Bhopal were found sub-standard during laboratory test. These 1582 Gentamycin injections and 1912 Ciprofloxin tablets were distributed to patients in various wards of hospital. Superintendent stated (August 2005) that sub-standard medicines have been replaced by the suppliers.

Full utilisation of Brechy therapy machine could not be achieved due to non obtaining NOC from AERA in time

5.1.10.2 The Government of India had sanctioned Rupees one crore for instalation of Brechy therapy unit in Medical College, Bhopal under the National Cancer Control Programme during 1994-95. The unit was purchased and installed (May 2000) in the College. In this therapy radio active Isotope named iridium source is used for which no objection certificate (NOC) from Atomic Energy Regulatory Authority of India (AERA) Bombay was necessary. The NOC from AERA, Bombay has not been obtained so far (July 2005). The full utilisation of the machine could not be achieved due non obtaining of NOC.

Internal Audit Management

5.1.11.1 Internal Audit set-up of medical education department

Acute shortage of staff in internal audit wing.

A separate Internal Audit Wing was set-up in the office of the DME under the supervision of Deputy Director, Finance. Posts of two senior auditors, three junior auditors and one sub-auditor were sanctioned for internal audit wing. Against the sanctioned strength only one Sr. Auditor was in working strength.

There was shortage of staff for internal audit wing and no internal arrangement for deploying staff for internal audit wing was made.

5.1.11.2 Adequacy of coverage, planning and periodicity of audit

Lack of planning for conducting internal audit of units.

The planning of internal audit should be based on risk indicators corroborated through risk analysis. The periodicity of audit should be based on the expenditure and size of the unit. It was, however, noticed that roster for internal audit of the units was prepared on adhoc basis without observing cycle and fixed periodicity. No audit guidelines were issued nor were, detailed duties and responsibilities was assigned to each member of audit party.

As per roster the 70 units were to be audited but not a single unit was audited by the internal audit wing during last five years (2000-2005). The DME stated (April 2005) that the internal audit of units could not be done due to shortage of staff.

Conclusion

5.1.12 Even after a lapse of over eight and half years the objective of granting autonomy to run medical colleges/hospitals independently and in a self dependent manner could not be achieved. Cases of non-deduction of employees contribution and non contribution of employer's matching share towards contributory provident fund were noticed. Sanction to the continuance of temporary posts was not obtained and that resulted in irregular drawal of pay and allowances from the treasury. Huge differences between closing balance as per cash book and those in bank accounts existed due to non-reconciliation. The internal audit wing of the MED was weak, inadequate and ineffective. The objectives of the establishment of internal audit system in the department remained unfulfilled as not a single unit was audited during last

five years because of shortage of staff. Departmental officers were not conducting inspections according to roster.

5.1.13 Recommendations

- Reconciliation of expenditure figures should be taken up expeditiously and system of reconciliation with the banks should be strengthened:
- Codal provisions for maintenance of cash book should be strictly enforced.
- Proper registers and controls should be prescribed for continuance of temporary posts.
- Internal audit wing should be strengthened by deployment of adequate staff and by introduction of system of audit planning prescribing periodicity and cycle of audit of various units.

**Gwalior
The**

**(J. N. GUPTA)
Principal Accountant General
(Civil and Commercial Audit)
Madhya Pradesh**

Countersigned

**New Delhi
The**

**(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India**

Appendix I
(Reference: paragraph 1.1, page 1)

Statement showing definitions of terms used in Chapter I

1. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classifications in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the legislature.

Part 2 - List of terms used in the Chapter - I and basis for their calculations

Terms	Basis for calculations
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter(Y)}}$
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{previous year Amount})-1]*100$
Trend / Average	Trend of growth over a period of 5 years $[\text{LOGEST}(\text{Amount of 1997-98: Amount of 2002-03})-1]*100$
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2]*100$
Interest spread	GSDP growth - Weighted Interest rates
Interest received as per cent to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2]*100$
Revenue Deficit	Revenue Receipts – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payment
Balance from Current Revenue (BCR)	Revenue Receipts minus all plan grants and Non-plan Revenue Expenditure excluding debits under 2048 - Appropriation for Reduction or Avoidance of Debt

Appendix II

(Reference: paragraph 1.1, page 2)

Statement showing apportionment of assets and liabilities of the erstwhile State of Madhya Pradesh as on 31 March 2005 between successor States of Madhya Pradesh and Chhattisgarh

(Rupees in crore)

Items	Balance as on 31 October 2000	Apportioned to		Balance retained in MP accounts pending apportionment	Reference to Finance Accounts Statements No.
		Madhya Pradesh	Chhattisgarh		
(1)	(2)	(3)	(4)	(5)	(6)
I- Liabilities-					
1. Small savings, provident funds, etc.	7371.51	5570.57	1239.45	561.49	4.16 and 17
2. Deposits	1872.19	1516.32	358.05	(-) 2.38	4 and 16
3. Reserve Funds	657.94(a)	45.49	11.55	102.46 (b)	4 and 16
4. Suspense and Miscellaneous Balances	39.58	25.46	5.93	8.19 (c)	16
II- Assets-					
1. Gross Capital Outlay	15760.57	4950.27	1484.59	9325.71	2 and 13
2. Loans and Advances	2883.18	559.83	135.91	2187.44 (d)	5 and 18
Guarantees	9709.60	--	--	10773.99 (e)	

N.B.: For further details, see Finance Accounts.

- (a) Dropped Rs.498.44 crore out of total of Rs.657.94 crore, in terms of second proviso to Section 42(1) of M.P. Re-organisation Act, 2000.
- (b) Retained in M.P. pending decision of GOI.
- (c) Retained in M.P for want of details.
- (d) Retained in M.P due to non-receipt of decisions/details from successor States.
- (e) Differs from the figures of Rs.10836.32 crore of 2003-04 by Rs.62.33 crore due to (i) old guarantee cancelled Rs.63.83 crore (ii) Old guarantee received Rs.1.50 crore.

Appendix III
(Reference: paragraph 1.4, page 4)

**SUMMARISED FINANCIAL POSITION OF THE
GOVERNMENT OF MADHYA PRADESH AS ON 31 MARCH 2005**

(Rupees in crore)

As on 31.03.2004	Liabilities	As on 31.03.2005
18601.89	Internal Debt-	24156.09
7845.83	Market Loans bearing interest	9298.91
2.63	Market Loans not bearing interest	2.88
4123.08	Loans from other Institutions (Autonomous bodies)	5725.06
266.78	Ways and Means Advances	--
--	Overdraft from Reserve Bank of India	--
6363.57	Special Security issued to NSS fund of Central Government	9129.24
9208.75	Loans and Advances from Central Government-	9112.17
255.31	Pre 1984-85 Loans	220.46
299.90	Non-Plan Loans	270.97
8500.96	Loans for State Plan Schemes	8464.94
36.20	Loans for Central Plan Schemes	33.39
116.38	Loans for Centrally Sponsored Plan Schemes	122.41
39.00	Contingency Fund	40.00
6861.34	Small Savings, Provident Funds, etc.	7501.47
2231.49	Deposits	2260.64
881.86	Reserve Funds	1217.53
37824.33		44287.90

Note: Apportionment of assets and liabilities except Public debt of the composite state of Madhya Pradesh immediately prior to the appointed day i.e. 1 November 2000, is yet to be finalized.

Audit Report (Civil) for the year ended 31 March 2005

As on 31.03.2004	Assets	As on 31.03.2005
21466.32	Gross Capital Outlay on Fixed Assets -	26417.31
1737.30	Investments in shares of Companies, Corporations, etc.	4151.65
19729.02	Other Capital Outlay	22265.66
2608.42	Loans and Advances -	5866.09
984.41	Loans for Power Projects	4195.93
1583.21	Other Development Loans	1637.01
40.80	Loans to Government servants and Miscellaneous loans	33.15
--	Reserve Fund Investments	
6.17	Advances	6.29
457.61	Remittance Balances	441.64
200.65	Suspense and Miscellaneous	23.29
94.21	Cash -	259.84
(-)5.18	Cash in Treasuries and Local Remittances	1.90
69.50	Deposits with Reserve Bank	22.99
11.69	Departmental Cash Balance including permanent cash imprest	17.10
18.20	Cash Balance Investments and investment of earmarked funds	217.85
12990.95	Deficit on Government account -	11273.44
8849.51	(i) Accumulated deficit brought forward	12990.95
4475.76	(ii) Revenue Surplus of the current year	(-) 1716.88
--	(iii) Inter-State Settlement	--
(-)334.32	(iv) Amount closed to Government account	(-) 0.63 \$
37824.33		44287.90

\$ Proforma transfer to Chhattisgarh State Rs.0.63 crore.

Appendix IV

(Reference: paragraph 1.4, page 4)

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2004-05

(Rupees in crore)

2003-04		2004-05	2003-04		2004-05			
					Non-plan	Plan	Total	
		Section-A: Revenue						
14288.96	I.	Revenue receipts	19743.25		I. Revenue expenditure	14861.20	3165.17	18026.37
6788.86		- Tax Revenue	7772.97	6573.58	General Services	7424.94	43.41	7468.35
				5321.65	Social Services	3902.12	1770.33	5672.45
1479.82		- Non tax revenue	4461.86	2355.34	-Education, Sports, Arts and Culture	2214.82	337.58	2552.40
				760.83	-Health and Family Welfare	549.84	306.33	856.17
4247.14		-State's share of Union Taxes	5076.68	458.75	-Water Supply, Sanitation Housing and Urban Development	260.75	218.26	479.01
376.38		-Non Plan grants	458.82	20.33	- Information and Broadcasting	22.97	0.27	23.24
				876.32	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward classes	478.09	528.52	1006.61
776.40		-Grants for State Plan Schemes	1313.75	57.48	-Labour and Labour Welfare	45.42	12.09	57.51
				781.66	-Social Welfare and Nutrition	319.03	367.28	686.31
620.36		-Grants for Central and Centrally Sponsored Plan Schemes	659.17	10.94	-Others	11.20	--	11.20
				6278.58	Economic Services	2797.39	1171.52	3968.91
				1148.05	-Agriculture and Allied Activities	822.75	421.02	1243.77
				605.92	-Rural Development	119.23	584.00	703.23
					-Special Areas Programme	--	--	--
				270.13	-Irrigation and Flood control	222.64	77.04	299.68
				3954.34	-Energy	1424.17	41.77	1465.94
				66.54	-Industries and Minerals	37.18	40.85	78.03
				190.28	-Transport	140.48	--	140.48
				4.07	-Science, Technology and Environment	1.26	3.57	4.83
				39.25	-General Economic Services	29.68	3.27	32.95
				590.91	Grants-in-aid and contributions	736.75	179.91	916.66 [@]

[@] Grants-in-aid of Rs.27.60 crore to local bodies/institutions was misclassified under Capital expenditure instead of Revenue Expenditure.

Audit Report (Civil) for the year ended 31 March 2005

2003-04			2004-05	2003-04		2004-05		
						Non-plan	Plan	Total
4475.76	II.	Revenue deficit carried over to Section B	--	--	II-Revenue surplus carried over to Section B	1716.88	--	1716.88
18764.72		Total	19743.25	18764.72	Total	16578.08	3165.17	19743.25
		Section-B						
-91.30	III	Opening cash balance including Permanent Advances and Cash Balance investment	94.21		III.Opening overdraft from RBI	--	--	--
				2678.64	IV. Capital outlay	1383.00	3567.98	4950.98
	IV	Miscellaneous Capital receipts		36.25	General Services	64.20	82.00	146.20
				535.34	Social services	2.36	429.24	431.60
				20.43	-Education, Sports, Arts and Culture	--	23.58	23.58
				38.39	-Health and Family Welfare	0.49	42.17	42.66
				361.20	-Water Supply, Sanitation Housing and Urban Development	1.60	240.14	241.74
					- Information and Broadcasting	--	--	--
				102.99	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward Classes	--	109.67	109.67
				12.10	-Social Welfare and Nutrition	0.27	13.28	13.55
				0.23	-Other Social Services	--	0.40	0.40
				2107.05	Economic Services	1316.45	3056.73	4373.18
				50.20	-Agriculture and Allied Activities	4.02	54.91	58.93
				226.59	-Rural Development	--	305.03	305.03
				1081.32	-Irrigation and Flood control	--	1699.06	1699.06
				328.22	-Energy	1308.28	438.76	1747.04
				8.02	-Industries and Minerals	0.15	9.49	9.64
				407.37	-Transport	4.00	542.72	546.72
				5.33	-General Economic Services	--	6.76	6.76
		Total		2678.64	Total	1383.00	3567.98	4950.98

2003-04			2004-05	2003-04		2004-05
35.84	V	Recoveries of Loans and Advances	53.20	204.36	V. Loans and Advances disbursed	3310.86
--		-From Power Projects	9.03	126.33	-For Power Projects	3220.55
10.30		-From Government Servants	7.96	0.66	-To Government Servants	0.30
25.54		-From others	36.21	77.37	-To others	90.01
	VI	Inter-State Settlement	--	--	VI. Inter State Settlement	--
	VII	Revenue Surplus brought down	1716.88	4475.76	VII. Revenue deficit brought down	--
9938.42	VII I	Public debt receipt	8849.00	2275.08	VIII. Repayment of Public debt	3391.38
7948.72		-Internal debt other than ways and means advances and overdraft	6967.99	277.85	-Internal debt other than ways and means advances and overdraft	1147.01
1722.92		-Loans and advances from Central Government	1881.01	1997.23	-Repayment of loans and advances to Central Government	1977.59
266.78		-Net transactions under Ways and means advances including overdraft	--	--	-Net transactions under Ways and means advances including overdraft	266.78
--	IX	Appropriation to Contingency Fund	--	--	IX. Appropriation to Contingency Fund	---
0.05	X	Amount transferred to Contingency Fund	1.00	1.00	X. Expenditure from Contingency Fund	--
22285.06	XI	Public Account receipts	24790.22	22439.02	XI. Public Account disbursements	23591.45
1200.18		-Small Savings and Provident Funds	1810.50	1108.41	-Small Savings and Provident Funds	1169.75
366.51		-Reserve funds	350.69	11.78	-Reserve Funds	15.03
12155.79		-Suspense and Miscellaneous	13435.69	12425.60	-Suspense and Miscellaneous	13258.34
4436.76		-Remittances	5318.04	4435.12	-Remittances	5302.06
4125.82		-Deposits and Advances	3875.30	4458.11	-Deposits and Advances	3846.27
-	XII	Closing Overdraft from Reserve Bank of India	--	94.21	XII. Cash Balance at end of the year	259.84
			--	- 5.18	-Cash in Treasuries and Local Remittances	1.90
			--	69.50	-Deposits with Reserve Bank	22.99
			--	11.69	-Departmental Cash Balance including permanent cash imprest	17.10
			--	18.20	-Cash Balance Investment and Investment of Earmarked Funds	217.85
32168.07		Total	55247.76	32168.07	Total	55247.76

Appendix V

(Reference: paragraph 1.4, page 4)

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2003-04		Source	2004-05	
Amount	Per cent		Amount	Per cent
14288.96	63.69	Revenue receipts	19743.25	74.64
35.84	0.16	Recoveries of Loans and Advances	53.20	0.20
7663.35	34.16	Increase in Public debt	5457.62	20.63
448.14	1.99	Receipts from Public account	1198.77	4.53
91.78	--	a. Increase in Small Savings	640.75	
--	--	b. Increase in Deposits and Advances	29.03	--
354.73	--	c. Increase in Reserve Funds	335.66	--
1.63	--	d. Effect of Remittances transactions	15.97	--
--	--	e. Increase in suspense and miscellaneous	177.36	--
22436.29	--	Total	26452.84	
		Application		
18764.72	83.64	Revenue expenditure	18026.37	68.14
2678.64	11.94	Capital expenditure	4950.98	18.72
204.36	0.91	Lending for development and other purposes	3310.86	12.52
0.95	--	Net effect of Contingency Fund transactions	(-)1.00	(-) 0.01
--		Net effect of Inter State settlement	--	--
572.38	2.55	Application from Public Account-	--	--
240.09		a. Net effect of Suspense and Miscellaneous	--	--
--		b. Miscellaneous Government Account	--	--
332.29		c. Decrease in Deposits and Advances	--	--
--		d. Effect of Remittances transactions	--	--
215.24	0.96	Increase in closing cash balance	165.63	0.63-
22436.29		Total	26452.84	

Explanatory Notes to Statements I, II and III:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on government account, as shown in Appendix I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and inter-departmental and inter-Government payments and others awaiting settlement.
4. Grants-in-aid of Rs.27.60 crore to local bodies/institutions was mis-classified under Capital (Plan) expenditure instead of non plan Revenue expenditure.
5. There was a difference of Rs.194.88 lakh (debit) between the figures- Rs.2298.98 lakh (debit)- reflected in the Accounts and that intimated by Reserve Bank of India - Rs.2104.10 lakh (credit)- Under "Deposits with Reserve Bank". After close of June 2005 accounts, the net difference to be reconciled was Rs.177.36 lakh (debit).

