

Overview

This Report of Comptroller and Auditor General of India on Economic (Non-PSUs) Sector, Government of Madhya Pradesh for the year ended 31 March 2014 includes four Performance Audits and 11 paragraphs arising from audit of the financial transactions. A summary of the important findings is given below:

1. Performance Audits

1.1 Working of Tiger Reserves, National Parks and Sanctuaries

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

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

(Paragraphs 2.1.7.1 to 2.1.7.3)

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

(Paragraphs 2.1.8.1 to 2.1.8.4)

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

(Paragraphs 2.1.9.1 to 2.1.9.5)

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

(Paragraphs 2.1.10.1 to 2.1.10.2)

1.2 Estimates of Medium Irrigation Projects

The responsibility of planning, designing, survey, construction and maintenance of Medium irrigation projects in the State is with Water Resources Department. Preparation of accurate and realistic estimates of

irrigation projects is essential for completion of project on time and within the sanctioned cost. In Madhya Pradesh, total created irrigation potential up to March 2014 from Water Resources Departmental (WRD) sources through Major, Medium and Minor projects, was 31.89 lakh hectare (ha). In Madhya Pradesh, there are 4,781 completed (13 major, 110 medium and 4,658 minor) and 774 ongoing (09 major, 31 medium and 734 minor) Irrigation Projects. The Department has incurred expenditure of ₹ 3,250.44 crore up to 31 March 2014 on 31 on-going medium projects.

A performance audit of preparation of estimates of selected on-going Medium Irrigation Projects revealed the following deficiencies:

- In all test checked projects the detailed project reports (DPRs) were prepared with improper or without survey and investigation. The administrative approval was accorded by Government and technical sanction was accorded by departmental authorities based on deficient DPRs without ensuring conduct of mandatory detailed survey and investigation.

(Paragraph 2.2.1)

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

(Paragraph 2.2.6.1)

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

(Paragraph 2.2.6.2)

- Incorrect provision of lead for hard rock and soil and additional lead for Cohesive Non-Swelling soil resulted in increase in estimates in seven projects.

(Paragraphs 2.2.7.1 and 2.2.7.2)

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

(Paragraphs 2.2.7.3, 2.2.7.5 and 2.2.7.6)

1.3 Repair and maintenance of roads in Madhya Pradesh

Public Works Department (PWD), Government of Madhya Pradesh is engaged in planning, designing, construction of roads and Government buildings. Besides, construction of roads, repairs and maintenance of roads are also undertaken by the PWD by utilising funds for maintenance of roads, received under annual repair plan through the State Budget. The Department constructed 19,574 km Major District Roads, 7,044 km Other District Roads

and 17,045 km Village Roads up to 2013-14 in the State. During the year 2009-10 to 2013-14, the Department incurred expenditure of ₹ 2,697.21 crore on annual repairs and renewal of roads in the State. A review of the repair and maintenance of roads by the Department revealed the following deficiencies:

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

(Paragraph 2.3.7.1)

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

(Paragraph 2.3.8.1)

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

(Paragraphs 2.3.8.2)

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

(Paragraphs 2.3.8.3 and 2.3.8.4)

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

(Paragraph 2.3.8.9)

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

(Paragraph 2.3.9.1)

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

(Paragraphs 2.3.9.2 to 2.3.9.4)

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

(Paragraph 2.3.9.5)

1.4 Distribution of animals to cattle farmers in Madhya Pradesh

The objectives of the Animal Husbandry Department are to provide nutritious

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

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

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

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

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

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

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

- There were shortfalls in calf birth under *Nandishala* Yojna and *Sammunath* Yojna for breed improvement. Against the target of calf birth (cow: 4,65,024 and buffalo: 3,76,608) based on prescribed norms, the actual calf birth under *Nandishala* was 1,55,935 (34 per cent) and under *Sammunath* was 1,20,298 (32 per cent) during the period 2009-14. Thus, the objective of breed improvement of local animals was not fully achieved.

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

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

(Paragraphs 2.4.7.1 and 2.4.7.2)

2. Audit of transactions

Audit has reported on several significant deficiencies in critical areas which impact the effective functioning of the Government departments/organisations. These are broadly categorised and grouped as:

- Non-compliance with rules
- Expenditure without propriety
- Persistent and pervasive irregularities
- Failure of oversight/ governance

2.1 Non-compliance with rules

For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriation and frauds, but helps in maintaining good financial discipline. This report contains instances of non-compliance with rules involving ₹ 3.60 crore. Some significant audit findings are as under:

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

(Paragraph 3.1.1)

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

(Paragraph 3.1.2)

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

(Paragraph 3.1.3)

2.2 Expenditure without propriety

Authorisation of expenditure from public funds is to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce financial order and strict economy at every step. Audit has noticed instances of impropriety, extra and infructuous expenditure, involving ₹ 14.97 crore are mentioned below:

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

(Paragraph 3.2.1)

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

(Paragraph 3.2.2)

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

(Paragraph 3.2.3)

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

(Paragraph 3.2.4)

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

(Paragraph 3.2.5)

2.3 Persistent and pervasive irregularities

An irregularity is considered persistent if it occurs year after year and it becomes pervasive, when it is prevailing in the entire system. Reoccurrence of irregularities despite being pointed out in earlier audits, is not only indicative of non-seriousness on the part of the executives but is also an indication of lack of effective monitoring. This, in turn, encourages willful deviations from observance of rules/ regulations and results in weakness of the administrative structure. Significant cases of persistence irregularity valuing ₹ 5.63 crore are as under:

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

(Paragraph 3.3.1)

- Undue financial benefits of ₹ 3.18 crore was extended to the contractors by the EEs of two Water Resources Divisions due to non-deduction of additional security deposit for unbalanced rate of items, besides, loss of Government money to that extent.

(Paragraph 3.3.2)

2.4 Failure of oversight/ governance

The Government has an obligation to improve the quality of life of the people through fulfillment of certain goals in the area of health, education, development and upgradation of infrastructure and public service. However,

Audit scrutiny revealed instances wherein the funds released by the Government for creating public assets for the benefit of the community remained unutilised/ blocked and/ or proved unfruitful/ unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A case amounting to ₹ 1.97 crore has been discussed below:

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

(Paragraph 3.4.1)