

CHAPTER-III

CHIEF CONTROLLING OFFICER (CCO) BASED AUDIT

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CCO BASED AUDIT

AGRICULTURE AND CO-OPERATION DEPARTMENT

3.1 Chief Controlling Officer based audit of Agriculture and Co-operation Department

Executive Summary

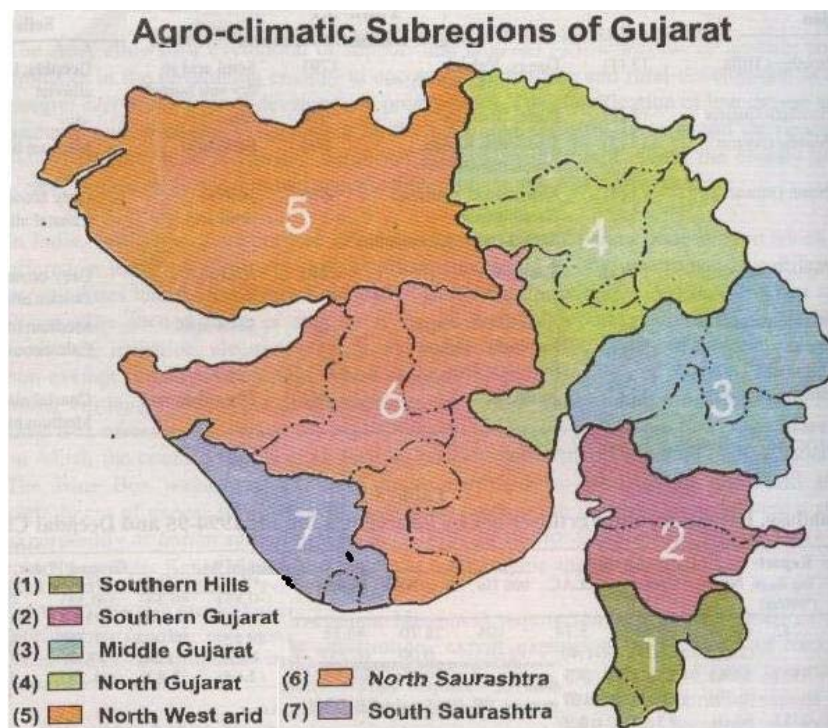
The responsibility of the Agriculture and Co-operation Department is to provide agricultural extension services to farmers involving transfer of the latest technical knowhow to the farming community, introduce high yielding varieties of seeds, ensure timely supply of seeds, fertilizers and pesticides, impart training and awareness to farmers to boost agricultural production and productivity, etc. thereby increasing the income of the farmers. The Chief Controlling Officer based audit of Agriculture and Co-operation Department revealed following deficiencies.

Budget management had weak control mechanism leading to savings ranging from 41 per cent to 90 per cent in Capital Head, unrealistic supplementary demands and surrenders at the end of the year. Management of Soil Health Card intended to equip the farmers with the status of their soil for assessing the fertilizer requirement did not work at desired level. Failure in strengthening the Soil Testing Laboratories led to dependence on external agencies for collection of soil samples and testing. There were shortfalls in supply of quality seeds. Implementation of Seed Village Programme was inadequate; funds earmarked for Scheduled Castes (SC) and Scheduled Tribes (ST) farmers and for storage bins under the programme were not utilised. Testing of seeds, fertilizers and insecticides was not complete; laboratories were not functioning to their optimum level. Crop production fell short of targets. Vacancies in functional posts ranged from 29 per cent to 48 per cent. Internal audits were in arrears due to inadequate staff. In Horticulture sector, payments of assistance for Green Houses and Net Houses have been made without verifying the genuineness of the documents submitted.

3.1.1 Introduction

Gujarat State comprises 26 districts with 225 talukas. The total geographical area of the State is 196 lakh hectares of which, about 118 lakh hectare (60 per cent) of land is used for agricultural purposes. According to census 2005-06, about 46.61 lakh farmers holding 102.69 lakh hectare of agriculture land. Out of this, farmers belonging to STs (4.87 lakh – 10.45 per cent) and SCs (1.61 lakh – 3.45 per cent) hold 9.69 lakh hectare and 3.10 lakh hectare respectively.

The State is divided into seven agro-climatic zones based on temperature and rainfall.



Out of total population of more than 550 lakh people, nearly 62 per cent resides in rural areas comprising 18,600 villages. Nearly 48 lakh families are solely dependent on agriculture.

The Director of Agriculture was responsible mainly to provide agricultural extension services to farmers involving transfer of the latest technical knowhow to the farming community, introduce high yielding varieties of seeds, ensure timely supply of seeds, fertilizers and pesticides, impart training and awareness to farmers to boost agricultural production and productivity, etc. and thereby increasing the income of the farmers. The Director of Horticulture was responsible for implementation and monitoring of various State/Central schemes for overall development of the horticulture sector.

3.1.2 Organisational set up

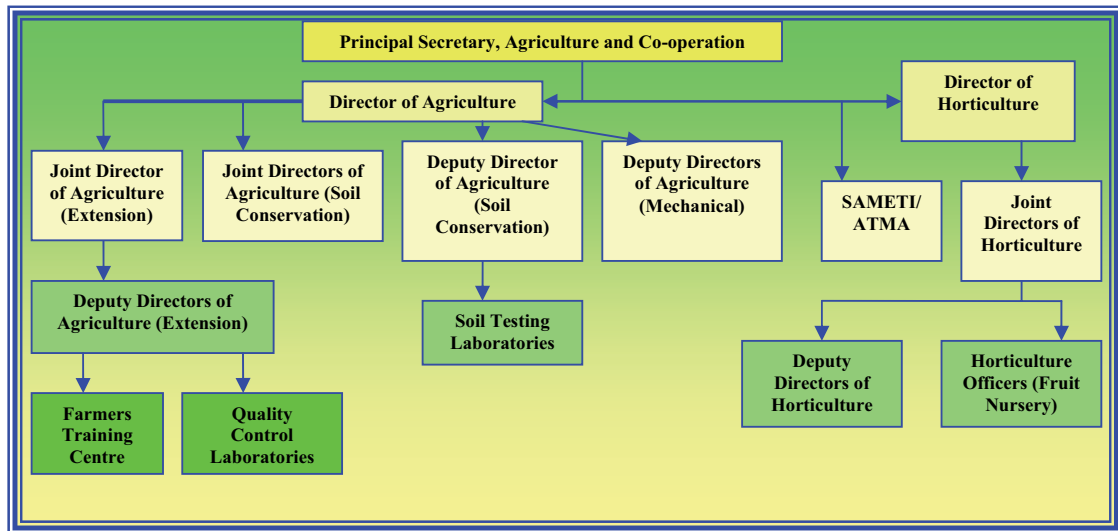
Principal Secretary, Agriculture and Co-operation is the Chief Controlling Officer of the Department, who was assisted by nine Heads of Department (HoDs¹); also there were nine Boards/Corporations² and four Agriculture Universities³ under the Department. The organisational set up of selected HoDs is as under:

¹ (i) Director of Agriculture, (ii) Director of Horticulture, (iii) Director of Animal Husbandry, (iv) Registrar of Co-operative Societies, (v) Commissioner of Fisheries, (vi) Director of Sugar, (vii) Director of Agriculture Marketing & Rural Finance, (viii) Chief Executive Officer Inspection & Audit Committee (ix) Gujarat State Co-Operative Tribunal.

² (i) Gujarat State Seed Corporation Limited, (ii) Gujarat State Seeds Certification Agency, (iii) Gujarat State Land Development Corporation Limited, (iv) Gujarat Agro Industries Corporation Limited, (v) Gujarat State Warehousing Corporation, (vi) Gujarat State Sheep & Wool Development Corporation Limited, (vii) Gujarat Fisheries Central Cooperative Association Limited, (viii) Gauseva Ayog, (ix) Gujarat State Agriculture Marketing Board.

³ (i) Anand Agricultural University, (ii) Navsari Agricultural University, (iii) Sardar Krushi Nagar Dantiwada Agricultural University, (iv) Junagadh Agricultural University.

Organisational chart of selected HoDs in Agriculture and Co-operation Department



3.1.3 Audit Objectives

The audit objectives were to ascertain whether:

- budgetary and financial management were carried out adhering to the rules and procedures and the principles of economy and efficiency;
- implementation of schemes were efficient, economical and effective;
- human resource was adequate and used effectively; and
- internal control including monitoring mechanism was adequate and effective in achieving the objectives of the Department.

3.1.4 Scope and methodology of audit

The offices of the Director of Agriculture (DoA) and Director of Horticulture (DoH) were selected for detailed study. The records of the Principal Secretary, two Directorates and 40 units⁴, nine Farmers' Training Centres, eight Soil Testing Laboratories, six Quality Control Laboratories, State Agriculture Management and Extension Training Institute, eight District offices of Agriculture Technology Management Agency and Gujarat State Seeds Corporation Limited (GSSCL) for the period 2007-12 were test checked during July 2011 to March 2012. The field units were chosen on simple random sampling without replacement method.

An Entry Conference with the Secretary, Agriculture and Co-operation Department was held on 5 May 2011 to explain the scope and methodology of audit and the Exit Conference was also held on 6 November 2012 to discuss the audit findings.

3.1.5 Audit Criteria

In order to achieve the audit objectives, Gujarat Budget Manual 1983, Gujarat Treasury Rules, Departmental Manual, notifications, regulations, executive

⁴ Director of Agriculture -16 out of 35 DDOs, Director of Horticulture -24 out of 42 DDOs.

orders as well as Government of India (GoI) guidelines on implementation of Central/Centrally Sponsored Schemes, etc. were taken as the basis for the criteria for evaluating the functioning of the Department.

Audit findings

3.1.6 Financial Management

3.1.6.1 Budget Management

Gujarat Budget Manual, 1983 stipulates that Budget Estimates (BEs) are to be consolidated by the controlling officers based on the proposals received from the subordinate offices and should be as accurate as possible. Audit scrutiny revealed that without taking cognizance of the proposals of unit offices, BEs were prepared after receiving plan allocation of respective years from the Planning wing.

The Department is drawing funds through Grant Nos. 1, 2, 3, 4, 5, 6 and 7 under major heads 2401, 2402, 2403, 2404, 2405, 2425, 2049, etc. The Budget provision, actual expenditure and savings under revenue and capital heads during the 2007-12 was as shown in the **Table 1** below:

Table 1: Details of Budget Provisions and Actual expenditure during 2007-12

(₹ in crore)

Year	Budget Provision		Budget released		Actual expenditure		Savings (percentage)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
2007-08	948.45	14.01	1,202.60	14.16	1,139.16	1.61	63.44 (5)	12.55 (89)
2008-09	1,217.82	8.92	1,455.68	13.18	1,386.50	6.66	69.18 (5)	6.52 (49)
2009-10	1,616.03	17.02	1,804.34	17.02	1,722.88	10.02	81.46 (5)	7.00 (41)
2010-11	1,912.32	24.25	2,100.80	24.25	2,028.03	2.38	72.77 (3)	21.87 (90)
2011-12	1,842.44	388.87	2,026.03	388.87	1,993.78	214.70	32.25 (2)	174.17 (45)

(Source: Budget and Appropriation Accounts)

Savings in Capital head ranged between 41 per cent and 90 per cent

Though saving in Revenue head was insignificant, the same under Capital head ranged between 41 per cent and 90 per cent.

The Government stated (October 2012) that savings in capital head was due to (i) incomplete process of land acquisition for new farmer training centres and (ii) out of 45 Sub-Divisional Officers to whom grants released for renovation of farmer training centres, 15 officers were not in a position to get the work executed. The reply of the Government is not justified as all these factors were required to be taken into account while framing Budget Estimates.

3.1.6.2 Inadequate allocation to Schedule Tribes and Scheduled Castes

Allocation and Expenditure on SC/ST were not proportionate to their population

While approving the Annual Plan 2010-11, Planning Commission and GoI (State Plan Division) directed (October 2011) Government of Gujarat (GoG) to ensure that the outlays are provided for the Scheduled Tribes (ST) and Scheduled Castes (SC) in proportions with their population (ST-17.97 per cent) and (SC-7.1 per cent). Audit scrutiny, however, revealed that the allocations for ST and SC during 2011-12 were only 16.48 per cent and 3.20 per cent respectively of total outlay of the Department. Total share of ST and SC population in the outlay and expenditure during 2007-12 was stated in **Table 2** as follows:

Table 2: Statement showing details share of SC and ST out of total outlay and expenditure

Year	Outlay			Expenditure		
	Total	Share of ST (percentage)	Share of SC (percentage)	Total	Share of ST (percentage)	Share of SC (percentage)
2007-08	1,216.76	133.97 (11.01)	17.10 (1.41)	1,140.77	126.52 (11.09)	14.72 (1.29)
2008-09	1,468.86	206.51 (14.06)	57.78 (3.93)	1,393.16	202.71 (14.55)	50.00 (3.59)
2009-10	1,821.36	239.37 (13.14)	82.09 (4.51)	1,732.90	247.00 (14.25)	57.84 (3.34)
2010-11	2,125.05	270.54 (12.73)	77.55 (3.65)	2,030.41	269.37 (13.27)	73.57 (3.62)
2011-12	2,414.90	398.07 (16.48)	77.33 (3.20)	2,208.48	275.57 (12.48)	68.81(3.12)

(Source: Budget figures of concerned Departments)

Thus, allocation and expenditure to ST and SC in proportion with their population was not ensured.

3.1.7 Expenditure control

A review of the budget provisions and expenditure during 2007-12 revealed persistent savings and excess expenditure under various sub-heads, inaction for timely surrender of savings, etc. as shown below:

3.1.7.1 Savings not surrendered

Para 103 of the Gujarat Budget Manual provides that spending departments are required to surrender grants/appropriations to the Finance Department as and when savings are anticipated. However scrutiny of records revealed that the Department had followed the procedure of surrendering only once during the year on 15th March every year and thus violated the Manual provisions.

3.1.7.2 Surrender without actual saving

It was also noticed that there was excess expenditure of ₹ 1.82 crore (2008-09), ₹ 0.52 crore (2009-10) and ₹ 7.63 crore (2009-10) finally worked out under Grant Nos. 05 (revenue/voted), 01 (revenue/voted) and 05 (revenue/voted) respectively, against which, amounts of ₹ 0.99 crore, ₹ 0.34 crore and ₹ 0.25 crore were surrendered without verifying the actual position. In view of final excess, the surrender of funds in March was proved injudicious.

3.1.7.3 Persistent savings

During 2007-11, there was persistent savings ranging from ₹ 13.58 crore to ₹ 24.55 crore, ₹ 0.46 crore to ₹ 14.24 crore and ₹ 0.59 crore to ₹ 47.58 crore under Grant No.2 by Director of Agriculture (DoA), Director of Horticulture (DoH) and Gujarat State Land Development Corporation (GSLDC) respectively leading to surrenders on 15 March of the respective financial years.

The Department attributed the savings to vacant posts, less release of grant by GoI, late approval of plan, non participation of farmers, non availability of seeds etc. There was no evidence of the issue having been discussed at the level of the Directors or Secretary, to look into the reasons and streamline the systems and procedures for budgeting, indicating inadequate high level intervention.

The Government stated (October 2012) that the savings were due to release of Central funds not with reference to Budget Estimates of the State. The reply is not acceptable as all these factors are required to be taken into account before making provisions in the Budget.

3.1.7.4 Improper maintenance of Cash Book

Rule 28 of Gujarat Treasury Rules (GTRs) provides that all monetary transactions should be entered in the Cash Book as soon as they occur and attested by the Head of Office in token of having been checked. Head of Office should verify the totals of Cash Book, or have it verified by some responsible subordinate other than the writer of Cash Book and authenticate it as correct. The rules also provide that, at the end of each month, Head of Office should verify the physical cash balance with the balance in the Cash Book and record a dated certificate to that effect. However, on test check of Cash Book at eight DDAs⁵ and 10 DDHs⁶, the following omissions were noticed –

- Totals in Cash Book were not checked by Head of Office or the same were not verified by a person other than the writer of Cash Book;
- The Head of Office had not verified the physical cash balance with the balance shown in the Cash Book at the end of the month; and
- The corrections made in the Cash Book were not attested by the authorised officer.

Non-observance of the provisions of the GTR in respect of maintenance of the Cash Book is fraught with risk of mistakes in totals remaining undetected leading to possible misappropriation of funds.

The Government stated (October 2012) that necessary instructions would be issued to follow the procedure.

3.1.8 Activities of Director of Agriculture

The activities of the DoA included, issue of Soil Health Card, Production and Supply of quality Seeds, Quality Control of Seeds, Fertilizers and Insecticides and Agriculture Extension Programmes (all selected for detailed study). Further, nine State Schemes (three⁷ selected for detailed study), three Centrally Sponsored Schemes (one⁸ selected for detailed study) and eight Central Schemes (one⁹ selected for detailed study) were implemented by the DoA during 2007-12. As against the allocation of ₹ 3,293.22 crore (Plan) and ₹ 967.96 crore (Non-Plan) during 2007-12, expenditure of ₹ 3,314.62 crore and ₹ 972.66 crore respectively was incurred by DoA. The audit findings are discussed below:

⁵ Himmatnagar, Palanpur, Rajkot, Rajpipla, Surat, Bharuch, Junagadh and Nadiad.

