

Overview

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

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

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

1. Finances of the State Government

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

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

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

(Paragraphs 1.1 to 1.10)

2. Allocative Priorities and Appropriation

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

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

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

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

(Paragraphs 2.1 to 2.7)

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

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

(Paragraph 3.1)

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

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

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

(Paragraph 3.2)

5. Implementation of Integrated Child Development Services

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

(Paragraph 3.3)

6. Implementation of National Project for Cattle and Buffalo Breeding

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

(Paragraph 3.4)

7. Payment of pension through treasuries and Public Sector Banks

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

(Paragraph 3.5)

8. Internal Control System in Medical Education Department

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

(Paragraph 5.1)

9. Results of transaction audit

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

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

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

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

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

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

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

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

(Paragraphs 4.1 to 4.5.6)