Appendix VI

(Reference: paragraph 1.4, page 4)

TIME-SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	2000-01			2001-02	2002-03	2003-04	2004-05
	April – October 2000	November 2000-March 2001	Total				
1. Revenue Receipts	7136	5703	12839	11211	13391	14289	19743
(i) Tax Revenue	3225	2415	5640 (44)	4679(42)	6165(46)	6789(48)	7773(39)
Taxes on Sales, Trade, etc.	1568	1198	2766 (49)	2361(50)	2906(47)	3293(49)	3913(51)
State Excise	674	301	975 (17)	705(15)	890(15)	1086(16)	1193(15)
Stamps and Registration fees	298	179	477 (8)	445(10)	535(9)	614(9)	789(10)
Taxes on Vehicles	257	149	406 (7)	393(8)	429(7)	455(6)	489(6)
Other Taxes	428	588	1016(19)	775(17)	1405(22)	1341(20)	1389(18)
(ii) Non Tax Revenue	1020	704	1724 (13)	1602(14)	1635(12)	1480(10)	4462(23)
(iii) State's share in Union taxes and duties	2318	1637	3955 (31)	3439(31)	3729(28)	4247(30)	5077(26)
(iv) Grants-in-aid from GOI	574	946	1520 (12)	1491(13)	1862(14)	1773(12)	2431(12)
2. Misc. Capital Receipts	--	--	--	--	--	--	--
3. Total revenue and Non debt capital receipts (1+2)	7136	5703	12839	11211	13391	14289	19743
4. Recovery of Loans and Advances	(-) 6	19	13	1588	43	36	53
4A Inter-State Settlement				--			
5. Public Debt Receipts	2171	930	3101	3281	4949	9938	8849
Internal Debt (Excluding Ways & Means Advances and Overdraft)	1308	568	1876(61)	1830(56)	3169(64)	7949(80)	6968(79)
Loans and Advances from Government of India ^s	632	362	994(32)	1451(44)	1780(36)	1722(17)	1881(21)
Net Transactions under Ways and means advances and overdraft	231	-	231(7)	--	--	267(3)	--
6. Total receipts in the Consolidated fund (3+4+5)	9301	6652	15953	16080	18383	24263	28645
7. Contingency Fund receipts	7	-	7	--	--	--	1
8. Public Account receipts	9882	6638	16520	15013	20120	22285	24790
9. Total receipts of the Government (6+7+8)	19190	13290	32480	31093	38503	46548	53436
10. Revenue expenditure	8938	6047	14985 (91)	14369(87)	14560(83)	18765(87)	18026(69)
Plan	1217	1466	2683 (18)	2516(18)	3520(24)	2816(15)	3165(18)
Non-Plan	7721	4581	12302 (82)	11853(82)	11040(76)	15949(85)	14861(82)
General Services (including interest, payments)	3364	1959	5323 (36)	5049(35)	5445(37)	6574(35)	7468(41)
Social Services	3639	2197	5836 (39)	4583(32)	5284(36)	5322(28)	5672(32)
Economic Services	1585	1713	3298 (22)	4364(30)	3425(24)	6278(34)	3969(22)
Grants-in-aid and contributions	350	178	528 (3)	373(3)	406(3)	591(3)	917(5)
11. Capital Expenditure	524	586	1110 (7)	1471(9)	2455(14)	2679 (12)	4951(19)
Plan	518	587	1105(100)	1466(100)	2449(100)	2673(100)	3568(72)
Non-Plan	06	(-) 01	05	05	6	6	1383(28)
General Services	05	11	16(2)	22(1)	36 (1)	36(1)	146(3)
Social Services	38	98	136(12)	172(12)	536(22)	535(20)	432(9)
Economic Services	481	477	958(86)	1277(87)	1883(77)	2108(79)	4373(88)

-contd..

^s Includes ways and means advances from GOI.

Appendix VI (continued)

(Rupees in crore)

	2000-01			2001-02	2002-03	2003-04	2004-05
	April – October 2000 (*)	November 2000-March 2001	Total				
12. Disbursement of Loans and Advances	33	263	296(2)	599(4)	481 (3)	204(1)	3311(12)
12A Inter-State settlement	-	-		5-	-	--	--
13. Total expenditure (10+11+12)	9495	6896	16391	16444	17496	21648	26288
14. Repayment of Public Debt	271	547	818	522	1494	2275	3391
Internal Debt (excluding Ways & Means Advances and Overdraft)	51	72	123	150	153	278	1147
Net transactions under Ways and Means Advances and Overdraft	-	294	294	--	-	--	267
Loans and Advances from Government of India ^s	220	181	401	372	1341	1997	1977
15. Appropriation to Contingency Fund	-	-	--	--	-	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	9766	7443	17209	16966	18990	23923	29679
17. Contingency Fund disbursements	13	(-) 13	--	--	-	--	--
18. Public Account disbursements	9690	6146	15836	13569	19935	22439	23591
19. Total disbursements by the Government (16+17+18)	19469	13576	33045	30535	38925	46362	53270
20. Revenue Deficit /Surplus (+)	1802	344	2146	3158	1169	4476	(+)1717♥
21. Fiscal Deficit (3+4-13)	2365	1174	3539	3645	4062	7323	6492
22. Primary Deficit (21-23)	858	270	1128	1391	1560	4117	2831
Part D. Other data							
23. Interest payments (included in revenue expenditure)	1507	904	2411	2254	2502	3206	3661
24. Arrears of Revenue (percentage of Tax & non-Tax Revenue receipts)	-	-	347 (5)	204(3)	839 (11)	758 ^s (9)	34(0.28)
25. Financial assistance to local bodies etc.	224	589	813	2304	525	3324	1143
26. Ways and Means Advances/Overdraft availed (days)	70/9	95/38	165/47	117/172	103/176	200/60	127/00
27. Interest on WMA/Overdraft	6/2	2/1	8/3	11/5	11/7	13/4	4/00
28. Gross State Domestic Product (GSDP)	-		88445(@)	81286(Q)	83011(Q)	101027Q	107926 ^A
29. Outstanding debt (year-end)	-	22548	22548	26487	30340	37525	44235
30. Outstanding guarantees (year-end)	-	-	467	472	585	974	2016
31. Maximum amount guaranteed (year- end)	-	-	9673	9701	11572	12131	12507
32. Number of incomplete projects	-	-	185	180	301	453	436
33. Capital blocked in incomplete projects	-	-	4983	5589	6459	7447	9031

(Q) Quick estimates for the successor State of Madhya Pradesh.

(@) Provisional figures of GSDP for the full year (Rs.73165 crore) for the successor State of Madhya Pradesh plus pro-rata figures of that for Chhattisgarh (Rs.15280 crore) for April-October 2000.

(*) In respect of composite state of Madhya Pradesh

(\$) Revenue figure of some principal heads of revenue

^A Advance estimates

♥ Figure pertains to Revenue Surplus

Appendix VII

(Reference: paragraph 1.7.2, page 16)

Department wise figures of Misappropriation, Defalcation etc.

Sl. No.	Major Head and Name of the Department	No. of cases	Amount (in Rupees)	Category
1.	2210-Medical and Public Health Department	133	1,19,24,177.80	Defalcation
2.	2245-Natural Calamities and Assistance	2	46,83,536.05	Defalcation
3.	2051- Public Service Commission	1	23109.71	Defalcation
4.	2040- Sales Tax	1	85518.50	Defalcation
5.	2014-Administration of Justice	8	692086.01	Defalcation
6.	2054-Treasury and Accounts	10	3299026.50	Defalcation
7.	2029-Land Record and Settlements	16	602702.29	Defalcation
8.	2053-Finance and General Administration	9	348291.94	Defalcation
9.	2058-Printing and Stationary	1	66739.00	Defalcation
10.	2211-Family Welfare Department	19	710520.00	Defalcation
11.	2853-Non-Ferros Mining	03	57179.00	Defalcation
12.	2403-Anumal Husbandry Department	24	1284424.06	Defalcation
13.	2225-Welfare of SC/ST and OBC	51	2522661.51	Losses/Defalcation
14.	2030-Stamp and Registration	1	95980.00	Losses/Defalcation
15.	2055-Police	196	7151435.33	Losses/Defalcation
16.	2041-Transport	1	563756.00	Losses/Defalcation
17.	2235-Panchayat and Social Welfare	6	155254.15	Losses/Defalcation
18.	2235-Women and Child Welfare	9	451623.00	Losses/Defalcation
19.	2235-Rehabilitation Department	5	30460.49	Losses/Defalcation
20.	2401-Agriculture Department	26	1076632.88	Losses/Defalcation
21.	2402-Agriculture Department	9	194991.55	Others
22.	2851-Gramodyog	3	287287.40	Others
23.	2230-Labour	9	787647.00	Others
24.	2039-State Excise	12	480303.72	Others
25.	2408-Food and Civil Supply	2	53457.35	Others
26.	2425-Co-operative	2	111774.00	Others

Contd.

Sl. No.	Major Head and Name of the Department	No. of cases	Amount (in Rupees)	Category
27.	2202-School education Department	123	5062451.11	Defalcation
28.	2202-Higher Education Department	14	1092057.65	Defalcation
29.	2203-Technical Education Department	5	885115.00	Defalcation
30.	2205-Art and Culture Department	2	1337117.70	Defalcation
31.	2405-Fisheries Department	1	60600.00	Defalcation
32.	2501, 2505, 2515-Rural Development Department	13	734039.77	Defalcation
33.	2217-Urban Development Department	1	2000.00	Defalcation
34.	2852-Industries	1	103000.00	Defalcation
	Total	719	47016956.47	

Appendix VIII

(Reference: paragraph 1.7.2, page 16)

Department/year-wise break-up of Misappropriation, Defalcations etc.

(Amount in Rupees)

Sl. No.	Major Head	Name of Department	Upto March 2001		2001-02		2002-03		2003-04		2004-05		Grand Total	
			No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Total Amount
1.	2210	Medical & Public Health Department	133	11924177.80	--	--	--	--	--	--	--	--	133	11924177.80
2.	2245	Natural Calamities & Assistance.	2	4683536.05	--	--	--	--	--	--	--	--	2	4683536.05
3.	2051	Public Service Commission	1	23109.71	--	--	--	--	--	--	--	--	1	23109.71
4.	2040	Sales Tax	1	85518.50	--	--	--	--	--	--	--	--	1	85518.50
5.	2014	Administration of Justice	7	322536.20	1	369549.81	--	--	--	--	--	--	8	692086.01
6.	2054	Treasury and Accounts (Finance Deptt.)	10	3299026.50	--	--	--	--	--	--	--	--	10	3299026.50
7.	2029	Land Record & Settlements	16	602702.29	--	--	--	--	--	--	--	--	16	602702.29
8.	2053	Finance & General Administration	8	236791.14	--	--	--	--	1	111500.80	--	--	9	348291.94
9.	2058	Printing and Stationery	1	66739.00	--	--	--	--	--	--	--	--	1	66739.00
10.	2211	Family Welfare Department	19	710520.00	--	--	--	--	--	--	--	--	19	710520.00
11.	2853	Non-ferros mining	--	--	1	30579.00	--	--	1	23600.00	1	3000.00	3	57179.00
12.	2403	Animal Husbandry Deptt.	14	1116683.43	1	609.00	2	34616.63	--	--	7	132515.00	24	1284424.06
13.	2225	Welfare of SC/ST & OBC	51	2522661.51	--	--	--	--	--	--	--	--	51	2522661.51
14.	2030	Stamp & Registration	1	95980.00	--	--	--	--	--	--	--	--	1	95980.00
15.	2055	Police	116	4303968.83	35	1127580.00	34	1029234.50	5	403601.00	6	287051.00	196	7151435.33

Sl. No.	Major Head	Name of Department	Upto March 2001		2001-02		2002-03		2003-04		2004-05		Grand Total	
			No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Total Amount
16.	2041	Transport	1	563756.00	--	--	--	--	--	--	--	--	1	563756.00
17.	2235	Social Security and Welfare	19	506235.64	--	--	--	--	--	--	1	131102.00	20	637337.64
18.	2401	Agriculture Deptt.	17	519622.88	--	--	2	99292.00	3	266878.00	4	190840.00	26	1076632.88
19.	2402	Agriculture Deptt.	6	96103.55	1	5388.00	1	90000.00	1	3500.00	--	--	9	194991.55
20.	2851	Gramodyog	2	282287.40	--	--	--	--	1	5000.00	--	--	3	287287.40
21.	2230	Labour	5	717427.00	--	--	1	13000.00	1	43905.00	2	13315.00	9	787647.00
22.	2039	State Excise	8	441243.72	2	30431.00	2	8629.00	--	--	--	--	12	480303.72
23.	2408	Food & Civil Supply	1	52357.35	--	--	--	--	--	--	1	1100.00	2	53457.35
24.	2425	Co-operative	2	111774.00	--	--	--	--	--	--	--	--	2	111774.00
25.	2202	School Education Deptt.	109	3394706.11	3	469563.00	9	746603.00	2	451579.00	--	--	123	5062451.11
26.	2202	Higher Education Deptt.	12	1082082.65	--	--	1	6430.00	--	--	1	3545.00	14	1092057.65
27.	2203	Technical Education Deptt.	--	--	3	223651.00	--	--	2	661464.00	--	--	5	885115.00
28.	2205	Art & Culture Deptt.	1	1312117.70	--	--	--	--	--	--	1	25000.00	2	1337117.70
29.	2405	Fisheries Deptt.	--	--	--	--	--	--	1	60600.00	--	--	1	60600.00
30.	2501, 2505, 2515	Rural Development Department	11	594008.77	1	7031.00	1	133000.00	--	--	--	--	13	734039.00
31.	2217	Urban Development Department	--	--	--	--	--	--	--	--	1	2000.00	1	2000.00
32.	2852	Industries	--	--	--	--	--	--	--	--	1	103000.00	1	103000.00
		Total	574	39667673.73	48	2264381.81	53	2160805.13	18	2031627.80	26	892468.00	719	47016956.47

Appendix IX

(Reference: paragraph 1.7.3, page 16)

Write off of losses, etc.

Sl. No.	Major Head	Department	Number of cases	Amount (in Rupees)
1.	2039	State Excise	1	30000.00
2.	2055	Police	27	463290.00
3.	2202	School Education	18	132226.08
4.	2202	Higher Education	8	185395.94
5.	2230	Labour	2	119474.76
6.	2235	Panchayat and Social Welfare	1	8412.70
7.	2401	Agriculture	1	3241.00
8.	2403	Animal Husbandry	3	10166.95
9.	2405	Fisheries	1	2723.09
10.	2408	Food and Civil Supply	1	6062.50
11.	2501, 2505, 2515	Rural Development	2	187442.00
12.	2851	Gramodyog	3	67400.00
13.	2853	Mining	2	29344.00
		TOTAL	70	1245179.67

Appendix – X
(Reference: paragraph 1.8.3, page 17)

**Financial position of Statutory Corporation/Government Companies as on 12.08.2005 running in loss
at the end of March 31st of the financial year 2004-05**

Sl. No.	Name of the Company/ Corporation	Amount invested (paid-up-capital) at the end of the year				Accumulated loss (-) at the end of 31 st March of the year.	Years up to which accounts furnished.
		State	Central	Others	Total		
(Rupees in lakh)							
1.	2.	3.	4.	5.	6.	7.	8.
A	Companies						
1.	M.P State Agro Industries Development Corporation Limited, Bhopal	209.50	120.00	-	329.50	(-)32.15	2001-02
2.	M.P.Hastshilp Evam Hath Karga Vikas Nigam Limited, Bhopal	1.70	52.00	72.46	126.16	(-)208.63	2000-01
3.	M.P.Police Housing Corporation Limited, Bhopal	600.00	--	--	600.00	(-)94.68	2002-03
4.	M.P.Audyogik Kendra Vikas Nigam(Rewa) Limited, Rewa	--	--	80.00	80.00	(-)498.68	2002-03
5.	M.P.State Industrial Development Corporation Limited, Bhopal	8109.18	--	--	8109.18	(-)64867.91	2003-04
B	Defunct Companies						
6.	M.P.Lift irrigation Corporation Limited, Bhopal	592.29	--	--	592.29	(-)629.73	1992-93
7.	Optel Telecommunication Limited, Raisen.	--	--	1500.00 896.71 (Private share holder)	2396.71	(-)6480.94	2002-03
8.	M.P. State Industries Corporation Limited, Bhopal	1511.67	--	--	1511.67	(-)4883.39	2002-03
9.	M.P.State Textiles Corporation Limited, Bhopal	685.95	--	--	685.95	(-)10021.06	2003-04

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10.	M.P.Rajya Setu Nirman Nigam Limited, Bhopal	500.00	--	--	500.00	(-)205.04	1989-90
C.	619-B						
11.	M.P.Vidyut Yantra Nigam Limited, Bhopal	126.00	24.00	--	150.00	(-)378.00	1989-90
D.	Statutory Corporation						
12.	M.P.State Electricity Board	16961.71	--	--	16961.71	(-)236139.10	2003-04
13.	M.P. Road Transport Corporation	14140.34	4096.38	--	18236.72	(-)73589.50	2003-04
14.	M.P. Financial Corporation	6253.91	--	2554.45	8808.36	(-)22193.56	2004-05
	Total	49692.25	4292.38	5103.62	59088.25	(-)420222.37	

Note: 1. Latest position of uncertified accounts cannot be given by this wing as no provisional accounts are received in this wing.

