

OVERVIEW

This Report comprises three Chapters : the first Chapter contains the financial profile of the State, planning and conduct of audit and follow up on Audit Reports. Chapter-II of this Report deals with the findings of four Performance Audits (PA) on (i) Requirement, Construction and Utilisation of Anicuts in Chhattisgarh (ii) Implementation of Right of Children to Free and Compulsory Education Act, 2009 (RTE Act) (iii) Pradhan Mantri Gram Sadak Yojana (PMGSY) and (iv) IT Audit of “e-Works” in Public Health Engineering Department. Chapter-III deals with four Compliance Audits on (i) Medical Education in Chhattisgarh (ii) Construction of bridges in Chhattisgarh (iii) Distribution of livestock by Livestock Development Department and (iv) Follow-up Audit of the Performance Audit of Agriculture wing of Agriculture Department besides, seven Audit paragraphs in various Departments. The audit findings included in this Report have total money value of ₹ 2,183.27 crore involving issues of unfruitful expenditure, idle investment, avoidable extra expenditure, loss, undue aid, excess payment etc.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling as well as risk based judgemental sampling. The specific audit methodology adopted has been mentioned in each Performance Audit. The audit conclusions have been drawn and recommendations have been made taking into consideration the views of the Government. Summary of main audit findings is presented in this overview.

1. Performance Audit of programmes/activities/departments

(i) Performance Audit on Requirement, Construction and Utilisation of Anicuts in Chhattisgarh

Management of water resources is a part of Chhattisgarh State Water Resource Development Policy 2001 and Water Resources department is responsible for it. Anicut is a dam constructed over a river or a stream for regulating and supply of water for drinking, agriculture, industrial use and *nistari* etc. The State Government has taken up execution of 769 Anicuts and incurred an expenditure of ₹ 2,679.92 crore as on March 2016. Out of 769 Anicuts, 489 were completed as on March 2016. Construction of the remaining 280 Anicuts is yet to be completed. During audit, records relating to 89 Anicuts (72 Anicuts completed and 17 incomplete) were test-checked.

A Performance Audit of the requirement, construction and utilisation of these Anicuts constructed during 2011-16 revealed that :

While planning for construction of Anicuts, data on crop failure, rainfall, ground water level during summer etc. should be considered. However, the department, while planning for construction of 595 Anicuts in 2005 did not consider these factors. As a result, the department could take up construction of only 231 Anicuts. Consequently, the department sanctioned for

construction, a further 538 Anicuts during 2005-16 resulting in a total of 769 Anicuts for construction.

The department could not complete construction of 280 Anicuts for the last one to 10 years despite an expenditure of ₹ 1,095.74 crore due to land disputes, land compensation issues, slow progress of works by the contractors etc.

It was evident that the selection of Anicuts was without any criteria as out of 72 complete test-checked Anicuts, it was noticed that 35 were sanctioned over *nallas* and rivers which were not perennial source of water while 22 have water only for six to eight months and only 10 Anicuts could meet all the objectives as envisaged.

Out of 72 complete Anicuts test-checked, four were damaged within one year to five years of completion. As a result, the very purpose of construction of these Anicuts to store water for *nistari* and agriculture (635 hectare cultivable land) use as well as increase in ground water level was totally defeated. Further, it also resulted in loss of ₹ 3.22 crore to the Government.

The intended purpose of the Anicuts such as ground water recharge and irrigation during *Rabi* season were not served as 47 out of 72 completed Anicuts test-checked did not help to raise the ground water level as certified by Central Ground Water Board (CGWB). The data provided by CGWB indicates that 18 Anicuts helped to increase ground water level. However, data in respect of seven Anicuts are not available.

(Paragraph 2.1)

(ii) Implementation of Right of Children to Free and Compulsory Education Act, 2009 (RTE Act)

The Right of Children to Free and Compulsory Education Act 2009 also known as Right to Education (RTE) Act provides that all children in the age group of six to 14 have a right to free and compulsory education in neighbourhood schools within three years of the enactment (April 2010) of the Act. Government of Chhattisgarh formulated (November 2010) rules in compliance of Section 38 of the Act termed as the Chhattisgarh Right of Children to Free and Compulsory Education (CGRTE) Rules, 2010.

A Performance Audit on the implementation of RTE Act in the State covering the period 2010-16 revealed that :

The State Government launched Dr. APJ Abdul Kalam Shiksha Gunavatta Abhiyan education. As per the survey conducted by the Government, only 25 *per cent* of total school achieved Grade 'A'. The balance 75 *per cent* schools were graded under 'B' to 'D', of which 12 *per cent* were placed at Grade 'D' only.