⁶ Ahmedabad, Bharuch, Bhavnagar, Junagadh, Navsari, Porbandar, Surendranagar, Vadodara Valsad and Vyara.

⁷ (i) Farmers Training Centre, (ii) Soil and Water Testing Laboratory, (iii) Agriculture Support Programme for SC Farmers.

⁸ Agriculture Technology Management Agency.

⁹ Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seeds.

3.1.8.1 Improper Planning

Plans were prepared in a routine manner without conducting a survey

Planning is an integral part of programme implementation. Plan process is to be based on the data obtained through a survey with periodical targets achievable by implementing agencies considering the resources available with them. Though perspective plan (Agro Vision 2010 covering 10 years up to 2010) was prepared by the Department, it was noticed that no survey was carried out in any of the years to identify the prospective beneficiaries and the targets were fixed without any feedback from the field offices. Annual Plans on crop production, input management, quality control, soil testing, plant protection, agriculture mechanisation, implementation of Centrally Sponsored and State schemes were being prepared in a routine manner without these flowing from a scientifically prepared perspective plan. Consequently, there was underutilisation of fund available under various State/Central Schemes.

The Department stated (May 2012) that no system of survey exists in the Department. Concerned Heads of Department fix the target to be achieved by each implementing agencies under each scheme. The reply is not acceptable as proper planning starting from micro level is required for successful implementation of any scheme.

3.1.9 Soil Health Card

The State Government introduced (2003-04) the programme of issue of Soil Health Card (SHC) to all the 42.39 lakh (as per census 2005-06, about 46.61 lakh) farmers in the State for information regarding soil fertility, soil nutrient status and recommendation for fertilizer requirement, need based fertilizer assessment as per crop, reclamation of saline or alkaline soil on the basis of soil analysis, integrated nutrient management to enhance productivity of crop and more return by reducing cost of fertilizers.

In this project, soil samples collected from farmers' fields are analysed in the designated Soil Testing Laboratories (STL) for the composition of nutrients present in it. This data is provided in the SHC along with recommendations for usage of fertilizers. During 2007-12, as against allocation of ₹ 28.42 crore, ₹ 25.94 crore was spent on this activity.

Up-to 2008-09, the SHCs were issued by the STLs. On the occasion of Golden Jubilee Year (2010-11) of establishment of Gujarat State, the Department decided to issue SHC to all the 42.39 lakh farmers in the State. Accordingly, from 2009-10 onwards, 11 agencies¹⁰ were also entrusted with the work of testing of soil samples and issue of SHC.

¹⁰ Gujarat Narmadavalley Fertilizer Company, Coredet, Anand/Junagadh/Navsari/Dantiwada Agriculture University, Gujarat Agriculture Marketing Board, Commissioner of Higher Education, Agriculture Produce Marketing Committee, Gujarat State Land Development Corporation and Gujarat State Seed Corporation Limited.

3.1.9.1 Collection and Testing of samples and issue of SHC

The status of collection of soil samples, samples tested and SHC issued during 2009-12¹¹ was as shown in **Table 3** below:

Table 3: Statement showing details of collection of samples, samples tested and SHC issued

(Figures in lakhs)

Year	Collection of samples		Samples tested		SHC issued	
	Target	Achievement	Target	Achievement	Target	Achievement
2009-10	0.50	10.25	0.50	1.49	0.50	1.41
2010-11	10.00	13.40	10.00	21.49	10.00	12.03
2011-12	11.65	9.98	17.65	5.19	11.65	7.99
Total	22.15	33.63	28.15	28.17	22.15	21.43

(Source: Information provided by Director of Agriculture)

As discussed in subsequent paras, against the target of 22.15 lakh soil samples, 33.63 lakh samples were collected (2009-12). Though 28.17 lakh soil samples were tested during the period, only 21.43 lakh SHCs were issued.

The DoA attributed (May 2012) the shortfall to (i) vacant posts of Gram Sevaks, (ii) delay in approval of the scheme, (iii) online data entry and software problems and (iv) lack of infrastructure facilities and technical staff in Soil Testing Laboratories. Justification of vacant posts of Gram Sevaks was not acceptable as the Department had outsourced the work of collection of samples since February 2009.

3.1.9.2 Collection of soil samples by 'Gram Mitras'

To achieve the goal of issuing SHC to all the farmers in the State, considering the large number of vacancies in the post of 'Gram Sevaks', Department outsourced (February 2009), the collection of soil samples to 'Gram Mitras' on payment of ₹ 15 per sample. During 2009-12, as against the target of 22.15 lakh, 33.63 lakh samples were collected by *Gram Mitras* (total cost ₹ 5.04 crore). Expenditure on 11.48 lakh samples collected in excess of target works out to ₹ 1.72 crore.

Though intensive training programmes were organised for the 'Gram Mitras', on the procedure for sample collection, no monitoring mechanism (authentication of the soil sample by the concerned farmer, etc.) was evolved to ensure that the soil samples were genuine and taken as per the prescribed procedure, in absence of which possibility of fake samples could not be ruled out.

The DoA stated (June 2012) that as the collection of soil samples was to be completed within a short period, it was difficult to take sign/thumb impression of every farmer and the farmers were aware of the sample collection activity. The reply was not acceptable as absence of a provision for authentication of soil samples by the concerned farmer would facilitate fake samples and consequent incorrect test results.

The Government stated (October 2012) that from 2012-13, joint certification by Talati, Sarpanch and Gram Sevak is made compulsory.

Genuineness of the samples collected by gram mitras was not ensured by involving concerned farmers

¹¹ SHC issued during 2007-08 - 1.20 lakh and 2008-09-1.82 lakh; no target was fixed.

3.1.9.3 Outsourcing of soil sample testing

Uptill 2009-10, soil samples collected from farmers' fields were analysed by STLs. From 2010-11 onwards, testing of soil samples was outsourced to private agencies, which carried out the testing at 22 STLs owned by Agriculture Department. Total installed capacity of these laboratories was 2.20 lakh samples per year and had this capacity been utilised, expenditure thereon could have been avoided. During 2010-11 and 2011-12 the rate of testing was ₹ 47.95 and ₹ 35.29 per sample respectively. As such, expenditure of ₹ 1.05 crore and ₹ 78 lakh could have been avoided.

The DoA attributed (June 2012) the outsourcing of sample testing to shortage of staff in the STLs. The reply of DoA is not acceptable as more than 50 per cent of the staff was available in the STLs.

The Government stated (October 2012) that outsourcing of testing was economical. The reply is not acceptable as the existing infrastructure and manpower in the STLs should have been utilised for the purpose for which it was created.

3.1.9.4 Inadequate data in SHCs

Information regarding micro-nutrient was not provided in SHC

The factors/elements that decide the fertility of soil are major nutrients phosphorus (P), potassium (K), organic carbon (OC) electric conductivity (EC) and acidity/alkalinity (pH) and micro nutrients iron (Fe), manganese (Mn), zinc (Zn), copper (Cu). However, the data of only major nutrients was made available in the SHCs. Since the SHCs issued without the data of micro nutrients would not provide correct picture of soil fertility it would be of limited help to farmers.

The DoA attributed (June 2012) the non-testing of soil for micro nutrients to non availability of required facilities in the Laboratories. He further stated that, looking to the importance of micro nutrients, required facilities are being created in the Soil Testing Laboratories.

The Government stated (October 2012) that facilities are now being created in the Laboratories.

3.1.9.5 Doubtful testing of samples

Testing was doubtful as achievement was over 300 per cent of the installed capacity of the laboratories

Testing of samples is done through physical and chemical analysis with the help of UV Spectrophotometer or Klett Sumerson Coloury Meter (P), Flame Photometer (K), Titration method (OC), Electric Conductivity Meter (EC) and pH Meter (pH). The rated capacity of the concerned equipments is 50 samples per day. All the 22 STLs under the Department have the aggregate capacity to test 2.20 lakh samples per year. However, during 2010-11, as against testing 3,87,367 samples targeted, 6,61,249 samples (171 per cent against targets and 301 per cent against installed capacity) were reported to have been tested by private agencies in these STLs. Therefore, testing of samples over three times of the capacity of the STLs is not free from doubt.

The Government stated (October 2012) that laboratory operators were instructed to run the lab in double shifts (2010-11) and sample was allocated accordingly. The reply is not acceptable, as only 200 per cent achievement

could be made by running the laboratory in double shifts, while 301 per cent achievement was reported.

3.1.9.6 Irrational targets

The status of testing of samples at the test checked STLs during 2009-12 was as given in **Table 4** below:

Table 4: Statement showing targets and achievements of STLs

District (Capacity of STL)	2009-10			2010-11			2011-12		
	Target	Actual	Shortfall	Target (PC)*	Actual (PC)	Shortfall	Target	Actual	Shortfall
Bhavnagar (12,000)	24,360	23,010	1,350	36,653 (305)	36,653 (305)	-	17,197	17,197	-
Banaskantha (12,000)	25,980	22,455	3,525	48,555 (405)	43,195 (360)	5,360	16,127	17,389	-
Dahod (12,000)	18,006	19,614	-	34,667 (289)	38,124 (318)	-	10,818	10,818	-
Gandhinagar (12,000)	26,751	26,751	-	39,875 (332)	39,875 (332)	-	16,050	1,480	14,570
Rajkot (12,000)	25,800	7,380	18,420	40,000 (333)	36,025 (300)	3,975	13,043	720	12,323
Sabarkantha (15,000)	25,380	13,460	11,920	45,000 (300)	46,796 (312)	-	11,048	10,945	103
Surat (11,000)	11,000	15,926	-	11,000 (100)	46,046 (419)	-	12,408	8,192	4,216
Vadodara (12,000)	10,590	5,050	5,540	10,740 (90)	6,421 (54)	4,319	12,224	4,128	8,096

(Source: Information provided by concerned Soil Testing Laboratories)

(*PC-percentage to installed capacity)

While STL Vadodara failed to achieve the target in all the years, in other districts the percentage of target fixed in 2010-11 to installed capacity of the STL ranged between 100 and 405 and that of achievement ranged between 300 and 419. It indicated that while fixing the target for each STL, installed capacity was not considered.

3.1.9.7 Inadequate staff in STLs

Though 22 STLs were established in the State, adequate staff was not deployed. The position of sanctioned posts and posts filled was as shown in the **Table 5** below:

Table 5: Shortage of manpower

Name of Post	Sanctioned strength	Men in position	Vacancy (percentage)
Assistant Director of Agriculture	18	9	9 (50)
Agriculture Officer	25	12	13 (52)
Agriculture Supervisor	42	13	29 (69)
Agriculture Assistant	30	16	14 (47)

(Source: Information provided by Director of Agriculture)

Thus, vacancies in different cadres ranged from 47 per cent to 69 per cent.

The Government stated (October 2012) that in order to overcome the shortages, Government outsourced testing of soil samples and existing staff was given the responsibility to guide and supervise the testing work. The reply of the Government is not acceptable, as due to these vacancies the very purpose of creating the laboratories was defeated and the work had to be outsourced.

Since fertility of soil changes after every crop, issuing SHC once in five years would not have the desired impact. There was nothing on record to show that the objectives of the SHC, on which ₹ 25.94 crore was spent, have been achieved. The impact assessment of SHC campaign was not conducted since its launch.

During Exit Conference, Principal Secretary stated that efforts are on to improve the system of soil sample collection, testing of samples and information in SHCs.

3.1.10 Production and Supply of Quality Seeds

One of the important factors that determine the success or failure of crop is availability of quality seed. The Gujarat State Seeds Corporation Limited (GSSCL) was responsible for production and distribution of quality seeds to farmers at reasonable rates. The GSSCL prepared yearly production programme of all types of seeds for each season (kharif, summer and rabi) after considering the varieties of crops, soil and climatic conditions and based on the sale demands for the next year for certified seed forecast by the marketing division. The Seed Production Programmes (SPP) were approved by the Board of Directors each year and implemented through the Branch Offices (BOs). The technical staff at BOs provides guidance to the registered growers.

3.1.10.1 Target and achievement of Area sown

The SPP is executed through the BOs of GSSCL by fixing targets for the area of production of various crops taking into account geographical location and farmer's preference.

The details of targeted area for production of foundation seed and certified seed *vis-a-vis* actual area sown during 2007-12 are given in **Table 6** below:

Table 6: Targeted area for production of foundation seed and certified seed *vis a vis* the actual area sown

Season	Year	Targeted	Sown	Shortfall	Percentage of shortfall
		(Area in acre)			
Kharif	2007-08	25,846	20,422	5,424	20.99
	2008-09	23,685	19,708	3,977	16.79
	2009-10	27,567	21,756	5,811	21.08
	2010-11	33,021	28,054	4,967	15.04
	2011-12	22,369	20,451	1,918	8.57
Rabi	2007-08	11,901	12,788	-	-
	2008-09	10,423	9,605	818	7.85
	2009-10	13,893	13,531	362	2.61
	2010-11	14,724	13,934	790	5.37
	2011-12	17,558	16,743	815	4.64
Summer	2007-08	5,528	5,229	299	5.41
	2008-09	5,701	3,679	2,022	35.47
	2009-10	5,357	5,331	26	0.49
	2010-11	5,599	5,162	437	7.80
	2011-12	1,380	1,243	137	9.93

(Source: Data furnished by GSSCL)

The above table shows that there has been a shortfall ranging between 2.61 per cent to 35.47 per cent in the targeted area to be sown vis-a-vis the actual area covered.

3.1.10.2 Production of foundation/certified Seeds

Breeder seed constitutes the basis of all further seed production and is used in production of foundation seed. Breeder seed provided by the Government of India through Gujarat Agriculture University/Indian Agricultural Research Institute, New Delhi is used in the production of foundation seed. The foundation seed is used for multiplication/production of certified seed which is sold to the farmers for raising crops on a large scale. Farmers who have their own agriculture land/farms and agree for multiplication of breeder/foundation seed are registered with Gujarat State Seed Certifying Agency (GSSCA) through GSSCL, as seed growers. The GSSCL enters into formal agreement with the growers for supply of the entire quantity of foundation/certified seeds produced by them from the breeder/foundation seed supplied by GSSCL.

The year wise details of season-wise target fixed for production of foundation seed (FS) and Certified Seed (CS) and achievement there against is given in **Table 7** below:

Table 7: Target fixed for production of foundation seed and Certified Seed and achievement there against

(Quantity in quintal)

Season	Year	Targeted production		Actual production		Shortfall		Percentage of shortfall	
		FS	CS	FS	CS	FS	CS	FS	CS
Kharif	2007-08	11,038	84,455	10,963	54,328	75	30,127	0.68	35.67
	2008-09	15,357	90,220	10,488	51,241	4,869	38,979	31.71	43.20
	2009-10	17,195	99,660	13,662	60,972	3,533	38,688	20.55	38.82
	2010-11	17,474	1,14,881	10,012	69,835	7,462	45,046	42.70	39.21
	2011-12	14,685	83,649	12,453	76,340	2,232	7,309	15.20	8.74
Rabi	2007-08	9,125	79,500	10,094	78,560	-	940	-	1.18
	2008-09	9,590	83,655	7,273	46,573	2,317	37,082	24.16	44.33
	2009-10	13,855	98,085	12,262	69,695	1,593	28,390	11.50	28.94
	2010-11	16,613	1,02,603	14,630	74,620	1,983	27,983	11.94	27.27
	2011-12	15,748	1,25,925	15,863	93,968	-	31,957	-	25.38
Summer	2007-08	580	14,625	263	9,976	317	4,649	54.66	31.79
	2008-09	636	13,680	380	4,634	256	9,046	40.25	66.13
	2009-10	1,661	8,065	962	8,170	699	-	42.08	-
	2010-11	658	11,150	381	12,618	277	-	42.10	-
	2011-12	594	3,400	79	4,076	515	-	86.70	-
Total		1,44,809	10,13,553	1,19,765	7,15,606				

(Source: Data furnished by GSSCL)

During 2007-12, as against the targeted production of 1.45 lakh quintal for FS and 10.14 lakh quintal for CS, actual production was 1.20 lakh quintal and 7.16 lakh quintal respectively. Thus there was shortfall in production of 0.25 lakh (17.29 per cent) and 2.98 lakh quintal (29.40 per cent) of FS and CS respectively.

The GSSCL attributed shortfall to (i) irregular rainfall (ii) inadequate power supply (iii) less land holding (iv) roughing carried out in standing crops (v) inadequate equipment/storage space with the farmers. The reply is not acceptable as these are well known factors of agriculture sector. Further, efforts made to overcome these obstacles are not found on record.

There was shortfall in supply of seeds compared to the target set in Seed Action Plan

3.1.10.3 Insufficient supply of seeds

According to the Seed Action Plans (SAP), total requirement of seed of 14 crops¹² during 2007-12 was 42.12 lakh quintal. Of this, 13.50 lakh quintal seeds were to be supplied through Government sources, against which actual supply was only 9.01 lakh quintal (67 per cent) seeds. Targets and achievements of seeds supplied through Government sources were as shown in **Appendix-IV**. The shortfall ranged between two per cent (2009-10) and 60 per cent (2010-11).

The Government accepted (October 2012) audit observation and stated that it would make greater efforts to meet the requirements.

