

CHAPTER III

PERFORMANCE REVIEWS

This Chapter contains four performance reviews on (i) Sarva Shiksha Abhiyan , (ii) Food Security, Subsidy and Management of Foodgrains, (iii) Allotment of Land for non-Governmental activities and (iv) IT Audit of Computerisation in the office of Industries Commissioner.

EDUCATION DEPARTMENT

3.1 Sarva Shiksha Abhiyan

Highlights

Sarva Shiksha Abhiyan (SSA) was introduced in 2000-01 to impart useful elementary education to all eligible children in age group of 6-14 years by 2010. The aims and intended objectives of the programme were not fully achieved despite incurring an expenditure of Rs.408 crore during 2001-05. The review has pointed out lesser utilisation and diversion of funds, inadequate infrastructure in schools, shortages in teaching staff, unsatisfactory enrollment and higher drop out of children from schools. Some of the deficiencies noticed in implementation of the programme are as under:

As against the approved outlay of Rs.653.81 crore, Rs.452.50 crore were released by the Government of India/State Government and expenditure was only Rs.408.19 crore, leaving unutilised balance of Rs.44.31 crore as of March 2005.

(Paragraph 3.1.7.2)

State Project Director diverted Rs.22.88 crore from Sarva Shiksha Abhiyan to other schemes/projects in contravention of financial rules.

(Paragraph 3.1.7.4)

The overall dropout was to the extent of 36.62 lakh during the period 2001-05. Out of 51.95 lakh children enrolled in Class I during the period 2001-05, 10.19 lakh children left the school by 2004-05.

(Paragraph 3.1.8.1)

There were 289 and 1,958 schools having zero teacher and one teacher respectively as of March 2005 against the minimum of two teachers.

(Paragraph 3.1.8.3)

As against the provision of Rs.115.03 crore, Rs.67.25 crore only were spent for civil works. Maintenance and repairs grant aggregating to Rs.49.67 crore was given to schools without any specific demands or proposals from school managements, etc.

(Paragraph 3.1.8.4.)

No in-service training was imparted by the District Institute of Education and Training during 2001-04.

(Paragraph 3.1.9.1)

No Education Guarantee Scheme Centre was opened in the State. Out of 36.62 lakh dropouts, only 1.50 lakh were admitted in 7,275 alternative schools.

(Paragraph 3.1.10.2)

3.1.1 Introduction

Government of India (GOI), in association with the State Governments and local self-governing bodies, launched (2000-01) a comprehensive and integrated flagship programme; Sarva Shiksha Abhiyan (SSA) to attain Universal Elementary Education (UEE) in the country in a mission mode. In Gujarat SSA which was launched in January 2002 aimed to provide useful and relevant education to all children in the age group of 6-14 by 2010. The programme envisaged the active participation of the community in the management of schools by effectively involving the panchayati raj institutions, school management committees, village and urban level committees, parent teacher associations (PTAs) and other grass root level structures. SSA was designed to subsume within itself other projects such as Operation Black Board, Strengthening of Teachers Education, National Programme of Nutritional Support for Primary Education, Mahila Samakhya, Education Guarantee Scheme, Alternative and Innovative Education, District Primary Education Programme, Lok Jumbish Project, Janshala Programme, etc.

3.1.2 Programme objectives

The objectives of SSA are to

- have all children in Schools/Education Guarantee Centres/Alternate Schools and Back-to-School Camps by 2005,
- ensure that all children in six to 11 age group complete five years of primary schooling by 2007,
- focus on elementary education of satisfactory quality with emphasis on education for life,
- bridge all gender and social category gaps at primary stage by 2007 and at elementary education level by 2010 and
- achieve universal retention by 2010

3.1.3 Organisational set up

At the State level, programme is implemented in a mission mode by the State Implementation Society (SIS)¹ viz., Gujarat Council of Elementary Education (GCEE), comprising the Chief Minister (President), the Education Minister (Vice President), the State Project Director (SPD) (Member Secretary) and 35 members². The affairs of GCEE are administered by the Executive Committee (EC) comprising the Chairman (Secretary, Education Department), the SPD (Member Secretary) and the members representing the State Government and the GOI. The State Project Office (SPO) is headed by the SPD assisted by a number of professionals. The staff and professionals of the District Primary Education Programme (DPEP) at the Directorate of Primary Education (DPE) implemented SSA. At the district level, the District Project Office (DPO) headed by the District Collector or the Chief Executive Officer implemented the programme through District Primary Education Officer (DPEO) of Zilla Panchayat. At the village level, critical unit was Village Education Committee (VEC), which assisted the basic education system in securing the co-operation and participation of the local community; at the same time oversees the implementation of SSA in the villages.

3.1.4 Audit objectives

The main objectives of audit were to examine and assess :

- the efficacy of planning of various components of the programme,
- the adequacy and utilisation of funds,
- major interventions carried out as per norms prescribed such as teacher-student ratio, coverage of out of school children, dropouts rate, etc.
- the adequacy of infrastructural facilities and effectiveness and efficiency with which maintenance and repairs of school building were carried out and
- the mechanism for periodic review and monitoring.

3.1.5 Audit criteria

The audit criteria adopted for ensuring the above audit objectives were:

- Planning process for various activities of the programme
- Budget proposals, utilisation certificates and reports and returns sent to the GOI
- GOI guidelines and other norms and targets fixed
- Performance indicators of various components of the programme
- Periodic reports and returns on monitoring of the programme

¹ Registered under the Societies Registration Act, 1860.

² State Government officers, GOI representatives and others

3.1.6 Audit coverage and methodology

Records maintained at the SPD, five³ SSA district offices and one Municipal Corporation⁴; including 15 Block Resource Centres (urban: five and rural: 10) and 90 Schools for the period 2001-05 were test checked⁵ during June-August 2005. Entry and exit discussions with the Project Director were conducted in June 2005 and August 2005 respectively.

Social and Rural Research Institute (SRI); a specialized unit of 'IMRB International', was engaged for a nationwide survey on the activities covered under SSA; after due intimation (January 2006) to Government. The survey covered 5017 households in 251 primary units in all the 25 districts of Gujarat. The findings of the survey are incorporated in this review at appropriate places. Executive summary of the findings is given in **Appendix-XXVI-A**. Methodology adopted for sample selection by SRI is given in **Appendix-XXVI-B**.

Audit Findings

3.1.7 Financial Management

3.1.7.1 Funding Pattern

The expenditure under the programme was borne by the Government of India (GOI) and the State Government in the ratio of 85:15 upto 2001-02. This was revised to 75:25 during 2002-07 (Tenth Plan period). According to the GOI 'framework for implementation', the State Governments have to maintain their level of investment in elementary education as in 1999-2000 and the contribution as State share to SSA would be over and above this investment.

3.1.7.2 Financial outlay and utilisation

Details of outlay approved for the State and the funds released by the GOI and the State Government and expenditure incurred thereagainst under the programme during 2001-05 were as follows:

Outlay and utilization of funds

(Rupees in crore)

Year	Approved outlay	Funds released by			Opening balance	Total funds available	Expenditure (Percentage with reference to approved outlay)	Unspent balance
		GOI	State Government	Total				
1	2	3	4	5	6	7	8	9
2001-02	37.98	17.66	3.12	20.78	0.00	20.78	14.61 (38)	6.17
2002-03	143.02	98.73	22.50	121.23	6.17	127.40	96.51 (67)	30.89
2003-04	227.74	115.25	21.58	136.83	30.89	167.72	143.11 (63)	24.61
2004-05	245.07	112.45	61.21	173.66	24.61	198.27	153.96 (63)	44.31
Total	653.81	344.09	108.41	452.50			408.19	

³ Ahmedabad, Gandhinagar, Kheda, Rajkot and Vadodara

⁴ Ahmedabad

⁵ Districts were selected by Probability Proportional to Size With Replacement (PPSWR) whereas blocks and schools by Simple Random Sampling Without Replacement (SRSWOR)

As compared to the State's annual plan outlay for SSA approved by the Project Approval Board of the GOI, the percentage of expenditure during 2001-05 was 38, 67, 63 and 63 respectively.

**Rs.44.31 crore out of
Rs.452.50 crore
remained unspent**

During 2001-05, as against total approved outlay of Rs.653.81 crore, Rs.452.50 crore (69 *per cent*) were released by the GOI/the State Government and the expenditure incurred thereagainst was only Rs.408.19 crore, leaving an unspent balance of Rs.44.31 crore as of March 2005.

GOI was to release funds directly to the GCEE in two installments every year; one each in April and September to ensure timely utilisation of funds. However, during 2001-03 the GOI released their share through the State Government. Flow of funds revealed that

- GOI released Rs.6.46 crore in February-March 2002 to the State Government, but the SPO received the same in April 2002.
- funds were released in six installments between September 2002 and March 2003, of which Rs.8.14 crore released on the last day of 2002-03 was received by the SPO in April 2003.
- the State Government's share fell short by Rs.10.41 crore and Rs.16.83 crore in 2002-03 and 2003-04 respectively.

State Project Office was booking advances to the DPOs as final expenditure though expenditure on several items out of these advance payments had not been incurred during these years resulting in large-scale unspent amounts lying with the DPOs. Test check revealed that unspent balances had ranged between Rs.18.21 crore⁶ (as of 31 March 2004) and Rs.2.17 crore⁷ (as of 31 March 2005) as these funds were not utilized by the DPOs during the respective financial years. This not only resulted in booking of inflated expenditure by the SPO but also delay in implementation of the programme.

Government stated (November 2005) that short release and short utilisation of funds during 2001-03 were due to these being the beginning years of the programme and the administrative set up at district and block level was not in full strength.

3.1.7.3 Delay in preparation and submission of Annual Work Plan and Budget

**AWP&B were
approved late every
year**

According to the budget calendar, Annual Work Plan and Budget (AWP&B), covering component-wise demand for a year, prepared by the State Project Office was to be submitted to the Ministry of Human Resource Development by 15 March for its approval and by 15 April after appraisal by Appraisal Mission (AM). However, the SPD submitted the AWP&B on 4 December 2001 (2001-02), 30 April 2002 and 18 July 2002 (2002-03), 30 April 2003 (2003-04) and 30 April 2004 (2004-05) against which approval of the GOI

⁶ 2003-04 : Ahmedabad (Rs.3.11 crore), Ahmedabad Municipal Corporation (Rs.2.68 crore), Gandhinagar (Rs.1.97 crore), Rajkot (Rs.3.74 crore), Kheda (Rs.3.02 crore) and Vadodara (Rs.3.69 crore)

⁷ 2004-05: Ahmedabad (Rs.1.02 crore), Ahmedabad Municipal Corporation (Rs.2.29 crore), Gandhinagar (Rs.0.05 crore), Rajkot (Rs.0.13 crore), Kheda (Rs.0.15 crore) and Vadodara ((-)Rs.1.47 crore)

was given on 15 January 2002 (2001-02), 1 August 2002 and 16 December 2002 (2002-03), 8 July 2003 (2003-04) and 18 June 2004 (2004-05).