Appendix XI

(Reference: paragraph 2.3.1, page 27)

Cases where expenditure fell short by more than rupees one crore and also by more than 10 per cent of the total provision

(Rupees in crore)

Sl. No.	Number and name of grant/appropriation	Total Provision	Amount of saving (percentage of provision)
(1)	(2)	(3)	(4)
	A-Revenue- Voted		
1	01- General Administration	122.89	28.52(23.2)
2	04- Other expenditure pertaining to Home Department	10.49	1.96(18.7)
3	06- Finance	1591.92	208.45(13.1)
4	07- Commercial Tax	358.65	59.93(16.7)
5	08- Land Revenue and District Administration	351.41	54.41(15.5)
6	11- Commerce and Industry	45.93	7.06(15.4)
7	13- Agriculture	329.16	56.44(17.1)
8	15- Financial assistance to Three Tier Panchayti Raj Institutions under Special Component Plan for Schedule Castes	265.35	36.73(13.8)
9	16- Fisheries	12.27	1.64(13.4)
10	17- Co-operation	46.43	10.74(23.1)
11	19- Public Health and Family Welfare	618.06	91.44(14.8)
12	21- Housing and Environment	44.19	11.63(26.3)
13	22- Urban Administration and Development - Urban Bodies	4.13	1.24(30.0)
14	25- Mineral Resources	10.40	2.59(24.9)
15	26- Culture	18.17	1.83(10.1)
16	28- State Legislature	23.03	2.93(12.7)
17	29- Law and Legislative Affairs	223.28	79.24(35.5)
18	31- Planning, Economics and Statistics	25.97	8.78(33.8)
19	36- Transport	28.48	16.60(58.3)
20	40- Expenditure pertaining to Water Resources Department- Command Area Development	2.29	1.26(55.0)
21	41- Tribal Areas Sub-Plan	595.27	73.03(12.3)
22	44- Higher Education	332.19	37.38(11.3)
23	45- Minor Irrigation Works	52.91	10.83(20.5)
24	48- Narmada Valley Development	11.04	7.03(63.7)
25	49- Scheduled Caste Welfare	43.03	5.18(12.0)
26	51- Religious Trusts and Endowments	9.81	2.08(21.2)
27	52- Externally Aided Projects, pertaining to Agriculture Department	6.18	1.30(21.0)
28	53- Financial Assistance to Urban Bodies under Special Component Plan for Scheduled Castes	13.26	2.94(22.2)
29	55- Women and Child Development	333.24	102.36(30.7)
30	58- Expenditure on relief on Account of Natural Calamities and Scarcity	241.70	139.95(57.9)
31	61- Externally Aided Projects pertaining to Public Health and Family Welfare	24.67	13.96(56.6)
32	64- Special Component Plan for Scheduled Castes	366.46	82.96(22.6)
33	68- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Panchayat	55.91	8.12(14.5)
34	71- Biodiversity and Biotechnology	2.20	1.39(63.2)
35	72- Gas Tragedy Relief and Rehabilitation	28.28	5.73(20.3)
36	74- Externally Aided Projects pertaining to Finance Department	5.00	5.00(100)
37	78- NABARD Aided Projects pertaining to Narmada Valley Development	5.85	5.85(100)
38	83- Financial assistance to Tribal Area Sub-Plan- Urban Bodies	8.83	1.78(20.2)

(1)	(2)	(3)	(4)
39	87- Externally Aided Projects pertaining to Technical Education and Training Department	3.34	1.55(46.4)
40	88- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Judicial	4.61	2.55(55.3)
41	93- Expenditure pertaining to Accelerated Energy Development	74.07	69.07(93.2)
42	95- Other Expenditure pertaining to School Education Department (excluding Primary Education)	440.33	79.07(18.0)
	Total (A)	6790.68	1342.53
	B-Revenue- charged		
43	01- General Administration	7.12	1.24(17.4)
44	06- Finance	2.65	2.18(82.3)
45	08- Land Revenue and District Administration	1.19	1.00(84.0)
	Total (B)	10.96	4.42
	C-Capital Voted		
46	07- Commercial Tax	1.51	1.23(81.5)
47	11- Commerce and Industry	8.56	1.80(21.0)
48	14- Animal Husbandry	4.83	4.83(100)
49	17- Co-operation	40.22	18.30(45.5)
50	20- Public Health Engineering	114.30	19.72(17.3)
51	21- Housing and Environment	59.77	15.00(25.1)
52	23- Water Resources Department	671.34	84.05(12.5)
53	24- Public Works- Roads and Bridges	443.35	70.41(15.9)
54	27- School Education (Primary Education)	10.06	3.69(36.7)
55	36- Transport	14.00	4.90(35.0)
56	37- Tourism	13.03	6.26(48.0)
57	39- Food, Civil Supplies and Consumer Protection	26.92	16.38(60.8)
58	41- Tribal Areas Sub-Plan	742.30	150.73(20.3)
59	42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges	103.00	48.75(47.3)
60	45- Minor Irrigation Works	38.23	20.02(52.4)
61	55- Women and Child Development	24.59	11.46(46.6)
62	57- Externally Aided Projects pertaining to Water Resources Department	91.90	16.00(17.4)
63	64- Special Component Plan for Scheduled Castes	237.92	83.57(35.1)
64	67- Public Works- Buildings	69.74	32.14(46.1)
65	75- NABARD Aided Projects pertaining to Water Resources Department	160.50	28.80(17.9)
66	76- NABARD and Externally Aided Projects pertaining to Public Works Department	242.01	150.37(62.1)
67	85- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Police	6.62	3.91(59.1)
68	87- Externally Aided Projects pertaining to Technical Education and Training Department	6.65	3.24(48.7)
69	93- Expenditure pertaining to Accelerated Energy Development	74.07	69.07(93.2)
70	94- Expenditure pertaining to Simhasth Mela, 2004	45.00	14.36(31.9)
	Total- (C)	3250.42	878.99
	<i>D- Capital- Charged</i>		
71	-- Public Debt	11641.25	6015.13(51.7)
	Total-(D)	11641.25	6015.13
	Grand Total (A+B+C+D)	21693.31	8241.07(38)

Appendix XII

(Reference : paragraph 2.3.1, page 27)

Cases where entire budget provision under Central schemes remained unutilized

(Rupees in crore)

Sl. No.	Number and name of grant	Head of account	Budget provision not utilized
(1)	(2)	(3)	(4)
	A-- Centrally Sponsored Schemes		
1	20- Public Health Engineering	2215-01-102-0701-8219-Establishment of Computer	1.49
2	20- Public Health Engineering	4215-01-800-0701-693-Tools and Plant	1.18
3	24- Public Works- Roads and Bridges	5054-03-337-0701-4336-Construction of Roads in States- State Highways	54.18
4	24- Public Works- Roads and Bridges	5054-04-337-0701-6651-Construction of Railway Over Bridge	2.60
5	41- Tribal Areas sub-plan	25-Tribal Welfare Department-4225-02-796-800-0702-6521- Tribal Museum Building	1.91
6	43- Sports and youth Welfare	2204-103-0701-8841-Development of Basic Facilities- Stadium etc.	1.28
7	48- Narmada Valley Development	2405-109-0701-3313-Fishries Extension	1.51
8	48- Narmada Valley Development	4701-80-800-0701-7434- Water line transport arrangement in ponds of Narmada river	1.00
9	64- Special Component Plan for Scheduled Castes	55-Scheduled Caste Welfare Department-4225-01-789-277-0703-5220-College Hostels	1.72
10	81- Financial assistance to Urban Bodies	2215-01-192-0701-7885-Revised Urban Water Supply Scheme	1.00
11	95- Other Expenditure pertaining to School Education Department (excluding Primary Education)	2202-02-109-0701-4196-Computer arrangement in Government Higher Secondary Schools under Class Project	13.00
		Total-A	80.87
	B- Central Sector Schemes.		
12	11- Commerce and Industry	2852-80-800-0801-705-Development and Construction Work in Industrial Area/Institutes	2.70
13	18- Labour	2230-01-101-0801-5019-Housing Scheme for Hammals Working in Mandies	1.05
14	19- Public Health and Family Welfare	2210-06-800-0801-1801-Cost of Material and Decoration under TCA Programme	10.17
15	19- Public Health and Family Welfare	2211-800-0801-2498-Supply of Conventional Contraceptives	10.00
16	19- Public Health and Family Welfare	2211-800-0801-6106-Universal Immunization	15.00
17	27- School Education (Primary Education)	2202-01-102-0801-6344-Modernisation of Madarsa	6.41
18	55- Women and Child Development	2235-02-103-0801-8687-Balika Samriddhi Yojna	6.00
19	55- Women and Child Development	2236-02-101-0801-7098-National Supplementary Nutrition Mission	2.95
		Total - (B)	54.28
		Grand Total (A+B)	135.15

Appendix XIII

(Reference : paragraph 2.3.1, page 27)

Cases involving substantial excesses under the schemes

(Rupees in crore)

Sl. No.	Number and name of Grant/ appropriation	Name of scheme	Amount of excess	Percentage of excess
1	2	3	4	5
	A-Revenue Voted			
1	08- Land Revenue and District Administration	2029-102-2503-Survey, Settlement and Land Record Operations	6.79	135
2	23- Water Resources Department	2701-80-799-0101-1051-Stock	8.24	164.8
3	41- Tribal Areas Sub-Plan	25-Tribal Welfare Department-2225-02-796-800-0102-8011- Incentive to students passed in Civil Services Examination	5.00	Token Provision
4	44- Higher Education	2202-03-104-0101-7043-Grant to Public Participation Committees for filling up vacant posts in Colleges on honorarium basis	5.40	5403.9
5	58- Expenditure on relief on Account of Natural Calamities and Scarcity	2245-01-101-7102-Implementation of Relief Works through Tehsildars	9.59	570.4
6	58- Expenditure on relief on Account of Natural Calamities and Scarcity	2245-02-101-2018-Cash Doles	24.61	447.4
7	58- Expenditure on relief on Account of Natural Calamities and Scarcity	2245-80-800-8030-Grant for Re-establishment and other works	10.02	167.8
8	64- Special Component Plan for Scheduled Castes	55-Scheduled Caste Welfare Department-2225-01-789-800-0103-4722- Development of Scheduled Caste Colonies	5.88	117.6
9	67- Public Works-Building	2059-80-799-1051-Stock	8.76	109.5
10	67- Public Works-Building	2216-80-001-2300-Direction and Administration (Prorata share of establishment charges transferred from Grant No. 67-major Head 2059-Public Works)	11.49	18738.7
		Total-(A)	95.78	
	B-Revenue- Charged			
11	- Interest Payments and Servicing of Debt	2049-01-101-6767- 5.85% M.P. State Development Loan, 2015	40.36	313.6
12	- Interest Payments and Servicing of Debt	2049-60-701-4192- Government Employees Group Insurance Scheme (Interest on Insurance Fund)	30.75	332.5
13	- Interest Payments and Servicing of Debt	2049-60-701-4209-Interest on Government servants Family Benefit (Welfare) Fund	35.31	149
		Total (B)	106.42	

1	2	3	4	5
	(C) Capital Voted-			
14	19- Public Health and Family Welfare	4210-02-103-0101-4143- Construction of Primary Health Center for Basic Services	8.74	181.9
15	24- Public Works- Roads and Bridges	5054-03-337-0101-4336- Construction of Roads in States- State Highways	41.69	416.9
16	41- Tribal Areas Sub-Plan	25- Tribal Welfare Department- 4202-04-796-106-0802-8846- Upgradation and Development of Archaeological Museums (Article 275(1))	5.92	591530
17	41- Tribal Areas Sub-Plan	25- Tribal Welfare Department- 4225-02-796-277-0802-8848- Construction of Higher Secondary School/High School Buildings (Article 275(1))	6.53	652970
18	59- Externally Aided Projects pertaining to Rural Development Department	4515-800-1201-5853- DPIP-Schemes	47.00	Provision -NIL
		Total (C)	109.88	
		Grand Total (A+B+C)	312.08	

Appendix XIV

(Reference: paragraph 2.3.1, page 27)

Cases involving substantial savings under the schemes

(Rupees in crore)

Sl. No.	Number and name of Grant/ Appropriation	Name of scheme	Amount of savings	Percentage of savings
(1)	(2)	(3)	(4)	(5)
	A-Revenue- Voted			
1	3- Police	<i>2070-107-7867- Modernisation of Nagar Sena</i>	5.30	100
2	6- Finance	<i>2070-800-6409-Lumpsum provision for voluntary retirement</i>	10.00	100
3	6- Finance	<i>2070-800-7738-Relief on Pension</i>	62.40	100
4	6- Finance	<i>2071-01-102-9998- For Successor state of Madhya Pradesh</i>	24.35	93.6
5	6- Finance	<i>2071-01-102-9999- For Combined State of Madhya Pradesh</i>	95.68	95.7
6	19- Public Health and Family Welfare	<i>2210-06-800-0801-1801-Cost of Material and Decoration under T.C.A. Programme</i>	10.17	100
7	19- Public Health and Family Welfare	2221-800-0801-2498-Supply of Conventional Contraceptives	10.00	100
8	19- Public Health and Family Welfare	2211-800-0801-6106- Universal Immunization	15.00	100
9	19- Public Health and Family Welfare	3606-237-0101-2498-Supply of Conventional Contraceptives	10.00	100
10	19- Public Health and Family Welfare	3606-237-0101-4245-Malaria	10.00	100
11	19- Public Health and Family Welfare	3606-237-0101-6106-Universal Immunization	15.00	100
12	20- Public Health Engineering	2215-01-799-001-Stock	6.60	82.5
13	23- Water Resources Department	2701-80-001-0101-3556-Headquarter Establishment Unit-I	7.26	100
14	27- School Education (Primary Education)	2202-01-001-3491- Middle Schools	15.43	100
15	27- School Education (Primary Education)	2202-01-101-0101-7419-Grant to Rajiv Gandhi Mission for National Programme of Elementary Education of Girls (NPEGEL)	8.77	100
16	27- School Education 9Primary Education)	2202-01-102-0801-6344-Modernisation of Madarsa	6.41	100
17	36- Transport	2041-001-7638-Smart Card Scheme	12.75	100
18	41- Tribal Areas sub-plan	25-Tribal welfare Department-2225-02-794-0602-5313-Local Development Programme in Tribal Region	6.14	97.4
19	55- Women and Child Development	2235-02-103-0801-8687-Balika Samridhhi Yojana	6.00	100