3.1.10.4 Implementation of Seed Village Programme

Agriculture and Co-operation Department has been implementing 'Seed Village Programme' under the Central Sector Scheme 'Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seeds', through the Gujarat State Seeds Corporation Limited (GSSCL). The programme provides assistance to seed villages at 50 per cent expenditure on production of hybrid/improved seeds in 0.20 hectare area.

The status of funds received by GSSCL for subsidy on seeds and other allied activities and expenditure there against during 2007-12 was as given in **Table 8** below:

Table 8: Statement showing details of funds provided and expenditure incurred on Seed Village Programme

(₹ in crore)

Year	Opening Balance	Funds Received	Total	Expenditure	Closing Balance
2007-08	-	2.13	2.13	1.77	0.36
2008-09	0.36	3.04	3.40	3.10	0.30
2009-10	0.30	13.13	13.43	11.55	1.88
2010-11	1.88	20.20	22.08	21.32	0.76
2011-12	0.76	45.62	46.38	27.14*	19.24
Total		84.12		64.88	

(Source: Information provided by GSSCL)

*Provisional

As against ₹ 84.12 crore received by GSSCL during 2007-12, expenditure of ₹ 64.88 crore was incurred. Failure of the GSSCL to utilise the original allotment resulted in non-release of balance of sanctioned fund by GoI in the subsequent years.

Audit scrutiny revealed that during 2007-12, GSSCL spent ₹ 44.54 crore on supply of 1.61 lakh quintal of seeds to seed villages against the target of 2.13 lakh quintal. The achievement fell short by 0.52 lakh quintal (24 per cent).

The percentage of shortfall in supply of seeds by GSSCL as compared to target fixed by it ranged between 55 (wheat) and 100 (Maize, Arhar, Gram). The achievement in respect of *Moong* was 1300 per cent. This indicated that, the GSSCL had not made adequate arrangements for ensuring availability of required quantity of seeds to farmers.

¹² Bajra, Blackgram, Castor, Cotton Hybrid, Cotton Variety, Gram, Greengram, Groundnut, Maize, Paddy, Pigeonpea, Sesamum, Wheat, and Mustard.

The Government attributed (May 2012) the shortfall in supply of seeds to non-availability of certified seed of groundnut in sufficient quantity and the assistance for 0.20 hectare, being less attractive due to large holding in groundnut growing area. The reply is not acceptable as the target should have been fixed considering the availability of seed and demand from farmers.

3.1.10.5 Non-payment of assistance for storage bins

Fund provided for Storage bins was not utilised

To encourage farmers to develop storage capacity of appropriate quality, GoI released (June 2007), under Seed Village Programme, funds of ₹ 1.46 crore to the State Government to provide assistance at 33 *per cent* subject to maximum of ₹ 3,000 and ₹ 1,500 for SC/ST farmers and at 25 *per cent* subject to maximum of ₹ 2,000 and ₹ 1,000 for other farmers for procurement of storage bins of 20 quintal capacity and 10 quintal capacity respectively, for storing the seed produced by the farmers in their farms. However, assistance for storage bin was not provided to them during the entire period 2007-12. The non-payment of assistance for storage bin not only defeated the objective of preserving the produced seed till the following sowing season, but also exposed the seed to possible damage by rodents, moisture, etc.

The DoA stated (June 2012) that no proposal for fund for storage bin was sent to GoI under Seed Village Programme as the farmers are not interested to purchase storage bins due to low subsidy rate compared to the cost of storage bin as per capacity. He further stated that no fund was received for this purpose. This indicated that the DoA was not aware of the fund of ₹1.46 crore earmarked for storage bins included in the release order of June 2007 of GoI for ₹ 2.13 crore, which resulted in denial of subsidy on storage bins to the farmers in the State.

The Government stated (October 2012) that this component was not made in their proposal to GoI, which was approved without insisting for inclusion of the component. The reply of Government is not acceptable in view of the fact that GoI released funds for this item.

3.1.10.6 Non-utilisation of fund earmarked for ST/SC Farmers

Fund provided for ST/SC Farmers was not utilised

GoI released (June 2011), grant-in-aid of ₹ 71 lakh under Tribal Sub-Plan and ₹ 68 lakh under Special Component Plan for Scheduled Caste, for Seed Village Programme exclusively for ST farmers and SC farmers respectively. The fund was not released to the implementing agency by Finance Department. The Government attributed (June 2012) non-release of fund to budgetary procedure as the token provision of one thousand rupees was not made in Budget Head of SC/ST farmers and the new Budget Head could not be opened for 2011-12 and 2012-13. He further stated that, since the savings of grant of Seed Village Programme is revalidated for subsequent years and adjusted with next year's proposal, the fund would not be lapsed. Thus, the fund provided by GoI was not utilised for the purpose for which it was sanctioned.

The Government stated (October 2012) that the programme was successfully implemented in the State among SC and ST categories also and that no ST/SC farmer was denied benefit for want of separate Budget. The reply is not

acceptable as accommodating SC/ST under general allocation would result in denial of benefits specifically earmarked for SC/ST farmers.

3.1.11 Quality control of Seed, Fertilizers and Insecticides

One of the major services offered by the Department to farming community is quality control through testing of seed, fertilizer and pesticides. These are critical production components which significantly affect production and productivity of crops.

3.1.11.1 Shortfall in drawal of samples

Collection of samples of Seed, Fertilizer and Pesticides was inconsistent

The Government designated (December 2004, January 2005 and January 2005) 285 officers under the DoA as Inspectors for the purpose of drawal of samples of seeds, fertilizers and insecticides for specified areas of jurisdiction in the whole State as required under the concerned legislations/regulations¹³. However, only 26 Inspectors (9 per cent) (one in each district), were assigned the task of all three inputs. The Inspectors inspect the premises of distributing agencies to draw samples for testing. The samples are tested at the designated laboratories¹⁴ and appropriate action is taken against the sellers of sub-standard items. The DoA fixed district/taluka wise targets for samples to be drawn by each Deputy Director of Agriculture (DDA). The target fixed and achievement there against for drawal of samples of seed, fertilizer and insecticide during 2007-12 was as shown in **Table 9** below:

Table 9: Drawal of Samples – Target and achievement

Year	Samples of Seed under Seed Act			Samples of Fertilizer under Fertilizer Control Order			Samples of Insecticide under Pesticide Control Act		
	Target	Actual	Shortfall (percentage)	Target	Actual	Shortfall (percentage)	Target	Actual	Shortfall (percentage)
2007-08	3,500	3,108	392 (11)	7,500	6,784	716 (10)	2,000	1,917	83 (4)
2008-09	3,500	2,559	941 (27)	7,500	6,222	1,278 (17)	2,000	1,951	49 (2)
2009-10	3,500	3,042	458 (13)	7,500	4,658	2,842 (38)	2,000	1,389	611 (31)
2010-11	3,500	2,419	1,081 (31)	7,500	5,977	1,523 (20)	2,000	1,445	555 (28)
2011-12	3,500	3,641	-	7,500	9,060	-	2,000	2,142	-

(Source: Information provided by Director of Agriculture)

The percentage of shortfall in actual drawal of samples against the target fixed during 2007-12 ranged between 11 and 31 (seed), 10 and 38 (fertilizer) and two and 31(insecticides).

Scrutiny of records at eight¹⁵ test checked DDAs, revealed that the collection of samples at *taluka* level was not consistent where the percentage drawal of samples ranged between zero and 220, zero and 234, zero and 160 for seeds, fertilizer and insecticides respectively (**Appendix V**). Thus, due to failure on the part of the DDAs and the Inspectors to collect the targeted samples of seeds, fertilizers and insecticides, the quality of seeds fertilizers and insecticides distributed to the farmers could not be ascertained.

¹³ The Seed Act, 1966, The Fertilizer Control Order 1985 and Insecticide Control Act, 1968.

¹⁴ Seed Testing Laboratory- Gandhinagar, Junagadh and Navsari, Fertilizer Testing Laboratory - Gandhinagar, Junagadh, Bardoli and Insecticide Testing Laboratory - Gandhinagar and Junagadh.

¹⁵ Anand, Bharuch, Godhra, Himmatnagar, Jamnagar, Navsari, Palanpur and Surat.

Government attributed (October 2012) non-achievement of targets to shortage of staff.

3.1.12 Functioning of Quality Control Laboratories

Quality control laboratories were not utilized to the optimum

Three Seed Testing Laboratories (Gandhinagar, Junagadh and Navsari), three Fertilizer Testing Laboratories (Gandhinagar, Junagadh and Bardoli) and two Insecticide Testing Laboratories (Gandhinagar and Junagadh) were functioning under the Department to analyse samples of seed, fertilizer and insecticides respectively. Test check of records at the laboratories at Gandhinagar and Junagadh revealed the following:

3.1.12.1 Seed Testing Laboratories

As against the budget provision of ₹ 1.96 and ₹ 0.98 crore made during the period 2007-12, ₹ 2.11 crore and ₹ 1.07 crore was released and expenditure of ₹ 2.24 crore and ₹ 1.07 crore respectively was incurred by the Seed Testing Laboratories at Gandhinagar and Junagadh. Test check of records of these laboratories which test seed samples drawn under Seed Act as well as service samples (samples brought by farmers), revealed that the physical achievement of target/installed capacity fell short by 48 per cent to 61 per cent (Gandhinagar) and 77 per cent to 79 per cent (Junagadh) as shown in **Table 10** below:

Table 10: Statement showing targets and achievements of Seed Testing Laboratories

Year	Target/Capacity		Achievement		Shortfall (percentage)	
	Gandhinagar	Junagadh	Gandhinagar	Junagadh	Gandhinagar	Junagadh
2007-08	15,000	14,000	7,489	3,094	7,511 (50)	10,906 (78)
2008-09	15,000	14,000	5,865	2,922	9,135 (61)	11,078 (79)
2009-10	15,000	14,000	6,011	2,999	8,989 (60)	11,001 (79)
2010-11	15,000	14,000	6,978	3,215	8,022 (53)	10,785 (77)
2011-12	15,000	14,000	7,838	3,067	7,162 (48)	10,933 (78)

(Source: Information provided by concerned Seed Testing Laboratories)

The Department attributed (June 2012) the shortfall in achievement in respect of, Gandhinagar to bifurcation of samples between the new Seed Testing Laboratory of Gujarat Seed Certification Agency, Ahmedabad and that in respect of Seed Testing Laboratory, Junagadh to non receipt of adequate samples.

The Government stated (October 2012) that target was not fixed by Government authorities and the capacity of STL is decided depending upon the infrastructure and manpower. The reply is not acceptable as the fact remains that the infrastructure created was not utilised fully for the intended purpose.



Idle Seed Germinator at Seed Testing Laboratory,
Junagadh

Further, two Seed Germinators (cost ₹ 0.52 lakh and ₹ 0.75 lakh) installed (March 1988 and October 1989) to control temperature and humidity for germination of seed, at Seed testing Laboratory, Junagadh which went out of order in March 2011 and January 2011 respectively were yet not repaired (June 2012). Thus, the Department failed to maintain and to utilise the facilities developed in these Seed Testing Laboratories.

The Government stated (October 2012) that as both the germinators are very old, it was decided to

purchase new machinery.

3.1.12.2 Fertilizer Testing Laboratories (FTL)

During 2007-12, expenditure of ₹ 1.45 crore and ₹ 0.65 crore was incurred against the allocation of ₹ 1.41 crore and ₹ 0.66 crore respectively by the FTLs at Gandhinagar and Junagadh. The status of fertilizer samples analysed during 2007-12 was as shown in **Table 11** below:

Table 11: Statement showing targets and achievements of Fertilizer Testing Laboratories

Year	Target/Capacity		Achievement		Shortfall (percentage)	
	Gandhinagar	Junagadh	Gandhinagar	Junagadh	Gandhinagar	Junagadh
2007-08	2,500	2,500	2,212	2,297	288 (12)	203 (8)
2008-09	2,500	2,500	1,982	2,145	518 (21)	355 (14)
2009-10	2,500	2,500	1,683	1,943	817 (33)	557 (22)
2010-11	2,500	2,500	1,968	2,433	532 (21)	67 (3)
2011-12	2,500	2,500	3,904	2,370	-	130 (5)

(Source: Information provided by concerned Fertilizer Testing Laboratories)

While the percentage of shortfall at FTL, Gandhinagar ranged between 12 and 33, at FTL Junagadh it was between three and 22. Non-receipt of adequate samples was attributed to the shortfall in achievement.

The Government attributed (October 2012) shortfall to shortage of manpower.

3.1.12.3 Pesticide Testing Laboratory (PTL)

The PTLs at Gandhinagar and Junagadh incurred (2007-12) expenditure of ₹ 1.08 crore and ₹ 1.42 crore respectively against the budget allocation of ₹ 1.12 crore and ₹ 1.47 crore respectively.

Test check of basic records of these laboratories revealed that though the PTL Gandhinagar has fared reasonably well during 2007-12, there was shortfall in achievement of target/installed capacity by 25 per cent to 50 at PTL Junagadh during the same period; as shown in **Table 12** as follows:

Table 12: Statement showing targets and achievements of Pesticide Testing Laboratories

Year	Target/Capacity		Achievement		Shortfall (percentage)	
	Gandhinagar	Junagadh	Gandhinagar	Junagadh	Gandhinagar	Junagadh
2007-08	1,000	1,000	1,157	751	-	249 (25)
2008-09	1,000	1,000	1,118	634	-	366 (37)
2009-10	1,000	1,000	875	514	125 (13)	486 (49)
2010-11	1,000	1,000	940	505	60 (6)	495 (50)
2011-12	1,000	1,000	1,618	524	-	476 (48)

(Source: Information provided by concerned Pesticide Testing Laboratories)

The Department attributed the shortfall in achievement of target to non-receipt of adequate samples,

It was also noticed that adequate staff was not provided to PTL Junagadh. As against the sanctioned strength of 16 in various posts, only eight posts were filled in. In the crucial cadre of Agriculture Officers, four posts were vacant as against five sanctioned.

Further, in PTL, Gandhinagar, four machineries/equipments¹⁶ (aggregate cost ₹ 20.50 lakh) installed between 1996 and 2000 to analyse the fertilizer samples were lying idle for one to six years for want of repairs. Similarly, in PTL, Junagadh, a Gas Liquid Chromatograph costing ₹ 3.28 lakh purchased in August 2005 was lying idle since December 2007. Thus, the Department failed to maintain and to utilise the facilities developed in these PTLs to the optimum.

The Government stated (October 2012) that the instruments could not be utilised due to shortage of sample and shortage of manpower.

During Exit Conference, Principal Secretary accepted the audit observations and agreed to put in more efforts to improve the functioning of the quality control laboratories.

3.1.13 Agricultural Extension Programmes

The State Government formulated several schemes for creating awareness among the farmers about technological advancements in farming and Government support to the agriculture sector so as to improve the yield and productivity of this sector and to increase the return on investment to farmers. Agricultural extension programmes are the major programmes under the above initiatives.

3.1.13.1 Krishi Mahotsav

The State Scheme Krishi Mahotsav (KM) is a month-long awareness campaign launched in 2005 and organised annually by the Department throughout the State to educate farmers about the programmes of the Government for welfare of farmers, technology transfer, credit delivery, effective input planning, agriculture mechanisation, crop diversification, water management, etc. with the objective of increasing productivity and reducing the cost of cultivation.

¹⁶ (i). Sartorius Balance- Cost ₹ 1.34 lakh purchased in March 1996 –lying idle since 2011, 2. FTIR Machine-Cost ₹ 11.62 lakh purchased in Decemembr 1997-lying idle since 2006, 3. GC 8510 Chemito make- (ii) No.- Cost ₹ 3.77 lakh each purchased in March 1996 and December 2000- lying idle since 2006.



Picture of Krishi Rath

Contact up to village level was established through a mobile exhibition called Krishi Rath. Experts accompanying exhibition give advice to the farmers on the farming problems and new technologies. Free input kits costing ₹1,000 and containing seeds, fertilizers and pesticides, are distributed to resource poor farmers. All the allied departments like Animal Husbandry, Horticulture, Sericulture, Social Forestry, Fisheries, etc. are also required to participate in this programme. The expenditure is debitible under the head 2401-001-06 Agriculture Celebrations

The position of fund released and expenditure incurred during 2007-08 to 2011-12 was as shown in **Table 13** below:

Table 13: Statement showing funds released and expenditure incurred on Krishi Mahotsav

Year	Total fund released	Expenditure	(₹ in crore)
			Unspent balance
2007-08	10.55	9.09	1.46
2008-09	9.74	8.88	0.86
2009-10	21.49	13.50	7.99
2010-11	25.00	23.13	1.87
2011-12	15.00	15.00	0
Total	81.78	69.60	12.18

(Source: Information provided by Director of Agriculture)

Audit scrutiny revealed that the aim of organising KM in all the 18,600 villages (42.39 lakh farmers) during the last five years has been achieved only partly, as can be seen from the **Table 14** given below:

Table 14: Statement showing details of achievements in Krishi Mahotsav

Component	2007-08	2008-09	2009-10 ¹⁷	2010-11	2011-12
Villages visited	18,023	18,089	-	17,966	17,871
Farmers contacted (percentage to total farmers)	19,61,984 (46)	18,25,732 (43)	18,94,376 (45)	13,98,467 (33)	16,47,099 (39)
Agriculture Kit distributed	1,43,168	1,65,137	-	1,57,918	1,58,533
Horticulture Kit distributed	1,42,061	1,39,397	-	1,23,717	1,28,834
Soil Health Card distributed	1,19,502	84,933	-	2,30,064	7,59,203
Kissan shibir	393	257	-	-	-

(Source: Information provided by Director of Agriculture)

¹⁷ During 2009-10, except four exhibitions and 43 seminars organised at Agriculture University level and 222 exhibitions and 1461 seminars at Taluka level, no other activity was carried out.

