

CHAPTER III Performance Reviews

This Chapter includes six performance reviews and one long paragraph viz. Sarva Shiksha Abhiyan (3.1), Food Security, Subsidy and Management of Foodgrains (3.2), Project Tiger and India Eco Development Project (3.3), Construction of Irrigation Projects with NABARD Loan (3.4), Modernisation of Police Force (3.5), Computerisation of Land Records (3.6) and Widening, Strengthening and Upgradation of Roads from Central Road Fund (CRF), Rural Infrastructure Development Fund (RIDF) and Fast Track Scheme (3.7).

School Education Department

3.1 Sarva Shiksha Abhiyan

Highlights

Sarva Shiksha Abhiyan (SSA) programme aims to provide useful and relevant elementary education for all children in the 6 to 14 age group by 2010 with the active participation of the community by effectively involving the Panchayatiraj institutions, parent teacher association (PTA), to bridge social, regional and gender gaps. The Annual Work Plan and Budget (AWP&B) for the year 2001-02 and 2002-03 was submitted with excessive delay which delayed the approval and release of fund. Resultantly activities could not be taken up during 2001-02 and only 50 percent activities planned could be completed during 2002-03. The progress of civil works was very slow. The objective of the programme to bring all children in school, by 2005 was not achieved as there were 2.72 lakh out of school children at the end of 2005-06. Some of the important findings are given below:

Funds aggregating Rs. 17.95 crore were diverted mainly for adult education, printing of Middle and Primary Board Examination papers, printing of educational calendar and purchase of office building.

(Paragraphs 3.1.8.3, 3.1.8.4 and 3.1.8.5)

Shortage of 43821 teachers affected the Pupil Teacher Ratio of 1:40 and led to there being single teacher school ranging between 9 to 70 per cent in Primary Schools (PS) and 3 to 63 percent in Upper Primary Schools (UPS).

(Paragraph 3.1.9.2)

District Project Co-ordinator (DPC) Ujjain irregularly paid Rs. 3.76 crore to Chief Executive Officers of the Janpad Panchayats for execution of works and DPC, Dhar procured gates and windows worth Rs. 96.42 lakh instead of crediting the money into Shala Siksha Kosh of PTA of the concerned schools. DPC Hoshangabad irregularly sanctioned and paid Rs. 1.24 crore for construction of 80 EGS buildings.

(Paragraphs 3.1.10.2 & 3.1.10.3)

DPCs did not credit Teaching Learning Equipment (TLE) grant of Rs. 5.96 crore into PTA's account of UPS and PS. An irregular purchase amounting to Rs. 68.85 lakh towards material was also noticed in Barwani District.

(Paragraph 3.1.9.4)

State Government distributed free Text Books worth Rs. 76.08 crore from SSA fund to all the students of class I to V.

(Paragraph 3.1.9.5)

Unnecessary procurement of duplicating machines, furniture and other materials worth Rs. 1.82 crore was made out of SSA fund.

(Paragraph 3.1.9.7)

3.1.1 Introduction

Aim of the Sarva Shiksha Abhiyan (SSA), a comprehensive and integrated flagship programme of Government of India, is to attain Universal Elementary Education (UEE) in the country in a mission mode. It was launched in January 2001 in partnership with the State Government and local self-government. However, Government of Madhya Pradesh started the implementation of scheme from 2001-02.

SSA is a programme to provide useful and relevant elementary education to all children in the 6 to 14 age group by 2010 with the active participation of the community by effectively involving the Panchayatiraj institutions, school management committees (SMC) village and urban slum level education committees (VEC), parent teacher association (PTA), mother teacher association (MTA), tribal autonomous councils and other grass root level structures in the management of schools to bridge social, regional and gender gaps. The programme realises the importance of early childhood care and education (ECCE) and looks at the 3-14 age as a continuum.

3.1.2 Objectives

The objectives of the scheme are:

- to have all children in school, education guarantee center, alternative school, 'back-to-school' camp by 2005,
- to ensure that all children complete five years of primary schooling by 2007,
- to ensure that all children complete eight years of elementary schooling by 2010,
- to focus on elementary education of satisfactory quality with emphasis on education for life,
- to bridge all gender and social category gaps at primary stage by 2007 and at elementary education level by 2010 and
- universal retention by 2010.

3.1.3 Organisational set-up

The Rajiv Gandhi Shiksha Mission (RGSM) was set up as an autonomous registered society headed by the Chief Minister of State. The functional head of RGSM happens to be Managing Director who is responsible for actual implementation of the programme. The RGSM has been merged with the Rajya Shiksha Kendra (RSK) w.e.f. 20 December 1999.

At the district level, the District Project Coordinator (DPC) headed by the District Collector as District Mission Director (DMD) and Chief Executive Officer (CEO) as District Project Director (DPD) implements the programme. At block level, Block Resource Centre Coordinator (BRCC) and at cluster level, Cluster Resource Centre Coordinator (CRCC) implements the programme.

At the village level, the critical unit is the Village Education Committee (VEC)/Parent Teacher Association (PTA) which assists basic education system in securing the cooperation and participation of the local community in overseeing the implementation of SSA in the village.

3.1.4 Scope of review

The review covers the progress of various activities relating to implementation of SSA during the period 2001-06. Stratified statistical sampling was used in selection of districts. Capital district Bhopal and 10[‡] out of 48 districts were selected with unequal probability (Probability Proportional to Size with Replacement- PPSWR- with total expenditure during 2001-05 under SSA as the size measure). Further, Six districts[§] were also selected on the basis of expenditure incurred during 2001-05.

The records of SIA and 17 aforesaid districts alongwith blocks and 176 schools (43 Education Guarantee School (EGS), 60 PS, 73 UPS) covering the period 2001-06 were test checked during April to December 2005 and November 2006. The entry conference was held on 1 April 2005 with the entity to invite suggestions, share information on the programme of SSA for performance audit.

The Social and Rural Research Institute (SRI) was a specialist unit of Indian Market Research Bureau International (IMRB) commissioned by Audit for assessing the impact of SSA from the perspective of the beneficiaries and their parents. SRI conducted the survey from December 2005 to February 2006 by adopting stratified multi-stage design as detailed in **Appendix-3.1**. A total number of 348 villages, 252 Urban Frame Survey (UFS) blocks and 11580 households were covered by SRI. The details of SRI findings are given in **Appendix-3.2**. The findings of survey was also communicated (July 2006) to SIA and Principal Secretary, School Education Department, Government of Madhya Pradesh.

[‡] *Betul, Chhatarpur, Dhar, Hoshangabad, Jabalpur, Katni, Ratlam, Shajapur, Sidhi and Umaria.*

[§] *Gwalior, Indore, Raisen, Shahdol, Sagar & Ujjain.*

3.1.5 Audit objectives

Main objective of the performance audit was to evaluate the performance of the programme in attaining universal elementary education. The focus of audit was to examine and evaluate efficacy of planning for implementation of various components of the programme. For this purpose, the following objectives were taken into consideration to see whether:

- the requirements and management of funds was adequate and carried out to provide economic and speedy implementation;
- major interventions were carried out as per norms fixed; and
- the infrastructure that was provided was optimum.

3.1.6 Audit criteria

In order to achieve the audit objectives criteria such as the involvement of communities and other stakeholders in preparation of the habitation/ mandal/ district perspective plan, releases vis-à-vis utilization of funds under various interventions of programme, infrastructure facilities provided in the schools, availability of teachers as per norms, standards of education, teaching and learning equipment, adequacy of training arrangements, intervention for special focus groups, role of NGOs in mainstreaming of out of school children etc were utilised.

Audit Findings

3.1.7 Implementation of the programme

The annual work Plan and budget (AWP&B) was to be prepared on yearly basis and time schedule was to be observed for submission and finalisation as under:

Year	Due date of submission of AWP&B	Month of submission	Delay (Month)	Due date of approval by PAB	Date of approval	Delay (Month)	Due date of circulation of AWP&B to the district	Date of circulation	Delay (Month)
2001-02	15/03/01	08/01	5	15/04/01	05/11/01 28/02/02	7	25/04/01	21/12/01 31/03/02	8
2002-03	15/03/02	09/02	6	15/04/02	08/10/02	6	25/04/02	22/11/02	7
2003-04	15/03/03	05/03	2	15/04/03	18/06/03	2	25/04/03	25/07/03	3
2004-05	15/03/04	04/04	1	15/04/04	18/06/04	2	25/04/04	10/08/04	3
2005-06	15/03/05	04/05	1	15/04/05	27/04/05	--	25/04/05	06/05	2

Delay in submission and approval of AWP&B delayed the release of funds which affected the implementation of programme as discussed in succeeding paragraphs.

3.1.8 Management of funds

The assistance under the programme of SSA was a sharing arrangement on a 85:15 basis during 9th plan (1997- 2002), 75:25 during 10th plan (2002 to 2007), and there after 50:50 between the Central Government and State Government. The position of funds received from GOI and State Government under SSA during 2000-01 to 2005-06 and expenditure incurred was as under:

(Rupees in crore)

Years	AWP& B	Funds received			Expenditure	Balance
		Central	State	Total		
2000-01	*	1.82	--	1.82	--	1.82
2001-02	*	1.87	--	1.87	--	1.87
		63.65	27.04	30.27	--	30.27
2002-03	218.43	110.17	28.28	138.45	108.02	30.43
2003-04 **	844.28	352.38	133.53	485.91	377.96	107.95
2004-05††	1137.31	453.10	136.28	589.38	605.13	(-)15.75*
2005-06	1422.79	771.73	364.69	1136.42	1040.47	95.95
Total	3686.46	1718.11	666.01	2384.12	2131.58	252.54

* Excess expenditure over receipt was met out of the balances of previous years.

Government could utilise only 89 per cent of total funds during 2000-06.

3.1.8.1 Short release/delay in release and parking of funds

The Government of India was to release funds in two installments in April and September each year. But due to delay in submission and approval of AWP&B for the year 2001-02, the GOI released (December 2001) 1st installment of Rs. 21.50 crore and 2nd installment of Rs. 5.54 crore on 31 March 2002. However, the amount was actually received in June 2002 and August 2002 respectively i.e. after expiry of the financial year. The State was to release its share within 30 days after receipt of GOI share, but it released Rs. 3.23 crore only in August 2002, resultantly the activities could not be taken up during the year 2001-02 depriving the targeted population of the benefits of the programme and in delaying the implementation of the programme. No reply was furnished by SIA / Department for above delay in submission and release of funds.

3.1.8.2 Delays in approval of AWP&B leading to delayed release of funds

The AWP &B for the year 2002-03 was also submitted with delay of six months (September 2002) and was approved only in October 2002; resultantly GOI released Rs. 61.96 crore in December 2002 and Rs. 28.26 crore was released on 31 March 2003. Though the State sanctioned its share of Rs. 28.28 crore on 31 March 2003, it allowed the amount to be parked in Civil deposit. Delay in receipt of funds adversely affected the implementation of programme as funds to the tune of Rs. 88.07 crore received for planned activities of 2002-03 could only be utilised in the year 2003-04. The AWP&B for the year 2003-04 was also submitted with delay of two months and approved only in

* Preparatory activities.

** Including National Programme for Education of Girls at Elementary Level. (NPEGEL).

†† Including NPEGEL and Kasturba Gandhi Balika Vidhyalaya (KGBV).

June 2003. Resultantly, GOI released Rs. 288.16 crore in July 2003 and Rs. 50 crore in February 2004. GOMP, out of its share of Rs. 133.53 crore, sanctioned Rs. 69.87 crore on 31 March 2004 and parked it in PD account and this was only released subsequently, i.e. Rs. 39 crore (July 2004), Rs. 10.64 crore (August 2004), Rs. 19.23 crore (January 2005) and Rs. one crore (February 2005). Due to delay in receipt and release of funds, 11833 out of 38861 works could not be started. It has been accepted in Status Report (July 2005) that due to delay in receiving the second installment under SSA, construction of works approved before 2004 could not be completed and some of the works approved in 2004 could not even be started. This has resulted in large spill over in Civil Works for ensuing year 2005-06.

3.1.8.3 Diversion of funds

Rupees 12.46 crore remained out of RGSM's accounts.