(1)	(2)	(3)	(4)	(5)
20	55- Women and Child Development	2236-02-101-0801-8743- Prime Minister Gramodaya Yojana	49.38	82.3
21	58- Expenditure on relief on Account of Natural Calamities and Scarcity.	2245-01-101-8874-Additional Provision for Drought Relief and Employment	80.80	89.8
22	58- Expenditure on relief on Account of Natural Calamities and Scarcity.	2245-05-101-475-Transfer to Reserve Funds and Deposit Accounts- Natural Calamities Unspent Margin Money Fund- Famine Relief Fund	76.13	100
23	64- Special Component Plan for Scheduled Castes	55-Scheduled Cast Welfare Department- 2225-01-789-277-0803-5204- Upgradation in Merit of Scheduled Caste/ Scheduled Tribe Students	8.75	84.8
24	68- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Panchayat	2515-101-0101-1560-Financial Assistance to local bodies for computerisation and preparation of Database	6.29	100
25	74- Externally Aided Projects pertaining to Finance Department	2052-091-0101-8451- Establishment of State Reconstruction Fund (State Revival Fund)	5.00	100
26	79- Medical Education Department	2210-05-105-4968- Medical College	5.39	95.5
27	80- Financial assistance to Three Tier Panchayati Raj Institutions	2202-01-103-8403-Grant for salary to Siksha Karmees for Basic Minimum Services	42.66	99.9
28	93- Expenditure pertaining to Accelerated Energy Development	2801-02-800-0101-8729- Assistance to M.P.State Electricity Board under Accelerated Energy Development Programme	69.07	93.3
29	95 Other Expenditure pertaining to School Education Department (excluding Primary Education)	2202-02-105-0701-3504- Integrated Education Schemes for Disable Children (I.E.D.)	38.98	91.2
30	95- Other Expenditure pertaining to School Education Department (excluding Primary Education)	2202-02-109-0701-4196- Computer arrangement in Government Higher Secondary Schools under Class Project	13.00	100
		Total (A)	732.71	
	B- Revenue Charged			
31	-- Interest Payments and Servicing of Debt	2049-01-101-7887- 5.85% M.P.State Development Loan 2017	46.80	100
		Total - (B)	46.80	
	C-Capital- Voted			
32	06- Finance	6075-800-6788-Provision for settlement of S.L.R. Bonds issued by Government undertakings and subordinate institutions	5.00	100
33	12- Energy	6801-800-0101-2967-Other Loans to Electricity Boards	12.51	100

(1)	(2)	(3)	(4)	(5)
34	17- Co-operation	4425-107-0101-2759-Investment in the share capital of Primary Land Development Banks	15.05	312.4*
35	23- Water Resources Department	4701-01-215-0101-2884-Canal and Appurtenant Works	6.49	86.6
36	23- Water Resources Department	4701-03-800-0101-2304-Direction and Administration	22.01	100
37	24- Public Works- Roads and Bridges	5054-03-337-0701-4336-Construction of roads in State-State Highways	54.18	100
38	41- Tribal Areas Sub-Plan	25- Tribal Welfare Department-4225-02-796-102-0802-7881-Miscellaneous Development Work in Tribal Sub-Plan Area [Article-275 (I)]	43.25	89.1
39	41- Tribal Areas Sub-Plan	27-Narmada Vally Development Department-4701-01-796-235-0102-9091-Onkareshwar Project	47.01	92.1
40	45- Minor Irrigation Works	4702-800-0101-2304-Direction and Administration	19.40	100
41	57- Externally Aided Projects pertaining to Water Resources Department	4701-01-249-1201-7049- Water Sector Restrictor	9.38	93.9
42	75- NABARD Aided Projects pertaining to Water Resources Department	4702-101-0101-2304- Direction and Administration	9.30	100
43	76- NABARD and Externally Aided Projects pertaining to Public Works Department	5054-03-337-1201-7085-Roads Construction Work (A.D.B.)	119.78	97.4
44	78- NABARD Aided Projects pertaining to Narmada Vally Development	4801-01-203-0101-6401-Indira Sagar Canal- Bed Power House	8.04	98.2
45	93- Expenditure pertaining to Accelerated Energy Development	6801-800-0101-8729-Assistance to M.P. State Electricity Board under Accelerated Energy Development Programme	69.07	93.3
		Total (C)	440.47	
	<i>D-Capital- Charged</i>			
46	--Public Debt	6003-110-779-Advance to meet short fall	2500.00	100
		Total (D)	2500.00	
		Grand Total (A+B+C+D)	3719.98	

*Due to minus expenditure.

Appendix XV

(Reference : Paragraph 2.3.2, page 27)

Cases of persistent savings

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Amount of saving (percentage of saving in brackets)		
		2002-03	2003-04	2004-05
(1)	(2)	(3)	(4)	(5)
A-Revenue Voted				
1.	17- Co-operation	14.19(29)	16.90(34.3)	10.74(23.1)
2	25- Mineral Resources	1.79(20.8)	2.80(29)	2.59(24.9)
3	29- Law and Legislative Affairs	48.64(33.4)	60.11(32.3)	79.24(35.5)
4	40- Expenditure pertaining to Water Resources Department- Command Area Development	3.56(69)	3.51(69)	1.26(55.1)
5	48- Narmada Valley Development	3.81(45.7)	3.97(43.1)	7.03(63.7)
6	51- Religious Trusts and Endowments	1.12(20.7)	2.10(20.8)	2.08(21.2)
7	52- Externally Aided Projects, pertaining to Agriculture Department	1.93(37.1)	1.29(24.7)	1.30(21.0)
8	55- Women and Child Development	69.99(23.8)	89.74(27.9)	102.36(30.7)
9	64- Special Component Plan for Scheduled Castes	70.55(22)	118.07(29.4)	82.96(22.6)
10	72- Gas Tragedy Relief and Rehabilitation	16.51(45.2)	18.32(47.1)	5.73(20.3)
11	74- Externally Aided Projects pertaining to Finance Department	56.72(37.8)	22.17(100)	5.00(100)
12	88- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Judicial	3.05(64.1)	3.18(65.8)	2.55(55.3)
13	93- Expenditure pertaining to Accelerated Energy Development	48.24(77.6)	28.98(55.2)	69.07(93.3)
B- Capital Voted				
14	07- Commercial Tax	4.30(23.6)	6.38(62.9)	1.23(81.5)
15	11- Commerce and Industry	3.80(23.6)	12.00(68.2)	1.80(21)
16	17- Co-operation	22.63(56.5)	53.53(48.3)	18.30(45.5)
17	27- School Education (Primary Education)	7.68(47.4)	14.13(100)	3.69 (36.7)
18	39- Food, Civil Supplies and Consumer Protection	6.36(20.5)	19.26(48.1)	16.38(60.8)
19	42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges	46.04(47.4)	34.85(36.1)	48.75(47.3)
20	55- Women and Child Development	1.36(87.2)	14.42(55.7)	11.46(46.6)
21	64- Special Component Plan for Scheduled Castes	58.48(28.3)	39.88(21.3)	83.57(35.1)
22	67- Public Works- Building	37.95(68.6)	29.94(54.6)	32.14(46.1)
23	85- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Police	1.78(52.7)	3.96(41.7)	3.91(59.2)
24	93- Expenditure pertaining to Accelerated Energy Development	48.24(77.6)	28.98(55.2)	69.07(93.3)

Appendix XVI

(Reference: paragraph 2.3.5, page 29)

Cases where supplementary provision proved unnecessary

(Rupees in crore)

Sl. No.	Number and name of grant/ appropriation	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue- Voted				
1.	01- General Administration	119.41	3.48	94.36	28.53
2.	03- Police	1029.97	22.69	970.28	82.38
3.	04- Other expenditure pertaining to Home Department	10.14	0.35	8.53	1.96
4.	07- Commercial Tax	347.74	10.91	298.72	59.93
5.	08- Land Revenue and District Administration	351.34	0.08	297.01	54.41
6.	09- Expenditure pertaining to Revenue Department	23.03	0.79	21.93	1.89
7.	11- Commerce and Industry	44.10	1.82	38.86	7.06
8.	13- Agriculture	287.57	41.59	272.72	56.44
9.	14- Animal Husbandry	157.67	1.80	147.89	11.58
10.	15- Financial assistance to Three Tier Panchayti Raj Institutions under Special Component Plan for Scheduled Castes	252.85	12.50	228.62	36.73
11.	17- Co-operation	45.87	0.56	35.69	10.74
12.	19- Public Health and Family Welfare	616.56	1.50	526.63	91.43
13.	20- Public Health Engineering	245.06	16.04	240.43	20.67
14.	26- Culture	17.59	0.57	16.33	1.83
15.	28- State Legislature	22.90	0.13	20.10	2.93
16.	29- Law and Legislative Affairs	222.79	0.49	144.04	79.24
17.	32- Public Relations	39.96	1.46	39.79	1.63
18.	33- Tribal Welfare	444.90	2.24	425.89	21.25
19.	34- Social Welfare	22.02	0.37	21.45	0.94
20.	37- Tourism	4.94	0.03	4.45	
21.	39- Food, Civil Supplies and Consumer Protection	75.68	1.13	71.38	5.43
22.	41- Tribal Areas Sub-plan	570.25	25.01	522.23	73.03
23.	44- Higher Education	332.03	0.16	294.81	37.38
24.	46- Science and Technology	3.09	0.06	3.03	0.12
25.	47- Technical Education and Training	111.94	0.13	103.10	8.97
26.	48- Narmada Valley Development	10.47	0.57	4.01	7.03
27.	49- Scheduled Caste Welfare	42.11	0.92	37.85	5.18

(1)	(2)	(3)	(4)	(5)	(6)
28	55- Women and Child Development	320.91	12.33	230.89	102.35
29.	62- Panchayat	45.87	0.68	44.60	1.95
30.	63- Minority Welfare	2.27	0.09	2.04	0.32
31	64- Special Component Plan for Scheduled Castes	348.35	18.11	2 83.50	82.96
32.	66- Welfare of Backward Classes	57.68	0.19	54.85	3.02
33.	68- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Panchayat	51.54	4.37	47.80	8.11
34.	72- Gas Tragedy Relief and Rehabilitation	27.70	0.58	22.55	5.73
35	79- Medical Education Department	183.49	13.37	178.08	18.78
36	82- Financial assistance to Tribal Area Sub-Plan- Three Tier Panchayati Raj Institutions	386.99	18.55	374.65	30.89
37.	88- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Judicial	4.54	0.07	2.06	2.55
	Total (A)	6881.32	215.72	6131.15	965.89
	B- Revenue- Charged				
38	01- General Administration	6.65	0.47	5.88	1.24
39	06- Finance	1.79	0.86	0.47	2.18
40	08- Land Revenue and District Administration	1.17	0.02	0.19	1.00
41	10- Forest	13.25	0.12	13.11	0.26
42	24- Public Works- Roads and Bridges	1.00	0.21	0.63	0.58
	Total (B)	23.86	1.68	20.28	5.26
	C- Capital- Voted				
43	11- Commerce and Industry	8.46	0.10	6.76	1.80
44	17- Co-operation	35.50	4.72	21.92	18.30
45	21- Housing and Environment	53.85	5.92	44.77	15.00
46	24- Public Works- Roads and Bridges	386.57	56.78	372.94	70.41
47	36- Transport	10.00	4.00	9.10	4.90
48	42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges	95.77	7.23	54.25	48.75
49	48- Narmada Valley Development	2668.63	94.23	2489.02	273.84
50	76- NABARD and Externally Aided Projects pertaining to Public Works Department	195.21	46.80	91.64	150.37
	Total (C)	3453.99	219.78	3090.40	583.37
	Grand Total (A+B+C)	10359.17	437.18	9241.83	1554.52

Appendix XVII

(Reference: paragraph 2.3.5, page 30)

Cases where supplementary provision proved excessive

(Rupees in crore)

Sl. No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Supplemen- tary grant/ Appropriation	Actual Expen- diture	Saving
(1)	(2)	(3)	(4)	(5)	(6)
A- Revenue- Voted					
1.	02- Other Expenditure pertaining to General Administration Department	17.14	1.15	17.17	1.12
2.	10- Forest	472.82	30.77	476.34	27.25
3.	12- Energy	951.19	500.52	1438.36	13.35
4.	18-Labour	42.50	3.78	43.05	3.23
5.	21- Housing and Environment	28.16	16.03	32.56	11.63
6.	23- Water Resources Department	259.68	7.25	264.22	2.71
7.	27- School Education (Primary Education)	1212.01	240.85	1395.43	57.43
8.	30- Rural Development	71.24	137.49	203.83	4.90
9.	43- Sports and youth Welfare	7.69	2.25	9.09	0.85
10.	56- Rural Industry	20.92	9.21	27.13	3.00
11.	80- Financial Assistance to Three Tier Panchayati Raj Institutions	710.95	84.19	734.85	60.29
Total (A)		3794.30	1033.49	4642.03	185.76
B-Revenue- Charged					
12.	29- Law and Legislative Affairs	16.74	2.46	18.25	0.95
Total (B)		16.74	2.46	18.25	0.95
C-Capital- Voted					
13.	03- Police	11.55	64.51	73.85	2.21
14.	08- Land Revenue and District Administration	0.57	10.28	9.98	0.87
15.	12- Energy	2797.31	2766.36	5247.58	316.09
16.	20- Public Health Engineering	78.35	35.95	94.58	19.72
17.	23- Water Resources Department	478.	192.50	587.29	84.05
18.	41-Tribal Areas Sub-Plan	579.95	162.34	591.56	150.73
19.	57- Externally Aided Projects pertaining to Water Resources Department	71.90	20.00	75.90	16.00
20.	67- Public Works- Buildings	25.76	43.98	37.59	32.15
21.	72- Gas Tragedy Relief and Rehabilitation	0.63	0.42	0.69	0.36
22.	75- NABARD Aided Projects pertaining to Water Resources Department	130.50	30.00	131.70	28.80
23.	81- Financial Assistance to Urban Bodies	6.52	14.71	20.23	1.00
Total (C)		4181.88	3341.05	6870.95	651.98
Grand Total (A+B+C)		7992.92	4377.00	11531.23	838.69

Additional requirement :- Rs.11531.23 crore (-) Rs.7992.92 crore = Rs.3538.31 crore.

Appendix XVIII

(Reference: paragraph 2.3.5, page 30)

Cases where supplementary provision was insufficient

(Rupees in crore)

Sl. No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Actual expenditure	Final Excess
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue Voted				
1	24- Public Works-Roads and Bridges	98.24	25.00	137.01	13.77
2.	67- Public Works- Buildings	194.87	4.68	224.42	24.87
	Total (A)	293.11	29.68	361.43	38.64
	B-Capital- Voted				
3	06-Finance	18.12	23.23	43.94	2.59
4.	59- Externally Aided Projects pertaining to Rural Development Department	--	39.66	72.59	32.93
5	84-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Revenue	26.44	0.30	30.72	3.98
	Total (B)	44.56	63.19	147.25	39.50
	Grand Total (A+B)	337.67	92.87	508.68	78.14

Appendix XIX

(Reference: paragraph 2.3.7, page 30)

Injudicious/ Irregular/ Incorrect Re-appropriations/ Surrenders

(a) Some of the cases in which funds were injudiciously withdrawn by re-appropriation/ surrender, although accounts already showed excess over provision

(Rupees in crore)

Sl. No.	Description of Grant and Head of Account	Original plus supplementary provision	Actual expenditure	Excess before re-appropriation	Re-appropriation/ surrender	Final excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	20- Public Health Engineering- 2215-01-192-0701-8305-71-Urban water supply scheme	53.80	54.44	0.64	(-)1.53	2.17
2.	23- Water Resources Department- 2701-80-799-0101-1051-Stock	5.00	13.24	8.24	(-)2.38	10.62
3.	30- Rural Development- 2515-001-0101-1033-Block Development Office	33.10	34.63	1.53	(-)3.32	4.85
4	41- Tribal Areas Sub-Plan- 20-School Education Department- 2202-01-796-101-0702-8810-Sarva Shiksha (Education for all) Abhiyan	45.51	53.28	7.77	(-)6.10	13.87
5	41- Tribal Areas Sub-Plan- 25-Tribal Welfare Department- 2225-02-796-277-0802-5232-Grant to Madhya Pradesh Residential School Committee (Article 275(I))	6.00	6.80	0.80	(-)1.45	2.25

(b) Some of the cases, in which funds were withdrawn by re-appropriation/surrender, in excess of available saving, resulting in final excess of more than Rs.10 lakh

(Rupees in crore)

Sl. No.	Description of Grant and Head of Account	Original plus supplementary provision	Actual expenditure	Available saving	Re-appropriation/ surrender	Final excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	01- General Administration- 2015-101-6757-Election Expenditure of Local Bodies	40.45	26.41	14.04	(-)14.23	0.19
2.	05- Jail- 2056-101-938-Central and District Jails	61.21	57.98	3.23	(-)3.39	0.16
3.	07- Commercial Tax- 2039--001-123-Superintendence	153.11	150.18	2.93	(-)5.90	2.97
4.	07- Commercial Tax- 2040-001-0101-8808-Works related to Information Technology	1.76	0.58	1.18	(-)1.32	0.14
5	08- Land Revenue and District Administration- 2029-102-1058-Consolidation of Holdings (Chakbandi)	4.98	3.58	1.40	(-)2.63	1.23
6.	08- Land Revenue and District Administration- 2029-102-2193-Nazul Establishment	9.88	8.44	1.44	(-)1.65	0.21