In the State, 879 habitations did not have a school despite completion of nearly seven years of implementation of the Act. Further, as on March 2016, 1,231 habitations did not an Upper Primary School (UPS) also.

The enrolment of children in all Primary Schools (PS) during 2015-16 decreased by 11.56 *per cent* when compared with that for year 2010-11 due to inclination of new generation towards English medium schools and preference of parents' for private schools.

Out of seven test-checked districts, the dropout rate of children increased by 41 *per cent* to 109 *per cent* in two districts during 2010-11 and 2015-16. In respect of five districts, the dropout rate decreased by seven *per cent* to 81 *per cent* during 2010-11 and 2015-16. However, the dropout rate of children for the State decreased from 1.36 *per cent* (2011-12) to 0.81 *per cent* (2015-16).

There was shortfall in special training for age appropriate admission for out of school children ranging between 60 and 83 *per cent* against surveyed children requiring training.

During 2011-16, only 14 *per cent* to 67 *per cent* of physically challenged children were not provided transportation facilities whereas 36 *per cent* to 84 *per cent* of blind children were not provided escort facilities due to shortage of funds.

Physical verification of 210 schools revealed that 22 *per cent* of schools did not have separate toilets for boys/girls, 20 *per cent* schools did not have libraries and there are no playgrounds in 43 *per cent* of schools.

As of March 2016, 20 *per cent* of the teachers in primary/upper primary schools remained untrained.

As per norms under Sarva Shiksha Abhiyan, Government of India fixed a ceiling of ₹ 150 and ₹ 250 per child for providing text books to children in PS and UPS respectively. However, the Rajiv Gandhi Shiksha Mission in the State provided text books at ₹ 256 to ₹ 317 per child during 2012-16.

Out of two agencies of the State Government engaged in purchase of uniforms, one agency purchased uniforms at a rate higher than the other one resulting in excess payment.

Financial irregularities such as misappropriation of fund worth ₹ 9.69 crore, unadjusted advances worth ₹ 166 crore, payment of inadmissible allowance of ₹ 5.12 crore to panchayat teachers, etc. were also noticed.

(Paragraph 2.2)

(iii) Performance Audit on Pradhan Mantri Gram Sadak Yojana (PMGSY)

Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched on 25 December, 2000 by the Government of India (GoI) with an objective of providing all-weather access roads to unconnected habitations in rural areas. During the period 2011-16, 2,588 habitations were connected under the yojna while 581 habitations were still left out (November 2016) from the rural road network.

The Performance Audit (PA) of PMGSY for the period 2011-16 revealed that annual targets were not fixed during the period 2011-15 while the spending efficiency during 2011-14 was very low and ranged between 17 *per cent* and

55 per cent. Lack of fixing of targets and low spending efficiency are the key reasons that there are habitations which are still left unconnected.

While road works were executed with higher carriage width of 3.75 metres instead of three metres causing an additional expenditure of ₹ 9.09 crore, there was unproductive expenditure of ₹ 23.29 crore as road connectivity could not be provided to the targeted habitations for want of construction of bridges over rivers/nallas falling in the alignment of the roads.

Further, there were instances of delays in execution of 82 works ranging between one to 129 months, besides inefficient contract management leading to cost overrun of ₹ 21.22 crore, extra cost of ₹ 2.93 crore due to preparation of defective Detailed Project Reports (DPRs), liquidated damages worth ₹ 9.48 crore not recovered and excess payment of ₹ 8.03 crore due to inflated measurement. Monitoring was not effective despite an elaborate mechanism prescribed at all the levels under the programme. There were shortfalls of 203 inspections by State Quality Monitor and 139 inspections by National Quality Monitor.

(Paragraph 2.3)

(iv) IT Audit on e-Works in Public Health Engineering Department

The e-Works, a web-based application software implemented (December 2012) in the Public Health Engineering Department (PHED) Chhattisgarh was aimed to reduce the manual work, streamline the operations and increase the efficiency in planning, monitoring as well as the productivity of its offices besides providing transparency in the process. The application software is developed, designed and maintained by National Informatics Centre (NIC), Raipur.

An IT audit of e-Works conducted between April 2016 and November 2016 revealed that the User Requirement Specification to assess the departmental requirements was not prepared while the Software Requirement Specification developed by NIC was not approved by the PHED. Despite that, the system was declared go-live in December 2012 without even doing the pilot testing to ensure compliance to the departmental requirements.