MDRSK/RGSM being the head of both Adult Education/SSA paid Rs. 12.46 crore to Director, Adult Education (DAE) on 27 December 2002 as the fund was not available towards Adult Education Programme. The DAE refunded Rs. 8.36 crore on 31 March 2003 and Rs. 4.10 crore on 2 June 2004. Thus the funds remained out of SSA's account during the above period. This has resulted on one hand in non-availability of fund for the purpose for which it was provided and on the other hand in loss of interest on SSA funds.

Rupees 11.89 crore were paid irregularly for adult education.

DAE organised Mahila Padhana Badhana Andolan (MPBA) during March 2002 to April 2003 to literate about 33.55 lakh illiterate women under total Literacy Campaign which was to be executed by Zila Saksharta Samitee (ZSS) constituted for implementation of adult education programme under State Government. Expenditure of Rs. 138^{††} per head was allowed for teaching activities of MPBA and was actually to be met from State fund. MD, RGSM, being the head of Adult Education/SSA, irregularly allowed (March 2002) the districts to incur the expenditure out of funds available in SSA by booking under the component of Community mobilisation which did not provide for teaching activity of illiterate adult women. It was observed that the districts incurred Rs. 11.89^{§§} crore for teaching activities of MPBA, out of SSA fund.

Rupees 1.84 crore were paid irregularly for village library.

Similarly village libraries were also established under Adult Education. RGSM/RSK paid (November 2003 & December 2004) irregularly Rs. 80 lakh out of SSA fund to Raja Ram Mohan Roy Foundation against matching share of 50 percent for providing books to village libraries. DPCs also irregularly paid (December 2002) Rs. 1.04 crore (Bhopal Rs. 10 lakh and Sagar Rs. 94 lakh) to ZSS for establishing village libraries.

Irregular payment of Rs. 1.33 crore for printing of Board examination papers.

Further, MD, RGSM incurred Rs. 1.33 crore for printing and supply of Middle and Primary Board examination paper 2004 for class V and VIII for which there was no provision in AWP&B of 2003-04. The expenditure was to be met by Commissioner Public Instruction (CPI) MP, Bhopal from the fees collected from students for conducting these examinations.

^{††} Rs. 38 per head for teaching learning material and training mobilisation etc. during March 2002 to March 2003 and Rs. 100 per head for Gurudakshina from April 2003.

^{§§} Rs. 3.84 crore for Gurudakshina and Rs. 8.05 crore for other teaching activities and material.

CPI M. P. Bhopal did not contribute its share of Rs. 20.36 lakh

Similarly RGSM got printed a consolidated educational calendar^{***} of class I to XII during the year 2004-05, by incurring an expenditure of Rs. 40.73 lakh and distributed in all schools. Since the calendar was showing the activities of Class IX to XII controlled by CPI, the 50 percent payment of Rs. 20.36 lakh was to be shared by him. The CPI did not contribute its share. However at the instance of audit a separate calendar for IX to XII has now been printed for academic year 2005-06.

3.1.8.4 Irregular expenditure on honorarium, prize money and in purchase of vehicles

Irregular payment of Rs. 26.41 lakh to Shiksha Karmi Grade III

According to instructions issued (January 2003) by RSK/RGSM, the honorarium of Shiksha Karmi Grade III was to be paid out of State fund and was not allowed to be paid from SSA funds. It was observed that the DPCs paid honorarium of Rs. 26.41 lakh^{†††} to the Shiksha Karmi Grade III out of SSA funds. DPC Betul and Umaria stated (August-December 2005) that though the demand for this amount was raised on District Education Officer, Betul and Chief Executive Officer Block Pali respectively no amounts have been received.

Irregular procurement of vehicles

Further, according to guidelines issued by GOI, purchase of vehicle was prohibited. It was seen that the DPCs^{†††} procured vehicles worth Rs. 15.85 lakh without obtaining any permission from PAB/SIA.

Prize money paid without provision of funds

Also, District Project Director (DPD) Bhopal sanctioned and paid (August 2003) Rs. 9 lakh prize money to 12 Village Education Committees/PTAs for best performance of their duties. The payment was irregular as there was no provision in AWP & B for the year 2003-04. Moreover, the sanction of higher authorities was also not obtained. In reply it was stated (August 05) that after obtaining approval and directions of DPD payments were released. Reply was not acceptable as the approval of RGSM/PAB was not obtained.

3.1.8.5 Purchase of office building

The building for housing the office of Rajiv Gandhi Shiksha Mission Bhopal was purchased in the year 1995-96 at a cost of Rs. 1.59 crore from Madhya Pradesh Pathya Pustak Nigam (MPPPN) Bhopal, against which Rs. 62 lakh was paid by State Council of Educational Research and Training (SCERT) Bhopal. The balance amount was not paid up to November 2002 due to paucity of fund. Later it was decided (December 2002) that the balance payment should be met from accrued interest on the available fund pertaining to SSA, though construction/purchase of office building at State level was not allowed from SSA funds. The payment of Rs. 2.17^{§§§} crore was made during 2002-03 out of SSA fund without approval of Project Approval Board (PAB). Thus the expenditure of Rs. 2.17 crore was irregular. On enquiry it was stated (February 2005) that sanction would be obtained from State Executive Committee and communicated to GOI. The reply of Department was not

^{***} Showing the teaching activities of class I to VIII was being distributed by RGSM and of class IX to XII by Commissioner Public Instruction (CPI) MP Bhopal separately up to 2003-04.

^{†††} Betul: Rs. 16.06 lakh for January 2003, Umaria: Rs. 10.35 lakh for April 2003 and July 2003 to April 2004

^{†††} During 2002-03 – Indore: Rs. 3.75 lakh, Shajapur: Rs. 4.94 lakh, Ujjain: Rs. 3.70 lakh, during 2003-04 – Dindori: Rs. 3.46 lakh.

^{§§§} Balance to be paid: Rs. 96.96 lakh, Municipal Taxes Rs. 6.47 lakh, furniture Rs. 113.42 lakh.

tenable as the purchase/construction of office building for State Project Office was not covered under the scheme. On further enquiry, it was stated (November 2006) that the building was purchased in the name of State Council of Education Research and Training (SCERT) and not in the name of Rajeev Gandhi Siksha Mission. The payment was made out of interest earned on DPEP Fund and MD has power to utilise the amount of one component in another component. Therefore, approval of State Executive and GOI is not necessary. The reply was not tenable as the SCERT and RGSM was merged (December 1999) in RSK. The interest earned on DPEP fund was also the fund of DPEP Yojana in which no provision was made for purchase of SPO building. Since the DPEP had been merged in SSA, the ex-post facto approval of Executive Committee and GOI was required to be obtained.

3.1.8.6 Parking of funds

An amount of Rs. 1.01 crore remained blocked in Sahkari Bank.

According to RGSM's instructions the joint signatory bank account was to be opened in Nationalised/Scheduled Banks. But DPC Sagar opened a bank account (No.8413) in a Zila Sahkari Kendriya Bank (ZSKB), Sagar on 31 March 2005 in addition to six bank accounts already in operation by him in Nationalised/ Scheduled banks and deposited Rupees four crore in it. The Reserve Bank of India banned (October 2005) the withdrawals from ZSKB. As a result, the funds of Rs. 1.01 crore then available in this account could not be withdrawn from ZSKB which resulted in delay in the construction of civil work.

3.1.8.7 Non-refund of unspent balance

Rupees 20.55 crore not refunded to GOI.

Consequent upon closure of District Primary education Programme (DPEP) Phase I & II during 2002-03, the unspent balance was to be refunded to GOI. According to balance sheet of State Project Office (SPO)/RGSM, there was unspent balance of Rs. 28.35 crore as on 31 March 2004. At the instance of audit SPO refunded (October 06), Rs. 7.80 crore to GOI and collection of remaining amount from defaulter districts was stated to be under the progress (November 2006).

3.1.8.8 Maintenance of Cash Book

Improper maintenance of cash books

According to GOI instructions, separate and proper accounts of SSA was required to be maintained. Separate cash book for SSA was opened only from December 2002. In the cash book of RGSM Bhopal, DPC Ratlam and Katni, each entry was not attested by DDO. Opening and Closing balances in respect of payment through bank account and certificate of verification of cash balances etc. were not recorded. According to para 72 of manual on Financial Management and Procurement of SSA, the funds released to sub-district level, were required to be classified as advances and should have been adjusted based on the expenditure statements/ utilisation certificates received from the subordinate units. Advances were not to be shown as final expenditure. A separate register was to be maintained for showing the outstanding advances and adjustments were required to be made on receipt of expenditure statements/ utilisation certificates. During the test check (April-May 2005) it was observed that separate registers were not maintained by DPC

Hoshangabad and Raisen and utilisation certificates (UCs) were wanting for Rs. 35.59 crore**** up to year 2003-04.

DPC Ujjain opened (January 2005) 14 bank accounts in different banks and maintained separate cash book for each bank instead of stipulated one cash book. Entries were not attested in any cash book and certificate of cash verification was also not recorded in any month.

3.1.9 Major interventions under SSA

3.1.9.1 Inadequate number of schools/school facility

Habitations not having schooling facility.

According to the norms, new primary schools were to be opened only in those areas which did not have any school within one kilometer of a habitation. EGS centres at primary level were to be opened in unserved habitations where no school existed within a radius of one kilometer and there were at least 15 children in the age group of 6-14 who were not going to school. Audit scrutiny revealed that there were 127 habitations (Dhar 28, Indore 15, Jabalpur 60 and Ratlam 24) which were not having school facility. On enquiry it was stated (November 2006) that schooling facility was not provided during 2005-06 to aforesaid districts as the districts have not given the proposal.

3.1.9.2 Shortage of teachers

Vacancies of 43821 teachers led to single teacher schools.

According to SSA norms, one teacher was to be appointed for every 40 children in Primary School (PS) and Upper Primary Schools (UPS). There was a requirement of at least two teachers in PS and three teachers in UPS (one teacher per class). Accordingly, additional posts of Sambida Shikshak Grade-III and II were sanctioned for upgraded PS/UPS. Against the sanctioned posts of 89,187 teachers there were 45,366 teachers, thus there were vacancies to the tune of 43,821 during 2005-06. Though the orders for appointment of 35,050 teachers have been issued, there was no teacher (April 05) in 14 PS and 15 MS in Hoshangabad district. Percentage of single teacher schools was between 9 to 70 for PS and between 3 to 63 for UPS in the State during 2005-06.

3.1.9.3 Non-enrolment of out of school children

More than two lakh children were out of school

The main objective of SSA was to have all children in school, EGS/ AIE, Back to school camp by 2003, this was extended upto 2005. It was observed that there were 6.25 lakh (4.7 percent) children out of school at the end of 2003-04, 4.10 lakh (2.8 percent) at the end of 2004-05, and 2.72 lakh (1.7 percent) as on 31 March 2006.

Survey report of SRI estimated that 9.5 percent children are still out of school, and of these 10 percent in the rural areas and 8.3 percent in the urban areas are out of school. Among these 9.8 percent are girls and 9.4 percent are boys. The main reason for parents not enrolling their children in schools was affordability and the main reason for not sending them to school even after enrolment was reported that children do not like to go to school.

**** Betul: Rs. 3.33, Bhopal: Rs. 2.61, Chhatarpur: Rs. 2.16, Dhar: Rs. 4.34, Gwalior: Rs. 1.57, Hoshangabad: Rs. 1.75, Indore: Rs. 2.20, Jabalpur: Rs.4.29, Katni: Rs. 3.32, Raisen: Rs. 1.40, Shahdol: Rs. 3.30, Ujjain: Rs. 5.32 Total- Rs. 35.59 crore.

Non establishment of Human Development Centres for urban deprived children.

Human Development Centres (HDC) were to be opened for mainstreaming the urban deprived children. Against the target of 60 centres and financial provision of Rs. 19.80 lakh during 2003-04, no centre was opened. Against the physical target of 213 of opening of HDCs in the State and financial provision of Rs. 70.29 lakh during 2004-05, only DPC Chhatarpur has given (March 2005) Rs. 0.96 lakh to the BRCs for opening of these centres. These have however not been opened and the amount was lying unutilised (August 2005). Against the physical target of 359 and financial provision of Rs. 151.68 lakh only 305 HDC have been opened by incurring the expenditure of Rs. 66.24 lakh during 2005-06.