Though about 96 per cent of the villages were covered during these years, percentage of farmers contacted to total farmers ranged between 33 and 46.

The Government stated (October 2012) that KM is a need based programme and farmers attend the programme to acquire knowledge on farming problems and new technologies.

3.1.13.2 Training to Farmers at Farmers' Training Centre

Only 60 per cent of the targeted training programmes was organised by FTCs

Farmers' Training Centers (FTCs) functioning under DoA, are established in each of the 26 districts in the State to impart training to farmers in the State on correct information, latest technology, better access to knowledge, skills and services in agriculture and allied activities so as to increase the agriculture production. Funds for nine FTCs¹⁸ established in 2008-09 were provided under Plan Scheme and expenditure on remaining 17 FTCs under Non Plan scheme.

As against the budget allocation of ₹ 21.24 crore during 2007-12, FTCs spent ₹ 21.59 crore. Of this, only ₹ 1.14 crore (5 per cent) was spent on stipend to farmers and ₹ 0.01 crore on honorarium to faculties; rest were spent on salaries (₹ 18.27 crore) and contingencies (₹ 2.17 crore). Further, ₹ 4.87 crore was provided (2010-12) for construction of buildings for nine FTCs which are still incomplete (May 2012). The position of training programmes¹⁹ conducted by FTCs during 2007-12 was as shown in the **Table 15** below:

Table 15: Statement showing details of targets and achievement on training

Year	Target	Actual	Shortfall (percentage)
2007-08	5,678	4,008	1,670 (29)
2008-09	8,684	4,968	3,716 (43)
2009-10	8,684	3,159	5,525 (64)
2010-11	8,684	5,399	3,285 (38)
2011-12	8,684	7,250	1,434 (17)
Total	40,414	24,784	15,630 (39)

(Source: Information provided by Director of Agriculture)

As against 40,414 training programmes targeted 24,784 programmes were organised, the shortfall being 39 per cent. The percentage of shortfall in training programmes organised to total programmes targeted ranged between 64 (2009-10) and 17 (2011-12). Thus, by utilising more than 100 per cent of the allocation, only 61 per cent of the target was achieved.

The DoA attributed (May 2012) the shortfall to shortage of staff, non-availability of vehicles, low stipend and non-availability of buildings.

3.1.14 Implementation of 'Support to State Extension Programmes for Extension Reforms

The Centrally Sponsored Scheme (90:10 among GoI and GoG respectively) 'Support to State Extension Programmes for Extension Reforms' is an ongoing scheme being implemented since 2005-06. The institutional mechanism for extension under the scheme was (a) State Agriculture Management and Extension Training Institute (SAMETI); the State level institution catering to the training and Human Resource Development need of

¹⁸ Anand, Bharuch, Ahwa, Gandhinagar, Godhra, Patan, Porbandar, Bardoli, and Pardi.

¹⁹ In-house training, Pre-seasonal follow-up, Convener training, Video show, creation of discussion group, etc.

extension functionaries, (b) Agriculture Technology Management Agency (ATMA) is responsible for coordination and management of agriculture extension related work in the districts, (c) Block Technology Team (BTT) consisting of line department representatives in the block and (d) Farmers' Advisory Committees at block level comprising a group of farmers to advise and provide inputs to the BTT.

The scheme did not provide for dedicated manpower support at State, District and Block levels. The work pertaining to ATMA was mostly being looked after by officers of State Department as additional charge. Moreover, the extension system below Block level was not optimal. Consequently, the implementation of the Scheme in the field could not show the desired impact.

The scheme was modified (July 2010) and strengthened with provision for specialist and functionary support at different levels and innovative support through one 'Farmer Friend' *per* two villages (expenditure equally shareable by GoI and GoG), revised ATMA activities and infrastructure.

3.1.14.1 Utilisation of Funds

The position of funds received from GoI/GoG and its utilisation was as given in **Table 16** below:

Table 16: Statement showing funds received and expenditure incurred

(₹ in crore)

Year		2007-08	2008-09	2009-10	2010-11	2011-12
Amount as per Action Plan		6.99	9.10	15.20	20.30	40.59
Share due from	GoI	6.29	8.19	13.68	18.27	36.53
	GoG	0.70	0.91	1.52	2.03	4.06
Amount received from (including interest)	GoI	1.57	3.44	5.60	5.18	22.00
	GoG	0.60	1.59*	2.19	2.19	-2.62 [#]
	Total	2.17	5.03	7.79	7.37	19.38
Opening Balance		2.24	1.77	3.71	7.33	6.77
Total Funds		4.41	6.80	11.50	14.70	26.15
Amount utilised		2.64	3.09	4.17	7.93	23.71
Unutilised Balance	Amount	1.77	3.71	7.33	6.77	2.44
	Percentage	40.14	54.56	63.74	46.05	9.33

(Source: Information provided by SAMETI)

*GoG released ₹ 1.95 crore but ₹ 0.36 crore was refunded

[#] GoG released ₹ 2.19 crore but ₹ 4.81 crore was refunded

Against the total approved outlay of ₹ 92.18 crore for 2007-12, share due from GoI was ₹ 82.96 crore and that from GoG was ₹ 9.22 crore. However, funds actually received from GoI and GoG were ₹ 37.79 crore (45.55 *per cent*) and ₹ 3.95 crore (42.84 *per cent*) respectively. Considering the funds released by GoI, there was shortfall of ₹ 24.88 lakh in release of funds by GoG. Further, failure of the Department to utilise the original allotment resulted in non-release of balance of approved outlays (₹ 45.17 crore) by GoI in the subsequent years.

3.1.14.2 Incorrect projection of expenditure

While computing the funds utilised for the scheme, expenditure actually incurred by the implementing agencies was required to be considered. However, audit scrutiny revealed that the fund released to district offices of ATMA was treated as expenditure by the Head office without ensuring its actual utilisation. However, the position of unspent balance in the test checked district offices of ATMA was shown in **Table 17** as follows:

Failure to utilise original allotment led to non-release of ₹ 45.17 crore by GoI

Table 17: Statement showing unspent balances in test checked districts

(₹ in lakh)

Districts	Unspent balance				
	2007-08	2008-09	2009-10	2010-11	2011-12
Ahmedabad	4.47	-	8.36	-	-
Anand	-	10.23	7.68	0.46	3.07
Bhavnagar	-	0.84	1.04	0.90	11.95
Gandhinagar	-	16.84	35.61	9.72	1.14
Kheda	-	1.93	1.99	4.00	1.80
Narmada	-	0.01	0	0.76	0.86
Total	4.47	29.85	54.68	15.84	18.82

(Source: Information provided by concerned district offices of ATMA)

The method adopted was incorrect and would lead to exhibition of inflated expenditure which is not prudent and may lead to negative impact for planning for future.

The Government stated (October 2012) that the point was noted for future.

3.1.14.3 Inadequate manpower

Though, the guidelines of scheme provide for specialist and functionary support at different levels, adequate staff was not appointed by the Department. The position of staff sanctioned and staff available as of March 2012 was as shown in **Table 18** below:

Table 18: Statement showing shortage of manpower

Post	Sanctioned	Appointed	Shortfall (percentage)
State level (SAMETI)			
State Coordinator	1	1	0
Deputy Director	8	5	3 (38)
Accountant Cum Clerk	1	1	0
District level (ATMA)			
Deputy Project Director	52	37	15 (29)
Accountant Cum Clerk	26	26	0
Block Technology Manager	225	138	87 (39)
Subject Matter Specialist	450	197	253 (56)
Farmer Friend	9,300	9,054	246 (3)

(Source: Information provided by SAMETI/ATMA)

The vacancies up to 56 *per cent* in these cadres had adversely impacted on the extension services.

The Government admitted (October 2012) that vacancies have adversely impacted extension services, but various posts had since been sanctioned and manpower deployed.

3.1.14.4 Training to extension functionaries

The Scheme provides for Training courses on Latest technology and knowledge of agriculture and allied activities with duration of maximum 20 days for five extension functionaries per block/Taluka every year [in 225 Talukas- 1,125 participants (225*5) and 22,500 mandays (1125*20)].

However, audit scrutiny revealed that SAMETI failed to organise the required number of training courses with adequate duration. Though 6,031 participants were trained against of 5,625 participants required to be trained during

Adequate manpower was not provided for SAMETI/ ATMA activities

2007-12, in terms of mandays the achievement was only 11,015 (10 per cent) against the target of 1,12,500. Thus the intention of the programme to train the extension functionaries remained largely unachieved.

The Government stated (October 2012) that due to insufficient staff, there was shortfall in training. Adequate manpower had since been deployed and training programmes were organised.

3.1.14.5 Capacity building of farmers (ATMA-District level)

At district level, the activities are categorised in the groups of (i) farmer oriented activities, (ii) Farm Information Dissemination and Research-Extension-Farmer Linkages. The farmer oriented activities include Strategic Research and Extension Plan, mobilisation of farmer groups, training/exposure visit of farmers, arranging demonstrations, all aimed at empowering farmers and improving their participation of technology dissemination process.

Three types of training programmes on latest technology and knowledge of agriculture and allied activities and exposure visits to understand the techniques adopted by successful farmers (inter-State, within State and within district level) were to be provided under the programme for capacity building of the farmers. All the 225 talukas in 26 districts were to be covered under the programme. The target fixed for each activity was far below the norms and the average number of beneficiaries ranged between seven and 73 for training and 29 and 95 for exposure visit (**Appendix VI and Appendix VII**).

Scrutiny of records relating to training and exposure visits during 2007-08 to 2010-11 revealed that the number of districts covered under these activities ranged between 2 and 25 as given in **Table 19** below:

Table 19: Statement showing training and field visits

Activities (Duration- days)	As per guidelines (per block)	2007-08		2008-09		2009-10		2010-11	
		Target	Actual (Districts)	Target	Actual (Districts)	Target	Actual (Districts)	Target	Actual (Districts)
(Farmer days)									
Inter State Training (7)	11,250 (50)	500	227 (5)	3,025	1,008 (6)	3,075	1,649 (7)	2,810	2,418 (15)
Within State Training (5)	22,500 (100)	2,800	606 (2)	6,500	2,927 (10)	8,200	6,491 (12)	9,213	9,189 (20)
Within district Training (2)	2,25,000 (1,000)	4,835	5,943 (7)	14,520	7,836 (8)	14,900	12,317 (14)	20,000	26,224 (24)
Inter State Exposure Visit (10)	11,250 (50)	1,875	2,381 (4)	5,250	2,006 (5)	5,475	4,780 (11)	4,500	3,546 (16)
Within State Exposure Visit (10)	56,250 (250)	1,877	3,761 (6)	15,356	5,673 (6)	10,230	8,208 (13)	11,250	11,165 (25)
Within district Exposure Visit (10)	22,500 (1,000)	7,200	1,181 (3)	6,640	1,963 (5)	8,700	2,087 (6)	6,500	14,351 (20)

(Source: Annual Reports of SAMETI/ATMA)

Thus, failure of ATMA to arrange training/exposure visit deprived the farmers in the State of the opportunity for capacity building.

The Government stated (October 2012) that due to insufficient manpower till April 2010, activities were not carried out.

3.1.15 Agriculture Support Programme for Scheduled Caste Farmers

The State Scheme 'Agriculture Support Programme for SC Farmers' (AGR-4) is being implemented in Gujarat for SC farmers to improve their living standard by increasing agricultural production and their income. The Department fixed targets related to various components, which are being taken up under the scheme. During 2007-12, as against the provision of ₹ 139.92 crore, ₹ 119.77 crore were released and expenditure of ₹ 104.99 crore was incurred. Scrutiny of records revealed that the targets were not achieved during 2008-11 (**Appendix-VIII**). The following observations are made in Audit-

The shortfall in achievement of target ranged between 5.61 *per cent* and 99.70 *per cent* which shows failure of the Department to plan and implement scheme applying the available resources to achieve the target;

In the years 2010-11 and onwards, there was drastic reduction in the target fixed for the components - Pesticides, Assistance for Crop Protection, Integrated Pest Management, Vermicompost, Bullock and Bullock Carts.

The DoA attributed the shortfall in achievement of target to (i) less number of SC farmers in the State, (ii) quality parameters for organic manure and vermin-compost were not made under Fertilizer Control Order, 1985 by GoI, (iii) non-availability of caste wise breakup at taluka level, etc. This was not acceptable as the Department was aware of all these facts.

3.1.16 Shortfall in achieving targets fixed for production of crops

The Agriculture and Co-operation Department fixed (2001) target of annual growth rate of 6.8 *per cent* in Agriculture Sector. Scrutiny of records revealed that there was vast shortfall in the production of crops as against the target fixed during the years 2007-11. The details of which are as given in **Table 20** below:

Table 20: Statement showing targets and achievements of agricultural production

(Production in lakh MT, Cotton in lakh bale/bundle=170 kg)

Year		Grains	Oil Seeds	Cotton	Sugarcane	Tobacco
2007-08	Target	66.36	42.87	85.94	14.25	1.52
	Achievement	82.06	46.99	82.75	15.19	0.79
	Percentage of Shortfall (-)/ excess (+)	+23.66	+9.61	-3.71	+6.60	-48.03
2008-09	Target	73.61	47.12	89.59	14.77	1.62
	Achievement	63.45	39.32	70.14	15.51	0.70
	Percentage of shortfall (-)/ excess (+)	-13.80	-16.55	-21.71	+5.01	-56.79
2009-10	Target	87.68	51.48	93.39	15.30	1.73
	Achievement	56.05	30.10	74.01	13.30	1.02
	Percentage of shortfall (-)/ excess (+)	-36.07	-41.53	-20.75	-13.07	-41.04
2010-11	Target	90.65	57.09	97.37	15.86	1.84
	Achievement	100.71	51.42	98.25	13.76	2.80
	Percentage of shortfall (-)/ excess (+)	11.10	-9.93	+0.90-	-13.24	+52.17
2011-12	Target	100.63	62.96	101.52	16.43	1.96
	Achievement	92.57	50.35	103.75	12.75	2.78
	Percentage of shortfall (-)/ excess (+)	-8.01	-20.03	+2.20	-22.40	+41.84

(Source: Activity Report of the Department)

It could be seen from the above table that the productivity of grains had decreased during 2008-09 and 2009-10 compared to the same in 2007-08 and increased during 2010-11 and further decreased during 2011-12. In the case of

Oilseeds, targeted productivity was not achieved in any of the years except during 2007-08. There was mixed growth rate in productivity of all these crops during 2009-12. Thus, the Department could not achieve the envisaged annual productivity growth rate of 6.8 *per cent*.

The Government attributed (October 2012) the shortfall to inadequate monsoon and reluctance of farmers to grow oil seeds as against cash crop. The reply is not acceptable as the targets should have been fixed considering these facts.

It was also noticed that there was shortfall in the targets related to the land area required to be taken up under different crops for achieving the required production, the details of which are as shown in **Table 21** below:

Table 21: Statement showing shortfalls in area brought under cultivation
(Area in lakh hectare)

Year		Grains	Oil Seeds	Tobacco
2007-08	Target	42.36	32.37	0.80
	Achievement	44.81	28.52	0.46
	Percentage of shortfall (-)/ excess (+)	+5.78-	-11.89	-42.50
2008-09	Target	44.20	33.47	0.81
	Achievement	39.83	28.74	0.49
	Percentage of shortfall (-)/ excess (+)	-9.89	-14.13	-39.51
2009-10	Target	46.15	34.64	0.82
	Achievement	35.96	26.86	0.63
	Percentage of shortfall (-)/ excess (+)	-22.08	-22.46	-23.17
2010-11	Target	48.21	35.90	0.84
	Achievement	49.04	31.10	1.48
	Percentage of shortfall (-)/ excess (+)	+1.72	-13.37	+76.19
2011-12	Target	50.39	37.24	0.85
	Achievement	47.35	31.30	1.85
	Percentage of shortfall (-)/ excess (+)	-6.03	-15.95	+117.67

(Source: Activity Report of the Department)

The above table shows that the target fixed for area to be brought under cultivation of grain, oilseeds and tobacco was not achieved except in 2007-08 and 2010-11 (Grain) and 2010-11 and 2011-12 (Tobacco). There was nothing on record to show that the Department has analysed the reason for the variation in achievement of targets. Further there was no mention of an independent agency to cross verify/validate this data.

3.1.17 Activities of Director of Horticulture

The Director of Horticulture (DoH) is responsible for the development of horticulture in the State through implementation of six²⁰ State schemes and three²¹ Centrally Sponsored Schemes. During 2007-12, as against budget allotment of ₹ 336.31 crore (Plan) and ₹ 34.08 crore (non-Plan), expenditure of ₹ 336.14 crore (Plan) and ₹ 36.34 crore (non-Plan) was incurred.