Thus, delay ranging between one and eight months in submission and two to nine months in approval of the AWP&B in the initial years resulted in not fulfilling the objectives within the time frame including non enrollment of eligible children during these years. This also led to non/short implementation of some of the components of the programme. Details of funds and expenditure incurred thereagainst in respect of such components are given in **Appendix XXVII**.

3.1.7.4 Diversion of funds

Rs.22.88 crore were diverted

Grant given for any specific purpose was not to be appropriated for any purpose other than for which it was originally sanctioned. However, a test check of the records revealed that Rs.22.88 crore, earmarked for various activities under the programme were diverted by the SPD for other purposes such as District Primary Education Programme-4 (Rs.22 crore), Gujarat State Disaster Management (Rs.0.60 crore) and Gujarat Council of Primary Education (Rs.0.28 crore), not provided under the programme. Government stated (November 2005) that funds were diverted from SSA when sufficient funds were not available in projects concerned. The reply of the Government was not tenable as the diversion of funds was not permissible under financial rules.

3.1.7.5 Pre-project activities

Short spending of pre-project grant

Pre-project work was an important activity for quality implementation of SSA and achieving the end results. The pre-project activities comprise micro-planning, household surveys, studies, community mobilization, school-based activities, office equipment, training and orientation at all levels, etc.

Rs.30.05 lakh released by the GOI was not released to the SPO

SPD received (May 2002 to August 2003) Rs.3.32 crore for pre-project activities, of which only Rs.1.34 crore was spent for purchase of computer table/printing works (Rs.11.77 lakh), for *Bhoomipujan* of Gujarat Council of Education, Research and Training Centre, Gandhinagar (Rs.4.27 lakh), house to house survey, etc (Rs.1.18 crore) and remaining Rs.1.98 crore alongwith an interest of Rs.14.55 lakh was refunded (April 2005) to the GOI. Moreover, a grant of Rs.30.05 lakh had also been released (August 2001) by the GOI to the State Government for pre-project activities in Mehsana and Gandhinagar districts, but the same was not released to the SPO (July 2005) which resulted in non-completion of the work. Though reasons were called for, no reply was received from the Government.

3.1.8 Major interventions

3.1.8.1 Enrolment and dropout of students

17.47 lakh students left schools without completing five years of schooling

Out of 42.44 lakh children enrolled in class I, II, and III (2000-01), 17.47 lakh (41 per cent) left schools before reaching class V, VI and VII respectively by 2004-05. Similarly, out of 51.95⁸ lakh children enrolled in

⁸ 2001-02: 15.79 lakh, 2002-03: 12.23 lakh, 2003-04: 11.84 lakh and 2004-05: 12.09 lakh children

class-I during the period 2001-05, 10.19 lakh children left the schools by 2004-05. The overall dropouts was to the extent of 36.62 lakh during the period 2001-05 considering enrolment made in classes I to V during the period. These included dropouts of focus group children such as SC and ST boys and girls.

It would thus be seen that aim for *cent per cent* enrolment and retention of children of age group six to 14 by 2010 would be difficult to achieve given this trend of dropouts. Further, in the absence of innovative activities not all students of focus groups such as girls, SC/ST students could complete elementary education.

3.1.8.2 Availability of teachers

Teachers are the medium, through which basic education is imparted to students. Year wise position of teachers (2002-05) was as under:

Year	Primary school vacancies	Upper primary school vacancies
2002-03	3,689	13,402
2003-04	3,016	12,703
2004-05	3,633	14,061

According to the guidelines, salaries of teachers already in service and deployed or transferred to posts created under SSA were to be paid from the State Budget and only additional teachers recruited were to be paid from SSA funds. Scrutiny of the records, however, revealed that as against Rs.7.37 crore provided during the period 2002-05, Rs.16.60 lakh only were spent during 2003-04. Low expenditure under teachers' salary was due to non filling up of vacancies as required under SSA norms. Shortages of teachers resulted in depriving the students benefits of education as envisaged under SSA.

3.1.8.3 School with zero-one teacher

According to norms of SSA, there should be one teacher for every 40 children in primary and upper-primary (UP) schools subject to a minimum of two teachers in primary school and one teacher for every UP class. Audit scrutiny revealed that there were number of schools in the State and test checked districts with zero to one teacher as detailed below:

Year	State as a whole		Details of test checked districts	
	Number of schools with zero teacher	Number of schools with one teacher	Number of schools with zero teacher	Number of schools with one teacher
2002-03	244	1,602	88	260
2003-04	200	1,698	85	335
2004-05	289	1,958	100	358

Government stated (November 2005) that the schools with zero teachers had been looked after by the teachers of nearby schools. Thus, the schools remained partly non-functional as teachers were not available on all working days affecting the education, enrolment and retention of students.

289 schools had no teacher

3.1.8.4 Infrastructure development

➤ Civil works

SSA provide that funds on civil works should not exceed 33 per cent of the entire project cost approved by the Project Approval Board (PAB) on the basis of plan prepared for the period till 2010.

As against the provision of Rs.42.42 crore (2002-03) and Rs.72.61 crore (2003-04), expenditure of Rs.22.51 crore and Rs.44.74 crore respectively was incurred. Besides deviating from the norms, this resulted in spill over of work and non-creation of infrastructure.

➤ Physical targets and achievements as of March 2005

Items of construction work	Target	Completed	In progress	Not started
New schools	365	278	50	37
Building for Building-less schools	353	326	26	1
Additional class room	4,941	3,159	1,523	259
Boundary wall	1,888	1,316	509	63
Toilet	5,733	5,320	350	63
Water facility	4,999	4,543	407	49

Targets of civil works fixed could not be achieved

It would be seen that the State was lagging behind the targets fixed in all crucial factors of new schools, additional class rooms, toilets and water facility.

It was also noticed that 472 works including new schools (37), buildingless school (one), additional class rooms (259), boundary walls (63), toilets (63) and water facility (49) were not taken up as of August 2005.

The survey conducted by SRI revealed that 2.1 per cent primary and 3 per cent upper primary schools were operating from *kutchha* structures, which were basically unsuitable for running an educational institution. Further, 13.2 per cent primary and 21.1 per cent upper-primary schools also operated from semi-pucca buildings.

➤ Schools with classrooms ranging between nil and one

According to Manual on SSA, there should be two classrooms to every primary school. There should be a room for every teacher or for every grade/class, whichever is lower in primary and UP schools. However, audit scrutiny revealed that in the State, as of March 2005, there were 281 schools having zero classroom and 1,269 schools having single classroom. Inadequate infrastructure impeded the creation of a child-centred environment.

Survey conducted by SRI revealed that 1.1 per cent schools did not have school buildings.

Rs.68.19 lakh incurred for installation of DRS could not yield intended results

➤ ***Video conferencing***

SPD procured (October 2003) 130 digital Direct Reception Systems (DRS) along with 130 television sets at a cost of Rs.68.19 lakh, besides 120 television sets procured earlier under DPEP to equip Block Resource Centres (BRCs), with facility for two way audio and one way video teleconference, for augmenting teachers training inputs in distance education mode and also facilitating monitoring of various interventions under the programme. Scrutiny of the records of the SPD revealed that only seven teleconferences were held (May 2005) since its procurement.

In Rajkot district, it was seen that DRS was not installed in two talukas⁹ (April 2005). Non-availability of electricity, late installation and faulty transmission also hindered video conferencing in talukas. Thus, the expenditure incurred on video-conferencing could not yield its intended benefits.

➤ ***Teaching-Learning Equipment***

A grant of Rs.50,000 per school under Teacher-Learning Equipment (TLE) was to be given to upper primary schools which were not covered under Operation Black Board (OBB).

Non-identification of schools for TLE resulted in unnecessary retention of Rs.1.88 crore with DPEOs

A scrutiny of the records in test checked districts revealed that the SPD released Rs.3.86 crore (2003-04 and 2004-05) to the District Primary Education Officers (DPEOs) with instructions (January 2004) to disburse the grant to 771 eligible schools. Scrutiny of the records, however, revealed that the concerned DPEOs released only Rs.1.98 crore to 395 schools, of which 21 schools refunded (December 2004) the grant (aggregating Rs.10.50 lakh) as these schools were already covered under the Operation Black Board. Utilisation Certificates (Rs.6 lakh) from only 12 schools were available on record (August 2005).

Thus, out of Rs.3.86 crore released by the SPD, Rs.1.88 crore was retained by the DPEOs. Besides this, details of utilisation of Rs.1.82 crore by 362 recipient schools were also not available on record.

➤ ***Maintenance and repairs of school buildings***

A grant upto Rs.5,000 was admissible to the school management committees/ VECs, per year per school for maintenance and repairs of school building on the basis of specific proposals by the school committee. Grant was admissible to schools having existing buildings of their own. From 2004-05, schools having their own building upto three classrooms were eligible for maintenance and repair grant upto Rs.4,000 while school having more than three classrooms were eligible for Rs.7,500 per school per year. Primary and UP schools were to be treated as separate for the purpose of maintenance grant even if these were functioning from the same premises.

⁹ Maliya-Miyana and Tankara

Irregular payment of maintenance and repairs grant to the tune of Rs.49.67 crore

Audit scrutiny revealed that in all the schools were given maintenance and repairs grant of Rs.49.67 crore (2002-05) without any specific demands or proposals from the school managements or assessment of the requirement by the SPO or DPOs.

In test checked schools, it was noticed that out of 90 schools, 27 schools could utilise the grants received during 2002-04 in 2004-05 only. It was observed that grant released without specific demand resulted in blocking of the Government fund with the schools.

Government stated (November 2005) that all the Government schools were eligible for maintenance and repairs grant of Rs.5,000 each and every year without any demand/proposal from school committee. The reply was not tenable as SSA and Manual of Financial Management and Procedure provides that demand/specific proposals from schools should be obtained before allotment of grant. This resulted in undue favour to the school managements.

➤ **Grants to buildingless schools**

A test check of the records of Ahmedabad district and Ahmedabad Municipal Corporation (AMC) revealed that buildingless schools¹⁰ were provided Rs.21.27 lakh as maintenance and repairs grant during the period 2001-05.

Administrative Officer, Ahmedabad Municipal School Board stated (August 2005) that the school buildings had been rented for more than 70 years on nominal rent and the buildings were in poor condition hence the maintenance and repairs grant was paid. Reply was not tenable as maintenance and repairs grant was not admissible to schools which were functioning from buildings not owned by the schools.

Further, it was noticed in audit that 233 schools in AMC jurisdiction, functioning in classrooms of other schools were also paid maintenance and repairs grant amounting to Rs.46.60 lakh (2001-05) in contravention of the provisions of SSA. Grants to ineligible schools resulted in infructuous and avoidable expenditure of Rs.67.87 lakh.