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
7.	08- Land Revenue and District Administration- 2029-102-2833-Office of Forecast Officers and Settlement Officers	23.59	17.16	6.43	(-)8.58	2.15
8.	10- Forest- 2406-01-102-0101-6699-Expenditure from Forest Development Cess Fund	12.77	8.36	4.41	(-)4.64	0.23
9.	15- Financial assistance to Three Tier Panchayti Raj Institutions under Special Component Plan for Scheduled Castes- 34-Public Health Engineering- 2215-01-789-107-0703-5206-Rural Cleanliness Programme	12.30	4.93	7.37	(-)8.25	0.88
10.	15- Financial assistance to Three Tier Panchayti Raj Institutions under Special Component Plan for Schedule Castes- 58-Rural Development Department- 2505-01-789-702-0703-9376-National Programme Rural Fully Rural Employment Scheme	42.83	37.00	5.83	(-)6.40	0.57
11.	17- Co-operation- 2425-001-0101-123-Superintendence	14.91	12.73	2.18	(-)2.85	0.67
12.	18- Labour- 2230-01-103-0701-8352-Construction of Houses for Bidi Laborers in State	1.39	0.36	1.03	(-)1.39	0.36
13.	20- Public Health Engineering- 2215-02-107-0701-6263-Rural Sewerage Scheme (Complete Cleanliness Expedition)	10.62	8.57	2.05	(-)5.98	3.93
14.	20- Public Health Engineering- 4215-01-800-0701-9938-Recharging of underground water resources	4.00	2.4	1.59	(-)2.00	0.41
15.	21- Housing and Environment- 2217-01-001-0701-1409-Integrated Development Scheme for Small and Medium Towns	22.83	12.9	9.93	(-)12.34	2.41
16.	23- Water Resources Department- 4711-01-800-0101-6359-Swam Rekha Flood Control Scheme Phase-II	7.84	4.	3.67	(-)3.84	0.17
17.	24- Public Works- Roads and Bridges- 5054-03-101-0101-6651-Construction of Railway Over Bridge	5.51	3.60	1.91	(-)4.51	2.60
18.	24- Public Works- Roads and Bridges- 5054-03-337-0101-948-Central Road Fund	60.00	44.23	15.77	(-)17.65	1.88
19.	24- Public Works- Roads and Bridges- 5054-04-800-0101-7087-Upgradation, Bitumenisation and Renovation	100.00	74.28	25.72	(-)27.30	1.58
20.	24- Public Works- Roads and Bridges- 5054-05-337-0701-6331-Construction of Roads of Inter State Economic Importance	7.50	3.90	3.60	(-)4.19	0.59
21.	29- Law and Legislative Affaires- 2014-105-4497- General Establishment	96.77	90.38	6.39	(-)6.97	0.58
22.	30- Rural Development- 2515-800-0101-1208-Rural Engineering Service	31.58	30.05	1.53	(-)15.90	14.37
23.	41- Tribal Areas Sub-Plan- 50-Women and Child Development Department- 2236-02-796-101-0102-414-Special Nutrition Programmes in Tribal Areas	28.32	24.96	3.36	(-)3.60	0.24
24.	41- Tribal Areas Sub-Plan- 34-Public Health Engineering- 4215-01-796-800-0702-9938- Recharging Ground Water Sources	2.00	1.32	0.68	(-)1.00	0.32
25.	42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges- 5054-04-796-800-0102-2457-Minimum Needs Programme (Including Rural Roads)	13.97	7.56	6.41	(-)6.77	0.36

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
26	42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges- 5054-04-796-800-0102-3539-Main District Roads	2.46	0.63	1.83	(-)2.46	0.63
27	42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges- 5054-04-796-800-0102-7563-Bitumenisation of WBM Roads (NABARD)	3.04	1.88	1.16	(-)2.95	1.79
28	48- Narmada Valley Development- 4701-01-233-0101-2884-Canal and Appurtenant Works	224.41	151.71	72.70	(-)76.39	3.69
29	55- Women and Child Development- 2235-02-102-0801-5354-Integrated Service Scheme (Under Externally Aided Scheme)	94.68	75.52	19.16	(-)20.77	1.61
30	55- Women and Child Development- 2236-02-101-0101-9050-Minimum Needs Programme- Special Nutrition Programme	60.21	51.41	8.80	(-)9.65	0.85
31	64- Special Component Plan for Scheduled Castes- 19-Public Works Department- 5054-04-789-800-0103-9002-Construction of Roads in Scheduled Caste Majority Areas	13.12	3.29	9.83	(-)10.17	0.34
32	75- NABARD Aided Projects pertaining to Water Resources Department- 4701-01-207-0101-974-Kolar Project	2.50	1.51	0.99	(-)1.55	0.56
33	76- NABARD and Externally Aided Projects pertaining to Public Works Department- 5054-04-800-0101-6590-Construction of Roads under Nabard Loan Assistance	82.71	68.30	14.41	(-)50.04	35.63
34	76- NABARD and Externally Aided Projects pertaining to Public Works Department- 5054-04-800-0101-6657-Bitumenisation of district. WBM Roads under Nabard Loan Assistance	1.00	0.45	0.55	(-)1.00	0.45
35	80- Financial assistance to Three Tier Panchayati Raj Institutions- 2501-01-101-0701-8701-Swam Jayanti Gram Swarojgar Yojna	18.83	13.25	5.58	(-)5.91	0.33
36	80- Financial assistance to Three Tier Panchayati Raj Institutions- 2501-02-800-0701-2725-Training	3.36	2.54	0.82	(-)1.04	0.22
37	80- Financial assistance to Three Tier Panchayati Raj Institutions- 2501-02-800-0701-9465-water Collection Community Organisation	3.36	2.58	0.78	(-)1.04	0.26
38	82- Financial assistance to Tribal Area Sub-Plan-Three Tier Panchayati Raj Institutions- 34-public Health Engineering- 2215-02-796-107-0702-5206-Rural Cleanliness Programme	9.50	3.31	6.19	(-)6.45	0.26

(c) Unnecessary augmentation of funds, despite available saving.

(Rupees in crore)

Sl. No.	Description of Grant and Head of account	Original plus supplementary provision	Actual expenditure	Available Saving	Re-appropriation	Final Saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	08- Land Revenue and District Administration- 2053-093-1509-District Establishment	53.15	46.69	6.46	(+)1.25	7.71
2	19- Public Health and Family Welfare- 4210-02-103-0101-7871-Construction of Primary Health Center and Community Health Center for Basic Services	8.00	5.28	2.72	(+)2.45	5.17
3	23- Water Resources Department- 2701-01-201-2894-Barrage and Canals	14.30	10.35	3.95	(+)1.33	5.28
4	48- Narmada Valley Development- 4701-01-241-0101-9000-Rani Awanti Bai Sagar Project Jabalpur, Unit_II	0.50	-Nil-	0.50	(+)2.50	3.00

(d) Funds augmented by re-appropriation, more than the amount required to cover the excess.

(Rupees in crore)

Sl. No.	Description of Grant and Head of account	Original plus supplementary provision	Actual expenditure	Excess before re-appropriation	Re-appropriation	Final saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	11- Commerce and Industry- 2230-02-101-7878-Din Dayal self Employment Scheme	0.01	2.53	2.52	(+)5.82	3.30
2	41- Tribal Areas Sub-Plan- 25-Tribal Welfare Department- 2225-02-796-800-0102-8011-Incentive to students passed in Civil Services Examination	-Token-	5.00	5.00	(+)5.88	0.88
3	41- Tribal Areas Sub-Plan- 27-Narmada Vally Development Department- 4701-03-796-201-0102-5223-Man Project (NABARD)	2.40	5.38	2.98	(+)4.24	1.26
4	44- Higher Education- 2202-03-104-0101-7043-Grant to Public Participation Committees for filling up vacant posts in Colleges on honorarium basis	0.10	5.50	5.40	(+)8.00	2.60
5	48- Narmada Valley Development- 4701-01-241-0101-2428-Executive Establishment Unit I and II	9.44	10.47	1.03	(+)1.21	0.18
6	82- Financial assistance to Tribal Area Sub-Plan- Three Tier Panchayati Raj Institutions- 25-scheduled Tribe Welfare Department- 2225-02-796-277-0102-1392-Scholarship and Stipends	7.89	12.25	4.36	(+)5.08	0.72
7	82- Financial assistance to Tribal Area Sub-Plan- Three Tier Panchayati Raj Institutions- 25-scheduled Tribe Welfare Department-2225-02-796-277-0102-8805-Scholarship to Girls up to Primary Level	10.78	13.01	2.23	(+)2.62	0.39

Appendix XX

(Reference : Paragraph 2.3.8 (a), page 30)

Non-surrender of significant savings (Rs. 5 crore and above)

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Total available saving	Amount not surrendered (percentage to total saving in brackets)
(1)	(2)	(3)	(4)
	A - Revenue- Voted		
1.	01- General Administration	28.52	5.67(19.9)
2.	03- Police	82.38	73.85(89.7)
3.	06- Finance	208.45	199.09(95.5)
4	07- Commercial Tax	59.93	13.12(21.9)
5	08- Land Revenue and District Administration	54.41	16.76(30.8)
6.	10- Forest	27.25	10.15(37.3)
7.	11- Commerce and Industry	7.06	6.93(98.2)
8.	13- Agriculture	56.44	54.40(96.4)
9	15- Financial assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Schedule Castes	36.73	10.70(29.1)
10	19- Public Health and Family Welfare	91.44	91.01(99.5)
11	20- Public Health Engineering	20.67	11.59(56.1)
12.	27- School Education (Primary Education)	57.43	9.71(16.9)
13	29- Law and Legislative Affairs	79.24	25.81(32.6)
14	31- Planning, Economics and Statistics	8.78	8.78(100)
15	33- Tribal Welfare	21.25	20.40(96)
16.	36- Transport	16.60	16.60(100)
17.	41- Tribal Areas Sub-Plan	73.03	14.27(19.5)
18.	44- Higher Education	37.38	34.95(93.5)
19.	58- Expenditure on relief on Account of Natural Calamities and Scarcity	139.95	139.95(100)
20.	61- Externally Aided Projects pertaining to Public Health and Family Welfare	13.96	13.96(100)
21	64- Special Component Plan for Scheduled Castes	82.96	35.81(43.2)
22	68- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Panchayat	8.12	8.12(100)
23.	79- Medical Education Department	18.78	18.78(100)
24.	80- Financial assistance to Three Tier Panchayati Raj Institutions	60.29	38.26(63.5)
25.	81- Financial assistance to Urban Bodies	64.33	57.52(89.4)
26.	93 Expenditure pertaining to Accelerated Energy Development	69.07	47.83(69.2)
27	95- Other Expenditure pertaining to School Education Department (excluding Primary Education)	79.07	19.29(24.4)
	Total (A)	1503.52	1003.31
	B- Revenue- Charged		
28	-- Interest Payments and Servicing of Debt	32.26	32.26(100)
	Total (B)	32.26	32.26
	C- Capital- Voted		
29	12- Energy	316.10	10.81(3.4)
30	17- Co-operation	18.30	11.70(63.9)
31	20- Public Health Engineering	19.72	14.28(72.4)

(Rupees in crore)

(1)	(2)	(3)	(4)
32	23- Water Resources Department	84.05	44.05(52.4)
33	39- Food, Civil Supplies and Consumer Protection	16.38	16.38(100)
34	41- Tribal Areas Sub-Plan	150.73	52.02(34.5)
35	45- Minor Irrigation Works	20.02	19.92(99.5)
36	48- Narmada Valley Development	273.84	27.25(10)
37	64- Special Component Plan for Scheduled Castes	83.57	14.99(17.9)
38	67- Public Works- Building	32.14	31.69(98.6)
39	75- NABARD Aided Projects pertaining to Water Resources Department	28.80	16.47(57.2)
40	93- Expenditure pertaining to Accelerated Energy Development	69.07	47.83(69.2)
41	94- Expenditure pertaining to Sinhasth Mela, 2004	14.36	14.36(100)
	Total (C)	1127.08	321.75
	D- Capital Charged		
42	--Public Debt	6015.13	6015.13(100)
	Total (D)	6015.13	6015.13
	Grand Total (A+B+C+D)	8677.99	7372.45(85)

Appendix XXI

(Reference: Paragraph 2.3.9 page 31)

Cases of injudicious/ unrealistic surrender

(a) Cases where amount surrendered more than available saving.

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Available Saving	Amount Surrendered
A-Revenue Voted			
1	05- Jail	3.77	3.93
2	12- Energy	13.35	13.50
3	17- Co-operation	10.74	12.53
4	21- Housing and Environment	11.63	14.57
5	23- Water Resources Department	2.71	6.35
6	30- Rural Development	4.90	22.81
7	32- Public Relations	1.63	1.82
8	39- Food, Civil Supplies and Consumer Protection	5.43	5.48
9	55- Women and Child Development	102.36	104.49
10	56- Rural Industry	3.00	3.18
Total (A)		159.52	188.66
B-Revenue Charged			
11	01- General Administration	1.24	1.26
12	29- Law and Legislative Affairs	0.95	1.24
Total--(B)		2.19	2.50
C-Capital Voted			
13	24- Public Works- Roads and Bridges	70.41	79.54
14	42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges	48.75	50.81
15	73- Externally Aided Projects pertaining to Housing and Environment Department	2.40	2.46
Total (C)		121.56	132.81
D-Capital-Charged			
16	24- Public Works- Roads and Bridges	0.62	0.72
Total (D)		0.62	0.72
Grand Total (A+B+C+D)		283.89	324.69

(b) Cases where amount surrendered even after excess over provision.

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Excess over provision	Amount Surrendered
A-Revenue- Voted			
1	67- Public Works- Building	24.87	0.02
Total-(A)		24.87	0.02
B-Capital -Voted			
2	06- Finance	2.59	0.01
3	59- Externally Aided Projects pertaining to Rural Development Department	32.93	0.66
4	66- Welfare of Backward Classes	0.29	0.09
Total (B)		35.81	0.76
C- Capital- Charged			
5	45- Minor Irrigation Works	0.03	0.05
Total-(C)		0.03	0.05
Grand Total (A+B+C)		60.71	0.83

Appendix XXII

(Reference : Paragraph 2.3.10, page 31)

Expenditure incurred without budget provision

(Rupees in lakh)

Sl. No.	No. and name of Grant/Appropriation	Head of Account	Amount of expenditure
	A-Revenue- Voted		
1	21- Housing and Environment	2216-02-190-0101-4385- Housing Scheme for Economically Weaker Class of Society	10.00
2	59- Externally Aided Projects pertaining to Rural Development Department	2501-01-800-1201-7755-M.P. Rural Livelihood Project	70.00
3	59- Externally Aided Projects pertaining to Rural Development Department	2501-01-800-0101 -7755- M.P. Rural Livelihood Project	30.00
4	92- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Culture	2205-800-1301-5062- Upgradation of Museums under Eleventh Finance Commission	0.01
		Total- (A)	110.01
	B-Capital- Voted		
5	06- Finance	7610-202-5297- Loan to Other Government Servants	(-)53.96
6	06- Finance	7610-204-5274- Advance to Government Servants for purchase of personal computer	24.85
7	59- Externally Aided Projects pertaining to Rural Development Department	4515-800-1201-5853- DPIP Schemes	4700.00
8	59- Externally Aided Projects pertaining to Rural Development Department	4515-800-0101-5853- DPIP Schemes	59.20
		Total-(B)	4730.09
		Grand Total (A+B)	4840.10

Appendix XXIII

(Reference Paragraph 2.4, page 31)

Non-reconciliation of expenditure figures for 2004-05

(Rupees in crore)

Sl. No.	Head of Account	Grant Numbers	Amount of expenditure not reconciled during the year
1.	2.	3.	4.
1.	2029	08,32,41,64,	52.88
2.	2041	36	1.24
3.	2054	06,82,89,	6.84
4.	2059	01,67	149.49
5.	2202	15,27,32,41,44,64,67,80,81,91,95	592.30
6.	2215	20	56.76
7.	2235	01,02,29,41,64	3.36
8.	2402	10	0.05
9.	2406	41,64	13.08
10.	2515	15,30,32,33,41,58,62,64,67,68,80,82	453.21
11.	2853	25	0.88
12.	4853	25	0.05
13.	6202	87	0.18
Total	Major Heads -13	Grants-28	1330.32 3.9% of total expenditure

Appendix XXIV

(Reference: paragraph 2.5, page 31)

Defective sanctions for re-appropriations/ surrenders

(Rupees in crore)

Sl. No.	Number of sanctions	Grant No.	Amount	Particulars of irregularities
1	8	02, 08, 31, 36, 38, 41, 64, 79.	16.79	Sanctions were issued after close of financial year 2004-05
2	13	09, 10, 15, 41, 53,64,80, 81, 83	32.57	Delayed receipt of sanctions in Accountant General (A&E) office, i.e. after closing and finalization of Accounts.
3	8	IP, 14, 17,20,21, 51, 77, 95.	67.34	Non-availability of savings, under the Heads from which re-appropriations/ surrenders were sanctioned.
4	3	19, 58, 67.	102.90	Non-furnishing of details of schemes from which surrenders/ re-appropriations were sanctioned.
5	1	01	0.02	Funds, to the Head "Office expenses" increased by re-appropriation.
6	1	44	19.53	Non issue of separate sanction for saving and re-appropriation orders.
7	2	29	0.28	Re-appropriation from Charged to Voted.
8	1	81	18.74	Re-appropriation from Non-Plan to plan.
9	1	80	0.75	Re-appropriation from one Grant to another Grant
10	2	17, 26.	(-) 0.05	Surrender without the availability of savings.
Total	40	30	258.97	

Appendix XXV

(Reference: Paragraph 2.6, page 31)

Rush of Expenditure during March 2005

(Rupees in crore)

Sr. No.	No. and name of Grant/Appropriation	Total Provision	Expenditure up to			Total Expenditure up to March 2005	Expenditure in March 2005	Percentage of expenditure in March to total expenditure
			6/2004	9/2004	12/2004			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	12-Energy	7290.45	314.64	331.49	953.94	6961.00	4357.09	62.6
2	30- Rural Development	250.76	34.97	56.97	91.83	245.87	140.10	57.0
3	59- Externally Aided Projects pertaining to Rural Development Department	39.66	31.00	34.59	34.59	73.59	39.00	53.0
4	69- Information Technology	0.99	0.10	0.11	0.26	0.74	0.48	64.9
5	71- Biodiversity and Biotechnology	2.20	0.04	0.09	0.34	0.81	0.47	58.0
6	84- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Revenue	27.44	0.60	1.43	4.29	31.40	23.36	74.4
7	90- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Public Health & Family welfare	12.16	--	--	--	11.81	11.81	100
8	93- Expenditure pertaining to Accelerated Energy Development	148.15	--	--	--	10.00	10.00	100

Note:- The expenditure shown in column (7) of grant no. 84 and 90 includes amounts of Rs. 17.07 crore and Rs.11.81 crore respectively aggregating to Rs. 28.88 crore, which were credited to the Major Head 8443- Civil Deposit- 800- Other Deposit, on 31st March 2005.