²⁰ i) HRT1-Scheme for creation of infrastructure at State, District and Taluka level, ii) HRT2 -Scheme for Integrated Development of Horticulture in Gujarat, iii) HRT3-Scheme for Horticulture Development in Tribal Areas, iv) HRT4-Scheme for Horticulture Development for Scheduled Castes, v) HRT5, Scheme for Preservation of Fruit and Vegetables and Training, vi) HRT7-Development Programme for Spices and Medicinal Plants.

²¹ i) HRT6-Oil Palm Development Programme, ii) HRT8-Coconut Development Programme and iii) HRT9-National Horticulture Mission.

Three schemes²² were selected for detailed scrutiny. Audit observations are discussed in the succeeding paragraphs.

3.1.17.1 Irrational cost on input kits

Ceiling for cost of kits was not observed

Under scheme of 'distribution of free input kits to BPL farmers', kits containing planting material, seeds, manure, pesticides, etc. are distributed to the BPL farmers (HRT2), SC Farmers (HRT3) and ST Farmers (HRT4) selected in Gram Sabha. The input kits costing ₹ 1,000 each was to be given to the beneficiaries once in five years.

During 2010-12, DoH released ₹ 20.95 crore to Gujarat State Seed Corporation Ltd. (GSSCL) for purchase and distribution of free input kits to 2.79 lakh targeted beneficiaries (aggregate) under the schemes and GSSCL incurred an expenditure of ₹ 19.35 crore during these years.

Audit scrutiny revealed that though input kits costing ₹ 1,000 was to be distributed, the cost of kits distributed ranged between ₹ 145 and ₹ 316 (Gaur) and ₹ 1,530 and ₹ 2,082 (Tomato) during 2010-12. Thus, GSSCL failed to ensure distribution of kits of the value prescribed. While, kits of tomato at higher rates were supplied, an excess expenditure of ₹ 3.17 crore was also incurred.

Though the kits are distributed through DDHs, no related records were maintained by them, in absence of which audit could not ascertain whether, the kits were actually distributed to eligible beneficiaries, whether the beneficiaries had received the kits, whether the beneficiary is a horticulture farmer, etc. When enquired, the DDHs replied that related records are maintained by Gram Sabhas, however, no mechanism was evolved to verify the records there at. Further, there was nothing on record to show that the intended benefits were derived by the beneficiaries.

The Government stated (October 2012) that kits are distributed as per the choice of the farmer. The reply of Government is not acceptable as kits are required to be distributed within the prescribed ceilings.

3.1.17.2 Assistance paid to same beneficiaries under two schemes

The Green Houses are framed structure covered with transparent or translucent material and large enough to grow crop under partially or fully controlled environmental conditions to get maximum productivity and quality produce.

The guidelines for Green House (HRT2) provide assistance at the rates mentioned in **Table 22** below:

Table 22: Statement showing the rate of assistance towards High Tech Green House

Sl. No.	Component	Category of beneficiary	Estimated cost (₹ per sq.m)	Rate of assistance
1	Low Cost Green House	Small and Marginal Farmers	250	50 per cent of the expenditure, maximum of ₹ 125 per sq.m for 500 sq.m to 4,000 sq.m.
2	High Tech Green House		650	50 per cent of the expenditure, maximum of ₹ 325 per sq.m for 500 sq.m to 4,000 sq.m
3	Low Cost Green House	Other Farmers	250	33 per cent of the expenditure, maximum of ₹ 67 per sq.m for 500 sq.m to 4,000 sq.m
4	High Tech Green House		650	33 per cent of the expenditure, maximum of ₹ 215 per sq.m for 500 sq.m to 4,000 sq.m

²² HRT2, HRT3 and HRT4.

A similar component is implemented under the Centrally Sponsored Schemes National Horticulture Mission (NHM) and Rashtriya Krishi Vikas Yojana (for non-NHM districts) under which assistance at 50 *per cent* of the expenditure, subject to maximum of ₹ 467 per sq.m for maximum of 1,000 sq.m (₹ 4.67 lakh) was payable for construction of High Tech Green House.

The scheme guidelines provide that assistance is payable to a beneficiary only on an undertaking stating that he has not received any assistance under other Government scheme.

Assistance under both Central and State schemes was provided to 18 beneficiaries for Green House

Scrutiny revealed that seven DDHs²³ paid assistance of ₹ 2.69 crore (2010-11) to 18 beneficiaries (**Appendix-IX**) under two different schemes violating the guidelines of each scheme. Scrutiny of records of two DDHs²⁴ revealed that the beneficiaries had submitted undertakings stating that they have not received any assistance under other Government schemes and the Horticulture Officer had also given certificate to the effect that he had personally verified the site. Inadequacy in scrutiny of the documents and records of beneficiaries, site verification and monitoring of beneficiaries under each scheme was evident in these cases.

The Government stated (October 2012) that financial assistance was granted after presentation of prescribed documents. The reply of Government is not acceptable as assistance was paid under two schemes to the same beneficiaries.

During Exit Conference, Principal Secretary stated that to promote the farmers for Green House Cultivation in which they are getting maximum return, the State Government has decided to converge the Schemes of State Government and Central Government. In such cases, farmers are getting benefit of 3,000 sq.mt. under State Scheme and 1,000 sq.mt. under Central Scheme. This was not acceptable as such convergence was not permissible under the guidelines of the scheme.

3.1.17.3 Payment towards doubtful claims

The guidelines for High Tech Green House (HRT2) stipulates that the low cost green house consists of GI pipe structure and UV stabilised plastic film of 200 micro size and for High Tech Green House, in addition to the above items, fogging system, drip irrigation, automation of temperature and humidity control, irrigation and fertigation control, bed preparation, etc. are required.

Scrutiny of records at 10 DDHs²⁵ who have paid assistance of ₹ 10.54 crore (2010-11) for High Tech Green House to 120 beneficiaries revealed that in all the cases, the documents furnished by the beneficiaries did not indicate whether the green house was high tech or low cost and there was nothing on record to show that all the required facilities under the guidelines were available. The purchase documents submitted by the beneficiaries were either mere vouchers or bills printed on letter head or plain paper. The Revenue

²³ Ahmedabad-2, Gandhinagar-9, Narmada-2, Navsari-1, Mehsana-1, Sabarkantha-1, Surat-2.

²⁴ Ahmedabad and Gandhinagar.

²⁵ DDH, Ahmedabad (1-₹ 13 lakh), Anand (3-₹ 29.40 lakh), Godhra (2-₹ 26 lakh), Himmatnagar (AGR 23: 28-₹ 360.10 lakh, NHM:28-₹ 126 lakh), Jamnagar (2-₹ 18.51 lakh), Mehsana (6-₹ 63.85 lakh), Navsari (6-₹ 32.39 lakh), Surat (35-₹ 308.19 lakh), Vadodara (3-₹ 55 lakh),Valsad-6-₹ 21.93 lakh).

documents furnished by the beneficiaries did not indicate whether he was a horticulture farmer. As such the genuineness of the claims was doubtful.

During Exit Conference, Principal Secretary stated that the assistance is given according to the area of the Green House/Net House and it is difficult to verify each bill. However, to ensure correctness of the claims, provisions for Third Party Inspection and whistle blower have been proposed.

3.1.17.4 Doubtful claims towards establishment of Net Houses

The scheme 'Assistance for establishment of Net House' under the schemes HRT and RKVY' provides for assistance at 50 per cent of the expenditure subject to maximum of ₹ 300 per sq.m for tubular structure, ₹ 205 per sq.m for wooden structure and ₹ 150 per sq.m for Bamboo Structure.

An assistance of ₹ 8.76 crore was paid (2010-11) by 10 DDHs²⁶ in 388 cases; test check of records of 173 cases (₹ 3.42 crore) revealed that in 153 cases (₹ 3.13 crore), purchase documents submitted by the beneficiaries were either mere vouchers or copies of bills/bills printed on plain paper. The Revenue documents furnished by the beneficiaries did not indicate whether he was a horticulture farmer. As such the genuineness of the claims could not be assured.

The Government stated (October 2012) that necessary instructions would be issued to maintain all the documents.

During Exit Conference, Principal Secretary stated that the assistance is given according to the area of the Green House/Net House and it is difficult to verify each bill. However, to ensure correctness of the claims, provisions for Third Party Inspection and whistle blower have been proposed.

3.1.17.5 Irregular payment of assistance farm mechanisation

Under the Farm Mechanisation Schemes, HRT2 and HRT4 the horticulture farmers are allowed assistance of 50 per cent of purchase cost or ₹ 45,000 (General) and ₹ 60,000 (SC) whichever is less, for purchase of Power-Tiller/Mini-Tractor. According to the terms and conditions, Power Tiller/Mini Tractor is to be purchased from the depots of Gujarat Agro Industries Corporation Limited/Government institutions. However, the assistance would be allowed only to those who purchase Trailer from local market from his own fund.

Scrutiny of records (2010-11) of payment of assistance by five DDHs²⁷, (₹ 67 lakh to 148 beneficiaries) revealed that in 117 cases (₹ 53 lakh) though the beneficiaries have produced proof of purchase of Mini Tractor, they have not produced proof of purchase of Trailer as required, without which the assistance could not have been paid. Failure to do so resulted in irregular

Conditions for payment of assistance were not complied with

²⁶ Dahod (RKVY-26- ₹ 19.87 lakh-15- ₹ 11.45 lakh), Gandhinagar (125- ₹ 357 lakh, 40- ₹ 59 lakh, 20- ₹ 30 lakh), Godhra (51- ₹ 15.30 lakh-18- ₹ 5.40 lakh), Mehsana (36- ₹ 91.53 lakh, 20- ₹ 59 lakh), Navsari (15- ₹ 40.50 lakh-5- ₹ 15.00 lakh), Palanpur (19- ₹ 44.80 lakh-13- ₹ 29.44 lakh), Patan (46- ₹ 115.64 lakh-15- ₹ 40 lakh-15- ₹ 40 lakh), Rajkot (AGR23-4- ₹ 12.00 lakh RKVY-48- ₹ 143.35 lakh-25- ₹ 75 lakh, Surendranagar (AGR 23-4- ₹ 12.00 lakh, RKVY-3- ₹ 9 lakh), Vadodara (11- ₹ 14.52 lakh).

²⁷ DDH Bharuch (55- ₹ 24.75 lakh), Bhuj (6- ₹ 2.70 lakh), Bhavnagar (AGR 23-19- ₹ 8.55 lakh 4- ₹ 1.80 lakh, AGR 25-2- ₹ 1.20 lakh) Gandhinagar (11- ₹ 5.25 lakh) and Rajpipla (41- ₹ 18.45 lakh-10- ₹ 4.50 lakh).

payment of assistance of ₹ 53 lakh. The concerned DDHs agreed to obtain required documents from the beneficiaries under intimation to audit.

3.1.17.6 Assistance paid through Co-operative Societies

The Scheme HRT2 provides for assistance under the components organic farming²⁸, border plantation²⁹ and articles for sorting, grading, etc.³⁰. Records relating to the assistance paid under these components during 2010-11 were scrutinised at the DDHs as detailed in **Table 23** below:

Table 23: Statement showing details of assistance distributed through co-operatives

(₹ in lakh)

Component	Name of DDH	Assistance paid		Cases scrutinised	
		No.	Amount	No.	Amount
Organic Farming	Anand	322	12.43	58	2.63
	Navsari	1,607	85.28	300	30.00
	Patan	250	10.00	13	0.76
Border Plantation	Navsari	440	5.50	440	5.50
	Palanpur	940	11.43	940	11.43
	Patan	320	4.00	100	1.25
Articles of sorting Grading, etc.	Ahwa	1,192	14.45	100	1.16
	Navsari	80	1.59	80	1.50
	Valsad	3,277	65.84	911	18.22
Total		8,428	210.52	2,942	72.45

(Source: Case files maintained by Concerned DDHs)

In 2,942 out of 8,428 cases scrutinised, assistance was given to Co-operative Societies, which submitted the applications of beneficiaries. No other proof³¹ was available on record. As such audit could not verify that the claims are genuine and the reported expenditure has been actually incurred.

The Government stated (October 2012) that relevant documents would be collected from the Co-operative Societies.

3.1.18 Human Resources Management

3.1.18.1 Vacant posts

The sanctioned strength, men-in-position and shortage in respect of Class I, Class II and Class III³² under DoA and DoH as at the end of March 2012 were shown in **Table 24** as follows:

²⁸ Assistance at 50 per cent of the expenditure on purchase of organic manure, subject to maximum of ₹ 4,000 for general farmers (AGR 23) and 75 per cent subject to maximum of ₹ 6,000 for SC/ST farmers; AGR 24 and AGR 25, for the area between 0.20 hectare and one hectare.

²⁹ Assistance at 50 per cent of the expenditure on purchase of plants subject to maximum of ₹ 1,250.

³⁰ Assistance at 50 per cent of the expenditure on purchase of tarpaulin, plastic crates, etc. subject to maximum of ₹ 2,000.

³¹ Proof of purchase, whether the beneficiary is a horticulture farmer, whether he owns land, whether he has actually used the item for the intended purpose.

³² Class-I (Director/Additional Director/Joint Director/Deputy Director of Agriculture/Horticulture, Administrative Officer); Class-II (Assistant Director of Agriculture/Horticulture, Training Officer (Mahila), Agricultural/Horticulture Engineer/Officer, Assistant Administrative Officer); Class-III (Agriculture/Horticulture Inspector, Demonstrator (Mahila), Assistant Agriculture/Horticulture Officer, Lab Assistant, Assistant Agriculture/Horticulture Engineer, drivers, mechanics, security staff, clerical staff, etc.).

Table 24: Statement showing sanctioned strength and men-in-position

Cadre	Sanctioned strength		Men-in-position		Shortage		Percentage of shortage	
	DoA	DoH	DoA	DoH	DoA	DoH	DoA	DoH
Class I	123	41	80	29	43	12	35	29
Class II	726	231	410	120	316	111	44	48
Class III	1,171	347	658	195	513	152	44	44
Total	2,020	619	1,148	344	872	275	43	44

(Source: Information provided by DoA and DoH)

It could be seen from above that there were significant shortages of manpower in all cadres. Shortage of staff in the crucial Class II cadre severely affected the implementation of the schemes at district level. The DoH stated (April 2012) that the matter is being taken up at appropriate level. The percentage of shortage of staff at the selected DDAs ranged between 32 and 60 and that in DDHs ranged between six and 77.

Every year 5,000 to 10,000 cases were finalised for payment of assistance by each DDH under various State/Centrally sponsored schemes. The assistance was to be paid after scrutiny of documents and spot verification by the Horticulture Officer (HO). Though only two or three HOs were available with DDH, all the cases were certified to be verified. Hence the correctness of the certificate of verification issued by the HOs is doubtful. The concerned DDHs agreed that due to shortage of staff, proper scrutiny/verification could not be carried out. The Government therefore, failed to ensure adequate manpower with the implementing agencies before schemes are taken up.

The Government stated (October 2012) that efforts are being made to fill up the vacancies through Public Service Commission, Subordinate Staff Selection Commission and outsourcing and proposals in this regard is with the Government.

3.1.19 Internal Control mechanism

3.1.19.1 Rush of expenditure

As per Para 109 of Gujarat Budget Manual, expenditure during the year should, as far as possible, be uniformly spread over during the year and rush of expenditure during the last quarter and particularly during the last month should be avoided.

Scrutiny of records for the year 2011-12, at the Secretariat, revealed that there were cases of rush of expenditure (**Appendix-X**) ranging from 33.33 *per cent* to 100 *per cent* under different heads of account during the last quarter of the year and that ranging from 22.61 *per cent* to 100 *per cent* during March.

Instances of rush of expenditure under different schemes was also noticed during test check of records relating to 2010-11 at 15 DDHs³³ where the expenditure was not uniformly spread over during the year and the percentage of expenditure in the last quarter ranged between 40 and 100.

³³ Ahmedabad, Amreli, Dahod, Gandhinagar, Godhra, Himmatnagar, Jamnagar, Mehsana, Palanpur, Porbandar, Rajkot, Rajpipla, Surendranagar, Surat, and Valsad.

3.1.19.2 Non-maintenance of Beneficiary Register

The Beneficiary Register is an important tool to monitor the benefits availed under the schemes by the beneficiaries. The implementing agencies are required to maintain the Beneficiary Register for each of the schemes implemented by him. However, it was noticed that Beneficiary Register was not maintained by 12 DDHs³⁴ out of 24 DDHs test checked. In the absence of Beneficiary Register, proper control over the beneficiaries could not be ensured.

3.1.19.3 Non verifications of dead-stock, etc.

According to the provisions contained in Rule 98 of Bombay Contingent Expenditure Rules, all dead stock articles, library books, stationery articles, consumable articles are to be physically verified annually and certificate to that effect recorded in the respective registers. However, this was not followed by 11 DDAs³⁵ and seven DDHs³⁶, respectively out of 16 DDAs and 24 DDHs test checked. Thus, in absence of periodical physical verification, existence of assets could not be ensured.