3.1.8.5 Excess release of teachers grant

Payment of grant in respect of teachers not in position

Teachers' grant at Rs.500 per teacher, every year, is admissible for purchasing and developing teaching-learning material under SSA. During 2004-05 teacher's grant was paid to 46,480 teachers of six districts of Dahod, Navsari, Patan, Rajkot, Surat and Vadodara though the teachers in position were only 39,613 which resulted in excess payment of Rs.34.33 lakh. SPD stated (July 2005) that the grant was given to teachers in respect of the additional charges of classes that were held by them. The reply of the SPD was not

acceptable as SSA norms do not envisage payment of teachers grant on the basis of classes held by the teachers.

¹⁰ Schools functioning in rented premises

3.1.9 Teachers' training and computer education to students

3.1.9.1 Teachers' training

To improve the quality of education and to introduce new and modern methods of teaching, SSA provides for 20 days in-service course for all teachers, 60 days refresher course for untrained teachers and 30 days orientation course for fresh recruits every year. However, scrutiny of the records revealed that as against Annual Work Plan and Budget (AWP&B) of Rs.57.23 crore (2002-05), Rs.15.48 crore only was released by the SPD to district formations and expended indicating that performance in this activity fell short of the targets.

As per provisions of SSA, of the 20 days' in-service training, 10 days' training was to be imparted by the District Institute of Education and Training (DIET) and remaining 10 days by BRC/CRC.

All teachers were not given in-service training

A scrutiny of test checked districts revealed that no training to teachers by DIET was conducted till 2003-04. In 2004-05, four days' in-service training (against 10 days) was given to 13 thousand out of 40 thousand teachers. The BRC/CRC had also not imparted 10 days in-service training to teachers as required.

District SSA formations stated (August-September 2005) that training could not be given to all teachers for stipulated days as funds were released late, training schedules clashed with school vacation and non recruitment of BRC/CRC staff. Inadequate training hampered the quality of education.

3.1.9.2 Computer education

Though Rs.10.16 crore were spent for purchase of computers for 517 schools, computers were not operational in 254 schools

Computer aided education to students of UP classes is one of the interventions of SSA. Expenditure on this activity was to be met from innovative grant of Rs.15 lakh given every year to each district.

Scrutiny of the records revealed that orders for purchase of 2,934 computers were placed (March 2004) through the Gujarat Informatics Limited (GIL) and Rs.10.16 crore were paid. Computers were to be installed within 45 days of placement of orders. Order for another 1,000 computers was also placed (November 2004) with GIL.

Government stated (November 2005) that budget of three years (2001-04) was clubbed together to cover 517 schools of the State. SPD further stated that all computers were installed by December 2004.

A scrutiny of the records made available by the SPD and test-checked district formations revealed that though computers were received in schools, all of them were not put to use due to non-availability of electricity (200 schools as on April 2005) and infrastructure (54 schools as on April 2005). Thus, even after incurring an expenditure of Rs.10.16 crore, the students were deprived of computer education (August 2005).

3.1.10 Coverage of special focus group

3.1.10.1 Interventions for disabled children.

SSA envisages that every child irrespective of the kind, category and degree of disability should be provided education, guidance and necessary equipment by trained teachers. An amount of Rs.1,200 per child (identified with a minimum of 40 per cent disability) was to be spent on providing special services to such children with special needs in schools, Education Guarantee Scheme (EGS) and Alternative and Innovative Education (AIE) centres.

Though AWP&B authorized an expenditure of Rs.14.97 crore (2002-05), actual expenditure was Rs.1.55 crore only (2003-05). No amount was spent during 2002-03.

As of March 2005, 77,526 disabled children were identified of which 65,564 children were enrolled and 11,962 dropped out. In test checked districts, no expenditure for the training and equipment of the disabled students was incurred during the period covered under review.

District formations stated (August-September 2005) that due to non-appointment of Integrated Education Disabled (IED) Co-ordinators and non-availability of proper guidance, no activity for disabled children could be taken up during 2001-03.

3.1.10.2 Intervention for out-of-school children

Alternative schools were not started to accommodate all out of school children.

Norms under EGS and AIE provide for following kind of interventions

- Setting up of Education Guarantee Centres in un-served habitations
- Setting up of other alternative schooling models
- Bridge courses, remedial courses, back to school camps with a focus on mainstreaming out-of-school children into regular schools.

Though AWP&B authorized an expenditure of Rs.53.82 crore (2002-05), only Rs.7.07 crore were spent on remuneration and training of Balmitra¹¹. No EGS centre was opened in the State.

Though 36.62 lakh students dropped out from the regular classes during 2001-05, no effective step to bring them to the main stream of education was initiated. During 2003-05, only 1.50 lakh students were admitted to 7,275 alternative schools.

Though 1.03 lakh out of school children were identified (2002-03) in test checked districts, no alternative schooling facilities were started. Out of 0.68

lakh out of school children identified (2004-05), 0.21 lakh children were brought back to schools by opening 1,126 new alternative schools.

¹¹ A local 10th pass person teaching in alternate schooling centre on honorarium

District formations stated (August-September 2005) that due to non-recruiting of dedicated staff, new alternative schools could not be opened which resulted in failure of the main objectives of SSA to encompass all children in schools, EGS and alternative schools by 2005.

The survey conducted by SRI revealed that there were 1.03 crore eligible children (6-14 years) in the State, of which 61.49 lakh were boys and 41.84 lakh were girls. Among these children, 3.28 lakh (2.25 lakh boys and 1.03 lakh girls) were out of schools. This worked out to 31 out of 1000 children in urban areas and 32 out of 1000 children in rural areas. In case of gender disparity, 25 out of 1000 girls and 37 out of 1000 boys were out of school. The main reasons for parents not enrolling their children in schools were stated to be non-affordability and lack of interest in children to go to school.

3.1.10.3 Innovative activities

Under SSA, there were provisions for innovative activities for girls' education, early childhood care and education, interventions for children belonging to SC/ST, computer education especially for UP level. As against budget provision of Rs.41.25 crore during 2002-05, expenditure of Rs.20.70 crore only was incurred. Out of Rs.20.70 crore, Rs.13.96 crore were spent for purchase of computers. Thus, no significant work for girl/SC/ST students was taken up.

3.1.10.4 Research, Monitoring and Evaluation

With a focus to develop capacities for appraisal and supervision through resource/research institutions and an effective Education Management Information System (EMIS), SSA lays emphasis on research, evaluation and monitoring.

It was to be done by creating a pool of resource persons, generation of community based data, research studies, classroom observations and creating partnership with research and resource institutions and pool the resource team with State specific focus. Against a provision of Rs.16.72 crore (2002-05), expenditure of Rs.5.81 crore (35 *per cent*) only was incurred for this crucial activity.

Under SSA, monitoring is done at National, State and local levels. In Gujarat, programme was monitored by two institutes, *viz.*,

- Sardar Patel Institute of Economics and Social Research (SPIESS), Ahmedabad
- Centre for Advance Studies in Education, MS University, Vadodara.

Inadequate research and monitoring

It was noticed in audit that out of 25 districts in none of the districts monitoring and evaluation work was carried out during the period 2001-03 by

these institutes. MS University, Vadodara and SPIESS, Ahmedabad, however, only monitored one and four districts respectively during 2003-04. Whereas

only eight districts were monitored and evaluated by the institutes during 2004-05.

Guidelines of SSA provide that GCEE should meet at least twice in a year and the EC to meet as often as necessary, but at least once in each quarter. GOI nominated official and non-official members in May 2005. GCEE never met as of September 2005. As against a minimum four meetings every year, the EC met only twice annually during 2001-05. Reasons for not convening the meetings of the Apex Bodies were not furnished. In the absence of required number of meetings the programme guidelines could not be followed effectively.

3.1.10.5 Internal audit

No internal audit system existed till 2003-04. An internal audit unit¹² was constituted in 2004-05. The unit conducted inspection of only 11 District level offices out of 25 districts till March 2005. Four, out of seven Municipal Corporations were also covered. However, the office of the SPD was never taken up under such audit.

3.1.11 Conclusion

Inadequate infrastructure facility and shortage of teachers, inadequate training of teachers and lack of awareness among the public resulted in large number of dropouts. Coverage of special focus groups like scheduled caste, girls and disabled children was not adequate. Lack of preparedness and ground work coupled with delay in releasing funds by the Government resulted in significant shortfall in achievement of financial as well as physical targets. There were large scale vacancies of teachers and targets fixed for construction of new schools/additional class rooms were not achieved.

3.1.12 Recommendations

- Government should monitor the implementation of the programme closely and ensure full utilisation of funds in order to effect *cent per cent* enrollment of eligible children in schools and zero *per cent* drop out.
- Computers and DRS lying uninstalled and non operational should be put to use for imparting education through electronic media.
- Training should be given to all teachers without loss of school days for better classroom management.
- Enrolment of out-of-school children in alternative schooling facilities should be given importance for achieving the objectives of the programme.

**FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS
DEPARTMENT**

¹² Consisting of two Auditors

3.2 Food Security, Subsidy and Management of Foodgrains

Highlights

Review revealed major deficiencies in system of identification of beneficiaries and in distribution of foodgrains to the poor. 'Below Poverty Line' ration cards issued were more than the number of families identified. The scales of supplies prescribed by Government of India were not adhered to. Fair Price Shops did not function as per instructions of Government. Diversion of stock from one scheme to another by Gujarat State Civil Supplies Corporation Limited resulted in loss of Rs.26.85 crore to Government of India and Rs.21.20 crore to Government of Gujarat. There was no control mechanism to monitor efficient functioning of the scheme.

Against 21.20 lakh BPL families identified, 35.34 lakh ration cards were issued.

(Paragraph 3.2.5.1)

Foodgrains were not supplied to the beneficiaries as per the scales prescribed by Government of India.

(Paragraph 3.2.6.1)

Fair-price shops were not following the instructions of the Government. Further, Coupons under Sampurna Gramin Rojgar Yojana were issued without adhering to the procedure.

(Paragraphs 3.2.6.2 and 3.2.6.3)

Government of India and Government of Gujarat suffered loss of Rs.26.85 crore and Rs.21.20 crore respectively due to diversion of foodgrains by Gujarat State Civil Supplies Corporation Limited.

(Paragraph 3.2.6.4)

Gujarat State Civil Supplies Corporation Limited was reimbursed Rs.8.52 crore in excess of the claim.

(Paragraph 3.2.6.5)

There was no control mechanism to monitor effective implementation of the scheme.

(Paragraph 3.2.7)

3.2.1 Introduction

Food management strategy of Government of India (GOI) is aimed at procuring foodgrains from the growers, its storage and maintenance of buffer

stock. The strategy also aimed at implementation of Public Distribution System (PDS) to ensure availability of foodgrains to the public at affordable prices and food security for the poor.

The PDS is streamlined (June 1997) as 'Targeted Public Distribution System' (TPDS) to supply approximately 72 lakh tonnes of foodgrains annually to around six crore families of Below Poverty Line (BPL), for which special BPL ration cards were issued. GOI also launched (January 2001) Antyodaya Anna Yojana (AAY) for making the TPDS more focused and targeted towards about one crore 'poorest of the poor' households.