Appendix XXVI

(Reference: Paragraph 2.7, page 32)

Substantial savings under Schemes of selected grants

(Rupees in crore)

Sl. No	Grant number and name of scheme	Saving (Percentage)		
		2004-05	2003-04	2002-03
03-Police				
1.	2055-109-194 Other Police	4.20(41.2)	5.31(53.9)	7.65(80.8)
2.	2055-115-2643 Modernisation of Police Force	62.97(51.6)	25.26(23.8)	49.18(46.4)
3.	2070-107-7867 Modernisation of Nagar Sena	5.30 (100)	--	--
12-Energy				
4.	4801-06-190-0101-222 Investment for extension of Amarkantak Thermal Power House Unit No.-5	5.00(29.4)	--	--
5.	4801-80-101-6787 Provision for settlement of Guaranteed loans	146.44(29.3)	--	--
6.	6801-800-0101-2967 Other loans to Electricity Boards	12.51(100)	512.19(83.3)	334.56 (66.6)
7.	6801-800-0101-6454 Rural Electrification Programme (M.N.P.)	8.00(50.0)	--	--
8.	6801-800-0101-8743 Prime Minister Gramodaya Yojna	5.25(50.0)	--	--
9.	6801-800-0401-2967 Other Loans to Electricity Board	172.27(64.9)	--	--
13-Agriculture				
10.	2401-102-0701-921 Centrally Sponsored Scheme of Pulses Crop Production	2.17(29.1)	0.85(28)	1.61(61.8)
11.	2401-113-0701-1580 Macro Management Scheme	3.14(61.8)	--	--
12.	2401-119-0701-1580 Micro Management Scheme	2.20 (39.8)	--	--
13.	2401-800-0701-1580 Macro Management Scheme	24.84 (53.5)	--	--
39-Food, Civil Supplies and Consumer Protection				
14.	2408-01-102-3229 Recoupment of Losses to M.P. Nagrik Apoorti Nigam for procurement of Food Grains	2.00(100)	2.82(56.4)	4.61(92.1)
15.	4408-02-190-173 Purchase of Food Grains	11.46(52.1)	14.25(40.7)	3.81 (15.3)
16.	6408-02-190-1074 Loans to M.P. Nagrik Apoorti Nigam for procurement of Food Grains	2.42(100)	2.50 (100)	2.50(100)
17.	6408-02-190-3349 Loans to M.P. State Co-operative Marketing Federation for procurement of Food Grains	2.50(100)	2.50(100)	--
42-Public Works relating to Tribal Areas Sub-plan Roads and Bridges				
18.	5054-03-796-101-0102-5225 Construction of Bridges (Nabard)	13.98 (72.6)	1.27(15)	--
19.	5054-04-796-800-0102-2457 Minimum Needs Programme (Including Rural Roads)	6.41(45.9)	1.33(20.6)	--
20.	5054-04-796-800-0102-5226 Construction of rural roads (NABARD)	7.28(36.1)	--	--
21.	5054-04-796-800-0102-7081 Renovation, Upgradation of State Highway/Main District Roads	19.02(55.3)	15.48(38.7)	--

48-Narmada Valley Development				
22.	2402-102-0701-1580 Macro Management Scheme	3.25(51.5)	--	--
23.	4701-01-233-0101-2884 Canal and Appurtenant Works	72.70(32.4)	--	--
24.	4701-80-800-0101-6399-Indira Sagar Project Unit-I	73.21(25.2)	100.93 (92)	9.81 (100)
25.	4801-01-206-0101-6797 Catchement area treatment	7.66(48.6)	--	--
26.	4801-80-800-0101-3561 Headquarter Establishment	5.28(47.1)	--	--
27.	4801-80-800-0101-4406 Expenditure for Land Acquisition and other work in submerged area of Sardar Sarovar	114.73(37.7)	166.56(42.3)	264.24 (66.1)
28.	4801-80-800-0101-9133-Sardar Sarovar Project	2.46(100)	--	--
55-Women and Child Development				
29	2235-02-102-0801-5354-integrated Service Scheme (Under Externally Aided Scheme)	19.16(20.2)	36.56(30.3)	18.77(20.6)
30	2235-02-102-0801-5355-Training to Anganwadi Workers under Integrated Child Development Service Scheme (Under Externally Aided Scheme)	2.45(34.4)	12.23(59.3)	2.68(19.9)
31	2235-02-103-0801-8687-Balika Samriddhi Yojna	6.00(100)	5.25(87.4)	4.27(71.2)
32	2236-02-101-0801-7098-National Supplementary Nutrition Mission	2.95(100)	7.19(89.9)	--
33	2236-02-101-0801-8743-Pradhan Mantri Gramodaya Yojna	49.38(82.3)	--	--
34	4235-02-102-0701-5360-Construction of Buildings for Anganwadi centers (Externally Aided)	8.55(47.4)	17.12(66.9)	0.80(100)
35	4235-02-102-0801-5357-Construction of C.D.P.O. office cum Godown (Externally Aided)	2.77(44.2)	--	--
Total-		889.91	929.60	704.49

Appendix XXVII

(Reference: Paragraph 2.7, page 32)

Substantial excesses under Schemes of selected grants

(Rupees in crore)

Sl. No.	Grant Number and name of scheme	Excess (Percentage)		
		2004-05	2003-04	2002-03
03-Police				
1.	2055-001-1011 Regional Inspector General and Divisional Establishment	2.83(145.7)	3.11(126.5)	2.68(118.9)
2	2055-003-195 Other Police Training Schools	1.04(7.0)	Saving	Saving
3	2055-104-4492 General Expenditure (Special Police)	4.69(2.3)	Saving	--
12-Energy				
4	4801-05-190-1201-7697 Payment of project assistance received from Asian Development Bank to M.P.E.B.	64.25(77.9)	--	--
5	6801-190-1201-7697 Payment of Project assistance received from Asian Development Bank to M.P.E.B.	164.82(85.6)	--	--
39-Food, Civil Supplies and Consumer Protection				
6	2408-01-102-3248 Recoupment of losses to M.P. State Co-operative Marketing Federation for Procurement of Food Grains	1.38 (13.8)	Saving	Saving
42-Public Works relating to Tribal Areas Sub-plan roads and Bridges				
7	5054-04-796-800-0802-7654 Construction of Roads/Bridges in Tribal Areas [Article 275 (1)]	1.55(21.4)	Saving	Saving
48-Narmada Valley Development				
8	4701-01-241-0101-2428 Executive establishment Unit I and II	1.03(10.9)	1.89(46.8)	5.41(135.4)
9	4801-01-205-0101-9133 Sardar Sarovar Project	47.85(7.2)	Saving	--
10	4801-80-800-0101-2422 Executive Establishment (Chief Engineer Lower Narmada Project)	2.04(510)	0.80(80.0)	--
Total-		291.48	5.80	8.09

Appendix XXVIII

(Reference: Paragraph 2.7, page 33)

(A) Cases where supplementary provision under schemes proved unnecessary in respect of selected grants. (Rupees in crore)

Sr. No.	Description of grant and scheme	Amount of unutilized supplementary provision
(1)	(2)	(3)
3-Police		
1.	2055-101-279 Directorate of Prosecution	0.32
13-Agriculture		
2.	2401-001-119 Subordinate and expert staff (District and subordinate level staff)	2.45
3.	2401-113-0701-1580 Micro Management Scheme	1.00
4.	2401-119-3902 Scheme for Development of present Nurseries and Gardens	0.26
5.	2401-800-0701-1580 Micro Management Scheme	7.00
39-Food, Civil Supplies and Consumer Protection		
6.	2408-01-001-629 Consumer Protection Cell	0.92
48-Narmada Valley Development		
7.	2801-01-001-0101-6818 Sales operating and maintenance expenditure to Sardar Sarover Project M.P. Electricity Board	0.57
8.	4701-80-800-0701-7434 Water line transport arrangement in ponds of Narmada river	1.00
Total-		13.52

(B) Cases where supplementary provision proved excessive under schemes of selected grants.

(Rupees in crore)

Sr. No.	Description of Grants and Schemes.	Original	Supplementary	Expenditure	Saving (-)
12-Energy					
1	4801-06-190-0101-222 Investment for extension of Amarkantak Thermal Power House Unit No.-5	-Nil-	17.00	12.00	5.00
13-Agriculture					
2.	2401-102-0701-921 Centrally Sponsored Scheme of Pulses Crop Production	3.19	4.26	5.28	2.17
3.	2401-108-0701-4325 Centrally Sponsored Scheme of Intensive District Cotton Development Programme	3.24	1.42	3.86	0.80
4.	2401-108-0701-927 National Oil Seed Development Project	10.27	3.85	11.66	2.46
5.	2401-119-655 Integrated Horticulture Development Scheme	Nil	0.48	0.02	0.46
55-Women and Child Development					
6.	2236-02-101-0101-9050 Minimum Needs Programme Special Nutrition Programme	47.88	12.33	51.41	8.80
Total-		64.58	39.34	84.23	19.69

(C) Cases where supplementary provision proved inadequate under schemes of selected grants.

(Rupees in crore)

Sr. No.	Description of Grants and Schemes.	Original	Supplementary	Expenditure	Excess (+)
3-Police					
1.	2055-104-4492 General Expenditure (Special Police)	206.36	0.51	211.56	4.69
42-Public works relating to Tribal Areas Sub-plan Roads and Bridges					
2.	25-tribal Welfare Department- 5054-04-796-800-0802-7654 Construction of Roads/Bridges in Tribal Areas [Article 275 (I)]	Token	7.23	8.78	1.55
Total-		206.36	7.74	220.34	6.24

Appendix-XXIX

(Reference: paragraph 3.1.4, page 38)

Findings of the survey

EXECUTIVE SUMMARY

In order to gain an understanding of the functional status of the Consumer Protection Act Consumers at large, Complaints, manufactures/service providers, NGOs and appropriate laboratories were covered under the survey. In state of Madhya Pradesh a total of 2234 consumers spread across urban and rural areas were contacted. Besides 448 complainants, 11 manufactures/service providers and 2 NGOs were interviewed. The survey was conducted during 2nd week of July to 4th week of August 2005.

FINDINGS OF THE SURVEY

- Overall 76 percent of the consumers at large gave importance to knowing the Consumer Rights but 81 percent not aware of consumer rights and 87 percent still unaware of Consumer Protection Act.
- The act is envisaged to benefit all the consumers in urban and rural areas but only 5 percent of the rural population has heard about it.
- In response to, whether the government is making any effort in safe guarding the consumer rights, only 17 percent replied positively remaining either carried negative opinion or had no idea of the same.
- Formal source of awareness-electronic and print media stand at 84 and 61 percent respectively and hardly any of the aware consumers came to know about CPA from the NGOs.
- Nearly 30 percent of the aware Consumers at Large have come to know about the act only in the last 2 years where as the act has been in existence for past 19 years.
- Overall, only 12 percent reported to be aware of the existence of any redressal agency. Awareness on this was higher in urban areas.
- Around 23 percent aware any redressal agency did not know the location of the district forum in their respective districts.

- Majority of the complainants resided in urban areas (92 percent) and almost all were literate as well (98 percent). The average monthly household income of the complainants contacted was Rs.11953/-. This implied that facilities provided by redressal agencies were averaged by residents of urban areas and that too by the middle income strata of the community.
- Majority of complaints (82 percent) were against services such as electricity, banking, insurance, communication and other financial services while only about 18 percent of the complaints were against products, mostly consumer durables (60 percent).
- Majority of the complainants came to know about the redressal agencies through electronic media (13 percent), print media (9 percent) and others i.e., friends/relatives (58 percent). NGOs were not a popular source of awareness (2 percent).
- Nearly 34 percent of the complainants used stamp paper to file the case and in majority of cases (85 percent) the lawyers/agents advised them to do so.
- Forty seven percent of complainants who registered their complaint prior to March 2003 reported to have deposited court fee notwithstanding the fact that the court fee was introduced only in March 2003.
- An analysis of time taken at various stages of the cases show that on an average 2.5 days were spent for registering a case and 17 days were taken for serving the notice, first hearing was held after two weeks.
- On an average 6.9 hearings were required to resolve the case. Around 26 percent of cases were still unresolved even after about 9 hearings and most of these cases were against insurance services (20 percent).
- To resolve a case on an average 25 months were spent. In case of unresolved cases the same were pending for past 38 average months.

- **There were 78 cases where the decree was passed and compensation was yet to be received. On an average the compensation was due for about 5 years. For those received compensation the same was received within an average period of 4 months.**
- **On an average the complainant had to spend Rs.2453/- to resolved the case of which a large proportion (average amount of Rs.2034/-) comprised of the advocates fee.**
- **The manufacturers and service providers wee well aware of CPA on the contrary not many Consumers at large were aware of Act or the redressal system.**
- **The NGOs are involved in spate of activities such as consumer education, advocacy, organising seminars/camps etc. They are also facilitating the consumers in filing cases and act as agents.**
- **Overall all the stakeholders and the complainants perceive the redressal as simple and inexpensive but not very speedy.**

APPENDIX-XXX

(Reference: Paragraph 3.1.9.1, page 44)

Details of shortfall in inspections and lifting of samples by Food Inspectors

Inspections						Samples				
Year	No. of Inspection required to be conducted Target of Inspection 180 per year	No of Inspection actually conducted by food inspectors	Percentage of Inspection	Short fall in conducting Inspection	Percentage of Short fall in inspection	No. of samples required to be conducted Target of Samples 120 per year	No. of samples lifted by Food Inspectors	Percent age of Lifting samples	Shortfall in lifting samples	Percentage of short fall in lifting samples
2000-01	12780	11980	94	800	6	8520	3846	45	4674	55
2001-02	9360	7669	82	1691	18	6240	4114	66	2126	34
2002-03	8100	7964	98	136	2	5400	4192	78	1208	22
2003-04	6480	5042	78	1438	22	4320	2808	65	1512	35
2004-05	7020	5802	83	1218	17	4680	3021	65	1659	35

APPENDIX-XXXI

(Reference: Paragraph 3.1.9.1, page 44)

The yearwise details of prosecution launched, cases decided by the court as on 31 March 2005 and pending in the court during 2000-05

Year	Cases pending at the beginning of the year	Prosecution launched during the year	Cases decided during the year				No. of cases where appeal made by department	Cases pending at the end of the year	
			Convicted	Percentage of conviction	Acquittal	Percentage of acquittal			Total
2000-01	9811	524	233	55	190	45	423	--	9912
2001-02	9912	484	162	52	150	48	312	--	10084
2002-03	10084	360	143	50	143	50	286	--	10158
2003-04	10158	192	45	57	42	48	87	--	10263
2004-05	10263	303	199	69	90	31	289	--	10277
Total		1863	782		615		1397	--	---

APPENDIX-XXXII

(Reference Paragraph 3.1.9.3, page 45)

Details of sanctioned and work post (MIP) of Inspectors, Target and achievement of inspections and framing cases against offenders

Year	No. of sanctioned posts of inspectors	Working strength of inspectors	Vacant posts of inspectors	Percentage of vacant posts	Target of inspections 250 per month for each inspector i.e. 3000 annually for each inspector	No. of In inspection actually conducted by existing inspectors	Short fall in conducting inspection	Percentage of short fall in conducting inspection	Target of framing cases against offenders 20 per month is 240 annually for each	No. of cases framed by existing inspectors	Short fall in framing cases	Percentage of Short fall in framing cases
1	2	3	4	5	6	7	8	9	10	11	12	13
2000-01	109	73	36	33	219000	176086	42914	20	17520	7824	9696	55
2001-02	109	70	39	36	210000	186221	23779	11	16800	7530	9270	55
2002-03	109	70	39	36	210000	105392	104608	50	16800	6076	10724	64
2003-04	109	90	19	17	270000	123789	146211	54	21600	6555	15045	70
2004-05	109	90	19	17	270000	204729	65271	24	21600	9618	11982	55

APPENDIX-XXXIII

(Reference: Paragraph 3.1.9.3, ;page 46)

Details of Cases framed against offenders, No. of Cases compounded and launched in Court.