3.1.9.4 Teaching Learning Equipment (TLE) Grant

TLE grant was not released

One time grant of TLE at Rs. 25000 per Upper Primary School (UPS) and at Rs. 10,000 per PS for uncovered UPS/PS under OBB scheme, was to be credited into PTA's account. It was observed that TLE grant of Rs. 5.96 crore was not credited into PTA's account of 1094 PS to UPS and 3223 EGS to PS^{††††} during 2002-05.

Irregular purchase of Rs. 68.85 lakh out of TLE grant.

It was also observed that DPC Barwani, instead of crediting the grant of TLE sanctioned at Rs. 25,000 per school into PTA account of 286 upgraded UPS, procured material of TLE worth Rs. 68.85 lakh at district level from M/S Rajya upbhokta Sangh Indore without calling tenders. Items procured included tables, chairs, gloves and maps amounting to Rs. 25.05 lakh which were not covered under the provision of release of TLE. It was stated (October 2005) that the matter is under investigation and the position would be intimated on finalisation.

3.1.9.5 Liability of State Government for distribution of Text-book

Free distribution of text books to all children of class I to V.

Free text books were to be distributed to all focus group children namely girls/SC/ST children under SSA programme subject to the condition that the State Government was not providing free text books to any category of these children. It was observed that State Government was already providing free text books to children of SC/ST/OBC of rural areas studying in Primary Schools and UPS before commencement of SSA programme. Fund worth Rs. 6.29 crore was also being provided each year for this purpose. But it was observed that State Government did not continue earlier practice and free textbooks were distributed to all students of class I to V during 2003-06 incurring an expenditure of Rs. 76.08 crore out of SSA fund for which there was no provision in AWP&B. On enquiry it was stated (July 2005) that free textbooks were distributed according to declaration of the Government and a supplementary provision of Rs. 6.29 crore was also made in State Budget during 2003-04 but the funds have not been provided during 2003-06. At the instance of audit, State Government has now made a provision of Rs. 6.20 crore in State Plan budget 2006-07 for free text books and RSK has demanded (November 06) Rs. 46 crore in third supplementary budget of 2006-07 towards supply of free text books.

^{††††} Dhar: EGS to PS-1320; Raisen:EGS to PS-465,PS to UPS-425; Sagar: EGS to PS-596, PS to UPS-339; Shajapur:EGS to PS-218,PS to UPS-44; Sidhi: EGS to PS-385, PS to UPS-9; Ujjain: EGS to PS-239, PS to UPS-277.

Beneficiary survey revealed that 78.5 percent of PS, 78.9 percent of UPS and 73.8 percent of HS reported that girls children are being given free text books while about 91.7 percent of PS, 93.1 percent of UPS and 88.1 percent of HS reported that free text books are given to the SC & ST students in the schools.

3.1.9.6 Irregular expenditure on Supervision and Monitoring

According to guidelines of Sarva Shiksha Abhiyan, Rs. 1500 per school per year was admissible for research, evaluation, supervision and monitoring of the programme. Out of Rs. 1500, Rs. 100 and Rs. 1400 per school per year was to be spent at National level and State level respectively. The State was to decide on the distribution of its share at various levels from the State to the schools. The funds were to be used for carrying out the research activities, achievement tests, evaluation on studies, Management Information System (MIS) etc. It was observed that DPCs made the payment of Rs. 1.84 crore^{****} on account of pay and allowances of the staff of BRCC and expenditure was booked under supervision and monitoring which was not in conformity with the activities as specified in the Manual. On enquiry it was stated (April to August 2005) by DPCs that as per directions of Rajya Shiksha Kendra Bhopal, the pay of staff of BRCC was booked under supervision and monitoring.

Pay and allowance of staff of BRCC was irregularly paid out of SSA funds.

3.1.9.7 Unnecessary procurement of duplicating machines, furniture and other material

According to SSA norms one time furniture grant at Rs. 10,000 was payable to Cluster Resource Centre (CRC)/Jan Siksha Kendra. Accordingly DPC Sagar (September 2002) paid Rs. 24 lakh to 240 CRCs at Rs. 10,000 per CRC. In addition to above DPC Sagar also procured and supplied (December 2002) furniture worth Rs. 32.09 lakh which was not permissible as the furniture grant was already paid to those CRCs. Further there was no provision of duplicators in the list of material to be procured for Jan Shiksha Kendras/CRCs prescribed by RSK. But it was observed that DPCs^{****} purchased duplicating machines costing Rs. 90.82 lakh during the year 2004-05 and distributed to various Jan Shiksha Kendra/CRCs. Similarly, in district Shajapur there was no provision in AWP&B of 2004-05 for procurement of material^{*****} for blocks and Head start centre. But DPC Shajapur procured (March 2005) material for Rs. 58.83 lakh for Blocks and Head start centre out of funds available for civil works. The purchases were made without observing purchase formalities, such as calling of tenders. On enquiry it was stated (August 2005) that ex-post facto approval would be obtained from RGSM Bhopal.

Irregular procurement of duplicating machines, furniture and other material worth Rs. 1.82 crore.

3.1.10.1 Gap in the available infrastructure

According to SSA norms, two class rooms with verandah in every primary school, and a room for headmaster in upper primary school were required. To provide the above facility, SSA allows investment upto the ceiling of 33 per cent of the entire project cost approved by the PAB for infrastructure for each school. But there were some schools which were not having their own

^{****} Betul: Rs. 45.47 lakh, Dhar: Rs. 14.22 lakh, Gwalior: Rs. 11.10 lakh, Hoshangabad: Rs. 28.52 lakh, Raisen: Rs. 65.78 lakh, Ratlam: Rs. 19.29 lakh

^{****} Gwalior: Rs. 10.10 lakh, Indore: Rs. 8.09 lakh, Jabalpur: Rs. 18.51 lakh, Katni: Rs. 13.05 lakh, Ratlam: Rs. 12.96 lakh, Shajapur: Rs. 17.01 lakh and Sidhi: Rs. 11.10 lakh.

^{*****} Digital Copier and Duplicator, Multi Media Projector Computer UPS System and Furniture.

buildings, drinking water facility and separate urinal/toilet facility to boys and girls.

Survey report of SRI stated that about 4.5 percent of PS, 5.3 percent UPS and 9.5 percent of High Schools with upper primary section (HS) were operating in *Kuccha* structures, which are basically not structurally stable and hence not suitable for running an institution like a school. 17.4 percent of PS, 13.2 percent of UPS and 14.3 percent of HS were observed to be semi-*Pucca* structures. About 75 percent of PS, 77.2 percent of UPS and 73.8 percent of HS were *pucca* structures. About 2.5 percent of PS, 2.3 percent UPS and 2.4 per cent HS did not have any building at all.

Against the requirement of 2,51,090 items of work, 80554 were targeted during 2001-06, out of which only 63,584 works were completed leaving 16970⁺⁺⁺⁺ works incomplete (September 2006).

It has been accepted in Status Report (July 2005) that despite the efforts made to mobilise resources from different programmes to provide school buildings large gaps in infrastructure persist. There was a requirement of 13902 school buildings (PS 2284, UPS 11618) 32118 additional rooms (PS 22190, UPS 9928) 29674 drinking water facility (PS 20031, UPS 9643), 53368 toilet facility (PS 38986, UPS 14382) and 61058 kitchen sheds in PS as of July 2006.

3.1.10.2 Irregularities in the execution of works

According to policy of decentralisation and instructions issued by RGSM, the money for construction of civil works was to be credited in the account of Village Nirman Samiti (VNS)/ Shala Shiksha Kosh of PTA of the concerned schools. It was observed that DPC Ujjain paid amount of Rs. 3.76 crore to Chief Executive Officers (CEOs⁺⁺⁺⁺) for construction of all civil works sanctioned during the year 2000-05. According to sanction order all the works were to be completed within three months. But completion certificate was not issued (June 2005) in any case. Moreover the position of status of works was not available in the office. On enquiry DPC Ujjain stated (June 2005) that the process to obtain the utilisation certificate was in progress.

Similarly DPC Dhar procured (2004-05) iron gates and windows worth Rs. 96.42 lakh out of funds to be credited into account of Shala Shiksha Kosh of VNS/PTA. On enquiry it was stated (June 2005) that gates and windows were procured to maintain uniformity in fixtures. The reply was not acceptable as the procurement was to be done by PTA of concerned school. According to instructions of RSK/RGSM Bhopal, IInd and IIIRD instalments of funds for civil works were to be released in Shala Siksha Kosh of PTA/Village Nirman Samiti (VNS) after obtaining the valuation report of work done, but DPC Bhopal released Rs. 59.14 lakh on 31 March 2005 without obtaining the valuation reports from concerned Engineers. On enquiry, DPC Bhopal stated (August 2005) that the instalments were released upon verbal instructions of competent authority. Reply was not tenable as the release of IInd and IIIRD

Rupees 3.76 crore were paid to CEOs of Janpad Panchayats instead of crediting into PTA's account

Irregular procurement of Iron gates and windows worth Rs. 96.42 lakh.

Installments released without obtaining of valuation reports.

⁺⁺⁺⁺ PS building: 6440, MS/UPS building 426, additional room PS/MS/ CRC:5802, kitchen shed:2840, Model cluster: 1462.

⁺⁺⁺⁺ Janpad Panchayats: Badnagar, Ghatia, Khachrod, Mahidpur, Tarana and Ujjain

instalments without obtaining valuation report was in contravention of construction norms.

3.1.10.3 Irregular expenditure for construction of 80 EGS buildings

Rupees 1.24 crore were irregularly paid for construction of 80 EGS Buildings.

The EGS/AIE buildings were not allowed to be constructed out of SSA fund. There was also no provision for construction of EGS building in AWP&B (2002-03) in Hoshangabad district. It was observed that the DPC Hoshangabad sanctioned (December 2002) construction of 80 EGS buildings at Rs. 1.55 lakh each and funds of Rs. 1.24 crore was released to PTA of concerned schools. It was stated (April 2005) that sanction and funds were released according to instruction of RSK Bhopal.

3.1.10.4 Non- establishment of State Institute of Education Management and Training (SIEMAT)

SIEMAT was not established.

State Institute of Education management and Training (SIEMAT) meant for the development of quality of education has not been opened so far. However, expenditure of Rs. 29.11 lakh was reported for July -September 2004. On enquiry it was stated (November 2005) that a cell was created and expenditure was being incurred for payment of salary to officials working in this cell. Further it was also stated (November 06) that a proposal regarding establishment of SIEMAT has been drafted and was under process of submission to GOI.

3.1.11 Conclusion

Due to delay in submission of the AWP&B for the year 2001-02 and 2002-03 and its delayed approval and release of funds, the activities under the scheme could not be taken up in the year 2001-02. The expenditure up to 63 percent could only be incurred during 2002-03. Funds were diverted for various activities viz. adult education programme, village libraries, printing of board examination paper, consolidated educational calendar. Instead of crediting the grant for execution of works into PTA's account, DPC Ujjain paid the same to CEO Janpad Panchayats which in turn delayed the execution of work. Similarly, DPC Dhar procured gates and windows out of civil work grant. There was slow progress in construction of civil works which resulted in non-availability of basic facilities. Against the target to have all children in school by 2003 which was extended upto 2005, number of children remaining out of school at the end of 2004-05 and 2005-06 was 2.8 per cent and 1.7 per cent respectively. Human Development Centres as envisaged were not opened upto 2004-05 for urban deprived children for mainstreaming them. Pupil-teacher ratio was much higher than the prescribed norm of 40:1.

3.1.12 Recommendation

- The time schedule for submission and approval of AWP&B should be adhered to.
- Diversion of funds to other programmes should be stopped immediately and utilisation of funds for the components of the programme should be ensured.

- Proper system should be evolved for regular and periodic monitoring to ensure speedy execution of works.

The matter was reported (July 2006) to the Government, but reply was not received (November 2006).