3.2.2 Organisational set up

Principal Secretary, Food, Civil Supplies and Consumer Affairs Department, was responsible for implementation of the scheme; Director of Food (DoF) was in-charge of planning, administration and monitoring. At district level, the implementation was entrusted to the Collectors in assistance with District Supply Officers (DSOs). Down at Talukas, it was managed by Mamlatdars. Foodgrains were distributed to beneficiaries through a network of Fair Price Shops (FPSs).

Gujarat State Civil Supplies Corporation Limited¹³ (GSCSC) was nominated as agency for lifting foodgrains from Food Corporation of India (FCI) depots and to store, transport and supply to FPSs.

3.2.3 Audit objectives

Objectives of this performance audit was to assess whether –

- benefits have been extended to eligible families;
- distribution arrangements were effective and
- appropriate mechanism for effective control and implementation of the scheme was in existence

3.2.4 Audit coverage

The records relating implementation of the schemes of Principal Secretary, Food, Civil Supplies and Consumer Affairs Department, DoF, six¹⁴ DSOs out of 25, 16 Mamlatdars, GSCSC and 64 out of 15939 FPSs covering the period 2000-06 were test checked during July-October 2005 and July-August 2006.

Entry conference with the Principal Secretary, DoF and Managing Director, GSCSC was held (February 2005).

¹³ A Government of Gujarat undertaking

¹⁴ Ahmedabad, Dahod, Dangs, Gandhinagar, Jamnagar and Junagadh

Audit findings

3.2.5 Extension of benefits

3.2.5.1 Identification of beneficiary families and issue of ration cards

Large number of ration cards were issued in excess of the number of BPL families identified

Ministry of Rural Development (MRD), GOI conducts BPL census at the beginning of each Five Year Plan. MRD guidelines (September 2002) provided that total number of BPL persons identified in the State should not exceed the number of persons living below poverty line in the State, as estimated by the Expert Group of Planning Commission .

As against 21.20 lakh families estimated by the Expert Group under Ninth Five Year Plan (1997-2002), State Government identified 30.62 lakh BPL families (April 2000) when the last survey¹⁵ was conducted and details of which were available.

However, without any periodical review of the list, State Government issued 35.34 lakh ration cards¹⁶, which were higher by 14.14 lakh families (67 per cent) than what was identified by the Expert Group; and higher by 4.72 lakh families (15 per cent) than what was identified by the State Government themselves.

3.2.5.2 Identification of Antyodaya Anna Yojana families

Twenty three per cent of Antyodaya Anna Yojana families were denied benefits of the scheme

Government of India launched AAY (January 2001) to ensure 'food security for all' and to build-up a hunger-free India by identification of one crore families out of BPL group, who would be provided foodgrains at an exceptionally low rate. The scheme was expanded (June 2003) to cover additional 50 lakh families considering concentration of primitive and priority groups. GOI prescribed a target and as per the same State Government had to identify 8.13 lakh families as of March 2006. However, 6.23 lakh families only were identified (March 2006) and ration cards issued. Thus, 1.90 lakh families (23 per cent) were denied benefits of AAY.

3.2.5.3 Non updation of BPL and Antyodaya Anna Yojana list and extension of benefit to ineligible families

Public Distribution System (Control) Order, 2001 provided that State Government was required to get the lists of BPL and AAY families reviewed every year for deletion of ineligible families and addition of eligible families. However, scrutiny of records revealed that no review of list of BPL and AAY families was carried out during the period covered by review. Failure to review list annually could lead to ineligible families availing benefits and denial of benefits to eligible families. One of the conditions for identification under the BPL category under the Ninth Five Year Plan was that the annual income of the family should be below Rs.20,000. A test check of selected districts revealed that 643 families¹⁷ having annual income of over Rs.20,000

¹⁵ Details of BPL census under Tenth Five Year Plan (2002-07) were not published (March 2006).

¹⁶ 29.11 lakh under BPL and 6.23 lakh under AAY

¹⁷ Ahmedabad-121, Dangs-127, Gandhinagar-75, Jamnagar-216 and Junagadh-104

were included in the list of BPL cardholders. This resulted in annual outgo of 96 MT subsidised foodgrains¹⁸ to non-targeted group; besides extending benefits of PDS to ineligible people.

3.2.6 Management of distribution to targeted groups

3.2.6.1 Lower supply of foodgrains than scales prescribed

During 2000-02, the scales prescribed by GOI for issue of foodgrains to BPL families ranged between 20 kg and 35 kg¹⁹ per family per month.

Foodgrains at the scales prescribed by Government of India were not supplied by the State Government

As against this, State Government distributed foodgrains of 12.5 kg per family per month (upto September 2004) at a subsidised rate of two rupees and three rupees/kg for wheat and rice respectively. This was again subject to 1.5 kg wheat per person (limited to nine kg per family) and one kg rice per person (limited to 3.5 kg per family).

From October 2004 onwards, 7.5 kg additional foodgrains were optionally offered; wheat at five rupees/kg (limited to five kg/family per month) and rice at Rs.6.70/kg (limited to 2.5 kg/family per month).

Government did not supply 0.95 lakh MT foodgrains costing Rs.20.79 crore to the Antyodaya Anna Yojana beneficiaries

Thus, State Government reduced the scale of ration prescribed by GOI and thereby deprived the benefits to the targeted population. Government of India enhanced (April 2002) the scale of subsidised²⁰ foodgrains from 25 kg to 35 kg per family per month under Antyodaya Anna Yojana. Scrutiny revealed that foodgrains at enhanced scale was supplied from October 2004 only. This resulted in denial of 0.95 lakh MT of foodgrains²¹ valuing Rs.20.79 crore²².

3.2.6.2 Deficiencies in functioning of Fair Price Shops

Manifold deficiencies were observed in functioning of Fair Price Shops

Audit test checked 59 FPSs; of which four were not found open and licence was suspended in one case. The field visit revealed deficiencies and omissions such as FPSs marketing the same PDS commodity in addition to PDS supply, non display of essential information, etc. Two FPSs (private)²³ were selling rice and one FPS (co-operative)²⁴ was selling wheat, rice, sugar, edible oil, along with PDS supplies as non PDS commodity.

In five FPSs²⁵ (one co-operative and four private) notice board was not displayed at prominent place. In six FPSs (five private and one co-operative) opening and closing stock of all the PDS commodities was not displayed.

¹⁸ At the present scale of 35 kg foodgrain per family per month since April 2002

¹⁹ April 2000 to June 2001-20 kg; July 2001 to March 2002-25 kg and April 2002 to March 2006-35 kg (per family per month)

²⁰ Wheat at two rupees per kg and rice at three rupees per kg

²¹ 75600 MT wheat and 18900 MT rice

²² Rs.15.12 crore - wheat and Rs.5.67 crore - rice

²³ One private in Gandhinagar Taluka and one private in Kalol Taluka of Gandhinagar district

²⁴ One cooperative in Kalol Taluka of Gandhinagar district

²⁵ One cooperative in Zalod taluka (Dahod district), one private in Mansa Taluka (Gandhinagar district) and three private in Dhrol taluka (Jamnagar district)

Required records and registers were not maintained such as in 22 FPSs complaint registers; seven FPSs - complaint box and in one FPS bill book and sales register. In 41 FPSs - Profit and loss accounts were not maintained and in 13 FPSs - sample of foodgrains for sale were not displayed.

In four FPSs, storage facility was not adequate/proper to avoid damages due to ground moisture, rain, fire, insects, etc. In 17 FPSs, no inspection was carried out during the period by the Inspector of Supply Branch or any higher authority. In 13 FPSs no surprise checks were done during the review period.

3.2.6.3 Deficiencies in system of issue of foodgrain coupons

Without following the norms, foodgrain coupons were issued under Sampurana Gramin Rojgar Yojana

Commissioner of Rural Development (CRD) prescribed (March 2002) norms²⁶ for issue of foodgrain coupons under Sampurana Gramin Rojgar Yojana (SGRY). On production of the coupons to FPSs, foodgrains as detailed therein are distributed 'free of cost' to the beneficiaries. Concerned FPSs thereafter produce the coupons to the Mamlatdars, who in turn issue permits of the quantity supplied. Validity of the coupons was 60 days from the date of issue.

Test check of records of twelve²⁷ Mamlatdars revealed that though the date of issue of coupons and other requirements²⁸ were not mentioned in these coupons, they were accepted and foodgrains issued. In absence of requisite details, issue of foodgrains to beneficiaries in fulfillment of purpose of the scheme could not be ensured; besides authenticity of the coupons also could not be established.

3.2.6.4 Loss due to diversion of foodgrains

Unauthorised diversion of foodgrains by GSCSC resulted in loss of Rs.26.85 crore to Government of India and Rs.21.20 crore to Government of Gujarat

As per allocation made by the Director of Food, GSCSC was allowed to lift foodgrains from FCI and store in their godowns for issue to FPS licensees/permit holders for ultimate distribution to the beneficiaries.

Since Central Issue Price (CIP) of foodgrains vary from scheme to scheme, separate scheme wise accounts were required to be maintained by GSCSC.

Instructions of GOI provided that foodgrains allotted for a scheme was required to be utilised for that particular scheme only and should not be diverted without prior approval. Scrutiny of records of GSCSC godowns revealed that whatever available foodgrains were issued without ascertaining ground stock in respect of any specific scheme; this resulted in minus balances in some of the schemes.

During 2000-06, of the stock received from GOI, 0.56 lakh MT²⁹ of foodgrains meant for supply 'free of cost' or with lower CIP were diverted and

²⁶ Foodgrains coupons in different colours for wheat and rice showing quantity, name of scheme, name of work, period of wages, signature and stamp of issuing authority etc.

²⁷ Ahmedabad (City), Dangs, Dahod, Dhanpur, Dholaka, Dhandhuka, Gandhinagar, Kalol, Keshod, Kalawad, Mansa, and Vanthali.

²⁸ Name of DRDA/Gram/Taluka Panchayat, signature and stamp of issuing authority, name of work, name and number of FPS, signature of FPS owner, bill number and date of FPS, etc.

²⁹ 34,785.19 MT wheat and 21,138.66 MT rice

issued to schemes having higher CIP. As the payment to the Government of India was required to be made at the CIP rates, diversion of foodgrains made available free of cost to schemes such as BPL, AAY, where Rs.4150 per MT was payable, resulted in loss of Rs.14.12 crore to Government of India on account of diversion of 34,785 MT of wheat as given in **Appendix-XXVIII** during the period 2001-06. Further, quantity of 21,138.66 MT of rice were diverted from schemes with CIP ranging between Rs.3000 to Rs.5650 per MT to schemes having CIP ranging between Rs.5650 to Rs.11300 per MT. This diversion of rice resulted in loss of Rs.12.73 crore to the Government of India. Similarly, GSCSC had diverted (2000-06) 0.64 lakh MT³⁰ foodgrains received at higher CIP by GOG to schemes with lower CIP. This resulted in loss of Rs.21.20 crore to the GOG as given in **Appendix-XXIX-A**.