Year	No. of cases framed against offenders	No. of cases compounded	Amount realized from offenders Rs. in lakh	No. of cases pending with the department	No. of cases launched against offenders in court	No. of Cases decided			No. of cases pending in court
						Convicted	Acquitted	Total	
1	2	3	4	5	6	7	8	9	10
2000-01	7824	6649	20.43	1143	32	--	--	--	32
2001-02	7530	6199	23.74	1277	54	--	--	--	54
2002-03	6076	5117	21.45	940	19	--	--	--	19
2003-04	6555	5701	28.60	811	40	3	--	3	37
2004-05	9618	8168	26.85	1423	27	--	--	--	27
Total	37603	31834 (85%)	121.07	5594 (14.6%)	172	3	--	3	169

Appendix-XXXIV

(Reference: paragraph- 3.2.9.1, page 60)

Unauthorised aid to contractors due to imposition of nominal penalty

(Rs. in lakh)

Division	Agreement No.	Probable amount of contract (PAC)	Value of work done	Stipulated date of completion	Actual date of completion	Delay in days (6-5)	Delay not attributable to contractor	Delay attributable to contractor as recommended by EE (7-8)	Penalty to be imposed 1/16 % per week limited to 6 % of col. 4	Penalty actually levied		Undue financial aid (10-12)
										Percentage of penalty	Amount of penalty	
1	2	3	4	5	6	7	8	9	10	11	12	13
Hoshangabad	106/ 2002-03	196.05	221.49	10-08-2003	31-10-2004	174	Nil	174	3.43	0.4375 (7/16%)	0.97	2.46
Jhabua	45/2002-03	242.50	215.12	15-03-2003	12-07-2003	119	Nil	119	2.29	0.10	0.22	2.07
Jhabua	46/2002-03	339.00	297.29	15-05-2003	15-08-2003	91	19	72	2.04	0.06	0.18	1.86
Jhabua	58/2002-03	277.00	292.88	07-06-2003	25-03-2005	651	70	581	15.19	0.75	2.20	12.99
Jhabua	71/2002-03	477.50	468.63	30-09-2003	30-03-2004	182	30	152	6.44	0.20	0.94	5.50
Jhabua	41/2001-02	132.47	122.83	23-07-2002	30-12-2002	161	40	121	1.38	0.10	0.12	1.26
Guna	69/2001-02	304.00	324.65	14-09-2003	26-07-2004	315	167	148	4.29	0.20	0.65	3.64
Guna	15/2002-03	107.42	85.95	16-06-2003	25-04-2004	313	69	244	1.88	0.10	0.09	1.79
Dhar	42/2002-03	300.00	271.80	06-05-2003	05-11-2003	183	90	93	2.38	0.10	0.27	2.11
Dhar	40/ 2002-03	296.00	255.63	06-05-2003	29-02-2004	269	Nil	269	6.14	0.10	0.26	5.88
Dhar	80/ 2001-02	294.32	250.28	13-09-2002	30-04-2003	229	15	214	4.85	0.20	0.50	4.35
Dhar	23/ 2002-03	166.00	166.29	18-01-2003	16-08-2003	210	Nil	210	3.12	0.1875 (3/16 %)	0.31	2.81
Mandla	53/2002-03	577.89	621.02	01-10-2003	In progress	243	Nil	243	13.58	1.00	6.21	7.37
Damoh	100/2002-03	472.59	514.01	02-01-2004	15-07-2004	195	Nil	195	8.95	Lumpsum (Rs. 20,000)	0.20	8.75
TOTAL												62.84

Appendix-XXXV

(Reference: Paragraph 3.3.8.2, page 72)

Details of beneficiaries identified and assisted

(Number in lakh)

Category		2000-01			2001-02			2002-03			2003-04			2004-05		
		I	A	Percentage of shortfall	I	A	Percentage of shortfall	I	A	Percentage of shortfall	I	A	Percentage of shortfall	I	A	Percentage of shortfall
Expectant and nursing mothers.	Damoh	0.15	0.07	53	0.17	0.09	47	0.16	0.09	44	0.17	0.09	47	0.17	0.08	53
	Indore	0.23	0.09	61	0.27	0.15	44	0.24	0.14	42	0.24	0.14	42	0.25	0.14	44
	Khandwa	0.19	0.09	53	0.29	0.19	34	0.25	0.16	36	0.23	0.13	43	0.22	0.11	50
	Mandla	0.14	0.12	14	0.21	0.18	14	0.23	0.19	17	0.26	0.23	12	0.25	0.22	12
	Mandsaur	0.11	0.05	55	0.13	0.09	31	0.13	0.08	38	0.13	0.06	54	0.14	0.10	29
	Sehore	0.19	0.10	47	0.21	0.14	33	0.25	0.16	36	0.20	0.12	40	0.19	0.08	58
	Vidisha	0.14	0.08	43	0.17	0.11	35	0.20	0.14	30	0.23	0.16	30	0.22	0.17	23
Children 6 months to 6 years.	Damoh	0.77	0.27	65	0.84	0.35	58	0.82	0.37	55	0.87	0.37	57	0.88	0.34	61
	Indore	1.10	0.42	62	1.37	0.77	44	1.31	0.75	43	1.28	0.73	43	1.30	0.62	52
	Khandwa	0.89	0.39	56	1.14	0.62	46	1.12	0.61	46	1.07	0.53	50	1.08	0.44	59
	Mandla	0.58	0.42	28	0.90	0.66	27	0.93	0.65	30	0.92	0.73	21	0.94	0.73	22
	Mandsaur	0.50	0.20	60	0.60	0.36	40	0.60	0.35	42	0.67	0.32	52	0.80	0.50	37
	Sehore	0.82	0.42	49	0.92	0.57	38	1.00	0.60	40	0.90	0.51	43	0.90	0.34	62
	Vidisha	0.60	0.34	43	0.79	0.55	30	0.88	0.62	30	0.96	0.66	31	0.93	0.72	23

I – Identified , A – Assisted

Appendix-XXXVI

(Reference: paragraph 4.1.1, page 91)

STATEMENT SHOWING OVERPAYMENT DUE TO INFLATED MEASUREMENTS

(A) Agreement No.1 of 2001-2002 (RD Km 12 to RD 16 Km)

Item of Schedule	Name of Work	Quantity paid in last (9th R.A.) bill	Quantity actually executed by contractor	Excess quantity paid	Rate (in Rs.)	Amount (in Rs.)
1	Excavation of H/S	203471.820	146324.48	57147.340	20	1142946.8
2	Excavation of D/R/SR (a)	430150.600	308615.53	121535.070	70	8507454.9
	(b)	56584.705		56584.705	66.14	3742512.389
3	Excavation of H/R (a)		21.78	7500.000	156.5	1173750
	(b)	127897.800	66498.28	61399.520	110	6753947.2
					Total (A)	21320611.29

(B) Agreement No.2 of 2002-2003 (RD Km 16 to RD 20Km)

1	Excavation of H/S	121164.170	108437.35	12726.820	19	241809.58
2	Excavation of D/R/SR	330789.260	240067.08	90722.180	70	6350552.6
3	Excavation of HR	182394.820	128745.09	-	-	-
					Total	13030329.78
					Less Rebate 2.5 %	325758
					Total (B)	12704571.78

(C) Agreement No.3 of 2002-2003 (RD Km 25 to RD 33 Km)

1	Excavation of H/S	1056259.950	1280816	-224556.050	18	-4042008.9
2	Excavation of D/R/SR	499366.050	78835	420531.050	60	25231863
3	Excavation of HR	14748.850	14748.85	-	-	-
					Total	21189854.10
					Less Rebate 2.3%	487366.64
					Total (C)	20702484.46
					Total(A+B+C) Rs.	5,47,27,670.53

Say. Rs. 5.47 crore

Appendix-XXXVII

(Reference: paragraph 4.1.1, page 92)

Statement showing details of fraudulent payment to contractor

Agreement number	S. No.	Abstract MB no/page	Item No.	Paid qty in cum	Detail MB/Page	Quantity executed	Difference	Rate (In Rupees)	Amount of Over payment (In Rupees)
3/ 2002-03 RD 25 to 33km	1.	216/47	2	119611.30	26075/90 26077/92 26109/24	11961.395 cum	107649.905	60	6458954
1/ 2001-02 RD 12 to 16km	2	26010/9	2	88991.81	26050/74	85991.62	3000.19	70	210000
	3	26010/6	3(b)	11810	25056/54	7493	4317	110	474870
	4	26010/10	3(b)	18132	26050/74	17782	400	110	44000
	5	26010/11	1	17194.88	26046/	13194	4000.88	20	80017
	6	26010/11	1	43818.36	26056/87	43245	573.36	20	11467
	7	26010/12	3(a)	2572	26056/87	257.22	2314.78	156	362263
	8	26010/12	3(b)	21618	26056/87	21218.9	399.1	110	43901
2/ 2002-03 RD 16 to 20km	9	26021/7	2	149437.70	26043/86	148612.9	824.8	70	57736
	10	26021/9	1	6479	26061/18	6469	10	19	190
	11	26021/9	2	16438.39	26061/16	15406	1032.39	70	72267
	12	26021/14	3	9737	Not found recorded in MB	-	9737	120	1168440
	13	26021/32	3	7000	Not found recorded in MB	-	7000	120	840000
							TOTAL		9824145

Appendix-XXXVIII
(Reference: paragraph 4.1.1, page 92)

Statement showing debit extra cost

Item No.	Balance Qty	Unit	Rate payable to New Contractor (in Rs.)	Rate of Original Contractor (in Rs.)	Difference (in Rs.)	Extra Cost (in Rs.)
Km 12 to 16 (Agt No.1 of 2001-2002)						
1	339969.52	Cum.	34	20	14	4759573.28
3(a)	17151.22	Cum.	208	156.5	51.5	883287.83
3(b)	78728.72	Cum.	195	110	85	6691941.2
4(a)	174546	Cum.	16	7	9	1570914
5	39682	Cum.	60	25	35	1388870
6	38970	sqm	5.5	2.5	3	116910
7	8000	Rm.	12	7.4	4.6	36800
8	2794	Cum.	80	50	30	83820
9	16260	Cum.	170	65	105	1707300
10	438	Cum.	2590	1100	1490	652620
11	326403.71	K.g.	35	20.31	14.69	4794870.5
12(a)	1800	No.	175	110	65	117000
12(b)	936	No.	290	150	140	131040
13	12000	Rm.	3.25	2.72	0.53	6360
14	42190	sqm	6.5	5.49	1.01	42611.9
15	225570	sqm	2.5	2.11	0.39	87972.3
16	3952.702	No.	1930	750	1180	4664188.36
17	720	Cum.	200	172.42	27.58	19857.6
18(a)	2927	Cum.	2230	1100	1130	3307510
18(b)	17446	Cum.	2270	1300	970	16922620
19	346	sqm	1930	950	980	339080
20	28118	Cum.	5	15	-10	-281180
21	96291	Rm.	16	5	11	1059201
22	40	No.	840	1558	-718	-28720
23	1494	Cum.	1930	800	1130	1688220
24	25837	sqm	175	80	95	2454515
25(a)	84	Cum.	2520	2200	320	26880
25(b)	2897.1	Cum.	3000	2400	600	1738260
26	2118	Cum.	40	35.35	4.65	9848.7
27(a)	39.5	Rm.	150	40	110	4345
27(b)	7.5	Rm.	200	60	140	1050
27(c)	33.5	Rm.	180	80	100	3350
27(d)	10	Rm.	220	100	120	1200
27(e)	10	Rm.	250	120	130	1300
28	1.636	sqm	40000	3570	36430	59599.48
29	34	sqm	480	200	280	9520
30	178	sqm	675	582	93	16554
31	383.6	Rm.	150	40	110	42196
32	34360	C.cm	2	1	1	34360
33	122	sqm	360	5.49	354.51	43250.22
34	35	P.Bar	480	100	380	13300
35	0.302	Cum.	2300	600	1700	513.4
36	105	Rm.	690	4	686	72030
37	28	Cum.	40	200	-160	-4480

Item No.	Balance Qty	Unit	Rate payable to New Contractor (in Rs.)	Rate of Original Contractor (in Rs.)	Difference (in Rs.)	Extra Cost (in Rs.)
38	2483	Cum.	50	19	31	76973
39	528	Cum.	50	11.5	38.5	20328
40	151	Cum.	360	200	160	24160
41	102	No.	80	80	0	0
42	50	Rm.	140	60	80	4000
43	1500	Cum.	60	80	-20	-30000
				Total		55385720.8
KM 16 TO 20 (Agt No.2 of 2003-2003)						
1	51086.65	Cum.	41	19	22	1123906
2	92906.92	Cum.	52	70	-18	-1672325
3(a)	236393.59	Cum.	200	120	80	18911487
4(a)	9874	Cum.	40	40	0	0
4(b)	52632	Cum.	15	4	11	578952
5	129900	sqm	5.75	2	3.75	487125
6	4000	Rm.	15	5	10	40000
7	329.75	Cum.	300	40	260	85735
8	16418.1	Cum.	160	40	120	1970172
9	366.258	Cum.	2490	900	1590	582350.2
10	327888.84	Kg	35	18	17	5574110
11(a)	1752	Nos	200	90	110	192720
11(b)	937	Nos	350	125	225	210825
12	12465	Rm.	310	100	210	2617650
13	42919.21	Rm.	6	5.4	0.6	25751.53
14	180802	sqm	14	12	2	361604
15	18.9	Cum.	1730	900	830	15687
16	757	Nos	250	172	78	59046
17	2724.13	Cum.	1710	850	860	2342752
18	20791.08	Cum.	2140	900	1240	25780939
19	30968.11	sqm	5	10	-5	-154840.6
20	93527.32	Rm.	13	5	8	748218.6
21(a)	944.452	Cum.	1860	700	1160	1095564
21(b)	889.968	Cum.	1930	700	1230	1094661
22(a)	2990.04	Cum.	2800	1550	1250	3737550
23	23.98	Cum.	2400	2200	200	4796
24	744.82	Cum.	40	30	10	7448.2
25	270.846	sqm	620	200	420	113755.3
26	465.3	Kg	65	50	15	6979.5
27	0.398	Tonne	60000	20000	40000	15920
28	64.26	Sqm	450	300	150	9639
29	30	Per Bar	1200	70	1130	33900
30	110	Rm.	700	6	694	76340
31	90.37	Cum.	270	200	70	6325.9
32	86.24	Cum.	100	80	20	1724.8
33	4880	Nos	90	60	30	146400
34	15.164	Cum.	872	900	-28	-424.592
35	361.099	Cum.	2040	1200	840	303323.2