3.1.19.4 Internal Audit

The audit of all the units was to be conducted annually, however, no audit planning was made. There were no norms for providing mandays for audit of each unit and selection of priority units. No manual was prepared for guidance of internal auditors and no training was imparted to the internal audit staff during 2007-12. The status of internal audit during 2007-12 as reported by the Directorate was as under (Table 25):

Table 25: Status of Internal Audit

Year	No. of auditable units		No. of units audited		Shortfall (percentage)	
	DoA	DoH	DoA	DoH	DoA	DoH
2007-08	36	28	05	19	31 (86)	09 (32)
2008-09	36	28	16	0	20 (56)	28 (100)
2009-10	36	28	05	28	31 (86)	0
2010-11	36	28	03	27	33 (92)	01(4)
2011-12	36	28	0	18	36 (100)	10 (36)

(Source: Information provided by DoA and DoH)

The percentage of shortfall in internal audit by DoA ranged between 56 and 100 and that by DoH between zero and 100.

The Government admitted (October 2012) that due to vacant posts; internal audit is not done regularly.

3.1.20 Conclusion

There were deficiencies in Budget management, expenditure control and maintenance of cash book. Management of Soil Health Card intended to equip the farmers with the status of their soil for assessing the fertilizer requirement was deficient. Failure in strengthening the Soil testing Laboratories led to

³⁴ Ahmedabad, Ahwa, Anand, Bhavnagar, Himmatnagar, Mehsana, Navsari, Palanpur, Patan, Rajpipla, Surendranagar, Surat.

³⁵ Himmatnagar, Jamnagar, Navsari, Palanpur, Rajkot, Rajpipla, Valsad, Anand, Bharuch, Junagadh and Nadiad.

³⁶ Amreli, Bhavnagar, Himmatnagar, Junagadh, Mehsana, Navsari and Rajpipla.

dependence on external agencies for collection of soil samples and testing. Target set for supply of quality seeds was not achieved. Funds allotted exclusively for ST/SC farmers and storage bins under Seed Village Programme were not utilised. Programmes for capacity building of farmers did not work up to the targeted level. Quality control mechanism of seeds, fertilizers and pesticide showed shortfalls in performance. In Horticulture Sector, distribution of input kits were not as provided for in the programme; claims in respect of payments of assistance in respect of Green Houses, Net Houses were doubtful and individual assistances were routed through co-operatives. Many key and functional posts were lying vacant.

3.1.21 Recommendations

- Budget formulation and management system should be streamlined to assess requirement of funds in a realistic manner to ensure optimum utilisation of allocated funds.
- Management of soil testing laboratories should be improved by providing requisite staff and infrastructure to avoid dependence on external agencies for collection and testing of soil samples and issue of Soil Health Cards to all the farmers in the State should be ensured..
- Government should ensure supply of adequate quantity of seeds to farmers based on annual assessment.
- Farmers' Training Centres should be made more relevant and effective to encourage the farmers to attend the training courses.
- Government should evolve a system for identifying eligible beneficiaries for various developmental initiatives and ensure that only eligible farmers get the benefits under various schemes.
- Considering that services of the Department are critical for delivery of various schemes of the Government, adequate steps should be taken to fill the vacant posts in various cadres.

ROADS AND BUILDINGS DEPARTMENT

3.2 Chief Controlling Officer based audit of Roads and Buildings Department

Executive summary

The mandate of the Roads and Buildings (R&B) Department is to plan, construct and maintain all categories of roads, bridges and government owned residential/non-residential buildings in the State. The Chief Controlling Officer based audit of R&B Department revealed following deficiencies:

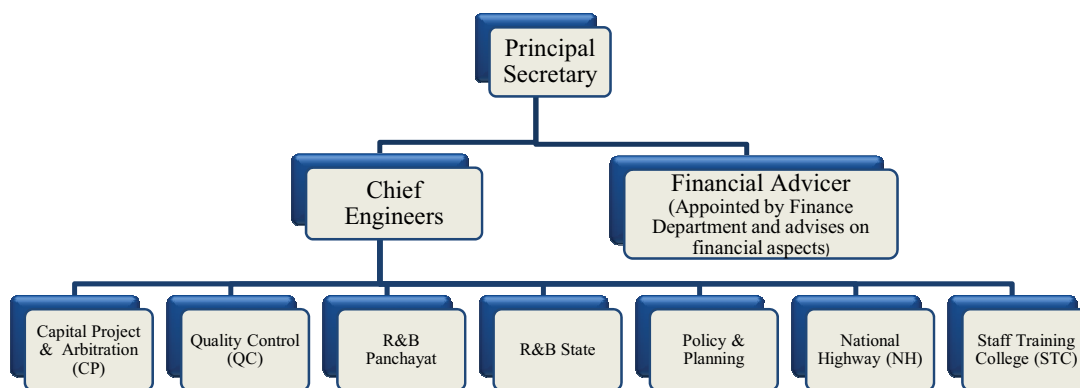
There were substantial savings of ₹ 1,548.88 crore (18.82 per cent) during the years 2008-09 to 2011-12 in capital expenditure. Instances of inadequate estimates while demanding supplementary grants, non-surrender of grants, rush of expenditure, non-preparation of estimates for Maintenance & Repairing works were noticed. The provisions of Gujarat Public Works Manual regarding tender procedures, obtaining approval for execution of works, deposit works, etc., recording the measurements of work done, deduction of payments from the RA bills of the contractors as per terms and conditions of the contract/government instructions were not adhered to. In contravention of the Government circulars, the Divisions had adopted incorrect star rate for asphalt resulting in extra expenditure of ₹ 17.76 crore. Additional road works amounting to ₹ 13.57 crore were awarded to the same contractors without adhering to tendering process. There were deficiencies in maintenance of cash books and deposit registers.

3.2.1 Introduction

Roads and Buildings (R&B) Department is responsible for planning, construction and maintenance of all categories of roads, bridges, government owned residential and non-residential buildings in the State of Gujarat. It also executes works on behalf of Local and Autonomous Bodies of State and Central Governments as deposit works and looks after the National Highway works on agency basis.

3.2.2 Organisational Structure

The Principal Secretary, who is Chief Controlling Officer of the Department, is assisted by seven Chief Engineers (CEs) in charge of various functions and a Financial Advisor. The organisation chart of the Department is as follows:



The field units of the R&B Department are geographically distributed as Circles, Divisions and Sub-divisions, headed by Superintending Engineer (SE), Executive Engineer (EE) and Deputy Executive Engineer (DEE) respectively. As on 31 March 2012, the Department had 15 Circles and 63 Divisions. The technical support to the Department is extended by Gujarat Engineering Research Institute (GERI), Vadodara.

3.2.3 Physical and Financial Details

The Department had 1,12,331 Kms of road network, 1,12,532 numbers of bridge and 33.57 lakh Sq. meter of residential buildings and 62.49 lakh Sq. meter of non-residential building as on 31 March 2012.

The details of Grant allocated and expenditure incurred by the Department for the period ending March 2012 is given the **Table 1** below:

Table 1: Grant and expenditure of the Department

	2008-09		2009-10		2010-11		2011-12	
	Grant	Expenditure	Grant	Expenditure	Grant	Expenditure	Grant	Expenditure
Roads and Bridges	2,233.78	2,283.55	2,934.55	2,954.49	3,451.64	3,363.22	3,803.60	3,797.68
Buildings	910.79	633.62	1,185.61	907.61	1,309.75	990.19	1,795.33	1,209.80
Others	130.55	86.04	154.85	148.14	152.09	142.16	163.17	155.47
TOTAL	3,275.12	3,003.21	4,275.01	4,010.24	4,913.48	4,495.57	5,762.10	5,162.95

(Source: Appropriation Account for the year 2008-09, 2009-10, 2010-11 and 2011-12)

The major expenditure of the Department was on construction of roads and bridges which constitutes 74.37 per cent of total expenditure of the Department, followed by buildings (22.44 per cent) and others (3.19 per cent).

3.2.4 Audit objectives

The objectives of the audit were to assess whether:

- budget and budgetary control mechanisms are effective;
- proper and effective planning process is in existence;
- provisions/guidelines of manual/resolutions/directions of the Government are complied with;
- grants received by the Department are being utilised efficiently, economically and effectively;
- efficient and effective internal control mechanism is prevalent in the Department; and
- human resources management is efficient to achieve the objectives of organisation.

3.2.5 Audit criteria

The audit criteria for assessing the audit objectives were derived from:

- Budget Manual;
- Gujarat Treasury Rules (GTR), 2000;
- Gujarat Public Works Manual, 1987;
- Government resolutions, circulars, Gujarat Financial Rules;
- Guidelines of the each scheme, terms and conditions in tender documents; and
- Other regulations adopted by the Department.

3.2.6 Scope and coverage of audit

The CCO based audit of R&B Department was conducted from May 2011 to March 2012. Based on the expenditure of each Division, the Division offices were categorised as A, B and C³⁷ by Audit. The annual expenditure of 'A' category Division is above ₹ one crore and such Divisions are engaged in the Department's core activities viz., construction and repairing of roads, bridges, residential and non-residential buildings. Reckoning the annual expenditure incurred and the geographical locations, 28 units³⁸ out of 52 'A' category Divisions were selected for detailed review in audit. Further, two³⁹ each out of five 'B' category Divisions and out of six 'C' category Divisions were also selected for detailed review in audit. A detailed checking of records of 195 works on which final bills were paid by the selected 28 'A' category Divisions

³⁷ Category –A (units each having an annual expenditure above ₹ one crore)- 52 units, Category –B (units each having an annual expenditure above ₹ 50 lakh)-5 units, Category –C (units each having an annual expenditure below ₹ 50 lakh) -6 units.

³⁸ 1. R&B Division, Valsad, 2. Navsari, 3. Tapi (Vyara), 4. Bharuch, 5. Rajpipla, 6. Nadiad, 7. Godhra, 8. Himmatnagar, 9. Palanpur, 10. Bhuj, 11. Jamnagar, 12. Porbandar, 13. Surendranagar, 14. Junagadh, 15. Bhavnagar, 16. Anand, 17. Patan, 18. Mehsana, 19. Amreli, 20. District R&B Division, Ahmedabad, 21. Vadodara, 22. Rajkot, 23. NH Division, Rajkot, 24. R&B Division-1, Surat, 25. R&B Dn-2, Surat, 26. CP Division-1, Gandhinagar, 27. CP Division-2, Gandhinagar, 28. CP Division-3, Gandhinagar.

³⁹ "B" Category- R&B (Drilling) Division, Ahmedabad and Central Workshop Division, Ahmedabad, "C" Category-CE, Staff Training College, Gandhinagar and SE, R&B Circle, Surat.

(units) were carried out. Audit reviewed the records of all the selected units for the period from 2008-09 to 2010-11. However, the physical and financial data of the Department have been updated upto the year 2011-12.

Audit findings

The audit findings reported to the State Government in June 2012 was discussed in a meeting held on 17 October 2012 which was attended by the Principal Secretary and other officials of the R&B Department. The Department initially replied to the audit findings in the month of September 2012 and further reply was given in October 2012. The views expressed by the Department have been considered while finalising this report. The audit findings are discussed in the succeeding paragraphs.

3.2.7 Financial Management

The budgetary allocations by the Government to the R&B Department are made under Grant Nos. 83 to 88.

Department made considerable savings against the grants allotted, due to administrative delay by other concerned Departments

We observed that there were substantial savings of ₹ 1,548.88 crore (18.82 per cent of the total capital expenditure) during the years 2008-09 to 2011-12 in the capital expenditure against the funds provided. Out of total savings, 86 per cent of the savings were attributable to other concerned administrative Departments for whom the works were undertaken by R&B Department. The delays were caused by the other Departments in identification and finalisation of land, granting approval on the drawings, etc. However, these delays and consequential savings of substantial amount could have been avoided if the R&B Department had established effective liaisoning with the other administrative Departments for expediting the execution of the projects undertaken.

3.2.7.1 Avoidable Supplementary Grant

According to Paragraph 29 (11) of Chapter-II of Gujarat Budget Manual (Volume I), the Controlling Officers (COs) are responsible for preparing Budget Estimates (BEs) in a realistic manner. The Principal Secretary of the Department being the CO is entrusted with the responsibility of preparing BEs for the Department.

The Department obtained supplementary grant of ₹ 100 crore⁴⁰ under various grants during 2008-09 to 2011-12, which remained unutilised. We observed that the actual expenditure under these grants was less than the original grants allotted and there was total savings of ₹ 502.17 crore during above period. Thus, the demand for supplementary grant could have been avoided had the Department prepared their budgets in realistic manner.

The Department stated (September 2012) that supplementary grant was obtained mainly to meet the requirements for payment of pay, wages and other benefits to the employees on account of the implementation of Sixth Pay

⁴⁰ **Revenue:** Grant No.85 – ₹ 3.17 Cr (2008-09), 83-₹ 1.33 Cr (2009-10), 83-₹ 2.10 Cr. (2010-11) and 85-₹ 26.11 Cr (2011-12).

Capital: Grant No.87-₹ 0.16 Cr (2008-09), 84-₹ 0.03 Cr, 86-₹ 65.33cr, 87-₹ 1.25 Cr (2010-11) and 86-₹0.52 Cr (2011-12).

Commission. Further, a Supplementary Grant of ₹ 65.33 crore related to a centrally sponsored scheme was obtained as the execution of works under the scheme was progressing well.

The fact remained that the Department did not realistically estimate the need of funds under supplementary grant resulting in substantial avoidable savings.

3.2.7.2 Non-surrender of grant

As per Para 103 of the Gujarat Budget Manual, spending Department required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated.

Government could not gainfully utilise the 9.27 per cent of savings due to non surrender of grant by the Department.

It is observed that the Department by not adhering to the provision of Gujarat Budget Manual did not surrender ₹ 151.97 crore of savings during 2008-09 to 2011-12 which was 9.27 per cent of total savings of ₹1,638.60 crore under grant 83 to 88. The amount not surrendered under various grants during this period was ranging between 1.11 per cent and 100 per cent of the savings.

The Department replied (September 2012) that every effort was made to utilise the fund by re-appropriating the grant.

The reply is not acceptable. The violation of provisions of the Budget Manual has not only resulted in non-surrender of savings but also deprived the other needy Departments from gainfully using the funds.

3.2.7.3 Rush of expenditure

Rush of expenditure in the month of March was 24 per cent of the total expenditure of the Department

As per Para 109 of the Gujarat Budget Manual (Volume I), expenditure during the year should as far as possible, be uniformly spread over during the year and rush of expenditure particularly during the last month should be avoided. Further, as per Para 382 of GPW Manual (Volume I), the expenditure in the month of March should be so regularised that it does not exceed the permissible limit of average expenditure to the extent of three times of the average expenditure incurred during last eleven months.

We observed that the Department incurred expenditure of ₹ 4,025 crore in the month of March which was 24 per cent of total expenditure of ₹ 16,672 crore during the period 2008-09 to 2011-12 in deviation to above referred provision. Further, in 22 out of 28 Divisions, the percentage of excess expenditure over permissible limit in the month of March was ranged between 0.86 per cent and 774.48 per cent resulting in rush of expenditure (**Appendix - XI**).

The Department stated (October 2012) that the reasons for rush of expenditure as: (i) due to monsoon, Department is left with only eight months to execute the work, (ii) liability for the work executed during the month of February was paid in the month of March and (iii) Finance Department had been releasing the supplementary grants in the month of March.

The reasons cited by the Department for rush of expenditure are not acceptable as the Department was aware of these facts and therefore could have planned the execution and payments of works accordingly.

3.2.8 Planning and programme implementation

The Department executes various works based on the budget provision. Prior to execution of work, an Administrative Approval (AA) is to be accorded or to be obtained from the concerned Administrative department in case it executes the work on agency basis. Later, Technical Sanction (TS) for the work is given by competent authority based on the detailed estimate. On the basis of the TS, tendering process and execution of the work will be carried out. During the audit following lapses were observed in planning and programme implementation stage.

3.2.8.1 Non approval of 'Schedule of Rates'

As per Para 379 (a) of GPW Manual (Volume-I), the Schedule of Rates (SoR) should come into effect from April each year and should be kept upto date. It is not permissible to revise the SoR during the current financial year. Further, as per the instructions of State Government (October 2008), if the revision proposed in the SoR leads to increase in the rate by more than 15 per cent of the current year SoR, the proposed revision required the approval of the Government.

However, it was noticed that SoR was not approved by the Department in respect of seven Divisions⁴¹ in 2009-10 and eight Divisions⁴² during the year 2010-11 before commencement of financial year. In the absence of approved SoR, the Department would not be able to ascertain the authenticity of estimates prepared for the work by the Divisions.

3.2.8.2 Non-preparation of estimates for Maintenance & Repairs works

As per provision contained in Para 180 of GPW Manual (Volume-I), the estimate for current repair works to be executed during the year for which fund provided under maintenance and repairs (M&R) head should be prepared by the 15th January of previous financial year duly sanctioned by the EE on or before the 15th April of the concerned year. The sanction should be communicated to Audit Officer before the 15th May of the concerned year.

On a test check of 28 Divisions, we observed that the estimates for the M&R works were not prepared in time in 15 Divisions⁴³ during the year 2008-09 to 2010-11 in violation of the above referred guidelines.