As of March 2006, there were minus balances of 1.55 lakh MT foodgrains³¹ in the accounts of various schemes.

3.2.6.5 Excess claims against foodgrain supplied to riot victims

Gujarat State Civil Supplies Corporation Limited got reimbursement of excess claims of Rs.8.52 crore against foodgrains supplied to riot victims

Government of India allotted 1.27 lakh MT foodgrains³² (April 2002) for free distribution among BPL³³ families affected during communal riots of 2002. Accordingly GOG decided to distribute³⁴ the foodgrains to 27.12 lakh affected families. Since the quantity allotted by GOI was sufficient to meet the requirements of 16.95 lakh families only, GOG decided (November 2002) to protect the remaining 10.17 lakh families from the allotment under BPL scheme. Accordingly, GOG reimbursed (March 2005) GSCSC Rs.27.84 crore for 0.51 lakh MT³⁵ foodgrain supplied 'free of cost'.

Scrutiny of Quantity Reconciliation Statements revealed that as against the reimbursement for 0.51 lakh MT foodgrains, GSCSC actually supplied 0.50 lakh MT³⁶ foodgrains only; as a result, extra payment of Rs.61.76 lakh was made for the excess claim for 0.01 lakh MT³⁷ foodgrains.

Further, it was also observed that as against supply of 0.35 lakh MT³⁸ foodgrains from the allocation for AAY, GSCSC preferred reimbursement claim on GOG at BPL rate³⁹; this resulted in excess claim of Rs.7.90 crore.

Thus, GSCSC got reimbursement of excess claim amounting to Rs.8.52 crore⁴⁰ from GOG.

³⁰ 60,044.93 MT wheat and 3,532.27 MT rice

³¹ 1,39,483.48 MT wheat and 16,316.42 MT rice

³² 91,820 MT wheat and 35,621 MT rice

³³ including AAY

³⁴ 9 kg wheat and 3.5 kg rice per month from May 2002 to September 2002 and 5 kg wheat and 2.5 kg rice in October 2002

³⁵ 36,248 MT wheat and 14,411 MT rice

³⁶ 35,650.23 MT wheat and 13,934.46 MT rice

³⁷ 598 MT wheat and 477 MT rice

³⁸ 28,449.54 MT wheat and 6,667.38 MT rice

³⁹ CIP plus overhead charges

⁴⁰ Rs.61.76 lakh for excess quantities and Rs.7.90 crore for excess rates

3.2.6.6 Deficiencies in functioning of GSCSC godowns

Scrutiny of GSCSC godowns revealed deficiencies like storage of foodgrains at unauthorised places, etc. Stock of 67.5 MT wheat (1350 bags each weighing 50 kg) of GSCSC godown, Waghai (Dangs District) was unauthorisedly stored in godowns meant for Integrated Child Development Scheme without any permission/approval of GSCSC head office. The stock in the godown was also not covered under the insurance. Godown Managers issue machine numbered Credit Notes in prescribed form for amount of commission payable to FPS owners for foodgrains distributed at free of cost under various schemes. However, no Credit Notes were prepared by Godown Manager, Waghai; commission paid to the FPSs could not therefore be verified. As per instructions issued (September 2004) by GSCSC specimen signatures of permit issuing authority were required to be kept at godowns for verification before issue of foodgrains to FPS against the permits issued. However, no specimen signatures were kept on records in nine⁴¹ GSCSC godowns test checked. As per instructions issued (September 2004) by GSCSC, all the registers to be used in the godowns were to be certified by the District Supply Mamlatdar (DSM). However, it was seen that in eight⁴² GSCSC godowns of the test checked Districts/Talukas, the registers were maintained without certification of DSM.

Control mechanism

3.2.7 Non-constitution of Vigilance Committees

There was no control mechanism to monitor effective implementation of the scheme

Public Distribution System (Control) Order, 2001 provides that Vigilance Committees at State, District, Taluka and FPS level were to be constituted by the State Government. However, no such committees were constituted (August 2006).

Public Distribution System (Control) Order, 2001 provides that monitoring of the functioning of the PDS at the FPS level should be monitored through the computer network installed by NIC in the district NIC. However, no action was taken by the Government to ensure the monitoring system.

3.2.8 Conclusion

There were deficiencies in system of identification of BPL and AAY families. The number of families to whom cards were issued BPL categories were more than what had been identified by the State Government themselves and targetted number of families under AAY categories could not be identified by the State Government. BPL and AAY list were not periodically updated and there were cases of extension of benefit to ineligible families under BPL categories. Scale of supply as prescribed by the GOI was not adhered to as far as supply of wheat and rice was concerned. Numerous deficiencies were

⁴¹ Ahmedabad (Daskroi City Camp), Dhandhuka, Dhrol, Gandhinagar, Jamnagar, Junagadh, Kalawad, Kesod and Vanthali.

⁴² Ahmedabad (Daskroi City Camp), Dhandhuka, Dhrol, Gandhinagar, Kalawad, Jamnagar(City), Junagadh and Vanthali

noticed in the functioning of fair price shops and some of these were mainly on account of inadequate supervision and inspection. On account of improper upkeep of records by the Civil Supplies Corporation, the State Government as well as Government of India was put to a loss due to diversion of foodgrains. Despite release of lower quantity, the Civil Supplies Corporation preferred and obtained payment for higher quantities and similarly amounts were also reimbursed to them at higher rates. The system of storage of foodgrains was also found to be inadequate. The three-tier vigilance committees were not found to have been constituted in the State.

3.2.9 Recommendations

- 'Below Poverty Line' and 'Antyodaya Anna Yojana' lists may be reviewed and updated on periodic basis
- GSCSC may be instructed to immediately prepare scheme-wise stock statements and these be reviewed with an aim to ensure scheme-wise quantity reconciliation at regular intervals. Excess payments made to the Gujarat State Civil Supplies Corporation Limited may be recovered after complete review.
- The functioning of the Fair Price Shops needs improvement and for this a system of regular monitoring and periodic inspection should be implemented expeditiously.
- Vigilance Committees at all levels need to be constituted and for this, immediate action should be taken.

The matter was reported to Government (August 2006); reply was not received (October 2006).

REVENUE DEPARTMENT

3.3 Allotment of land for Non-Governmental activities

Highlights

There was no land allotment policy in Gujarat; the existing guidelines do not provide for any ceiling in the absence of which land was allotted irregularly at concessional rate. Land situated within the limit of Municipal Corporations was allotted without resorting to auction though this was mandated. Conditions prescribed for allotment of land were not adhered to and despite several breaches the resumption of land was also not done in one case involving Government land of the value of Rs.28.85 crore. Concessional rate was applied on the land that was allotted to an educational foundation without mandated application of the ceiling. There were several cases of inconsistent valuation of land which had resulted in losses to the Government. In violation of instructions, revaluation was not made in a case of allotment of land despite passage of more than eight years resulting in loss to the Government. There was no effective monitoring mechanism to ensure utilization of land for the purpose for which it was allotted.

Government had not formulated any policy for allotment of land, Government guidelines did not provide for any ceiling for allotment of land except for higher education and Government employees housing categories.

(Paragraph 3.3.6)

Government allotted 0.24 lakh square metre land costing Rs.2.80 crore incorrectly at concessional rate.

(Paragraph 3.3.7.1)

Government land situated within 10 km radius of Municipal Corporations was allotted without resorting to auction.

(Paragraph 3.3.7.2)

Despite breach of several conditions land with market value of Rs.28.85 crore was allotted to Puri Foundation, Nottingham, UK, at concessional price of Rs.75.02 lakh.

(Paragraph 3.3.7.4)

Incorrect application of concessional rate to Nirma Education and Research Foundation resulted in loss of Rs.2.85 crore to Government.

(Paragraph 3.3.7.5)

Two lakh and sixty seven thousand sqmt land allotted at Gandhinagar to Government servants, Members of Legislative Assembly/Parliament was not utilized.

(Paragraph 3.3.8.2)

There was no effective monitoring mechanism to ensure utilisation of land.

(Paragraph 3.3.8.3)

3.3.1 Introduction

Under the Bombay Land Revenue Code, 1879⁴³ (Revenue Code), Government is entitled to allot any land vested in it on such terms and conditions, as it deems fit. The allotment of land includes revenue free allotment, allotment on payment of occupancy price (also called market value) and allotment on leasehold rights. For allotment of land situated in six Municipal Corporations⁴⁴ and in places where the area of land exceeds the specified limit, permission from Government is required. In other cases the Collectors are empowered to allot the land. The occupancy price in respect of land up to Rs.50 lakh and that exceeding Rs.50 lakh is determined by the District Level Valuation Committee (DLVC) and State Level Valuation Committee (SLVC) respectively, in accordance with the guidelines prepared by the Chief Town Planner.

The consolidated details of land allotted were not compiled in the Revenue Department. A summary of allotment of land made on revenue free, lease and with occupancy price basis for non-Governmental activities to trusts, individuals, etc. (other than Government organisations) during 2001-06 and recovery of occupancy price thereagainst in respect of test checked districts were as under-

(Area in lakh sqmt/Rupees in crore)

Collector	Revenue free		On lease		With occupancy price		Amount
	No. of cases	Area	No. of cases	Area	No. of cases	Area	
Ahmedabad							
Trusts	0	0	7	0.24	11	1.32	2.74
Individuals, etc.	0	0	0	0	9	0.62	9.02
Gandhinagar							
Trusts	1	0.02	3	0.18	9	5.93	0.16
Individuals, etc.	0	0	0	0	16	4.81	17.79
Jamnagar							
Trusts	9	0.38	52	3.05	8	3.72	1.07
Individuals, etc.	0	0	0	0	12	0.04	0.78
Rajkot							
Trusts	16	2.45	0	0	36	4.55	4.65
Individuals, etc.	0	0	0	0	41	3.82	1.78
Surendranagar							
Trusts	7	0.29	0	0	12	0.13	0.17
Individuals, etc.	0	0	0	0	244	0.26	0.26
Vadodara							
Trusts	4	0.09	0	0	9	0.04	0.06
Individuals, etc.	0	0	7	1.26	4	1.30	0.01
Total	37	3.23	69	4.73	411	26.54	38.49

3.3.2 Organisational set up

Allotment of land at Government level is controlled by Principal Secretary, Revenue Department. The superintendence of the allotment is vested with Collectors of the districts who are assisted by District Development Officers (DDOs) and Mamlatdars. The DDOs and Mamlatdars are responsible

⁴³ And Rules made thereunder

⁴⁴ Ahmedabad, Bhavnagar, Jamnagar, Rajkot, Surendranagar and Vadodara

for receipt and scrutiny of applications. While the DLVC consists of District Collector as Chairman with DDO and Deputy Town Planner, Town Planning and Valuation Department as members, Secretaries/Additional Chief Secretaries/Principal Secretaries of Revenue Department and Urban Development and Urban Housing Department constitute the SLVC.