Food, Civil Supplies and Consumer Protection Department

3.2 Food Security, Subsidy and Management of Foodgrains

Highlights

The Government's food management strategy towards ensuring food security involves procurement of foodgrains at Minimum Support Price (MSP) from the growers, its storage, handling, movement and allocation of food grains so procured for eventual distribution to targeted population for ensuring availability of food grains to the public at affordable price for enhancing food security at the micro level. System of procurement and distribution was found to be weak and deficient. Wheat procuring districts were required to transport surplus stock of wheat to the needy districts directly from the procuring centres, but instead of this foodgrains were stored at intermediary locations during 2003-05 resulting in avoidable loss of Rs. 2.67 crore for local transportation, handling, interest etc. Reserved storage space remained vacant resulting in loss of Rs. 24.32 lakh and movement of wheat through longer/circuitous route also resulted in avoidable loss of Rs. 45.27 lakh. There were cases of procurement of substandard quality of food grain. Avoidable expenditure of Rs. 48.56 lakh was incurred towards bank commission. In distribution of food grains, it was noticed that the issue of ration cards was far in excess and the foodgrains were distributed below the prescribed scale. Operation of fair price shops was mired with deficiencies and monitoring mechanism was weak and ineffective. Some other important points noticed during test audit are given below:-

Excess payment of Rs. 58.63 lakh towards transportation charges was made to Madhya Pradesh State Civil Supply Corporation (MPCSC).

(Paragraph 3.2.7.1)

Non-adherence to quality control measures led to procurement of substandard (Non Fair Average Quality) wheat and paddy, resulting in avoidable loss of Rs. 4.08 crore.

(Paragraph 3.2.5.3)

MPCSC neither refunded Rs. 68.15 crore accumulated on account of double margin nor adjusted in subsidy claims preferred for reimbursement.

(Paragraph 3.2.5.6)

Fair price shops were not displaying day to day stock position, issue price, number of beneficiaries, scale of ration admissible and were committing other irregularities.

(Paragraph 3.2.6.4)

The districts were making payments through bank drafts instead of cheques, resulting in avoidable expenditure of Rs. 48.56 lakh as bank commission.

(Paragraph 3.2.5.5)

Irregular drawal of Rs. 2.17 crore towards transportation charges for foodgrains was made and the same was also not refunded into treasury.

(Paragraph 3.2.7.2)

There was delay ranging from three to sixteen months in delivery of foodgrains to executive agencies / Gram Panchayats affecting the quality of foodgrains.

(Paragraph 3.2.7.3)

3.2.1 Introduction

The Government's food management strategy towards ensuring food security involves procurement of foodgrains at reasonable prices from the growers, its storage/handling, movement, maintenance of buffer stocks and implementation of a well Targeted Public Distribution System (TPDS)* for ensuring availability of foodgrains to the public at affordable prices for enhancing food security at the micro level.

Food management consists of procurement of foodgrains from farmers at Minimum Support Price (MSP)^ψ, allocation of foodgrains so procured for eventual distribution to targeted population at subsidised Central Issue Price (CIP) and retention of buffer stock to ensure food security and to regulate the market rate. Since the CIP for distribution of foodgrains to the targeted population is lower than the cost of procurement and handling (termed as Economic cost), the Government provides subsidy to agencies responsible for handling storage, retention and distribution of the foodgrains.

In addition to procuring foodgrains for meeting the requirements of the TPDS, the Government's policy is to ensure food security in the country by maintaining buffer stocks of foodgrains.

3.2.2 Organisational set-up

The responsibility for the implementation of the scheme rests with the Food, Civil Supplies and Consumer Protection Department (Department) headed by a Principal Secretary. The Commissioner cum Director Food and Civil Supplies was the nodal field officer for overall assessment of the requirement, allotment of district quota, payment of grants/ loans/subsidies to implementing agencies, MP State Civil Supplies Corporation (MPCSC) and MP State

* *GOI streamlined the PDS by issuing special cards to BPL families and providing foodgrains to them at specially subsidised prices.*

^ψ *It is the pre determined price at which procurement agencies procures food grains.*

Marketing Federation (Markfed) for procurement of foodgrains, their storage and distribution to consumers through lead and link societies with the assistance of Central Co-operative Bank (CCB).

The Collectors with the assistance of District Supply Officers (DSO) were responsible for assessing the requirement of foodgrains for the districts and made further allocation to fair price shops. They were also responsible for monitoring, and overall control over the implementation of TPDS in the districts.

3.2.3 Audit Objectives

Objectives of the review were to assess:

- efficiency of the system of procurement by the agencies,
- efficiency and economy in storage and movement operation,
- the effectiveness of distribution arrangements to ensure that beneficiaries have access to food grains and they actually get it when needed,
- effectiveness of the system of monitoring.

3.2.4 Audit coverage and methodology

The review covered the progress of various activities relating to implementation of programme during 2001-06. Stratified statistical sampling was used in selection of districts. Capital district Bhopal and 10 out of 45 districts were selected by adopting Simple Random Sampling without Replacement (SRSWR). From each selected district, three blocks (One from urban areas and two from rural areas) i.e. 32 out of 81 blocks were also selected on the basis of random sampling. The selection of 10 per cent of fair price shops (FPS) was also made at District level. The performance audit covered the period from 2001-06. Records of the Departments, MPCSC, Markfed, eleven districts* alongwith 32 blocks and 318 FPS were test checked.

The audit methodology included scrutiny of records and analysis of data collected from the Department and selected districts/block offices. The entry conference was held on 15 July 2006 with the entity to invite suggestions/ share information in the implementation of programme. Besides, survey reports of other agencies were also utilised. GOI Ministry of Food and Consumer Affairs had entrusted (2003) an evaluation study on TPDS and AAY through M/s ORG Centre for Social Research (ORG Marg) who submitted its final report to the Ministry in September 2005. The Programme Evaluation Organisation (PEO) of Planning Commission, GOI had also conducted performance Evaluation of TPDS. Survey findings of ORG Marg and PEO conducted at All India level have been used to supplement audit findings as included in the respective paragraphs.

* Balaghat, Bhopal, Betul, Dhar, Gwalior, Kamti, Khandwa, Khar gone, Sidhi, Umaria and Vidisha.

Audit Findings

3.2.5 Procurement

GOI, introduced (1997-98) the scheme of Decentralised Procurement (DCP) of foodgrains under which the States themselves were to procure foodgrains, retain the quantity for TPDS and surrender the rest to FCI for the central pool. Government of MP (GOMP) authorised MPCSC Bhopal as procuring agency for wheat and was also given the responsibility of its distribution under TPDS.

Scrutiny of records of MPCSC revealed the following short comings in the procurement operations of wheat leading to increase in economic cost.

3.2.5.1 Avoidable expenditure due to retention of surplus stock

The Head Office (HO) MPCSC directed (March 2005) its wheat procuring districts to retain wheat stocks required for six months supply under PDS out of current year's procurement. The HO observed (May 2005) that even after storing eight months requirements, there were excess stocks to the extent of 48,266 Metric Ton (MT) at Sehore, Harda, Hoshangabad, Raisen, Ujjain and Satna districts. Though, instructions were issued (June 2005) to transport surplus stocks to other needy districts, the immediate movement of stock was not monitored. The HO reviewed overall surplus stock position and issued (November 2005) instructions for transportation of quantities from Sehore, Ujjain and Satna districts. Consequently, 30809 MT were transported to other districts (viz. 16708 MT from Sehore, 8714 MT from Ujjain and 5387 MT from Satna) during November 2005 to January 2006. Audit noted that delayed movement of above surplus stocks resulted in an avoidable expenditure of Rs 1.01 crore (Rs. 0.44 crore for local transportation and Rs. 0.57 crore on storage for six months). Further, the MPCSC also incurred an avoidable expenditure of Rs. 1.06* crore towards interest on cost of wheat locked up for six months. It was stated (July 2006) that stocks could not be transported due to non availability of storage space and GOI would reimburse transportation cost. The reply was not acceptable as storage arrangements were to be made according to requirement. Unnecessary storage and transportation cost would be included in economic cost and even if reimbursed in a claim amounts to loss to public exchequer.

The HO MPCSC failed to monitor the movement of surplus stocks to the needy districts, resulting in loss of Rs. 2.07 crore.

Similarly, the HO directed (March 2004) Harda, Hoshangabad and Indore district offices to transport 18400 MT wheat to Khandwa, Betul, Barwani and Dhar districts direct from the procurement centres/railway rake points. The district offices transported only 4948 MT Wheat and stored the remaining quantity of 13452 MT within the districts till August 2004. The HO further observed (September 2004) that Harda, Hoshangabad and Indore district offices were holding more than four months requirements and directed them to transport 7150 MT wheat to Khandwa, Dhar, Barwani, Betul and Ratlam districts. The district offices, however, transported 9077 MT wheat to the

Loss of Rs. 60.46 lakh due to under utilization of reserved space

* 30809 MT at provisional economic^S cost of Rs. 7540 per MT=Rs. 23.23 crore x Rs. 9.1 percent per annum for six months.

^S Provisional cost comprising of Minimum support Price, procurement incidentals and distribution cost.

specified districts during October to December 2004. It was observed that district offices spent Rs. 13.50 lakh on handling and Rs. 16.77 lakh on intermediary storage of 9077 MT due to non-compliance of specified despatch schedule. Further while 9077 MT was stored in Harda, Hoshangabad and Indore districts between July and December 2004, the needy districts were drawing their requirements from FCI. This resulted in locking up of Rs. 6.64 crore^{**} for six months and Rs. 30.19 lakh was paid as interest for cash credit availed towards this procurement. Thus, there was a total avoidable expenditure of Rs. 60.46^φ lakh. It was stated (July 2006) that surplus stock at Hoshangabad was for their own requirement, stocks at Harda were due to not lifting as per allotment and at Indore due to retention of stock for National Food for Work (FFW) scheme and on account of shortage of space at Dhar and Barwani (needy districts). The reply was not tenable as the requirement of six months as furnished by the Corporation for Hoshangabad district was not correct and district should have not been asked to supply to needy districts if stocks were only sufficient to district itself. If the allotment at Harda was not lifted it should have been brought to the notice of HO, but it was not done till August 2004. There was no shortage of space at Dhar and Barwani since actual storage space utilised was less than the reserved space and there was no allotment / lifting under FFW during April to November 2004.

3.2.5.2 Avoidable expenditure due to under utilisation of reserved storage space

According to the rake movement plan finalised (March 2005) for Rabi Marketing Season (RMS) 2005-06, four rake loads (9200 MT) of wheat were to be transported from Hoshangabad district to Ujjain for onward transportation by road to Indore for issue at other centres of neighboring districts of Khargone, Dhar, Jhabua and Barwani. Similarly, nine rakes of wheat (26700 MT) were to be sent to Gwalior to meet the requirement of Bhind and Morena districts. In-anticipation of wheat stocks, Indore, Bhind, Morena and Shivpuri District Offices, in consultation with their respective Regional Offices and HO, reserved storage space for 45000 MT and 88980 MT respectively for three months in the godowns of State/Central warehousing Corporations. The plan was revised and seven rakes (16032 MT) were despatched (April 2005) to Ujjain which despatched only 8288 MT to Indore and other districts and stored the remaining quantity at Ujjain itself. Against plan of nine rakes only four rakes (9200 MT) were sent to Gwalior. It was observed that due to mismatch in the actual despatch of stocks compared to the rake movement plan, Indore district and Gwalior region (Bhind, Morena and Shivpuri district offices) could utilise space only for 10,200 MT and 54,800 MT (including their own procurement) leaving space for 34,950 MT and 34,120 MT respectively unutilised. Consequently the MPCSC incurred an avoidable expenditure of Rs. 24.32 lakh towards storage charges for unutilised reserved storage space. On enquiry, it was stated (August 2006) that entire

Reserved storage space was under utilised due to non receipt/short receipt of stocks in districts resulting in loss of Rs. 24.32 lakh.

^{**} 9077 MT at provisional economic cost of Rs. 7310 per MT=Rs. 6.64 crore.
^φ Rs. 13.50 lakh+ Rs. 16.77 lakh+ Rs. 30.19 lakh = Rs. 60.46 lakh.

reserved space was utilised. The reply was not acceptable as the district offices have already confirmed the short utilisation of reserved storage space.

3.2.5.3 Non-adherence to quality control

The MPCSC did not stipulate any quality tests to be conducted by the purchaser society at the time of procurement of wheat from farmers. Even at the time of deposit of wheat into warehouse, the MPCSC did not specify strict inspection to ensure Fair Average Quality (FAQ) specifications, but stipulated only visual inspection of wheat samples of atleast 25 percent of wheat drawn from each truck (260-300 bags). The quality tests were to be conducted only when inferior quality was found on visual inspection with analysis kits supplied to all district offices. When wheat deposited was found of satisfactory quality, only two samples are to be kept at the godowns. It was observed that no recorded evidence was available as to whether 25 percent of the wheat from each truck was visually inspected, and two samples were kept at godowns. It was stated (June 06) that due to rush of procurement, only visual inspection was possible and no record was kept. Only in doubtful situation samples were to be collected and then tested, but no such situation had arisen. The reply was not tenable as the prescribed instructions were to be followed.