The Department stated (October 2012) that the estimates for special repairs were being approved prior to commencement of work. However, the current repairs were being taken up based on the need and the sanctioning of estimate were made as and when required, instead of approving the estimates within the time limit stipulated in this regard. The fact remained that the above Divisions

⁴¹ 1. R&B Division I, Surat, 2. District R&B, Rajkot, 3. R&B, Jamnagar, 4. R&B, Bhuj, 5. R&B, Patan, 6. R&B, Palnapur, 7. R&B, Tapi (Vyara).

⁴² 1. R&B Division I, Surat, 2. District R&B, Rajkot, 3. R&B, Jamnagar, 4. R&B, Bhuj, 5. R&B, Patan, 6. R&B, Palnapur, 7. R&B, Tapi (Vyara), 8. NH Division, Rajkot.

⁴³ 1. R&B Division, Nadiad, 2. R&B Division, Amreli, 3. District R&B Division, Rajkot, 4. R&B Division No.2, Surat, 5. R&B Division, Tapi (Vyara), 6. CP-3, Gandhinagar, 7. R&B Division, Bharuch, 8. R&B Division, Rajpipla, 9. R&B Division, Palanpur, 10. R&B Division, Patan, 11. R&B Division, Bhuj, 12. R&B Division, Surendranagar, 13. R&B Division, Jamnagar, 14. R&B Division No. 1, Surat, 15. R&B Division, Mehsana.

had not prepared the estimates for the current works within the time limit stipulated in the GPW Manual.

3.2.8.3 Irregular allotment of excess job numbers

As per the instructions (May 1993) of R&B Department, out of total grant allotted to R&B Division for Special Repairs⁴⁴ (SR) works, spillover works are to be met first and based on the remaining grant available, the CE is empowered to identify the new SR works to be taken up and also allot job number for each such new work. The estimated total cost of new SR works being considered for taking up during the current year should not exceed the amount equal to twice the remaining amount of grant available.

During the audit of 28 Divisions, we observed that the CE, in contravention of Department's instructions, identified more number of new SR works to be taken up during the year 2008-09 to 2010-11, accordingly allotted job numbers. The total estimated cost involved in the newly allotted job numbers had exceeded the stipulated limit i.e. twice the amount of remaining grant available (**Appendix-XII**). The year wise details in this regard are given in **Table 1** below:

Table 2: Allotment of Job Numbers for the amount in excess of the prescribed limit
(₹ in crore)

Year	Number of Divisions	Twice the amount of balance available ⁴⁵	Amount of new job number	Excess amount of job numbers allotted than the permissible limit.
2008-09	16	105.94	226.05	120.11
2009-10	10	16.52	49.59	33.07
2010-11	16	98.48	317.11	218.63
Total		220.94	592.75	371.81

(Source: Data furnished by the Divisions)

The Department stated (September 2012) that the job numbers allotted for new SR works in the R&B Department as a whole were well within the overall prescribed limit. Further, the excess job numbers related to new SR works were necessitated due to the works in connection with State level programme held on Independence Day, Republic Day etc and SR works due to poor condition of roads and also based on the demand of MLAs, etc.

The reply is not acceptable as allotting excess job numbers beyond the prescribed limit by the Divisions as mentioned in the table not only violated the instructions, but also increased the spillover liabilities of the Department.

⁴⁴ This consists of repairs to embankment, pavement, culverts etc. necessitated by landslides, earthquakes, cyclones, heavy rain/cloud bursts, flood etc. the nature and extent of which can not be foreseen or predicted.

⁴⁵ Wherever, remaining balances are negative figures due to excess spillover liabilities than grants available in a year, balance available is taken as Nil for calculation purpose.

Department adopted incorrect star rate of asphalt resulting in excess payment of ₹ 17.76 crore

3.2.8.4 Incorrect adoption of star rate of asphalt

R&B Department Circular of November 1998 and October 2005 having the approval of Finance Department stipulated that the base rate of asphalt for the purpose of calculation of price variation would be the rate prevalent in the month of approval of the Draft Tender Papers (DTPs) is to be specified as star rate.

On scrutiny of records of 28 Divisions, in 18 Divisions pertaining to 50 works, in deviation to above circular, Department under Clause-59 A of the tender document, adopted star rate prevailing in the month of preparation of estimates as base rate, instead of the rate prevailing in the month of approval of DTP.

The price variation for asphalt was paid on incorrect base rate (star rate) which resulted into extra financial burden on work executed to the extent of ₹ 17.76 crore by way of excess payment/short recovery (**Appendix- XIII**).

On being pointed out, Department replied (September 2012) that the prevailing rates of asphalt at the time of preparing estimate of the works were adopted by the Divisions as per the Department's letter dated June 2001.

The reply is not acceptable as the Department's letter dated 16 June 2001 cannot override the instructions given in the Government circular of November 1998. Further, the Department's circular of October 2005 had also reiterated the applicability of instructions given in November 1998.

3.2.8.5 Issue of tender notice before approval of DTP

Para 200 of the GPW Manual (Volume-I) read with R&B Departmental Circulars issued from time to time, prohibited issue of tender notice without the approval of Draft Tender Papers (DTPs) by competent authority.

During the year 2008-09 to 2010-11 out of 28 Divisions, 26 Divisions had issued tender notices for 98 works (50.25 per cent of the sample) prior to approval of DTP (**Appendix-XIV**).

The Department stated (October 2012) that though the tender notices were issued prior to approval of DTP, the DTP were approved prior to uploading the tender on website.

The reply is not acceptable, as GPW Manual and various Departmental circulars have categorically prohibited the issue of tender notice without the approval of DTPs by competent authority.

3.2.8.6 Deviation from e-tendering procedure

Department's Resolution (March 2007) has specified the time gap between issue of blank tender copy (date of upload on website) and last date for submission of bid. The details are given in **Table 3** below:

Table 3: Prescribed time gap between issue of tenders and submission of bids

Category	Value of Work	Time gap between issue of tenders and submission of bids
A	Value of the work upto ₹ 1.00 crore	15 days
B	Value of the work between ₹ 1.00 and ₹ 3.00 crore	21 days
C	Value of the work more than ₹ 3.00 crore	30 days

Non compliance to e-tendering procedure was noticed in 19 divisions

However, during the audit of 28 Divisions it was observed that in respect of 66 works related to 19 Divisions, gap ranged between one day and 22 days below the prescribed time limit (**Appendix-XV**). Further, in respect of 11 works related to five Divisions, the gap ranged between one day and 81 days, beyond the prescribed time limit (**Appendix-XVI**).

The Department stated (October 2012) that though the time gap between the date of uploading the blank tender on the website and date of submission of bid was less than prescribed limit, it did not affect the competition as bids were received with the rates quoted below SoR.

The reply is not acceptable; the reply does not contain the number of bids received and rates received in these tenders in support of its contention that short time allowed for submission of bids did not prevent them in getting the competitive rates. Further, the reply does not contain the reason for allowing more time in submission of bids beyond the prescribed limit. Thus, deviation from the prescribed limits restricts the competition, where less time is allowed. Time allowed beyond the prescribed limit may unduly favour contractors. Such *ad hoc* time limits are in violation of the above Government resolution.

3.2.8.7 Delay in submitting Security Deposit

As per Clause 1 of the B-2 agreement and Condition No. 3 of the tender, before issue of work order, the contractor within 10 days of acceptance of contract, has to furnish five *per cent* of the estimated cost as Security Deposit (SD) in the form of Fixed Deposit Receipt (FDR) or Government Securities or Performance Bond (PB) or Bank Guarantee.

However, it is observed that in respect of five works in four Divisions⁴⁶, the contractors had not submitted SD within the prescribed time limit and the delay ranged between 13 days and 137 days, which was not even condoned by the competent authority.

The Department while accepting (October 2012) the audit contention, stated that out of five cases, in one case the delay in submission of SD by contractor was condoned by the competent authority.

Thus, the Department by not insisting for SD in time, did not insulate itself against the risk of non- performance.

3.2.8.8 Shorter Validity of Performance Bond

As per the Para 228 (A) (3) of GPW Manual (Volume-I) and in case of work exceeding value of ₹ 50 lakh, the Local Officer should obtain before issue of work order, a Bank Guarantee (equivalent to five *per cent* of estimated cost of amount put to tender), which is valid for at least one year beyond the stipulated date of completion.

However, during the audit of 195 works of 28 Divisions, it was observed that

- a. in respect of 61 works in 23 Divisions, the Local Officer failed to ensure the validity of PB for one year beyond the stipulated date of

⁴⁶ 1. District R&B, Rajkot (1 work)-13 days delay, 2. R&B, Anand (1 work)-47 days delay, 3. R&B, Godhra (1 work)-137 days delay and 4. R&B, Junagadh (2 works)-21 to 24 days delay.

In deviation to codal provision Divisions had not obtained valid Performance bond

completion of work and short validity ranged between 158 and 915 days (**Appendix-XVII**) and

- b. out of above 61 works, in respect of 32 works in 19 Divisions the PB expired even before the date of completion of the project, short validity ranged from 1 to 428 days (**Appendix-XVIII**),

The Department stated (October 2012) that most of the cases cited in audit were satisfactorily executed by the contractor and hence the Department was not exposed to risk of any loss due to failure of the contractors in execution of works.

By accepting the SD and PB with short validity, the Department is exposed to the risk of failure by the contractor to execute the work satisfactorily and the fact remains that the Divisions failed to adhere to the provisions of the manual meant to safeguard their financial interest.

3.2.8.9 Execution of extra work without the approval of competent authority

As per Para 214 of GPW Manual (Volume-I), any deviation from the approved plan or sanctioned specification or variation in quantity should be done only with prior approval of the competent authority. However, in respect of the following works, the Divisions executed and released the payments without the approval of competent authority for the extra work.

1. The work of “Construction of Taluka Seva Sadan at Dabhoi, Vadodara” was awarded (February 2009) to M/s. R.N. Dobriya, Surat at tendered cost of ₹ 5.74 crore against the estimated cost of ₹ 5.61 crore. Additional work amounting to ₹ 0.22 crore was also executed by the agency and full amount was paid before receipt of approval from the competent authority for the extra work by District R&B Division, Vadodara.
2. The work of “Providing facilities at taluka headquarters which has no Nagarpalika like widening, strengthening and pucca gutter with footpath on State Highway passing from Dediapada and Sagabara Taluka” was awarded (September 2010) to M/s. Ashish Construction at tendered cost of ₹ 2.42 crore against the estimated cost of ₹ 3.02 crore. Additional work amounting to ₹ 0.10 crore was executed by the agency and payment for extra work executed was made, prior to receipt of approval of the competent authority for the extra work by R&B Division, Rajpipla.
3. The work of “Construction of Vishramgruh at Chotila District Surendranagar” was awarded (May 2010) to M/s J.P. Structure Private Limited at a tendered cost of ₹ 1.24 crore against the estimated cost of ₹ 1.45 crore. Additional work amounting to ₹ 0.19 crore was executed by the agency and payment made before receipt of approval from the competent authority for the excess work by R&B Division, Surendrangar.

The Department stated (October 2012) that execution of additional works and payments there against were made in anticipation of approval of competent authority. Subsequently, in all the cases the approvals for additional works were obtained.

The reply is not acceptable, as the award of additional works and release of payments without prior approval by EE are contrary to delegation of power and also in violations of provisions of GPW manual.

3.2.8.10 Extending the length of roads after awarding the works

Para 150 of the GPW Manual (Volume-I), states that estimate should be as closely approximate to the probable actual as possible. Further, as per Para 198 (i) of GPW Manual, (Volume I), in respect of work whose estimated cost is above ₹ 5,000, public tender should be invited in the manner prescribed in Para 200⁴⁷.

Additional length of road costing ₹ 13.57 crore executed without adhering to prescribed tender

In gross violation of provisions above, extra/additional lengths of roads costing ₹ 13.57 crore were executed. The details are given in **Appendix-XIX**.

On being pointed out, Department replied (October 2012) that extra work was executed mainly to utilise the savings arising out of low tendered cost. Further, excess work was carried out as per field requirement and to take benefit of prevailing SoR rates.

The reply is not acceptable, as fact remains that Department while executing the extra work had not followed the codal provision referred in the para. Thus, the Department failed to ensure the competitiveness of the price paid for the huge extra work aggregating to ₹ 13.57 crore as it had executed the extra work through the same contractors without following the tender process.

3.2.8.11 Non execution of approved quantity of work

The provisions contained in Para 214 of GPW Manual (Volume I) stipulate, for variation in quantities of existing items, the excess/saving in quantities are required to be sanctioned/ approved from the competent authority before making payment of final bill and reduction or curtailment of tender quantities will also be subject to approval by the competent authority.

We observed that out of 28 Divisions, in 17 Divisions pertaining to 49 works, sanction to savings of ₹ 21.84 crore (7.42 per cent of tender cost) due to execution of less than the tendered quantity was not ensured, prior to release of final payment (**Appendix-XX**).

The Department stated (October 2012) that minor deviations are bound to arise in various quantities shown in the tender and due to shortage of staff the savings were not approved prior to release of final bill. However, the excess/savings statement were prepared and attached with the final bill of the works.

The reply is not acceptable as Divisions, in violation of delegation of powers and in contravention of Para 214 of GPW Manual, released final bill of the contractors without the approval of savings by competent authority.

⁴⁷ Tender which should always be sealed, should invariably be invited in the most open and public manner possible whether by advertisement in local newspapers or notice in English where necessary and invariably in the Regional language posted in public places and tenderers should have free access to contract documents.

3.2.8.12 Inordinate delay in extension of time limit

As per Government Resolution of R&B Department dated 30 May 1989, application for the grant of extension of time limit submitted by the contractor should be finalised by the concerned competent authority within a period of three months positively from the date of submission of application.

In case of failure to adhere to time schedule, the same should be referred to higher authority citing the reasons for delay in taking the decision. In case decision is not taken within three months by higher authority from the date of receipt of application, it should be referred to the Government for finalisation. EE shall maintain a register showing the date of application, name of work, stipulated date of completion, progress of work, action taken and final decision taken etc.

On a sample test, the following was noticed:

Delay of 23 days to 936 days in according extension of time limit was noticed in 85 works and in respect of 37 works approval for extension of time limit was still pending as on March 2012

- 12 out of 28 Divisions had submitted the proposals for extension of time limit for 85 works for the approval of the competent authority. The approval was accorded with delays ranging from 23 days to 936 days beyond the prescribed time limit of three months (**Appendix-XXI**).
- In respect of 37 works of eight Divisions, even though works have been completed in most of the cases and the Divisions have submitted the proposals for extension of time limit (March 2012), the approval by the competent authority was pending even after lapse of the prescribed time limit of three months. (**Appendix-XXII**).

The Department stated (September 2012) that the delay in granting the approval on the proposals for extension of time limit was caused due to shortage of staff, increase in work load and transfer of concerned officer.

The delay in approving the extension of time limit within the prescribed time period would create uncertainty and affect the progress of works under execution and may also lead to cost and time over run in completion of the works.

3.2.8.13 Excess payment towards Cement Grade Mix

The State Government *vide* circular of December 1986, had fixed standard for design mix of various concrete grades indicating the requirement of cement in Kg per cubic meters for various items of concrete works. This standard forms the basis for specifying the quantity in 'Schedule B' (i.e. the items of works to be carried out by the contractor) forming part of the tender documents. Further, as per special conditions of tender agreement, in all RCC items where there is a change of grade mix or change as per actual mix design, the cost of difference of cement consumption shall be added/deducted from the rate of original items at the rate of star rate mentioned as per the Clause 59 of the tender. This condition is also applicable to the (i) excess quantity for RCC items and (ii) extra item rate list.

We observed that in respect of 14 works of 11 Divisions out of 28 Divisions, cement consumption (as per approved mix design for the work) was less than

Excess payment of ₹ 1.55 crore due to non consideration of savings arising out of Cement Grade Mix.

the cement consumption considered for preparing the estimate for concrete grades of M-15, M-20, M-25, M-30 and M-35. The savings in consumption of cement which were to be recovered, were not recovered by the Divisions while making payment, resulting in overpayment of ₹ 1.55 crore (Appendix-XXIII).

The Department stated (October 2012) that in two Divisions viz., Vyara and Surendranagar the amount as pointed out in audit was recovered. In respect of four Divisions viz., Patan, Amreli, Godhra and Porbandar, there was no clause in the tender for such recovery.

The reply is not acceptable. The reasons for non-inclusion of the clause in the tender and also status of the recovery of the amount as pointed out in respect of the remaining five Divisions were not given.

3.2.8.14 Free maintenance guarantee: Short withholding of amount

As per clause 17 B of Special condition of the contract, five *per cent* of the amount of each Running Account (RA) Bill was to be withheld for free maintenance guaranteed (FMG) period of three years. However, the amount withheld was to be released on furnishing of bank guarantee (BG) or FDR after completion of work. However, in respect of eight works in four Divisions⁴⁸ an amount of ₹ 2.68 crore was short withheld towards FMG from the running bills.

The Department stated (September 2012) that BG received at the time of awarding contract had been considered towards FMG.

The reply is not acceptable. Five *per cent* of the work executed to be withheld towards FMG from each RA bill, can be released only if separate BG with validity for three years is furnished on completion of the work. By not adhering to the clause, the Divisions had failed to safeguard their interest against any failure in guaranteed maintenance by the contractors.