3.3.3 Audit objectives

Test check of the records of allotment of land by Government was conducted with a view to ascertain whether –

- a documented policy for allotment of Government land existed and allotment of land was made as per the policy that was laid down;
- occupancy price of land was fixed and collected in accordance with the applicable rules and codal provisions; and
- adequate measures were taken to ensure utilisation of land for the specified purpose.

3.3.4 Audit criteria

The audit criteria adopted for ensuring the above audit objectives were –

- scrutiny of Government orders for allotment of land;
- procedure of allotment of land and for realisation of the price;
- scrutiny of adequacy of machinery to verify utilisation of the allotted land; and
- methodology for ensuring compliance to rules.

3.3.5 Scope of Audit

Records with Principal Secretary, Revenue Department and six⁴⁵ Collectors out of 25, relating to the allotment of land for the purpose of non-Governmental activities such as construction of residential buildings, running of educational, cultural, religious and social institutions to trusts, organizations and individuals during the period 2001-06, other than the land acquired by the Government for its developmental activities, were reviewed during June-August 2006.

Audit Findings

Policy framework for allotment of land

3.3.6 Non-Formulation of land allotment/disposal policy

Allotment of Government land is regulated according to the instructions provided in Government Resolution (June 2003) (guidelines), wherein orders/circulars issued on the subject from time to time were consolidated. However, Government did not formulate land allotment/disposal policy. Except in the cases of residential plots for Government employees and

Government allotted land for various purposes without any ceiling/limit

⁴⁵ Ahmedabad, Gandhinagar, Jamnagar, Rajkot, Surendranagar and Vadodara out of 25 districts

institutions for higher education, the guidelines did not set down the maximum area that can be allotted at different situations⁴⁶. In the absence of any ceiling with regard to maximum area that could be allotted, the method of allocation remained arbitrary and there were cases of huge tract of land being allotted and also cases where same organizations were repeatedly granted allocation of land as discussed below:

Sl. No.	Name of Alottee/Collectorate/ Month of order	Area in lakh sqmt/ Value	Purpose	Rate applied (Per sqmt)
1	Puri Foundation/ Gandhinagar/ May 2001	5.77 Rs.7.50 crore	Advance Research and Development Centre for IT and Bio Technology	Rs.65 (50% of market rate) for 1.15 lakh sqmt and Lease rent of Rs.1 per year for 30 years for 4.12 lakh sqmt
2	K. Raheja Corporation Pvt. Ltd. / Gandhinagar/ May 2006	3.77	IT Park	Rs.470
3	Nirma Education and Research Foundation Trust/ Ahmedabad/ August 2004 July 1995	0.60 (Rs.3.89 crore) 2.20	Management complex and Architecture and Computer post graduate complex. Engineering College	Rs.324 (50% of market rate)

Absence of ceiling for allotment that was also made without resorting to auction through public notice/advertisement also resulted in loss of opportunities of obtaining higher rates.

3.3.7 Fixation of occupancy price and its collection

3.3.7.1 Irregular allotment of Government land at concessional rate

24 thousand square metre land costing Rs.2.80 crore were allotted at concessional rate for unauthorised purposes

During 2001-06, Collectors of the test checked districts have received 1478⁴⁷ applications, of which land was allotted in 511 cases (35 per cent), 827 cases (56 per cent) rejected, leaving a balance of 140 cases (9 per cent). Test check in audit revealed that under the provisions of Para 32 of Gujarat Land Revenue Rules, 1972 land to the extent specified therein may be given free of price/revenue whether in perpetuity or for a term for sites for the construction of schools, hospitals, dispensaries and other public works from which no profit is expected. Further, Para 32-A provided that land may be leased at a nominal

⁴⁶ Free of cost, at nominal lease rent, at concessional rate and at market rate

Year	Opening Balance	Receipt	Total	Allotment	Rejection	Closing Balance
2001-02	213	299	512	39	167	306
2002-03	306	215	521	214	190	117
2003-04	117	263	380	88	155	137
2004-05	137	269	406	107	156	143
2005-06	143	219	362	63	159	140
Total		1265		511	827	

rent of one rupee a year for playgrounds or other recreational purposes to educational institutions or local bodies for a term not exceeding 30 years. The lease will be in the name of educational institution, local bodies or gymnasiums recognized by the Government.

In two Collectorates,⁴⁸ land admeasuring 0.24 lakh sqmt costing Rs.2.80 crore was incorrectly allotted between August 2001 and April 2005 to five entities who were neither educational institutions or local bodies, at nominal lease rent for 30 years for religious, cultural and social activities which were not specified in the rules. This resulted in loss of revenue of Rs.2.80 crore in the form of lease rent/occupancy price as given in **Appendix-XXIX-B**.

3.3.7.2 Allotment of Land within the Municipal Corporation limits

The guidelines provide that Government land situated within 10 km radius of Municipal Corporations is to be allotted through public auction only. However, in following cases, land admeasuring 0.04 lakh sqmt situated within 10 km radius of Municipal Corporations limit was allotted without resorting to auction.

In Ahmedabad Collectorate 21,300 sqmt of land was allotted (November 2005) to Bharat Hotels Ltd. at Rs.7.39 crore. In Rajkot Collectorate, lands admeasuring 5000 sqmt and 16,650 sqmt was allotted (June 2004 and March 2006) to two entities⁴⁹ respectively for Rs.0.25 crore and Rs.0.42 crore, at concessional rate of 50 *per cent* of market value.

Thus, the Government lost an opportunity of obtaining competitive rate for these lands despite there being specific provisions in this regard.

3.3.7.3. Application of rates and realisation of value

According to the terms and conditions prescribed for allotment, land shall be liable to be resumed by Government, if the conditions prescribed are not complied with by the allottees. For setting up of Engineering Colleges, the concerned Councils have fixed minimum requirement⁵⁰ of land; the guidelines provided for allotment of minimum land at concessional rate of 50 *per cent* of market rate and excess demand would require payment at the rates⁵¹ prescribed. Despite these provisions cases of irregularities in allotments were noticed as discussed below:

⁴⁸ Ahmedabad and Vadodara

⁴⁹ Lok Prakashan Ltd. and Shri Vyavasayi Vidya Pratishthan Trust

⁵⁰ 25 acres in urban areas, 10 acres in district places and five acres in metro cities

⁵¹ Excess upto 15 *per cent*-75 *per cent* of market value; excess demand of over 15 *per cent*-100 *per cent* of market value

3.3.7.4 Irregular allotment of land for setting up of Advance Research and Development Centre for Information Technology and Bio Technology

Flouting the rules, 5.77 lakh sqmt land was allotted to Puri Foundation at a concessional value of Rs.75.02 lakh against the market value of Rs.28.85 crore

Puri Foundation, Nottingham, United Kingdom applied (December 2000) for allotment of 5.77 lakh sqmt land for setting up of Advance Research and Development Centre for Information Technology and Bio Technology and construction of residential houses. Pursuant to the orders (May 2001) of Revenue Department, Collector, Gandhinagar, allotted (June 2001) the land at an occupancy price of Rs.75.02 lakh for 1.15 lakh⁵² sqmt meant for buildings and token lease rent of one rupee per year⁵³ for 4.62 lakh sqmt for use as open land.

Scrutiny revealed that the land was allotted without obtaining the authorisation from the concerned department which was a prerequisite for allotment of land for setting up of Higher/Medical Educational Institutions. Concessional rate was applied also to land meant for construction of residential houses. The Foundation had not registered a society in Gujarat State, in the name of 'Puri Foundation for Education in India' under the Registered Society Act, 1960 as required. Subsequently in May 2003, the Department deleted this clause from the terms and conditions of allotment. The construction on the land was not commenced within six months and completed within three years from the date of allotment as required. Though construction was to be completed on 1.15 lakh sqmt of land by June 2004, construction was carried out on only 5576 sqmt (4.85 per cent) of land as of July 2006 that too without obtaining permission for conversion of agricultural land into non-agricultural land. Even after five years from the date of allotment of land, the Centre was not set up.

Though the allottee committed breach of several conditions, Government did not resume the land. This led to an ineligible entity gaining the benefits of Government land valuing Rs.28.85 crore⁵⁴ at a nominal value of Rs.75.02 lakh.

3.3.7.5 Incorrect application of concessional rate

Incorrect application of concessional rate resulted in loss of Rs.2.85 crore to Government

Collector, Ahmedabad allotted 0.60 lakh sqmt land (August 2004) to Nirma Education and Research Foundation, Ahmedabad, for setting up of Management Complex for Architecture and Post Graduation in Computer, at concessional rate of 50 per cent of market rate⁵⁵ based on the valuation made by the DLVC in March 2002. Scrutiny revealed that the Foundation was already allotted (July 1995) 2.20 lakh sqmt land for setting up of an Engineering College at concessional rate. Out of this, 0.61 lakh sqmt of land was utilised for plantation in contravention of the conditions of allotment. Since concessional rate was applicable only to 0.40 lakh sqmt land each for two Colleges and the Foundation was already allotted 2.20 lakh sqmt land, further allotment of 0.60 lakh sqmt of land at concessional rate was not in order. Further, the market value as per the valuation (August 2004) of land

⁵² At a concessional rate of Rs.65 (50 per cent of market rate)

⁵³ For 30 years

⁵⁴ Rate according to Jantri (valuation for the purpose of stamp duty) – Rs.500 per sqmt

⁵⁵ 55,553 Sqmt-Rs.655/4656 Sqmt-Rs.570

made by the DLVC in same area was Rs.4.80 crore (Rs.800 per sqmt). Thus, erroneous application of concessional rate resulted in loss of Rs.2.85 crore to Government.

Collector, Rajkot allotted 0.17 lakh sqmt of land (December 2003) at concessional rate of Rs.250⁵⁶ to Shri Vyavasayi Vidya Pratishthan Trust, Rajkot for construction of an Engineering College.

Allotment of land in excess of norms resulted in loss of Rs.41.63 lakh

Scrutiny revealed that the Trust was already allotted 0.81 lakh sqmt of land in October 1997 for the same purpose at concessional rate. Since concessional rate was applicable to only 40,468.60 sqmt (10 acres) of land and the Trust was already allotted 0.81 lakh sqmt, allotment of further 0.17 lakh sqmt of land was in contraventions to the instructions of the Government. This resulted in loss of Rs.41.63 lakh⁵⁷ to the Government.

3.3.7.6 Inconsistent valuation

Valuation of land is to be made by the Chief Town Planner/Deputy Town Planner in accordance with the guidelines (September 2002), according to which 12 *per cent* increase was to be effected every year unless revalued. In the following two cases, these instructions were not followed –

	Akshar Purshottam Swaminarayan Sanstha, Ahmedabad	Swaminarayan Mandir, Surendranagar
Collectorate	Rajkot	Surendranagar
Date of allotment	November 2004	October 2002
Area	5000 sqmt	648 sqmt
Purpose	Sanskar Dham	Swaminarayan Mandir
Month of initial valuation	January 2001	March 1996
Rate as per initial valuation per sqmt	Rs.1000	Rs.1848
Rate applicable per sqmt	Rs.1405	Rs.3647
Rate applied for per sqmt	Rs.460	Rs.1200
Loss	Rs.47.25 lakh	Rs.15.86 lakh

Thus, the incorrect valuation led to the loss of Rs.63.11 lakh at minimum rate to the Government.