Loss of Rs. 20.56 lakh due to procurement of non-FAQ paddy

Similar position was observed in Markfed which was authorised for procurement of paddy. It was noticed that there was substandard (non-FAQ) 5 Ton rice and 528 Ton paddy costing Rs. 35.35 lakh procured out of paddy of Kharif Marketing Season (KMS) 2000-01 and 2001-02 respectively as of 31 March 2005 with the Markfed. They have claimed a loss of Rs. 20.56 lakh to GOMP. The loss could have been avoided, if measures of quality test were adopted.

Excess driage of paddy resulted in loss of Rs. 3.87 crore.

Further, it was also observed that GOI allowed only one percent driage on procurement of paddy, but Markfed claimed more than one percent during the year 2000-02. On a total procurement of 29147.33 MT paddy, the driage permissible was 291.47 MT only whereas Markfed claimed 875.29 MT (3 per cent). This resulted in excess loss claim of 583.82 MT valuing Rs. 3.87 crore. Further the driage was below the admissible one per cent during the year 2002-03 and 2004-05. Thus it was evident that the procurement of paddy during the year 2000-02 was not according to specification prescribed by GOI.

3.2.5.4 Avoidable loss due to uneconomic movement

The movement of 20 rakes by longer route resulted in loss of Rs. 25.20 lakh.

Hoshangabad and Raisen district offices procured 1,17,454 and 86,632 MT wheat respectively during (March to June 2005). According to the revised rake movement plan finalised (May 2005), Hoshangabad district despatched 10 rakes of wheat (24,016 MT) during April to May 2005 to Guna, Ujjain, Bina, Biora, Sagar, Morena and Meghnagar from Itarsi rake point. Similarly, Raisen district office despatched 10 rakes of wheat (23,923 MT) to Satna, Katni, Gondia, Chhindwara and Shahdol from Mandideep rake point during the same period (April to May 2005). Whereas, movement of rakes vice versa could have been made economically as both the routes were shorter in distance by 69 kilometers (km). As a result, the MPCSC incurred an estimated avoidable expenditure of Rs. 25.20 lakh for freight of 20 rakes of wheat by a

longer route. On enquiry, MPCSC intimated (August 06) that though initially rake movement plan was given to move rakes in the right direction, subsequently it was revised due to certain factors like quantum of procurement, availability of rakes and promptness of transport contractor, unloading arrangements etc. The reply was not acceptable as in the proposals for revision in the rake movement plan, the above mentioned factors were not mentioned. Further transport contractor has to transport wheat as per the requirement of the corporation.

Transportation of wheat via circuitous route resulted in loss of Rs. 10.53 lakh.

Hoshangabad district procures large quantities of wheat in each RMS and transports the same by road/railway rakes to other needy districts for utilisation under PDS. Shortest rail route from Itarsi to Shajapur, is via Bhopal-Maksi-Shajapur (262 Km). It was observed that one rake of 2344 MT was sent (April 2003) from Itarsi to Shajapur via Bhopal-Bina-Guna-Biora-Shajapur (536 km) a longer route and freight charge of Rs. 6.87 lakh had to be incurred. Similarly two rakes of wheat (4678 MT) were also dispatched (May 2004) to Shajapur via Bhopal-Bina-Guna, longer route and Rs. 13.71 lakh on freight had to be incurred. Thus transportation of 7022 MT wheat by a longer route resulted in an estimated avoidable expenditure of Rs. 10.53 lakh (Rs. 20.58-10.05 lakh^{#####}) during 2003-05. On enquiry, it was stated (July 2006) that the shorter route was not available for movement of such type of heavy traffic during the period April 2003 to May 2004 and that had the shorter route been available, the Railways would have definitely sent the rake through shorter route. The reply was not tenable as shorter route was available as Raisen district despatched (April 2004) rakes to Biora through the same route.

Additional expenditure of Rs. 9.54 lakh due to non-utilisation of nearest rake point.

Similarly for transportation of wheat from Hoshangabad district to Jabalpur and beyond the railway route is Itarsi-Pipariya-Jabalpur and the railways have rake points both at Itarsi and Pipariya. For despatch of wheat by rake the district office was to prefer Pipariya rake point instead of Itarsi. Audit noticed that for despatch of 26065 MT of wheat by 11 rakes during the period 2003-06, the district office operated Itarsi rake point instead of Pipariya rake point. As a result the MPCSC incurred an additional expenditure of Rs. 9.54 lakh. The district office stated that Pipariya rake point was not used for want of basic facilities and certain other administrative problems. The reply was not acceptable as this rake point was already used for despatch of wheat towards Jabalpur during the year 2002-03.

$7022 \text{ MT} \times 262 \text{ km} \times \text{Rs. } 0.546^{\#} \text{ MT per km} = \text{Rs. } 10.05 \text{ lakh}$

$\# \text{Railway Receipt No. } 377523 - \text{Rs. } 686558 / 2344 \text{ MT} / 536 \text{ km} = \text{Rs. } 0.546 \text{ per km per MT.}$

3.2.5.5 Avoidable expenditure towards bank commission

Cost of wheat was paid to FCI by demand drafts instead of cheques thereby incurring an expenditure of Rs. 48.56 lakh towards bank commission.

The MPCSC was lifting stocks of foodgrains from FCI for distribution to consumers under various welfare schemes and TPDS. The FCI directed (December 1993) all its zonal/regional and district offices to accept cheque of MPCSC towards payment of cost of foodgrains at places where FCI maintains bank account and issues release orders for drawal of foodgrains from their godowns. These orders were reiterated (July 2003 and January 2004) for compliance. It was observed that only seven district offices (Bhopal, Indore, Ujjain, Sagar, Satna, Gwalior and Jabalpur) were making payment through cheque to FCI while the remaining 38 out of 45 district offices were depositing cost of foodgrains by demand drafts, instead of cheques. The MPCSC incurred Rs. 48.56 lakh on bank commission for obtaining demand drafts during the years 2003-06 (upto December 2005) toward payment to FCI which could have been avoided if the payment of cost of foodgrains was made by cheques instead of demand drafts. On enquiry, it was stated (July 2006) that the FCI was maintaining its bank account only at seven districts in the State where the payment can be made by cheque while remaining 38 district offices had to make payment by demand draft. The reply is not acceptable as FCI was also maintaining bank accounts in other districts.

3.2.5.6 Non-refund/adjustment of double margin in subsidy claims of MPCSC

Double margin accumulated to Rs.68.15 crore which was neither refunded nor adjusted.

The MPCSC distributes wheat to the beneficiaries under TPDS. The requirement of wheat met from two sources viz. (i) purchase from FCI at Central issue price (CIP) fixed by GOI and (ii) procurement from farmers under decentralised procurement scheme (DCP) on provisional economic cost (MSP including various expenses incurred upto issue point like taxes, handling, storage, wastage, transportation, interest and administration cost). As there cannot be two separate consumer rates for stocks procured from two different sources, provisional economic cost of stocks procured under DCP is restricted to CIP and difference between the CIP and provisional economic cost is reimbursed to the MPCSC as subsidy by GOI.

Both stocks procured for distribution under TPDS from FCI and DCP stock are distributed to beneficiaries at ex-godown rate fixed by including the margin for incidental expenses upto issue point like taxes, handling, storage, wastage, transportation, interest and administration cost in CIP.

As the margin built in for the ex-godown issue rates of stocks by GOMP were already included in provisional economic cost of stock procured and subsidy for difference was being already paid by GOI for wheat procured under DCP separately, the MPCSC was getting double margin for expenses after lifting from godown for sale to issue point. A team of GOI inspected the records of the MPCSC and concluded that certain expenses which were reflected in the margins fixed for sale price by State Governments were also included in the economic cost resulting in payment of double margin. This fact was also accepted by the MPCSC. The excess or double margin worked out to Rs. 68.15 crore for the period 2001-02 to 2005-06 for which the MPCSC provided liability in its accounts. Audit noted that the MPCSC did not mention

the same in its proposals for fixation of economic cost for the years 2003-06 submitted to GOI and received provisional subsidy in full without effecting deduction for excess margins. Non-refund of double margin has resulted in unwarranted drawal of excess provisional subsidy.

3.2.6 Distribution of foodgrains under TPDS

3.2.6.1 Allocation and distribution of foodgrains

Allocations of foodgrains is made on monthly basis. The position of allocation, and distribution was as follows.

(Quantity in MT)

Year	Allotment		Total available stock (Lifting from FCI +Procurement)		Distributed		Less distribution and Percentage of less distribution				
		APL	BPL	APL	BPL	APL	BPL	APL		BPL	
2001-02	W	138375	763431	6598	499432	6598	472506	131777	95%	263999	35%
	R	80235	328824	607	142267	1192	144447	79628	99%	186557	56%
2002-03	W	1923790	944541	27135	737728	28436	725894	1896655	99%	206813	22%
	R	841728	329759	687	178682	1243	175082	841040	100%	151076	46%
2003-04	W	2070556	1020397	29526	883612	29526	890163	2041030	99%	136784	13%
	R	464844	210255	756	165554	1198	160919	464088	99.8%	44701	21%
2004-05	W	2155068	1128410	21072	1104795	19757	1059216	2135311	99%	23615	2%
	R	380304	199132	3621	206044	3621	189448	376683	99%	6912	3%
2005-06	W	1901524	951613	125421	1006195	121908	980099	1807927	95.1%	319735	33.6%
	R	633848	245900	6946	247970	6191	240023	627109	98.9%	2413	1%

W-Wheat

R-Rice

The lifting under APL category was very poor and shortage ranged from 95 to 99 per cent. The position of lifting of foodgrains under BPL category was also not very encouraging as the shortage ranged between 13 to 35 per cent in case of wheat and 21 to 56 per cent in case of rice during 2001-04, while it declined to a marginal two to three per cent during 2004-05 for wheat and rice respectively. Lack of demand under APL category was due to CIP being almost equal to the prevailing market price and many of the beneficiaries used the ration cards for identification purposes rather than for drawal of foodgrains. Recurring shortfalls in lifting indicate that the allotment of foodgrains was not properly assessed leading to avoidable carry over charges on the stocks that were not lifted.

3.2.6.2 Issue of ration cards in excess of actual requirement

The GOI estimated (2000) 41.25 lakh BPL population based on NSSO estimation. The Survey for identification of BPL families was got conducted during 1997. Separate Antyodaya Anna Yojana (AAY)* cards were also issued to the poorest out of BPL families. The year-wise details of ration cards under each category were as under:

* AAY was launched (December 2000), with the aim to reduce hunger among the poorest segments of population and to make PDS benefits more substantial in terms of both quantity and nutrition, for this section of the population

As on	APL	BPL	AAV	Total
31-12-2001	82,27,591	50,39,771	6,29,476	1,38,96,838
31-12-2002	82,27,591	52,22,194	6,31,620	1,40,81,405
13-02-2004	84,93,041	56,29,083	6,31,620	1,47,53,744
31-01-2005	85,81,916	53,79,586	9,35,106	1,48,96,608
1-6-2006	1,14,58,814	48,74,999	15,50,210	1,78,84,023

Leakage of subsidised foodgrains were 54.48 per cent.

Process of distribution of new ration cards stayed.

GOMP issued (May 2006) instructions to all districts regarding removal of bogus ration cards from circulation. GOMP have quoted the finding of survey report of ORG Marg and PEO stating that leakage of subsidised food grains issued from central pool were estimated to be 54.48 per cent and only 45.52 per cent of subsidised food grains reaches the targeted groups. Presently, GOI is allocating (December 2005) the foodgrains on the basis of 55.78 lakh APL and 27.97 lakh BPL families whereas there were 85.81 lakh APL families ration card and 53.79 lakh BPL ration card families as of 31 December 2005. As the ration cards that were issued both in APL and BPL categories were more than allocation made by GOI, possibility of existence of bogus ration cards could not be ruled out particularly since GOMP had also acknowledged leakages in distribution system. Work of distribution of new ration cards was commenced in May 2006 but stayed (November 06) by GOMP till further orders. It was evident that delays in carrying out the renewal process resulted in continuance of a large number of bogus ration cards and facilitated leakage of subsidised foodgrains.