The customisation of e-Works in the PHED was ill planned and executed as 11 out of 25 major business requirements of the department were not integrated into the system. While five of the 14 essential requirements that were integrated were not put to use and the balance nine integrated business requirements, although in use, were unable to deliver the required results.

An embezzlement of ₹ 2.22 crore by bypassing the system, unauthorised drawal of self cheques worth ₹ 57.91 crore through the system, irregular payment of ₹ 344.49 crore through 'non-agreemeted bill module', excess expenditure of ₹ 1.29 crore over deposit received on deposit works were due to absence of control etc. were the result of ill planning and execution of e-Works.

Application Controls were not in place as the system generated incorrect work codes and had retained the heads of Public Works Department although

customisation for PHED was done more than four years ago. Absence of proper security policy and access control mechanisms like single user ID and absence of segregation of duties made the system vulnerable to manipulation.

The department is constrained to prepare the monthly accounts manually instead of generating it as final output of the application software due to deficiencies in the system. Thus, the objective of implementing the e-Works to improve the operational efficiency and to alienate manual intervention could not be achieved through the present system.

(Paragraph 2.4)

2. Compliance Audit Findings

(i) Audit on Medical Education in Chhattisgarh

The primary objective of the medical education is to ensure availability of highly skilled manpower such as doctors and nurses for effective and quality tertiary medical care to the people and also to promote medical research for enhancing the quality of human life. Audit of Medical Education in Chhattisgarh under Allopathy stream covering the period 2011-16 revealed the following:

Though the State Government fixed a target to bring down the adverse doctor-patient ratio from 1:17000 to 1:1000 and nurse-population ratio from 21:100000 to 75:100000, it did not prepare any comprehensive plan to realise this objective.

The State has only 1,642 doctors under Allopathy stream against the projected target of 25500 but it could not establish any medical college under Public Private Partnership mode to bridge the gap despite availability of funds due to poor planning. Further, only 46 (4.77 *per cent*) specialist doctors were posted in the Civil Hospitals and Community Health Centres against the sanctioned posts of 963 specialist doctors (Allopathy). The State Government failed to create required infrastructure facilities and recruit faculty in line with MCI instructions to commence the required PG courses to create specialist doctors. Besides, the State Government also failed to establish super speciality courses in the State.

Despite shortages of doctors, nurses, civil infrastructure, speciality and super-speciality courses, funds worth ₹ 416.55 crore (35.9 *per cent*) against the allotment of ₹ 1,160.42 crore for Medical Education in the State could not be utilised due to planning and implementation failures. As a result, the existing medical colleges in the State are running with deficit staff (ranging from 17.52 to 68.54 *per cent*), lack of equipment (19.25 to 82.7 *per cent*) and less bed occupancy compromising the professional exposure of the medical students.

(Paragraph 3.1)

(ii) Audit on Construction of bridges in Chhattisgarh

Public Works Department (PWD) is the principal agency of the Government of Chhattisgarh for survey, design, improvement and maintenance of bridges of the State. Audit of construction of bridges in Chhattisgarh was conducted covering the period 2011-16. Some of the major findings are:

PWD did not create a monitoring framework for bridge work. As a result, there were delays in completion of bridge works in 78 per cent cases during 2011-16. The prescribed milestones of progress could not be achieved in 66 to 93 per cent of bridge works. Further, the works though required to be awarded to the contractors based on detailed survey, were awarded on the basis of preliminary survey. Besides, there were delays in approval of drawing and design by the Chief Engineer and instances where the land acquisition was initiated by the Executive Engineers only after award of bridge works to the contractor. As a result, in 87 out of 126 test checked bridges, there was time overrun of one to 81 months, cost overrun of ₹ 9.53 crore and variation in nature and quantities of work worth ₹ 44.81 crore.

Six test checked bridges were damaged within three to 10 years of their completion or during construction against the design life of 100 years owing to substandard execution of works resulting in wasteful expenditure of ₹ 11.79 crore. Internal control mechanism in the department was absent as the department was not aware of extensions of time granted to the contractors.

There were cases of irregular payment of ₹ 8.51 crore, excess payment of ₹ 2.20 crore, wasteful expenditure of ₹ 11.79 crore, inadmissible payment of ₹ 1.05 crore and works valued ₹ 60.77 crore executed violating specifications due to negligence of the departmental officers. At the instance of Audit, the department in 20 sampled bridge works have recovered ₹ 6.62 crore on account of rebate, penalty for delayed execution of works, wrong calculation of price adjustment etc. Besides this, remedial actions were also initiated in three other cases.