3.3.7.7 Non revision of rates

Non revision of rates resulted in loss of Rs.29.91 lakh to Government

According to instructions (December 1976), valuation of land made by the DLVC is valid for six months and in cases where finalisation of allotment of land is not completed within six months from the date of initial valuation, fresh valuation is to be made before making the allotment. The allotment was liable to be cancelled if the payment is not made within one month from the date of order.

⁵⁶ 50 *per cent* of market rate

⁵⁷ 16650 Sqmt-Rs.655/4656 Sqmt-Rs.570

In Ahmedabad, a commercial institution⁵⁸ applied (December 1988) for 3000 sqmt of land for construction of gas godown. In May 1992, Collector instructed the applicant to pay the cost of land at Rs.40 per sqmt or at the rate determined by the Deputy Town Planner whichever was higher. Accordingly the applicant paid Rs.1.20 lakh in June 1992. The Deputy Town Planner determined (August 1992) the value of land at Rs.8.25 lakh (at Rs.275 per sqmt). The applicant requested (September 1992) the Collector to reconsider the valuation. The request was not acceded to and the Collector asked (March 1994) the applicant to pay the amount within one month. The applicant had not made the payment rendering the allotment liable to be cancelled. However, the Collector had neither cancelled the allotment nor returned the amount paid by the applicant.

After eight years (May 2002), the Collector instructed the applicant to pay the balance of amount of Rs.7.05 lakh along with interest⁵⁹ of Rs.6.84 lakh. This amount was paid in May 2002 and the land allotted in August 2002. Had the revaluation been made the land would have fetched Rs.45 lakh considering the existing market rate of Rs.1,500. Failure to do so resulted in loss of Rs.29.91 lakh to Government.

3.3.7.8 Non recovery of lease rent and interest

Collector, Rajkot did not recover Rs.45.29 lakh from an allottee during 1993-2006

Under the provisions of the Revenue Code, Government land can be leased out to any person for such period and purpose and on such conditions as may be determined in this regard. The grantee of such land shall pay lease rent for the lease period as per the terms and conditions of the lease. According to the orders (October 1982) of Government, annual lease rent for the land allotted for non-agricultural purposes is to be charged at 15 *per cent* of the market value of the land. The lease period of 2,500 sqmt land allotted to an entity⁶⁰ at Rajkot district was renewed in August 1993 for seven years on lease rent of Rs.1.90 lakh per year. Scrutiny revealed that the allottee had not paid the lease rent for 13 years (March 2006). However, no action was taken by the Collector either to recover the due from the allottee or to resume the land. Total lease rent and interest recoverable worked out to Rs.45.29 lakh (Rs.24.65 lakh rent and Rs.20.64 lakh interest).

3.3.7.9 Non application of penal rate

Failure to apply penal rate resulted in loss of Rs.64.64 lakh

As per Government Resolution (1980), Government land under unauthorised occupancy, if not required by the Government, Collectors can regularise by allotting to its occupants by recovering penal occupancy price at two and a half times the market value on the date of regularisation.

Collector, Gandhinagar allotted (September 2001 and May 2002) land admeasuring 3,000 and 1,821⁶¹ sqmt to two⁶² trusts at the rates of Rs.1,200

⁵⁸ Kirti Gas Service, Ahmedabad

⁵⁹ at 12 *per cent* for eight years and one month

⁶⁰ Vasantlal Khimjibhai Kanabar

⁶¹ 15 sqmt with occupancy price and 1806 sqmt on token rent of one rupee per year

⁶² Shree Chandkheda Kadva Patidar bhag Samasth Sarvajanic Trust and Shri Tapasvi Raghuram Seva Trust

and Rs.310 per sqmt respectively. This included regularisation of encroachment by charging penal rate on 190 sqmt and normal rate on 15 sqmt of land respectively on which construction was carried out unauthorisedly by the trusts.

Audit scrutiny revealed that the entire area of land was encroached by these trusts; as such penal rate at 2.5 times the market value was required to be applied for the entire area. Accordingly, Rs.90 lakh and Rs.14.11 lakh were to be recovered. Against these only Rs.39.42 lakh and Rs.0.05 lakh respectively were recovered. This resulted in loss of Rs.64.64 lakh to the Government.

3.3.7.10 Non-holding of Meetings of District Level Valuation Committee

According to the instructions of the Government, District Level Valuation Committee was to meet at least once every month to finalise the valuation of the land for various purposes. Scrutiny in selected districts revealed shortfall ranging between one and eight meetings. In Ahmedabad district, delay in finalisation of valuation upto three years was noticed in 27 cases⁶³. The Collector Ahmedabad attributed the shortfall in the meeting to earthquake, riots and election.

3.3.8 Utilisation of land

3.3.8.1 Non-identification of Government land

Government had not identified all the lands available

Government land was not identified and earmarked for various purposes *viz.*, agricultural, industrial, residential, commercial, tourism, etc. to estimate the land effectively available for development work and to ensure that specified activities are carried out at the earmarked areas. Land was allotted as per the demand of the applicant without framing a master plan.

While accepting the audit observation, Department stated (August 2006) that since ownership of all land that does not belong to anybody rests with the Government, identification of land for any specific purposes was not done. However, in some areas such as town planning, tourism projects, aquaculture, etc., land was being identified. The reply was not tenable as non identification and non-demarcation of land could lead to open access to all and encroachment.

3.3.8.2 Mechanism for ensuring utilisation of land

Under the Government Resolution (June 1988) of Roads and Building Department, Government servants were entitled to residential plots admeasuring 90 to 330 sqmt depending on the basic pay. Similarly, Members of Legislative Assembly (MLA) and Members of Parliament (MP) were also entitled for plots of 330 sqmt for construction of houses on such terms and conditions as prescribed by Government. The occupancy price was fixed at 50 *per cent* of market value of the plot prevailing at the time of allotment. The conditions for allotment *inter alia* included a clause for completion of

⁶³ 11 cases - more than three years, 16 cases - less than three years

construction of residential building within two years from the date of allotment and utilise it for his residential purpose. In case of breach of any stipulated condition, the allotment was liable to be cancelled and land resumed by Government.

During 1970-2006, Government allotted 25,654 plots of land admeasuring between 90 sqmt and 330 sqmt to Government servants, MsLA and MsP for construction of residential buildings. Of these 2,423 plots⁶⁴ (9.44 per cent) (2315 Government servants, 13 MsP and 95 MsLA) allotted prior to 2001-02 were not utilised for the purpose for which they were allotted (July 2006). Out of this, 1873 cases have been regularised (up to July 2006) by charging penalty⁶⁵ of Rs.36.40 lakh, as prescribed under the order of March 2003. However, action was not initiated either to regularize the allotment or to resume the land in respect of remaining 550 cases (July 2006).

3.3.8.3 Delay in disposal of cases of non utilization of land

There was no effective monitoring mechanism to ensure utilization of land for the purpose for which they were allotted

According to the guidelines, land is liable to be resumed by Government if it is not used for the purpose for which it is granted by such date as the Collector may fix in this regard. Details of breach of conditions noticed (2001-06) by the Collectors of test checked districts in respect of the land allotted (prior to March 2004) was as under –

(Area in lakh sqmt)

District	Unutilised land		Land utilised for other purpose		Penal action taken
	No. of cases	Area of land	No. of cases	Area of land	No. of cases
Gandhinagar	0		1	8.11	1
Jamnagar	69	10.17	6	0.86	37
Rajkot	123	2.95	0	0	1
Vadodara	89	20.19	19	3.71	0
Total	281	33.31	26	12.68	39

Though 307 cases⁶⁶ of breach of conditions were detected by the department, penal action was taken in only 39 cases (13 per cent) by resuming the land; reasons for non-initiation of penal action in respect of the remaining cases were not furnished to audit.

Thus, the Department had not evolved any effective monitoring mechanism to ensure that the land is utilised for the purpose for which it was allotted.

3.3.8.4 Non-tracking of changes in the ownership of land

The land allotted for any specific purpose is to be utilised for the purpose for which it was allotted; the ownership cannot be changed without the approval

⁶⁴ 2.67 lakh sqmt

⁶⁵ No penalty for delay upto five years. In other cases, Rs.0.50 per sqmt to be multiplied by 40, 120, 200, 280, 360 and 440 for delay from 6 to 9 years, 10 to 12 years, 13 to 15 years, 16 to 18 years, 19 to 21 years and 22 to 24 years respectively

⁶⁶ Less than 10 years-67 cases; 10 to 20 years-88 cases; 21 to 30 years-102 cases and above 30 years-50 cases

of the allotting authority. However, Government did not evolve an effective monitoring mechanism to track the changes in the ownership of land.

The Collector, Ahmedabad allotted 1.59 lakh sqmt of land to an entity⁶⁷ on lease for commercial purpose for the period upto July 1987; no further extension was applied for. The land was unauthorisedly transferred on sale twice⁶⁸ between July 1977 and April 1981; the present occupier had applied (September 2004) for regularisation of the land. In Rajkot Collectorate, 6.35 acres land allotted (November 1955) under Bhudan Act, 1953 to an entity⁶⁹ for agricultural purpose was unauthorisedly transferred on sale four times⁷⁰ between November 1955 and November 1971. Though according to the conditions of allotment the land was not transferable, in the absence of a suitable mechanism, Government could not ensure authenticity of the transfer of land as all these transactions were entered in revenue records.

3.3.8.5 Regularisation of encroachments

Under the Revenue Code, on detection of encroachment by the revenue authorities, the encroacher shall be evicted forthwith and assessed to non-agricultural assessment, Land Revenue, etc. at prescribed rates with imposition of fine for the period of unauthorised occupancy.

In three⁷¹ test checked districts, 2475 cases of encroachments involving an area of 17.93 lakh sqmt land were detected; of which 1,697 encroachments (9.38 lakh sqmt land) were evicted; two cases (0.09 lakh sqmt land) were regularised and action in respect of 776 cases (8.46 lakh sqmt land) were pending (March 2006).