3.2.6.3 Distribution of foodgrains below the prescribed scale

For providing sufficient food grains to BPL families, GOI prescribed an allocation of 20 kg from April 2000, 25 kg from July 2001 and 35 kg from April 2002 per month per BPL family. Audit noted that GOI was not allocating foodgrains as required according to ration cards as stated in above para. This resulted in scaling down of ration entitlement than prescribed. It was observed that the distribution of foodgrains was far below the prescribed scale as shown in **Appendix 3.3**.

3.2.6.4 Operation of Fair Price Shops

According to PDS (Control) order 2001, the FPS owners were required to display on day to day basis the stock position alongwith prevalent issue price, number of beneficiaries, scale of ration admissible to different categories of consumers, sample of foodgrains. Audit noted that the aforesaid requirement was not found maintained in most of fair price shops as shown in **Appendix 3.4**. Further regular inspections as required were also not carried out by the officers in test checked districts. An intensive inspection of FPS was carried out by the Department during June/July 2006 and 946 FPSs out of 1,047 FPSs, were inspected in districts^ψ and 364 cases of irregularities in PDS, eight cases of shortages and twenty cases of other irregularities were noticed.

^ψ Balaghat and Dhar.

3.2.6.5 Undistributed foodgrains remaining with the transporter

Loss of Rs. 24.49 lakh as subsidised foodgrains remained with transporter.

CEO Zila Panchayat (ZP) issued (March 2002) release order of 840 MT foodgrains for distribution to Hail Storm sufferers to National Consumer Co-operative Store Limited Bhopal (transporter) through Gram Panchayats (GP). It was observed that only 350 MT foodgrains were distributed to GPs and 490 MT foodgrains of Rs. 24.49 lakh remained undistributed with the transporter who neither returned the foodgrains, nor deposited the cost with the CEO ZP Bhopal (July 2006). It was stated (November 2006) that the matter has been taken up with the transporter.

3.2.7 Transportation**3.2.7.1 Excess payment for transportation charges**

Excess payment of Rs. 58.63 lakh

The Department fixed the same rates for transportation of foodgrains from base depot to issue centre to be paid to the MPCSC under BPL and Antodaya Anna Yojana (AAY) scheme up to September 2003, but thereafter higher rates were fixed under AAY though transportation of foodgrains were to be made from same place to same destination. Accordingly the MPCSC claimed and excess payment was made as follows:

Sl. No.	Period	Commodity	Quantity distributed (in quintal)	Rate of per quintal (in Rupees)		Difference per quintal (in Rupees)	Excess payment (Rs. in lakh)
				AAY	BPL		
1.	01/10/2003 to 31/03/2004	Wheat	1456110	17.20	17.00	0.20	2.91
2.	01/04/2004 to 31/03/2005	Wheat	2747275	17.20	15.34	1.86	51.10
		Rice	584480	16.13	15.34	0.79	4.62
Total							58.63

Thus, the Department paid Rs. 58.63 lakh in excess to MPCSC. The transportation charges at higher rate under AAY scheme were not justified as the same goods were transported from same place to same destination by the same transporter. Reply was awaited (November 2006) from the Department.

3.2.7.2 Irregular drawal towards transportation charges

According to the orders issued (February 2002) regarding rates of transportation under SGRY for lifting of foodgrains from FCI base depots and to supply upto work site FPS, there were two options viz either the transportation may be got done through MPCSC at the rate of Rs. 75 per quintal or if transportation was available at reduced rate, then the transportation work may be got completed at reduced rate. Audit noted that the transportation of foodgrains was completed by districts^v at reduced rate but drawal of fund on this account was made at Rs. 75 per Quintal and the balance was deposited into bank instead of refunding it into treasury and the funds had accumulated to Rs. 2.17 crore^v as of March 2006. CEO Katni accepted

^v CEO, ZP Umeria Rs. 1.17 crore, ZP Bhopal Rs. 0.09 crore, ZP Katni Rs. 0.54 crore, J.P. Badwara (Katni) Rs. 0.07 crore, ZP Gwalior Rs. 0.30 crore.

(September 2006) the objection and stated that balance amount would be adjusted in 2006-07. CEO Umaria stated (June 2006) that balance amount could not be utilised due to cancellation of allotment of foodgrains under second stream of SGRY for 2005-06, and instructions were being obtained for utilising the balance amount in Gramin Rojgar Guarantee Yojana.

3.2.7.3 Delay in delivery of foodgrains to Gram Panchayat

Delay in delivery of foodgrains ranged from 3 to 16 months.

CEO Zila Panchayat Bhopal issued release orders of foodgrains under SGRY stipulating that the transporter (National Consumer Co-operative Store Limited Bhopal) would deliver the foodgrains within 15 days to the executive agencies of works {Gram Panchayats (GP)}. During the scrutiny of records, it was observed that transporter delivered the foodgrains to GPs with a delay of three to 16 months. Possibility of insect infestation, deterioration of quality of foodgrains and adverse impact on progress of work can not be ruled out. CEO Janpad Panchayat (JP) Manpur- Umaria lifted 149.38 MT rice and 133.87 MT wheat on 29 June 2002 from FCI Katni and started distribution to Gram Panchayat/ Executive agencies from 16 August 2003 onwards after one year and one month. As a result, the possibility of deterioration and infestation can not be ruled out. CEO JP Manpur stated (June 06) that works were sanctioned late which resulted in delayed distribution of foodgrains.

3.2.8 Monitoring

3.2.8.1 Vigilance mechanism in MPCSC

With a view to exercise check on the powers delegated to the district office and to prevent their misuse, MPCSC formed (May 2001) a Vigilance Cell under the supervision and control of the General Manager (Admn.) and issued a check list of important points to be examined in each district office as per roster approved by Managing Director (MD). Accordingly District Managers were to conduct the inspection of their respective districts every month and were to send a report on the same to the concerned Regional Manager (RM) who was to forward the same to Vigilance cell after conducting detailed scrutiny. The RM was also to conduct inspection in the district offices as well as his own office once in three months and was to submit his report to Vigilance Cell. The head office, through its officers at Management level was to arrange inspection of each district offices once in a year. The deficiencies found during inspection were to be submitted to the General Manager (Admn.) and compliance sought from the concerned District Manager. Besides above, Vigilance Cell was also to act on the complaints received from other wings of the Corporation, Lokayukta, Government, Public and the deficiencies pointed out by internal auditors.

It was observed that the inspections were not conducted in respect of 12, 10, 23 and 26 district offices during the years 2001-02, 2002-03, 2004-05 and 2005-06 respectively. Further major wheat /paddy procuring districts like Hoshangabad, Harda, Bhopal, Satna, Rewa, Shahdol and Balaghat were not covered by inspection during 2004-06. The deficiencies pointed out during roster inspection like non-conducting of pre-audit in certain districts, were not complied. Action was also not taken on the report of the inspecting officer

who inspected the records of Indore and Raisen districts, though the report contained important aspects involving avoidable financial losses on storage, transportation of gunnies and wheat by rake. The Show Cause Notices issued to the officials in respect of deficiencies/irregularities found are not centralized at one place but kept in different departments. In the absence of this, the Vigilance Cell was not aware of the cases initiated, settled and outstanding in different departments. Monitoring of the functioning of PDS at the FPS level through computer network was to be implemented but computer network had not been installed for online monitoring and management.

3.2.9 Conclusion

Planning and co-ordination of procurement operations including movement and storage arrangement of wheat was not efficient and economical. Circuitous routes were adopted and nearest rake points were not utilized. Measures for quality control were not strictly adopted resulting in procurement of non-FAQ wheat and paddy. MPCSC neither refunded double margins of profit nor adjusted in subsidy claims. Movement of foodgrains under foodgrains based welfare schemes was not economical. There were short-comings in identification of BPL/AAY families and the ration cards were issued in excess of requirement. Leakage and diversion of subsidised foodgrains had been in knowledge of GOMP but the process of issuance of new ration cards has not taken off. The distribution of food grains to the beneficiaries was found to be below the prescribed scale. Excess payment towards transportation charges was made and transportation charges were also irregularly drawn and retained in the bank instead of refunding these to the treasuries. There were delays in the delivery of food grains to the Gram Panchayats. Proper monitoring was not done and vigilance mechanism was also not effective.

3.2.10 Recommendations

- The allotment and lifting plan should be monitored on regular basis so as to avoid charges on storage and transportation at intermediary locations. Further economical route should be adopted and nearest rake point preferred.
- In order to avoid payment of bank commission, facility of making payment through cheques to FCI should be adopted.
- In order to weed out bogus ration cards, a comprehensive exercise for issue of new ration cards should be initiated and a system of regular periodical monitoring should be evolved.
- Vigilance mechanism should be strengthened and instructions pertaining to regular and timely inspections, follow up action taken consequent upon inspection, should be reiterated and monitored regularly.

The matter was reported (October 2006) to the Government of Madhya Pradesh but reply was not received (November 2006).

Forest Department

3.3 Project Tiger and India Eco-Development Project

Highlights

The Government of India launched Project Tiger, a Centrally sponsored scheme, in 1973 to ensure a viable population of tigers in the country and to preserve such areas as part of our national heritage for the benefit, education and enjoyment of future generations. Initially the project was started in Kanha National Park of the State and later on extended to other four parks of the State. The Management Plans were to form the bases for the implementation of project. The Annual Plans of operation were submitted with delays to Government of India. Final notification to constitute an area as National Park could not be issued. Relocation of people living within Tiger Reserves to ease the biotic pressure on the tiger population was not adequately carried out. The census of tigers was carried out by counting pug marks which is not considered a fool proof methodology.

Management Plans were not got approved by the Tiger Reserves from the competent authority before implementation. There were delays in sending Annual Plans of Operation to Government of India resulting in delay in release of funds. Large incidences of excess expenditure over the annual allotments was observed in the tiger reserves.

(Paragraphs 3.3.5.2, 3.3.5.4 and 3.3.6.5)

Compartment histories were not updated by Tiger Reserves leading to lack of credible consolidated data for planning purposes.

(Paragraph 3.3.5.5)

Even after 23 to 30 years of initial notification declaring intention to constitute National Parks, final notification of the Tiger Reserves, except Pench Tiger Reserve, could not be issued by the State Government.

(Paragraph 3.3.7.1)

The efforts for relocation of villages from core area were found inadequate and 100 villages constituting 5827 families continue to exert biotic pressure in the core zone of tiger reserves.

(Paragraph 3.3.7.3)

Protection measures in the Tiger Reserves were weak due to lack of effective measures to combat poaching such as shortfall in Beat Inspection; insufficient provision of arms, ammunition and communication equipments; and inadequate fire protection measures.

(Paragraphs 3.3.8.3 to 3.3.8.8)

Abnormal growth rates of herbivore population were observed in Panna, Bandhavgarh and Satpura reserves depicting discrepancies in the process of estimation of herbivore population. For census of tigers scientific methods such as camera trapping, DNA analysis were not being used.

(Paragraphs 3.3.8.10 and 3.3.8.11)

3.3.1 Introduction

Project Tiger was started in 1973 as a Centrally Sponsored Scheme to ensure viable population of tigers in the country and to preserve areas of biological importance. The main activities of Project Tiger include wild life management, protection measures and specific eco-development activities. Project Tiger is implemented by the Tiger Reserves under the technical guidance and budgetary support of the Project Tiger Directorate (PTD) in the Ministry of Environment & Forests (MOEF), Government of India (GOI). There are five Tiger Reserves viz. Kanha, Panna, Pench, Bandhavgarh and Satpura in Madhya Pradesh that are implementing Project Tiger.

The India Eco-Development Project (IEDP) was a pilot project initiated with the assistance of the World Bank and the Global Environment facility to conserve biodiversity through eco development. The objective of the project was to improve the capacity of Project Tiger Areas to conserve bio-diversity and increase opportunities for local participation in management activities and decision making, thereby reducing the negative impact of local people on Protected Areas and vice-versa. This Project was only implemented in Pench Tiger Reserve in the State during 1997-98 to 2004-05.