(Paragraph 3.2)

(iii) Audit on Distribution of livestock by Livestock Development Department

Livestock Development Department, Government of Chhattisgarh implemented seven schemes during 2011-16 for preservation, conservation and increase of livestock, breed improvement of cattle and generating supplementary family income for financially weaker section through sale of livestock products such as milk, meat and eggs. Of this, five schemes have been reviewed in audit covering the period 2011-16. The major audit findings are:

The department set the targeted production of milk, eggs and meat below the National average during 2011-16. As a result, the availability of milk (per day) and meat (annually) per person in the State in comparison to National level was less by 165 gram milk (per day) and 3.86 kg meat (annually). However, the department did not develop a suitable framework to increase the productivity to reach to the National level.

Under State/NABARD sponsored Dairy Entrepreneurship Development Schemes, subsidy of ₹ 8.30 crore was released to 15 banks without verifying documents of purchases of livestock by the beneficiaries which included excess subsidy of ₹ 27.83 lakh released to the banks on the basis of loans sanctioned by them instead of actual loans disbursed by the banks.

Under the schemes distribution of pig trios, male pig and bulls, 1,436 out of 4,533 beneficiaries in seven test checked districts were not provided livestock despite availability of funds. Consequently the beneficiaries of these schemes were deprived of the scheme benefits. However, for those beneficiaries who got the livestock under these schemes, the department did not assess the improvement in their economic conditions for evaluating the scheme benefits.

(Paragraph 3.3)

(iv) Follow-up Audit of the Performance Audit of Agriculture wing of Agriculture Department

The Performance Audit of Agriculture wing of Agriculture Department was included in the CAG's Audit Report (Civil and Commercial) for the year ended 31 March 2011, Government of Chhattisgarh, in which audit made 10 recommendations which the department agreed to implement as far as possible.

Follow-up Audit revealed that out of 10 recommendations, State government implemented four recommendations pertaining to functioning of Farmer Training Centre and Soil Testing Laboratory, preparation of scheme guidelines and their dissemination, handing over of completed Minor Irrigation Tanks to the user groups/*gram panchayat* and reducing the shortage of field staff.

Five recommendations viz. allocation and utilization of scheme funds, functioning of government agricultural farms, distribution of latest variety of seeds, promotion of crop rotation system and early variety of paddy seeds and testing and distribution of fertilizers and pesticides were only partially implemented. However, the recommendation for fixation of scheme wise targets was not at all implemented.

(Paragraph 3.4)

(v) Compliance Audit Paragraphs

Audit observed significant deficiencies in critical areas, which impact the effectiveness of the State Government. Some important findings arising out of compliance audit (seven paragraphs) are featured in the Report. The major observations relate to absence of compliance with rules and regulations, audit against propriety, cases of expenditure without adequate justification and failure of oversight/administrative control. Some of these are mentioned below:

- A building executed at a cost of ₹ 18.90 crore remained incomplete for more than eight years and there was also recoverable payment of escalation of ₹ 61.97 lakh and unproductive expenditure of ₹ 3.72 crore on idle staff under Tourism Department.

(Paragraph 3.5.1)

- Delay in finalisation of modalities to make the Police Public School operational resulted in idle investment of ₹ 6.24 crore besides not fulfilling the intended objective of imparting education to the children of the police fraternity under Home (Police) Department.

(Paragraph 3.5.2)

- Failure to adhere to contract norms resulted in ₹ 5.62 crore remaining unrecovered from the defaulting contractors under Panchayat and Rural Development Department.

(Paragraph 3.5.3)

- Inflated recording of work done in the measurement book over actual execution of work at site in violation of the codal provisions resulted in excess payment of ₹ 1.67 crore over work done while an amount of ₹ 2.57 crore for excess payment/penalty was due for recovery from the defaulting contractor under Public Works Department.

(Paragraph 3.5.4)

- Failure to identify overlapping command area with existing Ghongha Project while sanctioning the *Kathmunda* diversion scheme resulted in unfruitful expenditure of ₹ 1.71 crore on idle weir under Water Resources Department.

(Paragraph 3.5.5)

- Failure to recover subsidy on interest from five industries after they became defunct resulted in loss of ₹ 1.14 crore to the State Government under Commerce and Industries Department.

(Paragraph 3.5.6)

- Failure to adhere to the operational guidelines of Mission for Integrated Development of Horticulture resulted in excess reimbursement of assistance worth ₹ 1.46 crore to 5,646 scheme beneficiaries for purchase of power sprayers under Horticulture Department.

(Paragraph 3.5.7)