3.3.9 Conclusion

Government had not formulated land allotment policy in the State; the existing guidelines did not provide for ceiling in the absence of which land was allotted unrestrictedly. Land situated within the limit of Municipal Corporations was allotted without resorting to auction besides being allotted unauthorisedly at concessional rate. Land allotted to a higher educational institution was not resumed though the conditions of allotment were not fulfilled. Concessional rate was applied on the land that was allotted to another institution without applying the prescribed ceiling. Inconsistent valuation of land resulted in loss to Government. Failure to revalue the land allotted after eight years of original valuation led to loss to Government. Allotment made to Government servants, MsLA and MsP at Gandhinagar were not utilised by them. Though large number of cases of breach of conditions were detected by the department, penal action was taken only in less than 13 *per cent* cases. There was no effective monitoring mechanism to ensure utilisation of land for the purpose

⁶⁷ Shri Abdullatif Mohmmmedhabib Zafri

⁶⁸ To Ramanlal Bhogilal Shah (July 1977) and Indravadan Chimanlal Thakkar (April 1981)

⁶⁹ Koli Nathu Bhima

⁷⁰ 1)Topan Kundanmal and Ghanshyamdas Topanmal (November 1955); 2)Valibai Hirji (August 1962); 3)Suresh Champaklal (February 1968); 4)Kanaiyalal Madhavlal Shah (November 1971)

⁷¹ Gandhinagar, Jamnagar and Rajkot

for which they were allotted. In the absence of a system to track the change in the ownership, land was also transferred flouting the conditions of allotment.

3.3.10 Recommendations

Government may consider the following steps to improve the effectiveness of guidelines in vogue for allotment of lands,

- Formulate a policy for allotment/disposal of land with prescribed ceiling for maximum area to be allotted under each category;
- Ensure timely valuation of land and realisation of occupancy price and land at concessional rates should be allotted judiciously in accordance with accepted norms;
- Evolve suitable monitoring mechanism to ensure utilisation of the land for the intended purpose within the specified period.

The matter was reported to Government (August 2006); reply was not received (October 2006).

3.4 IT Audit of Computerization in the Office of the Industries Commissioner

Highlights

Industries Commissioner introduced a web-based package as total solution provider meant for ensuring proper information flow leading to increased productivity and improvement in management control and monitoring. The package was also meant to eliminate redundancy and implement paper-less correspondence between offices. The system developed has major design deficiencies which has adverse effect on the integrity and reliability of information that has been stored and processed. Thus, different modules of the package have not been integrated rendering the entire exercise of development of the software as waste.

3.4.1 Introduction

Industries Commissioner (IC), under the Principal Secretary, Industries and Mines Department, is responsible for implementation of various programmes of the Government for acceleration of the industrial development in the State.

The Commissionerate has 11 main branches at the Head Office at Gandhinagar and 24 District Industries Centres (DICs) at the District Head Quarters.

The IC introduced a web-based package, 'Industries Commissionerate-Integrated Information Technology Solution (IC-IITS)' known as 'Total Solution Provider (TSP)' developed (April 2005) by CMC Ltd., Ahmedabad (CMC) and iNDEXTb, Gandhinagar (a Government of Gujarat undertaking). This was done with the objectives of enabling proper information flow resulting in augmentation of productivity; improving management control and monitoring, enhancing fast customer services through 'Total Workflow Automation', to implement inter-office paperless correspondence, elimination of redundant efforts at various desks, ensuring full accountability for the assigned work/duty and to ensure high security with full audit trails and assured transaction integrity.

The IC-IITS was developed at a cost of Rs.37.38 lakhs (Rs.33.24 lakh- CMC and Rs.4.14 lakh-iNDEXTb) on MS-SQL Server 2000 as database in back-end with ASP.NET in front-end. The operating system used is Windows 2000. All the DICs were connected through Gujarat State Wider Area Network (GSWAN). The total expenditure incurred during 2000-06 on IT Systems, including the Software development was Rs.2.76 crore.

3.4.2 System Acquisition and Implementation

The computerisation programme was implemented by the IC in Headquarters and connected with all the 24 DICs. There were 13 modules, of which two modules, viz. Master and Administration and Small Scale Industries registration and Industries Promotion (SSI-IP) were selected for detailed check. The system developed (2003-05) and put to use (2005-06) was checked at the office of the IC and six DICs⁷² during February-July 2006.

Audit observed that due to deficiencies in testing and implementation of the computerisation the main modules of the application had either inherent design deficiencies or did not follow the business rules of the organisation.

The deficiencies noticed in audit are detailed below:

3.4.2.1 Delay in development of IC-IITS

As per the conditions of the contract, development and implementation of IC-IITS was to be completed within 14 months from the date of signing the agreement. The agreement was signed with the CMC and iNDEXTb on 17 June 2003 and 19 June 2003 respectively and the iNDEXTb completed the work on 1 February 2005 and CMC on 31 May 2005. As such iNDEXTb completed the work with a delay of over five months and CMC had delayed completion for over nine months.

As per contractual conditions, if the Service Provider fails to deliver any or all of the service within the period specified in the contract, the IC shall deduct from the contract price as penalty at the rate of 0.5 per cent of the work contract price per week, subject to a maximum of 10 per cent of the contract price for the delay. However, IC had not invoked the above provision.

3.4.2.2 Data Migration

- After creation of Computer Cell, a database was prepared for Small Scale Industries (SSI) and Medium and Large Scale Industries (MLI) for management of the affairs. However, the database was not migrated to the newly developed IC-IITS, thereby adversely affecting monitoring of the units and achievement of stated objectives. Audit observed that since IC failed to plan the migration at the stage of URS, the Developer had not provided for it.
- **Tables with no records/data** The IC-IITS has 340 tables for the database; even after a year of its implementation, no data was found or entered in 125 (37 per cent) tables; in rest of the tables, it contained either 'test data' or 'incomplete data' with errors. As such the system was not implemented and planned benefits not achieved.
- **Non generation of documents through IC-IITS** After implementation of IC-IITS, all the branches of the IC were provided with necessary hardware and software; the system also provides for generation of

⁷² Ahmedabad, Banaskantha, Gandhinagar, Porbandar, Rajkot, Sabarkantha

required documents. However, the branches continued to generate documents in conventional methods of assigning the work to the typing pool. This was due to unreliable and incomplete information available in the database.

3.4.2.3 Integration of the Modules

During review, it was seen that all the Modules of the system were independent and integration of the Modules was not done; in absence of which statistics/reports, etc. were required to be re-entered. Thus, the very purpose of elimination of redundant efforts at various desks was defeated. The URS provided that industrial units applying to IC and DIC can gather information about the status of their applications through the web-based system. However, it was observed that this requirement does not exist in the system.

3.4.3 Design Deficiencies

Audit observed numerous design deficiencies in the three modules (SSI-IP, SSI, and Master & Administration) which were there as a result of inadequate user involvement in the system design stages and deficient testing processes before implementation of the system. The module wise deficiencies are given below :

3.4.3.1 Deficiencies in Small Scale Industries Module

Review of the Small Scale Industries portion of the DIC module revealed the following –

- In the table for ‘Permanent SSI Registration’, the fields for ‘Investment in various fixed assets’ were provided; but no provision was made for the date of investment, which is a vital element for grant of any type of benefit to the Industrial Unit. In absence of these dates, the eligibility of any benefit on the investment can not be determined;
- Though the data provided to audit was for the period upto the end of March 2006, the inward dates noticed were 29.12.2006, 29.09.2006, 24.06.2006 and 02.05.2006. There were cases where date of commencement of production was blank (10,616 records) and there was duplication in permanent SSI Registration number (2,497 records). There was no consistency in the permanent SSI number as they were found in three, four, five and nine digits; there were eight missing number in the field ‘Permanent SSI Registration Number’. Under the field ‘Provisional Registration Number’, instead of actual number, data found was ‘Y’ in many cases;
- There were 1,354 records in the table for ‘Provisional SSI Registration’, out of which only in 37 cases, provisional SSI Numbers were given. In the field for ‘Provisional SSI Application Number’, missing numbers were found. There were cases of repetition in file number, name of applicant, address, city and provisional SSI Numbers.

There were also records, wherein the total of investment in various fixed assets did not tally;

- Provision was not made in the table for provisional SSI registration number for the applications rejected;
- There were 13,254 records in the table for 'Permanent SSI Registration', wherein 301 records were with 'zero' inward number. In two cases, date was mentioned as '06/04/200' and '01296' and in 65 records duplication in application number was noticed.

These deficiencies rendered the module to only limited usefulness and could have been rectified, had the module been properly tested before installation.

3.4.3.2 Deficiencies in Small Scale Industries registration and Industries Promotion Module (SSI-IP)

There was no provision for capturing essential details like date of inspection, name and designation of the inspecting officer and details of the inspection etc. in the absence of which the report on inspection carried out, arrears of inspection, the efficiency of the inspectors, authority of the inspection, etc. can not be generated. In the table for recording the 'details regarding interpretation of SSI policy', a field for 'Government Resolution (GR) No.' was provided; but the fields, effective date of and the authority issuing the GR were not provided without that the reference in case of need remains incomplete. In the field to record cumulative expenditure, provision was not made to record monthly expenditure; in absence of which, correctness of the cumulative expenditure can not be ascertained. Similarly, the field 'Institute Serial Number' in the Table for Recording Grants Allotment Details to the institutions carrying out promotional activities was linked with Institute Master Table without any such field.

Thus, due to incomplete and inaccurate data in the module; no meaningful report or information can be generated from it.

3.4.3.3 Master and Administration module

Master data, which is the key data of an organisation, is created for use by various tables of all the modules for references. Scrutiny of Master Tables revealed the following major deficiencies in system and documentation:

- The Master tables were not linked either due to non-existence of one of the two required master tables or due to wrong definitions of data types for common fields.
- Address was not bifurcated to incorporate important information separately like city, telephone number, PIN code, E-mail, fax number, etc. Due to this deficiency, the specific information related to address of EPC cannot be generated.

- In Master Taluka Table, entries were made in English against specification for data in Gujarati; the Gujarati entries made were illegible due to font error;
- In Master Branch Table, the Branch Codes allotted were not serially numbered; the branch names in the table were repeated;
- Duplicate entries were found in Master Table for Commodity Product in 49 records; in 15 cases, the commodity names were entered in one alphabet like K, L, P, etc.;
- In Master User Table, duplicate user names were noticed; in four cases only 'Mr.' was entered instead of full user name;
- In Code Master Table duplication in code value and code description was found in 93 cases;
- In 85 out of 139 records, the upload date was shown as 01.01.1900; in 24 cases out of 139 records checked, no data entry was made in the field "User File Name" in Master File Table.

Thus, deficiencies in the Master Table had adverse effect both on the integrity and the reliability of the data stored in the system. As such, the information generated by such a system would not be fully reliable.

3.4.4. Conclusion

Thus, even after spending Rs.2.76 crore on development of an integrated software, the organisation of the Industries Commissioner is left with a system which has major design deficiencies adversely affecting the integrity and reliability of information stored and processed therein. Moreover, non-integration of different modules defeats the very purpose of developing such a software. Running the system in the present form poses a risk to the decision making process based on the information generated by the system.

3.4.5 Recommendations

- The organisation needs to immediately rectify the deficiencies brought out by audit and for further computerisation needs to have a sound acquisition and implementation strategy before embarking on such projects.
- The database prepared earlier in respect of SSI and MLI may be migrated to IC-IITS and all the modules of IC-IITS needs to be integrated expeditiously.