Item No.	Balance Qty	Unit	Rate payable to New Contractor (in Rs.)	Rate of Original Contractor (in Rs.)	Difference (in Rs.)	Extra Cost (in Rs.)
36	42.984	sqm	130	200	-70	-3008.88
37	100	Rm.	190	80	110	11000
38	724	Cum.	121	500	-379	-274396
				TOTAL		66269363
Km 25 to 33 (Agt No.3 of 2002-2003)						
1	114691.3	Cum	37.5	18	19.5	2236480.4
2	485075.39	Cum	60	60	0	0
3	68526.15	Cum	65	180	-115	-7880507.3
4(a)	12459	Cum	35	20	15	186885
4(b)	796652	Cum	10	1	9	7169868
5	261521	sqm	6	1	5	1307605
6	15500	Rm	10	5	5	77500
7	6419.88	Cum	100	35	65	417292.2
8	30648.82	Cum	200	35	165	5057055.3
9	851.196	Cum	2600	900	1700	1447033.2
10	687739.72	Kg	29	17	12	8252876.6
11(a)	3600	No.	175	90	85	306000
11(b)	1868	No.	275	125	150	280200
12	21979.2	Rm	265	50	215	4725528
13	86266.6	sqm	8	5	3	258799.8
14	348766.56	sqm	13	10	3	1046299.7
15	11946.96	Cum	2100	700	1400	16725744
16	1680	No.	190	55	135	226800
17(a)	218	Cum	1800	1250	550	119900
17(b)	107	Cum	2100	1350	750	80250
18	39690.32	Cum	2050	800	1250	49612900
19	55633.82	sqm	25	10	15	834507.3
20	186056	Rm	14	5	9	1674504
21	1804	Cum	2100	700	1400	2525600
22(a)	3720	Cum	2700	1050	1650	6138000
22(b)	127	Cum	1800	1300	500	63500
23	2200	Cum	30	30	0	0
24	246	sqm	600	200	400	98400
25	3.55	M.T.	40000	22000	18000	63900
26	264	sqm	350	200	150	39600
27	160	Rm	600	6	594	95040
28	63	Cum	200	200	0	0
29	150	No.	150	60	90	13500
30	176	Cum	350	125	225	39600
31	28	No.	100	150	-50	-1400
				TOTAL		103239261
Km 42 to 50 (Agt No.1 of 2002-2003)						
1	314850.3	cum	30	30	0	0
2	56316.21	cum	90	70	20	1126324.2

Item No.	Balance Qty	Unit	Rate payable to New Contractor (in Rs.)	Rate of Original Contractor (in Rs.)	Difference (in Rs.)	Extra Cost (in Rs.)
3	9249.41	cum	110	180	-70	-647458.7
4(a)	165595.13	cum	63	40	23	3808688
4(b)	253801.03	cum	18	7	11	2791811.3
5	8065.08	cum	81	25	56	451644.48
6	269980.066	sqm	4	4	0	0
7	16000	Rm	12	5	7	112000
8	6521.24	cum	200	50	150	978186
9	32109.88	cum	150	50	100	3210988
10	862.46	cum	2700	1100	1600	1379936
11	510346.37	Kg	30	19	11	5613810.1
12(c)	3600	No.	90	110	-20	-72000
12(d)	1868	No.	170	200	-30	-56040
13	22832.54	Rm	360	200	160	3653206.4
14	85402.63	sqm	9	8	1	85402.63
15	386805.59	sqm	15	12	3	1160416.8
16	10668.506	cum	1800	900	900	9601655.4
17	1680	No.	300	172	128	215040
18(c)	73.66	cum	2700	1200	1500	110490
18(a)	20.96	cum	2700	1400	1300	27248
19	40006.171	cum	2050	1050	1000	40006171
20	58746.31	sqm	30	10	20	1174926.2
21	185177.3	Rm	18	5	13	2407304.9
22	35	No.	207	1200	-993	-34755
23	4385	cum	1800	800	1000	4385000
24	25587	sqm	140	150	-10	-255870
25(c)	3884.36	cum	2800	1600	1200	4661232
25(d)	0.875	cum	2700	1500	1200	1050
26	5921.39	cum	30	35	-5	-29606.95
28	0.59	sqm	38000	6000	32000	18880
29	13.4	Rm	1200	200	1000	13400
30	212.588	sqm	70	200	-130	-27636.44
31	70.63	sqm	360	300	60	4237.8
32	268.2	Rm	700	10	690	185058
33	61.68	cum	250	200	50	3084
34	32.56	cum	540	500	40	1302.4
35	44	No.	180	80	100	4400
36	461.75	cum	360	125	235	108511.25
37	58	Rm	150	125	25	1450
38	0.8	M.T.	45000	22000	23000	18400
39	204.49	sqm	45	1100	-1055	-215736.95
				TOTAL		85982151
Abstract of debitabe extra cost						
		1	Km 12 to 16	Agt No.1	2001-02	55385721
		2	Km 16 to 20	Agt No.2	2002-03	66269363
		3	Km 25 to 33	Agt No.3	2002-03	103239261
		4	Km 42 to 50	Agt No.1	2001-02	85982151
				Total		310876496

Appendix XXXIX

(Reference: paragraph 4.4.2, page 106)

List of Centrally Sponsored schemes showing rate/payment of subsidy

Sl.	Name of scheme	Component	Unit	Rate admissible per unit (Rs.)	Subsidy paid		Amount admissible	Excess Amount (Rs. in lakh)
					No. of unit	Amount		
1	2	3	4	5	6	7	8	9
1.	Commercial Floriculture MPH-01	Area Expansion (a) Bulb variety (b) Seed variety (c) Craft variety	0.2	10,00	2	3	2	8.7
			hec	0	6	5	6.	35
			tar	20,00	6	.	6	4.9
			e	0	5	3	0	65
			0.2	7500	7	3	1	5.6
		hec			0	5		
		tar			1	4		
		e			4	0		
		0.2			2	6	1	
		hec				.	0.	
		tar				3	6	
		e				6	5	
						5		
						1		
						6		
						.		
						2		
						5		
						0		
		Assistance for protected cultivation - Shad-net	One Shad-net	25,000	4	2.0	1.0	1.0
		Training of farmers	One group	25,000	7	3.50	1.75	1.75
								22.05

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2.	Development of medicinal and aromatic plants farming MPH-02	Training of farmers	Per group fifty	25,000	8.5	4.25	2.12	2.13
								2.13
3.	Production and supply of vegetable seed MPH-06	Improvement in production and productivity - Integrated pest management Transfer technology front line - Training of farmers Post Harvest Management - Construction of onion storage structure	One Hectare No. No.	750 750 25,000 0	155.5 9 8 5 1 4	2,336 1 2 . 2 3 5 7 . 4 6	1.16 7. 3 8 7 3. 5	1.176 4.8 48 3.9 6
								9.984
4.	Integrated Development of fruits (MPH-08)	Area Expansion - Mango (a) Fresh planting year (b) Maintenance 1 st year (c) Maintenance 2 nd year (d) Maintenance 3 rd year	On e He cta re On e He cta re On e He cta re On e He cta re	2500 750 750 1000	1 7 6 1. 8 5 1 5 2. 0 3 8. 0 2 3. 5 0	8 3 . 2 6 3 . 5 . 1 5 0 0 . 5 . 7 3 . 9 5	4 4. 0 4 6 1. 4 0 0. 2 8 5 0. 2 3 5 5	39. 21 7 1.3 75 0.2 88 0.1 60

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		<u>AONLA</u>						
		(a) Fresh planting year	On	1750	2	8	4	40.
		(b) Maintenance 1 st year	e	525	6	7	6.	87
		(c) Maintenance 2 nd year	He	525	7	.	8	1
			cta		7.	7	5	0.6
			re		5	2	7	87
			On		8	8	0.	0.0
			e		1		6	05
			He		2	1	4	
			cta		3.	.	8	
			re		5	3	0.	
			On		0	3	0	
			e		1.	5	0	
			He		0		5	
			cta		0	0		
			re			.		
						0		
						1		
		<u>SAPOTA</u>						
		(a) Fresh planting year	On	2500	3	1	0.	0.9
		(b) Maintenance 1 st year	e	750	6.	.	9	2
		(c) Maintenance 3 rd year	He	1000	5	8	1	0.1
			cta		0	3	0.	91
			re		2		1	0.0
			/O		5.	0	8	3
			ne		1	.	8	
			He		0	3	0.	
			cta		3.	7	0	
			re		0	9	3	
			On		0			
			e			0		
			He			.		
			cta			0		
			re			6		
								124.878
	Grand Total							159.04

Appendix XL

(Referred to in paragraph 4.4.8, page 111)

Statement showing comparison of 1st and 2nd lowest tenderers

(Rate and amount in Rupees)

Sl.	Item of work	Estimated Qty. (cum)	Rate	M/s S.K. Jain (Agt. No.1/01-02)			M/s Shiv Singh (2 nd Lowest)	
				Quantity executed (cum)	Rate	Amount paid	Rate	Amount
1.	2.	3.	4.	5.	6.	7.	8.	9.
	Part A Earth Work							
1.	Excavation in all type of soil	64084.35	39.93	102674.80	20	2053496	47	4825716
2.	Excavation in SR/DR	30081.72	57.17	52871.217	20	1057424	67	3542371
3.	Excavation in Hard Rock	10516.93	130.70	505.48	20	11010	67	33867
4.	Providing and laying Earth work	279265.72	28.70	166506.88	17	2830617	37	6160754
5.	Providing chainage cum Bouadrystone	4715 Nos.	170.50	2185 Nos.	100	218500	77	168245
6.	Providing Bed grade stone	705 Nos.	161.50	--	100	--	77	--
	Part B Structures							
7.	Excavation in all type of soil	61185.50	17.89	21496.213	20	429924	37	795359
8.	Excavation in SR/DR	13577.18	64.87	9505.76	20	190115	77	731943
9.	Excavation in Hard Rock	1323.70	130.69	276.427	20	5529	150	41464
10.	P/L CC 1:3:6 40 mm gm	14436.303	1260.02	18767.00 17 4. 51	1699 1 2 3	31885133 2 1 6	1157	21915336

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				8	.	3		
					6	3		
					0	3		
11.	<i>P/L M-15 concrete (Zomm Metal)</i>	348.471	1599.10	108.304	2000	216608	2000	216608
12.	<i>Filling foundation around construction work</i>	6501.91	25.30	4125.93 86 .3 8	25 2 0 0 0	103148 1 7 2 7 6 0	27	111400
13.	<i>P/P reinf CC M- 15 (20 mm Metal)</i>	66.451	1684.41	79.454	1656	131576	3000	497502
14.	<i>P/F NP 3 HP (a) 1200 mm</i>	829.00 RM	2555.75	774.6 m	3000	2323800	1800	1394280
	<i>(b) 600 mm</i>	262.50 RM	2465.85	750.50 m	2000	1501000	1200	900600
	<i>(c) 1000 mm</i>	--	--	112.50 m	2000	225000	1200	135000

1.	2.	3.	4.	5.	6.	7.	8.	9.
15.	P/F AC Pipe (a) 100 mm	1407.11 RM	84.27	227.40 m	50	11371	27	6139
	(b) 150 mm	38.90 RM	122.05	27.90	125	3487	25	697
16.	P/L dry stone pitchin g	802.22	416.27	1712.835	400	685134	47	80503
17.	Feb. Supply and errecti on WT cast iron gate	11.04 sqm	33328.98	9.266 sqm	35000	324310	2000	18532
18.	Supp/Fix cold work steel	124855.77 kg	21.42	155270.57	21	3260682	21	3260682
19.	P/F 12 mm premo lded filler	21.179 sqm	303.79	27.53 8. 42	400 2 9 8	11012 2 5 2 4	100	3600
20.	P/F chisel dressed cut stone	364 Nos.	216.47	96	200	19200	437	41952
21.	P/L 80 mm WBM road	836.36	160.71	520.339	450	234152	387	201371
22.	P/L granted stone pitchin g	302.269	565.64	264.28	450	118926	47	12421
23.	P/F Np 2 150 mm HP for calaba structu re	894.00 m	376.51	1162.20 53 3. 80	700 3 7 0	813540 1 9 7 7 2 5	500	848000
	Total			1996.00		49254036		45944342

Rs.49254036 – Rs.45944342 = Rs.33,09,694 say Rs.33.10 lakh.

Appendix-XLI
(Reference: paragraph 4.5.1, page 112)

Statement showing amount of subsidy and interest recoverable from defaulter industrial units

(Rupees in lakh)

Sl. No.	Name of Industrial Units of Malanpur	Date of Commencement of production	Closure of production	Amount of subsidy sanctioned	Payment details of subsidy		Period taken for interest calculation (Months) (upto March 2005)	Amount of interest @ 18% per annum	Total amount recoverable (Subsidy + Interest)
					Date of payment	Amount			
1	MAHADEO FERRO ALLOYS	10-06-92	9/96	5.00	26-5-92 26-12-92	4.25 0.75	154 147	9.82 1.65	16.47*
2	TECHNOTITE PVT. LTD	10-12-92	01-01-97	2.26	2-02-95	2.26	122	4.14	6.40*
3	SHARDA ALLUMINIUM	01-04-93	6/97	4.78	15-10-91 5-10-93 10-11-93	3.31 0.58 0.89	161 138 137	7.99 1.20 1.83	15.80*
4	ALVA ENGINEERING	17-05-93	4/97	5.00	25-06-92 23-08-95	4.25 0.75	153 115	9.75 1.29	16.04*
5	ANJALI COOLERS	01-04-93	2/98	4.74	04-02-93 31-07-93 10-11-93	2.69 1.17 0.88	146 140 137	5.89 2.46 1.81	14.90
6	AP FOAMS	10-04-92	8/96	5.00	15-10-91	5.00	161	12.08	17.08 [#]
7	ARVIND CHEMICALS	06-05-96	8/99	5.00	08-05-97	5.00	95	7.13	12.13 ^{\$}
8	SHIV SHAKTI RUBBER PVT. LTD.	29-01-2000	1/02	5.00	09-10-2000	5.00	54	4.05	9.05
9	MEERA ENGINEERING	21-01-2000	1/02	2.04	25-10-2000	2.04	53	1.62	3.66
				38.82		38.82		72.71	111.53

* RRC issued in January 2003.
RRC issued in June 2003.
\$ RRCs issued in November 2004.

Appendix-XLII

(Reference: paragraph 4.5.3, page 114)

DESIGN OF FLEXIBLE PAVEMENT AS PER IRC-37**DESIGN DATA**

(i)	Intermediate Lane	Width 5.5 m.
(ii)	Initial traffic	156 Commercial Vehicle/ Day Sum of both directions
(iii)	Growth rate per annum	7.5 per cent
(iv)	Design Life	15 years
(v)	Vehicle Damage Factor As per Para 3.2.3.3 of IRC-37	2.25
(vi)	Design CBR of Sub-grade	2 per cent
(vii)	Crust thickness of existing portion	250 mm

Design Calculation

(i)	Initial Traffic in design lane (Initial traffic x Distribution Factor) As per para 3.2.3.2 of IRC-37	156 x 1.5 = 234 CV/Day
(ii)	Equivalent Cumulative Standard Axle As per para 3.2.3.1 using formulae $N_s = 365 \times 234 \{(1 + 7.5)^{15} - 1\} / 7.5 \times 2.25$ = 30,49,137 or say 3.0 million standard axle	3.0 msa
(iii)	Total pavement thickness of CBR 2 percent + 760 mm And traffic 3.0 msa as per figure.1 of IRC-37	
(iv)	Crust thickness of pavement actually provided in widened portion only.	600 mm
(v)	Crust thickness provided in existing portion	50 mm
(vi)	Deficient thickness of crust in widened portion	160 mm
(vii)	Deficient thickness of crust in 250 mm thick existing portion	460 mm

Appendix- XLIII
(Reference: paragraph 4.5.5, page 116)

Statement showing year wise details of scheduled Tribes Students enrolled

Sl. No	Name of the Institute	2000-01			2001-02			2002-03			2003-04			2004-05		
		Total Enrollment	S.T Enrolled	Per cent	Total Enrollment	S.T Enrolled	Per cent	Total Enrollment	S.T Enrolled	Per cent	Total Enrollment	S.T Enrolled	Per cent	Total Enrollment	S.T Enrolled	Per cent
A.C.T.D Jabalpur																
1	New Amar Jyoti Satna	451	320	70	468	253	54	383	271	71	281	205	73	383	271	71
2	Adiwasi Mahasangh Jabalpur	490	200	41	571	297	52	395	218	55	531	286	53	395	218	55.18
3	Ganga Maiya Shiksha Samiti Jabalpur	307	203	66	302	216	71.52	299	170	56.85	305	198	68	267	170	56.86
A.C.T.D Chhind-wara																
4	Gram Kalyan Sewa samiti Sonpur Chhindwara							616	444	72.07	633	453	71.56	692	485	70.08
5	Jai Gramothan Shiksha Samiti Rambag, Chhindwara							80	40	50	129	60	46.51	130	57	43.84