3.2.8.15 Non/Short recovery of Value Added Tax

Finance Department, Government of Gujarat vide Notification (April 2008) has specified that Value Added Tax (VAT) at the rate of 0.6 *per cent* was to be deducted at the time of payment of whole or part of the specified value of work done in respect of work of Roads and construction of Buildings and clause 77 of the tender agreement also stipulated the VAT is required to be deducted at source at the prevailing rates.

Scrutiny of records of sampled units revealed that in respect of 30 works of nine Divisions⁴⁹, there was non/short deduction of ₹ 0.64 crore on account of VAT by the Department. Non-compliance to provisions of VAT will attract penalty under the referred Act.

An amount of ₹ 0.64 crore towards VAT was either short/non recovered by nine divisions

⁴⁸ 1. CP-I, Gandhinagar ₹ 0.21 crore (3 works), 2. R&B, Bhavnagar ₹ 0.12 crore (2 works), 3. R&B, Godhra ₹ 1.61 crore (2 works) and 4. R&B, Anand ₹ 0.74 crore (1 work).

⁴⁹ 1. R&B, Porbandar ₹ 6.02 lakh (1 work), 2. R&B, Amreli ₹ 4.88 lakh (1 work), 3. R&B, Patan ₹ 2.16 lakh (4 works), 4. CP-III, Gandhinagar ₹ 3.16 lakh (1 work), 5. District R&B, Ahmedabad ₹ 21.93 lakh (6 works), 6. R&B, Godhra ₹ 14.82 lakh (6 works), 7. R&B, Bhavnagar ₹ 5.72 lakh (5 works), 8. CP-I, Gandhinagar ₹ 5.23 lakh (5 works) and 9. R&B, Mehsana ₹ 0.56 lakh (1 work).

The Department stated (October 2012) that in respect of certain works VAT was pending to be recovered and in respect of other cases, they had ensured that VAT was remitted by the contractor.

Reply is not acceptable. According to the notification, it is the liability of person who makes payment to recover the VAT. However, Divisions had failed to comply with the instructions of the notification.

3.2.8.16 Deposit works executed in excess of deposit received

As per the provisions in Para 264 of GPW Manual (Volume-I), the deposit works are to be taken up only after the party concerned had deposited the cost of sanctioned estimates and the cost of the work should be restricted to the amount already deposited. If any excess expenditure is anticipated during execution of work, a revised estimate should be proposed and got approved by the competent authority. Action should be taken at once to recover the amount already incurred in excess of amount deposited.

We observed that negative balances aggregating to ₹ 1.50 crore were shown in deposit registers of eight Divisions⁵⁰ which are indicative of the fact that full amount for the deposit works remained to be recovered from the party who had assigned the works to the Department. The Divisions had not adhered to the provisions of GPW Manual.

The Department stated (September 2012) that it would review the deposit registers and would take necessary action.

3.2.8.17 Delay in according revised administrative approval

As per Para 131 and 132 of the GPW Manual (Volume I), if the total expenditure exceeds or is likely to exceed the amount of estimate for the work administratively approved, then a revised Administrative Approval (AA) is required to be obtained for the excess expenditure as per the provisions given in **Table 4** below:

Table 4: Provisions for revised Administrative Approval

Sl. No.	Value of original AA	Ceiling requiring revised AA on the excess expenditure
1	works costing upto ₹ 2 crore	If expenditure is in excess of 10 per cent of value of original value of AA or ₹ 15.00 lakh whichever is less
2	works costing between ₹ 2 crore and ₹ 5 crore	If expenditure is in excess of 7.5 per cent of value of original value of AA or ₹ 25.00 lakh whichever is less
3	works costing above ₹ 5 crore	If expenditure is in excess of 5 per cent of value of original value of AA or ₹ one crore whichever is less.

On a test check of original AA and final bills, it was observed that revised AA was awaited (March 2012) in respect of nine works in eight Divisions⁵¹.

The Department stated (September 2012) that except for Nadiad Division, in the remaining Divisions, the process of obtaining the revised AA was in

⁵⁰ 1. R&B, Nadiad ₹ 0.27 crore, 2. R&B, Rajpipla ₹ 0.16 crore, 3. District R&B, Rajkot ₹ 0.04 crore, 4. R&B Division No. 1, Surat ₹ 0.13 crore, 5. R&B, Bhuj ₹ 0.39 crore, 6. R&B, Jamnagar ₹ 0.48 crore, 7. District R&B Vadodara ₹ 0.03 crore and 8. R&B, Palanpur ₹ 0.0003 crore.

⁵¹ 1. R&B, Nadiad (1 work), 2. R&B, Porbandar (1work), 3. R&B, Bhuj (1 work), 4. R&B, Patan (1work), 5. District R&B, Vadodara (1 work), 6. R&B, Bhavnagar (2 works), 7. R&B, Mehsana (1 work) and 8. R&B, Himmatnagar (1 work).

progress. Regarding the Nadiad Division the excess expenditure was within the prescribed limit and hence the revised AA was not required.

The reply is not acceptable as even in Nadiad Division excess expenditure of ₹ 1.15 crore was more than the amount covered by original AA and hence revised AA was required.

3.2.9 Monitoring

3.2.9.1 Delay in recording measurement

As per clause 7 of the B-1/2 tender agreement, for all of works costing more than ₹ 50 lakh as soon as the work is completed, the contractor shall give a notice of such completion to the Engineer in charge and on receipt of such notice, the Engineer in charge shall inspect the work and if he is satisfied that the work is completed in all respects, then the final measurements shall be recorded within 75 days from the date of physical completion of the work.

It was observed that the delay in recording the measurement of work in respect of 31 works of 18 Divisions⁵² out of 28 Divisions ranged between eight days and 290 days.

The Department stated (October 2012) that shortage of staff and heavy work load were the reasons for the delay in recording the final measurement.

The fact remains that the Divisions failed to fulfil its own commitment made in this regard in the tender documents. Timely recording of measurement would assure correctness of payments and avoid unnecessary litigation.

3.2.9.2 Non-updation of Bar Chart Register

Each R&B Division has to maintain a computerised Bar Chart Register giving details of all roads and various works viz., strengthening/widening of roads, special repairs, current repairs carried out on the roads falling under the jurisdiction of the Division during last five years. The register is to be maintained with a view to keep a watch over status of roads.

On test check of sampled units, it was noticed that in 10 Divisions⁵³ the Bar Chart Register was not updated after 2009-10 and in two Divisions⁵⁴ the registers were not updated after 2010-11. In the absence of updation of the register, there is a possibility that the repairing or other works related to the roads may not be carried out as per the schedule fixed in this regard or may fail to avail the benefit of free maintenance guarantee.

The Department stated (September 2012) that the necessary action was being taken by the Divisions to update the Bar Chart Register.

⁵² 1. CP Division No. II, Gandhinagar (1 work), 2. CP Division No. III, Gandhinagar (2 works), 3. District R&B, Rajkot (1 work), 4. R&B Dn No. 2, Surat (1 work), 5. R&B, Amreli (1 work), 6. R&B, Anand (2 works), 7. R&B, Bharuch (1 work), 8. R&B, Bhavnagar (1 work), 9. R&B, Godhra (4 works), 10. R&B, Himmatnagar (3 works), 11. R&B, Jamnagar (2 works), 12. R&B, Junagadh (1 work), 13. R&B, Mehsana (1 work), 14. R&B, Nadiad (1 work), 15. R&B, Palanpur (4 works), 16. R&B, Patan (3 works), 17. R&B, Surendranagar (1 work) and 18. R&B, Tapi (Vyara) (1 work).

⁵³ 1. District R&B, Rajkot, 2. R&B, Surendranagar, 3. R&B, Amreli, 4. R&B Division-II, Surat, 5. R&B, Anand, 6. R&B, Patan, 7. R&B, Himmatnagar, 8. R&B, Mehsana, 9. R&B, Junagadh and 10. CP-III, Gandhinagar.

⁵⁴ 1. R&B, Valsad and 2. District R&B, Ahmedabad.

Delay in recording the measurement ranged from eight days to 290 days in 64 per cent of the selected divisions

3.2.10 Human Resources Management

3.2.10.1 Men-in-position

Adequate trained man power is essential to any organisation. Category wise sanctioned strength *vis-à-vis* men in position and vacancies as on March 2012 is given in **Table 5** below:

Table 5: Shortage of man power

Category of Class/Post	Sanctioned posts	Men in position	Vacancy	(Figures in numbers)
				Percentage of Vacancy to the sanctioned posts
Class-I	161	138	23	14
Class-II	1,315	1105	210	16
Class-III	5,182	4,001	1,181	23
Class-IV	2,012	1,470	542	27

(Source: Information furnished by the Department)

It is observed that vacancy position as percentage of sanctioned posts in respect of Class-I to Class-IV posts ranged between 14 *per cent* and 27 *per cent*. The shortage in man power would create imbalance in the organisation and would affect the effective functioning of the Department.

The Department stated (September 2012) that it had initiated necessary administrative action to fill the vacant positions.

3.2.11 Internal control

3.2.11.1 Lapsed deposit

According Para 15.4.1 of CPW Accounts Code, any deposit lying unclaimed for more than three complete financial years, is required to be credited to the Government Account as lapsed deposit. However, an amount of ₹ 57.94 crore lying unclaimed for more than three years as on 31 March 2011 had not been credited into Government account as lapsed deposit by 14 Divisions⁵⁵.

The Department stated (September 2012) that five Divisions had credited an amount of ₹ 8.48 crore to the revenue of Government as lapsed deposit and another five Divisions were reviewing the same. The reply was silent in respect of remaining four Divisions.

3.2.11.2 Deficiencies in maintenance of Cash Book

In deviation to Rule 28 of the Gujarat Treasury Rules (GTR), 2000, following omissions/deficiencies were observed in maintenance of cash book in 14 Divisions⁵⁶:

- Certificate on first page regarding number of pages were not recorded in three Divisions⁵⁷.
- Pages of cash book were not machine numbered in three Divisions⁵⁸.

⁵⁵ 1. R&B Navsari-₹ 0.56 crore, 2. R&B, Valsad-₹ 7.35 crore 3. NH Division, Rajkot, ₹ 8.89 crore, 4. District R&B, Rajkot-₹ 5.45 crore, 5. R&B, Bharuch-₹ 6.49 crore, 6. R&B Division No. 1, Surat ₹ 1.04 crore, 7. R&B Division No. 2, Surat-₹ 6.37 crore, 8. R&B, Palanpur-₹ 0.06 crore, 9. R&B, Jamnagar-₹ 0.7.36 crore, 10. District R&B, Ahmedabad-₹ 1.85 crore, 11. District R&B, Vadodara-₹ 5.00 crore, 12. R&B, Anand-₹ 0.11 crore, 13. CP-III, Gandhinagar-₹ 5.61 crore and 14. R&B, Junagadh-₹ 1.80 crore.

⁵⁶ 1. District R&B, Vadodara, 2. R&B, Mehsana, 3. R&B, Porbandar, 4. NH Division, Rajkot, 5. District R&B, Rajkot, 6. R&B, Surendranagar, 7. R&B, Amreli, 8. R&B, Bharuch, 9. R&B Division-II, Surat, 10. R&B, Tapi (Vyara), 11. R&B, Bhuj, 12. R&B Patan, 13. R&B, Jamnagar and 14. CP-III, Gandhinagar.

⁵⁷ 1. R&B, Mehsana, 2. R&B, Bharuch and 3. District R&B, Vadodara.

⁵⁸ 1. R&B Division, Mehsana, 2. District R&B Division, Vadodara and 3. NH Division, Rajkot.

- No periodical surprise checks were conducted by the competent authority in all 14 Divisions.
- Dated initials of Drawing and Disbursing Officer (DDO) were not found recorded against each entry in eight Divisions⁵⁹.
- DDO did not certify the cash balances appearing at the end of the month in R&B Division-II, Surat.
- Entries made in the cash book were not checked by the person other than the writer of cash book in District R&B Division, Vadodara.
- Over writing was not attested in cash book in NH Division, Rajkot.
- Opening Balance and Closing Balance were written in pencil in five Divisions⁶⁰.
- Opening Balance and Closing Balance were not carried forward properly in two Divisions⁶¹.
- Petty cash book of establishment in R&B, Jamnagar was not written after 14 October 2009.

Lack of proper maintenance of cash book makes the system vulnerable to risk of fraud and misappropriation.

The Department accepted (September 2012) the audit observations and agreed to take necessary corrective action.

3.2.11.3 Non-reconciliation of outstanding remittance

A test check of Form-51- 'Schedule of monthly settlement with the treasuries' revealed that in 22 Divisions, 237 items amounting to ₹ 63.74 lakh remitted during 2008-12 by the Divisions were not accounted for by the treasury, whereas 813 items amounting to ₹ 2.43 crore were acknowledged by treasury during 2008-12 but not accounted for by the Divisions as on 31 March 2012 (**Appendix-XXIV**).

The Department accepted (September 2012) that old remittances were pending outstanding as it was difficult to trace the old records either in treasury or in the Divisions to take up the reconciliation.

Non-accountal and non-reconciliation of transactions are serious lapses on the part of the Divisions making them vulnerable to misappropriation of funds.

3.2.11.4 Non-maintenance of deposit registers

A test check of records of R&B Division, Anand revealed that details of deposits received/deducted from the RA Bills of the agency such as name of the work, agreement number, amount and date of receipt, amount and date of refund were not mentioned in the deposit register. Further, R&B Division, Bharuch did not maintain the deposit register after 2006-07. In the absence of proper maintenance of deposit register, it could not be verified whether deposits were refunded as per rules. Improper maintenance of deposit register gives scope for irregular release of deposit amount, and consequent loss to the Department.

⁵⁹ 1. R&B Porbandar, 2. District R&B, Rajkot, 3. R&B, Surendrangar, 4. R&B, Amreli, 5. R&B Division II, Surat, 6. R&B, Tapi (Vyara), 7. R&B, Patan and 8. R&B, Mehsana.

⁶⁰ 1. R&B, Amreli, 2. R&B, Bharuch, 3. R&B Division.-II, Surat, 4. R&B, Patan, 5. R&B, Jamnagar.

⁶¹ 1. R&B, Porbandar and 2. R&B, Tapi (Vyara).

The Department accepted (September 2012) the audit observation and also assured that it would take corrective actions for proper maintenance and updation of deposit register.

3.2.11.5 Outstanding rent

As per Para 476 of GPW Manual, Divisional officers are responsible to ensure that steps are taken with a view to effect prompt realisation of all revenues. Scrutiny of records of selected units revealed that in 15 Divisions⁶², rent amounting to ₹ 1.01 crore was outstanding from 135 occupants of quarters or from unauthorised occupants⁶³ of quarters. Delay in recovery has blocked the funds to the Government since September 1984 (R&B Dn, Jamnagar) and may eventually result in loss.

The Department stated (September 2012) that recovery of rent from the occupants was pending due to reasons like court cases, pending eviction proceedings, transferred employee etc.

3.2.12 Conclusion

- Instances of inadequate assessments while demanding supplementary grants, substantial savings, non-surrender of grants, rush of expenditure, non-preparation of estimates for M&R works indicated the existence of weak budgetary control mechanism of the Department.
- Undertaking of new special repair works in excess of the limit prescribed, non updation of SoR, incorrect adoption of star rate, non-adhering to the provisions of GPW Manual regarding tender procedures, obtaining approval for execution of works, deposit works etc., delay in recording the measurement of work done, non deduction of payments from the RA bills of the contractors as per terms and conditions of the contract/government instructions indicated deficiencies in planning and management of project activities.
- Due to weak internal control mechanism, deficiencies such as non-adherence to the Gujarat Treasury Rules and non-maintenance of the deposit registers were also noticed.

3.2.13 Recommendations

The Department should ensure that:

- Provisions of the budget manual are strictly followed to enhance the effectiveness of budget control mechanism.

⁶² 1. R&B, Nadiad-₹ 4.26 lakh, 2. District R&B, Rajkot-₹ 0.64 lakh, 3. R&B, Amreli-₹ 3.27 lakh, 4. R&B Division. No. 1, Surat-₹ 3.90 lakh, 5. R&B, Palanpur-₹ 3.49 lakh, 6. R&B, Jamnagar-₹ 14.05 lakh, 7. District R&B, Vadodara-₹ 4.45 lakh, 8. R&B, Mehsana-₹ 0.47 lakh, 9. R&B, Bhavnagar-₹ 0.35 lakh, 10. R&B, Junagadh-₹ 5.51 lakh, 11. R&B, Godhra-₹ 26.70 lakh, 12. CP-I, Gandhinagar-₹ 23.79 lakh, 13. CP-II, Gandhinagar-₹ 8.33 lakh, 14. R&B, Bharuch-₹ 0.56 lakh and 15. R&B, Anand-₹ 1.46 lakh.

⁶³ Are those occupants who have not vacated the quarters even after period of one to 12 months as allowed by the competent authority for retention of quarters from the date of transfer/retirement/resignation of an employee.

- Planning and management of project activities should be revamped by ensuring adherence to the provisions of GPW Manual, terms and conditions of tenders/agreements made with the contractors and the instructions of the Government.



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