3.3.2 Organizational set-up

The Department of Forests, which includes wildlife, is headed by the Principal Secretary (Forest) at the Government level. The Principal Chief Conservator of Forests (PCCF) (Wildlife) is the functional head of the department and is assisted by Additional Principal Chief Conservator of Forests (Wild life Management and Eco-tourism) at the State level and Field Directors and Deputy Directors in the Tiger Reserves at field level. The Deputy Directors are assisted by Assistant Directors of Forests at the sub-divisional level and Range Officers at the range level.

3.3.3 Audit objectives

The performance audit of the Project Tiger and India Eco Development Project seeks to assess whether:

- the planning for the conservation and protection was adequate and priorities were laid for the various activities of the Tiger reserves;
- the funds sanctioned by the GOI for the recurring and non-recurring expenses were as per the annual plan and the Central/State grants were utilised as per the rules and regulations in force;
- conservation measures were effective and adequate protection measures were carried out as per plan and were effective;

- system of the monitoring and evaluation of the project was in place and was effective; and
- under the IEDP capacity of the project tiger areas to conserve biodiversity and increase local participation in activities was achieved.

3.3.4 Audit Methodology

The performance Audit of the "Project Tiger and India Eco-Development Project" was undertaken by test check of records for the period from 2000-05 at all the five Project Tiger Reserves viz. Kanha, Panna, Pench, Bandhavgarh and Satpura. The records in the office of the PCCF (Wild life) Bhopal were also scrutinized in addition to discussions with the authorities of the Forest Department to get more insight on various issues of wild life management.

The performance of the project was assessed with reference to provisions laid down in the Wildlife (Protection) Act, 1972, Wildlife (Transaction and Taxidermy) Rules 1973, National Wildlife Action Plan (2002-2016), directions and policies made by the Ministry of Environment and Forest and the State Government besides, prescribed financial rules and procedures of the Government. The exit conference about the audit observations in the review was held with the Principal Chief Conservator of forest (wild life) on 9th November 2006.

Audit findings

3.3.5 Planning for Tiger Reserves

Failure to ensure timely and proper preparation of Management Plans

Planning for conservation and protection in the Tiger Reserves is carried out through preparation of Management Plans. As per the Wild life Institute of India (WII) guidelines a good Management Plan is a prerequisite for good management of a protected area as it provides the basic framework of wildlife conservation. A Management Plan identifies management needs, sets priorities and organizes the approach for future management of the protected area. Management Plans are approved by the PCCF (Wild Life), who is the head of wild life wing in the State Government. Management Plans are executed through Annual Plan of Operations. and depicts the physical and financial targets.

It was noticed during audit that the higher management in the State Government failed to ensure timely and proper preparation of Management Plans as discussed in the succeeding paragraphs.

3.3.5.1 Non-preparation of Management Plans

Bandhavgarh and Kanha Tiger Reserves did not prepare Management Plans

It was noticed that Management Plans of Tiger Reserves at Bandhavgarh (since 2003-04) and Kanha (1999-2001) had not been prepared. In reply the Reserves have stated (October 2006) that Management Plans prepared for the preceding years were extended during these periods. Bandhavgarh Tiger Reserve extended the Management Plan prepared for the period 1993-2003 up to 2006 and Kanha Tiger Reserve extended the Management Plan prepared for the period 1989-99 up to 2001 without updating any data. In absence of proper management plan the annual plans of operation which were required to be

developed during the implementation phase were deprived of any systematic guidance that could have been derived from the management plan which was meant to be a planning and guidance document outlining priorities/strategies and operational schedules within a time bound frame work.

3.3.5.2 Delays in obtaining approval of Management Plans

Non-approval of Management Plans before implementation

All the five Tiger Reserves did not get their Management Plans approved from the PCCF before starting their implementation. Management Plan prepared by Satpura Tiger Reserve for the period 2000-05 remained unapproved during the entire period of its implementation. Delays in getting approval of the PCCF for the remaining four Tiger Reserves ranged from 9 to 26 months from the commencement of implementation of Management Plans. The PCCF (Wildlife) stated (November 2006) that a Committee was constituted for reviewing the ongoing Management Plans as well as to oversee the revision of Management Plans that are about to expire.

3.3.5.3 Management Plans not properly prepared

Management Plans prepared on old statistics

Scrutiny of the Management Plans revealed that in many cases, due care had not been taken in their preparation. Management Plans prepared by Panna Tiger Reserve for the period 1997-2007 were got approved as Management Plan for the period 2002-12 without updating any data. The approved Management Plan was based on statistics up to only 1995-96. Recent trends in poaching, fire incidence, illegal felling of trees etc. were not considered while preparing the Management Plans.

There was no clear correlation of activities envisaged in the Management Plans of Tiger Reserves to that laid down in the Annual Plan of Operations. Compartments that were identified for conservation activities in the Management Plan for Satpura Tiger Reserve were not taken up during the implementation stage.

Chief Wildlife Warden (CWLW) in reply has stated that a committee has been constituted in May, 2006 for streamlining management planning. The committee headed by the CWLW would review the ongoing Management Plans and oversee the preparation of Management Plans.

3.3.5.4 Delays in sending Annual Plan of Operations to GOI

Delayed submission of Annual Plans of Operation

According to project guidelines, the Annual Plans of Operations are to be approved by the GOI and the Park Management is required to submit the Annual Plans of Operation by 31st October in each year for getting assistance for the subsequent year. GOI had further indicated to the State Governments that Annual Plans of Operation be sent by at least mid April of the next year to ensure timely release of funds. It was observed during audit that in 95 per cent^{*****} of cases Annual Plans of Operation were not sent to the GOI by the

2001-02	April - (Nil)	May (Kanha Bandhavgarh, Panna)	June (Pench, Satpura)
2002-03	April (Panna)	May (Kanha, Pench, Bandhavgarh, Satpura)	June (Nil)
2003-04	April (Nil)	May (Kanha, Pench, Bandhavgarh, Panna, Satpura)	June (Nil)
2004-05	April (Nil)	May (Kanha, Pench, Bandhavgarh, Panna, Satpura)	June (Nil)

month of April. This resulted in delay in release of funds by the GOI leading to rush of expenditure and savings at the end of each year by the Tiger Reserves. Five Tiger Reserves spent on an average 21 per cent of the allotted amount in the last one month of the year during 2000-05. Kanha Tiger Reserve spent on an average 30 per cent of the allotted amount in the month of March during 2000-05.

CWLW in reply has stated that since the year 2005 all the Annual Plans of Operations have been sent by end of April as required by the GOI.

3.3.5.5 Non-updation of Compartment history resulting in lack of credible data for planning purposes

Compartment histories not updated

A compartment is the smallest unit of management of a Tiger Reserve. As per the guidelines of WII, Dehradun each compartment should have an annually recorded history. It would be the responsibility of the respective Foresters and Range Officers to complete the compartment history at the end of each financial year.

Audit of the records revealed that the systematic and regular collection, monitoring and evaluation of data to build the compartment history were not done in any of the five Tiger Reserves. Out of 39 compartment histories test checked in Satpura Tiger Reserve, 26 compartment histories were not updated since 1998. In the remaining 13 cases period of last updation was not mentioned. Failure to ensure the above resulted in lack of credible data for deciding management strategies.

The Tiger Reserves have accepted non-updation of the compartment histories.

3.3.6 Financial Management

3.3.6.1 Funding Pattern

Project Tiger is funded by both Central & State Governments. The GOI provides 100 percent and 50 percent assistance to the Tiger Reserves for non-recurring and recurring items of expenditure, respectively^{††††††}. The State Government is required to contribute 50 percent of recurring expenditure as matching grant.

3.3.6.2 Sources and application of funds

Savings and excess expenditure by Tiger Reserves

Funds sought through Annual Plan of Operations, amount released and expended are given in the table below:

^{††††††} *The non-recurring items involve structural inputs to improve the field formations and recovering the habitat for fostering a viable population of tigers. The recurring expenditure involve protection, water development, maintenance of forest roads, veterinary care and the like.*

Statement of Budget and Expenditure during 2000-05

(Rupees in lakh)

Name of Tiger Reserve	Amount demanded in APO			Budget allocation			Fund released			Expenditure			Saving (-) Excess (+) against Fund Released
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	GOI	State Govt.	Total	Recurring	Non-recurring	Total	
Bandhavgarh	718.00	1741.41	2459.41	383.54	369.61	753.15	494.97	115.01	609.98	320.97	390.96	711.93	(+) 101.95
Kanha	1097.75	1372.25	2470.00	892.75	510.69	1403.44	1079.44	454.97	1534.41	874.64	433.93	1308.57	(-) 225.84
Panna	544.55	1611.21	2155.76	253.10	1080.64	1333.74	1177.40	96.10	1273.50	274.72	822.01	1096.73	(-) 176.77
Pench	484.83	1063.04	1547.87	300.28	251.47	551.75	431.28	150.03	581.31	274.78	217.05	491.83	(-) 89.48
Satpura	773.14	787.38	1560.52	331.73	316.66	648.39	394.39	60.85	455.24	263.16	188.36	451.52	(-) 3.72
Total	3618.27	6575.29	10193.56	2161.40	2529.07	4690.47	3577.48	876.96	4454.44	2008.27	2052.31	4060.58	(-) 393.86

It was noticed that during 2000-05, the five Tiger Reserves demanded Rs. 101.94 crore for carrying out conservation and protection activities. The GOI sanctioned only 46 per cent of the demanded funds. Out of Rs. 46.90 crore sanctioned, the GOI and State Government released Rs. 44.54 crore and five Tiger Reserves could spend Rs. 40.61 crore leaving an unspent balance of Rs. 3.94 crore (8.84 per cent of the released amount) for the entire five years period. Bandhavgarh Tiger Reserve incurred excess expenditure over total allotment (16.71 per cent) during the period, 2000-05. Remaining four Tiger Reserves made savings that ranged from 0.82 per cent to 14.71 per cent of the total amount released during 2000-05.

3.3.6.3 Shortfall in State's matching contribution

Short-release of matching contribution

As per the funding pattern of project Tiger the recurring expenditure was to be shared by the State and the Central Governments in equal proportions. It was seen that against the GOI release of Rs. 10.04 crore for recurring expenditure, the State Government released Rs. 8.77 crore only. The matching grant by State Government which fell short by Rs. 1.27 crore (13 per cent) was indicative of lower priority that the State Government has accorded to conservation and protection measures in the Tiger Reserves.

3.3.6.4 Persistent savings over annual allotment

Non-completion of activities due to savings

During 2000-05, the Tiger Reserves made both savings as well as excess expenditure over the annual allotment of budget. Kanha made savings between 3.31 and 29.14 percent; Pench made savings between 7.31 and 35.70 percent in 2000-01 to 2003-04, and Satpura made savings between 0.37 and 17 per cent in 2003-04 and 2004-05; Panna made savings between 16.18 and 31.38 percent in two years; and Bandhavgarh made savings of 21.70 percent in 2002-03. The savings made by Tiger Reserves resulted in non-completion of critical activities necessary for conservation as detailed in **Appendix 3.5**. The persistent savings during the period 2000-2005 resulted mainly in non-achievement of the targets fixed for purchase of wireless sets, tractors, development of grass land etc. and creation of drinking water facility for patrolling camps.

3.3.6.5 High incidence of irregular excess expenditure over annual allotments

Excess expenditure by Tiger Reserves

Bandhavgarh Reserve incurred excess expenditure over annual allotments in four (2000-01, 2002-03, 2003-04, 2004-05) out of five years during 2000-05.

Bandhavgarh incurred excess expenditure of Rs. 47.13 lakh as high as 86 per cent over the released amount during 2000-01, while the excess expenditure amounted to Rs. 52.67 lakh (48 per cent) during 2004-05. Excess expenditure of Rs. 47.13 lakh and Rs. 52.67 lakh during 2000-01 and 2004-05, respectively, have not been regularized by the GOI. Panna Tiger Reserve incurred excess expenditure of Rs. 11.27 lakh, Rs. 22.71 lakh, Rs. 9.15 lakh during 2000-01 to 2003-04 respectively while Satpura incurred excess expenditure amounting to Rs. 20.47 lakh during 2004-05.

The absence of budget control mechanism like the letter of credit (LOC) system had enabled the Tiger Reserves to incur excess expenditure. Such a high incidence of excess expenditure calls for immediate steps to introduce LOC system by the Forest Department in addition to improving the process of estimating budget, timely action on savings as well as excess expenditure to strengthen the financial management.

In reply the PCCF (Wild Life) stated that in a dynamic management system, certain excess or short falls are inevitable and LOC system for Tiger Reserves would only create complications and hindrances in the management of protected areas. Reply is not tenable in view of large incidence of excess expenditure incurred by Tiger Reserves. LOC system as a budgetary control mechanism is already in place in the Works Departments of the State Government as well as Forest Department of other State Governments such as Rajasthan and Karnataka.

3.3.6.6 Diversion of funds

Irregular purchase of computers and irregular payment of project allowance

The GOI approved (July 2003) works relating to fire fighting squad and maintenance of fire lines at a cost of Rs. 25.22 lakh for Satpura Tiger Reserve. Against the above items of work, the Reserve authorities irregularly purchased eight computers (October 2003) at a cost of Rs. 3.46 lakh without approval of the GOI for diversion of funds.

Further considering the harsh and difficult conditions in which the officers and staff of Tiger Reserves work the GOI (in June 1999) approved 100 per cent Central assistance for the payment of project allowance. Project allowance was admissible only to the field staff. Panna Tiger Reserve, however, irregularly utilized Central assistance of Rs. 2.64 lakh meant for payment of project allowance during 2002-03 to 2004-05 to staff attached in offices of the Field Directorate. Such diversion to Ministerial staff was, however, not noticed in any other field directorate.

3.3.7 Conservation measures

3.3.7.1 Tiger Reserves not notified

Final notification not issued

As per Section 35 of the Wildlife Protection Act 1972, the State Government notifies an area as a National Park. The notification provides the legal basis for ensuring protection. However, in Kanha, Panna, Bandhavgarh and Satpura Tiger Reserves, the final notification had not been issued even after 23 to 30 years of initial notification that declared the intention of the State

Government to constitute National Parks. It was observed that the acquisition proceedings for re-allocation of families residing in core areas had either not been commenced or had not been concluded as a result of which the final notification had not been issued. The results of delay in acquisition proceedings are discussed in the succeeding paras.

3.3.7.2 Noncreation of buffer zones

Non-creation of buffer zones

For management purposes each Tiger Reserve is broadly divided in two parts namely Core and Buffer. In the core area, forestry operations, collection of forest produce, grazing, human settlement and other human disturbances are not allowed. Buffer zone is an essential component of Tiger Reserve management as it provides security and habitat supplement to spill over population of wild animals from the core zone.

It was noticed that Panna Tiger Reserve was created without ensuring existence of buffer zones in contravention of basic “Core-Buffer” strategy of Tiger Reserve management. Also, in case of Pench and Bandhavgarh Tiger Reserves buffer zones were not under the unified control of the respective Field Directors. Eighty seven per cent and 75 per cent of the buffer area of Bandhavgarh and Pench Tiger Reserves i.e. 467 and 347 sq. km. respectively, was under territorial forest divisions in contravention of the instructions of GOI who had stipulated that the outlying buffer zone should fall within the full jurisdiction of Field Directors.

3.3.7.3 Relocation of families residing in core areas

Existence of villages in core area

Relocation of human settlements from Tiger Reserves is essential for reviving natural ecosystems and for creating favourable atmosphere to increase the tiger population. Hence, to a great extent, the success of the Project Tiger depends on the relocation of persons living in the Tiger Reserves. During audit it was noticed that a total of 100 villages constituting 5,827 families existed in the core area of the five Tiger Reserves. Several shortcomings reflecting ineffectiveness of the Tiger Reserves in relocation of families were noticed and are discussed in the succeeding paragraphs.

3.3.7.4 Bandhavgarh Tiger Reserve could not relocate even a single family out of 370 families of six villages from the core zone since 1993-94, the year when it was declared as Tiger Reserve. The Bandhavgarh Tiger Reserve failed to utilize Rs. 21.79 lakh released by the GOI in the year 1989-90 and Rs. 6.63 lakh provided by the State Government in the year 1987-89 for this purpose and the amounts have remained in the deposit accounts for the last 15 years. In reply the park authorities stated (October 2006) that the procedure for acquisition of land has begun and the process of relocation of one forest village is in the advanced stage and the moneys previously deposited under civil deposit would be utilized in due course.

3.3.7.5 Panna Tiger Reserve could relocate only 159 out of 1047 families of 13 villages at a cost of Rs. 3.03 crore released by GOI since 1994-95, the year when it was declared as Tiger Reserve. It could not utilize Rs. 79.41 lakh released during 2003-04 by GOI for payment of compensation in lieu of

extinguishment of rights by 584 families of eight villages. The funds remained parked in a bank account since then. In reply the park authorities accepted the delay in relocation of villages and stated that the work for eight villages was under progress and expected to be completed within a year. The work for relocation of five villages would be taken up after approval and provision of adequate fund from GOI.

3.3.7.6 Satpura Tiger Reserve could relocate only one village out of 63 villages (3191 families) since 1999-2000, the year when it was declared as Tiger Reserve. In reply it was stated (October 2006) that sanction for relocation of three villages has been received and proposals for seven villages have been submitted and for balance 53 villages no action for relocation was found to have been initiated.

3.3.7.7 Kanha Tiger Reserve had successfully relocated 27 villages out of 45 since 1974-75 to 1997-98. The Kanha Tiger Reserve, however, had not prepared any detailed plan for relocation of remaining 18 villages comprising 1378 families.

Thus, except Pench the basic objective of providing inviolate environment in the core zones could not be achieved by the remaining four Tiger Reserves. Also, the presence of villages in the core areas had led to severe man-animal conflict resulting in 16 human deaths and 182 human injuries besides 3,971 cattle deaths during 2000-05. A compensation of Rs. 70.20 lakh was paid by the Tiger Reserves towards casualties and damages during 2000-05.

CWLW in reply has stated (October 2006) that the cost of acquisition of rights and property along with relocation and rehabilitation of about 6000 eligible families from 82 villages of the national parks and sanctuaries is estimated to be Rs. 598.16 crore. Since such resources are not readily available, the Central Government has been requested to launch a separate scheme for acquisition of rights, properties and relocation of villages in the XI Plan.

3.3.7.8 Biotic pressure due to other reasons

Encroachment cases in core area

It was noticed during audit that there were 50 cases of encroachment (related to agricultural activity) in Kanha covering an area of 220 hectare of land in the buffer zone. In Satpura, there were 8 cases of encroachments (6 cases related to commercial activity and 2 related to religious activity) covering an area of 0.8 hectare.

3.3.7.9 There were 15 places of worship in Satpura (4), Panna (8) and Bandhavgarh (3) Reserves. Annual rush of four to six lakh devotees and tourists in the four places of worship was noticed in Satpura Reserve.

Low immunization of cattles

3.3.7.10 Further, 2.8 lakh livestock population continues to exert biotic pressure on the resources of five Tiger Reserves with the total estimated herbivore population of 1.4 lakh. Possibility of spread of communicable diseases such as foot and mouth disease existed in Kanha and Bandhavgarh Reserves as only 39 per cent of the livestock population was immunized by the Kanha Reserve (during 2004-05) and 24 per cent by the Bandhavgarh

Reserve (during 2003-04). In the other three reserves the immunization however had been carried out. The Kanha and Bandhavgarh Reserve authorities have cited resistance by superstitious villagers as the reason for low percentage of cattle immunization.

3.3.7.11 Management of weed eradication, grasslands and water sources

Low priority for conservation efforts

GOI sanctioned only 28 per cent, 33 per cent and 52 per cent of the funds demanded by the five Tiger Reserves for weed eradication, water management and grassland management, respectively, during 2000-05. Test check in audit revealed low priority was accorded to conservation efforts by the Reserves as well as conservation efforts lagged behind the identified milestones. Shortcomings observed in the conservation efforts are discussed in the succeeding paragraphs.

3.3.7.12 Panna Tiger Reserve had identified 1400 hectare of weed affected area for eradication during 2002-05. Audit scrutiny revealed that only 472 hectare (34 per cent) of land was treated during this period. Pench Reserve had identified 2110 hectare of weed affected area for treatment during 2000-05. About 1213 hectare (51 per cent) of identified area remains un-treated at the end of year 2005. Satpura Reserve did not demand funds for weed eradication during 2003-05 despite weed affected area of 5200 hectare in the Reserve.

3.3.8 Protection of Tigers and wildlife

3.3.8.1 Poaching and mortality of Tigers

As per the data available at the five Tiger Reserves, out of 19 deaths (10 males, 1 female and 8 cubs) of Tigers during 2000-05, two were due to poaching. Out of the remaining, six were due to natural causes and 11 due to infighting. No case of tiger mortality was reported in Satpura Tiger Reserve during 2000-05. A total of 103 cases of poaching of wild animals were registered during 2000-05.

3.3.8.2 Out of two cases of poaching, one case of poaching of radio-collared tigress was detected (December 2002) in Panna Tiger Reserve. Tour report of Joint Director, Project Tiger who visited Panna Tiger Reserve on 23 and 24 December, 2002 pointed out serious deficiencies in the protection of Tigers in Panna Tiger Reserve. These included lack of comprehensive protection plan and intelligence network; lack of a system of maintaining village crime dossiers; existence of traditional methods of single beat guard taking care of protection and development instead of patrolling camp system; shortage of beat guards against sanctioned posts; biotic disturbance due to presence of villages; and communication gap between researchers who track the location of tigers and the park authorities. Panna Reserve authorities in reply have stated (October 2006) that six units of ex-army personnel have been deployed in the year 2006 for patrolling the reserve area. Another case of poaching was reported from Bandhavgarh Tiger Reserve. The tiger was killed by electrocution by poachers (November 2001).

3.3.8.3 Inadequate Beat Inspection

Shortfall in beat inspection

The Tiger Reserves are divided into Ranges, Circles and Beats for operational purposes. Each Range, Circle and Beat is headed by a Range Officer, Forester and Forest Guard respectively. Patrolling by Beat Guards and inspection by higher officials is integral to ensuring protection of wildlife in the Reserves. To minimize the adverse impact on the habitat on account of fire, poaching, illicit timber felling and grazing the State Government prescribed (October 1995) monthly targets for inspection of beats to be carried out by various officers as per roster.

3.3.8.4 The Tiger Reserve Management did not ensure effective and regular inspection of beats by the Range Officers (RO) and Range Assistants (RA). During 2000-05, the average shortfall in beat inspection at ROs and RAs level was 79 per cent for Bandhavgarh Tiger Reserve. The average shortfall was 41 per cent for buffer zone of Kanha, and 26 per cent for Satpura. Regular inspection of the beats was also not carried out by the ROs and RAs in Panna and Pench Reserves. Records regarding beat inspection for the year 2000, 2001 and 2004 were not found maintained by Satpura Reserve.

3.3.8.5 Inadequate availability of arms and ammunition

Inadequate arms and ammunition

The forest staff is required to be armed with sophisticated weapons and other equipments to combat poaching and illicit trade effectively. It was observed that only 85 weapons were available in the five Tiger Reserves to protect an area of 5021 Square Km of forest land comprising 426 Beats and four out of six guns in Bandhavgarh were lying non-functional since September 2004. There was only one functional gun with the Satpura Reserve authorities to protect a vast area of 1428 Square Km. Also, there were no cartridges available in the Satpura Reserve.

3.3.8.6 Besides availability of arms and ammunition, adequate training for their use is essential. As per National Wildlife Action Plan (2002-2016), the States should have adequately trained personnel to man all positions right from park director down to forest guards. It was noticed that none of the Tiger Reserves provided training to the staff on a regular/periodic basis.

3.3.8.7 Inadequate communication Network

Shortfall in communication devices

A good communication network enables timely action against forest fires, poaching, timber felling, grazing, encroachment and other illegal activities. It was noticed that against the requirement of 1122 communication devices, 971 devices were available in the five Tiger Reserves resulting in a shortfall of 13 per cent^{#####}. Further, 35 (18 per cent) and 23 (16 per cent) wireless devices in Bandhavgarh and Pench were not functional, respectively.

#####

	<i>Requirement</i>	<i>Available</i>	<i>Shortfall</i>	<i>Shortfall(in percentage)</i>
<i>Kanha</i>	376	312	64	17%
<i>Panna</i>	124	98	26	21%
<i>Pench</i>	149	126	23	15%
<i>Satpura</i>	269	212	57	21%
<i>Bandhavgarh</i>	204	223	-	-
	1122	971		13%

3.3.8.8 Large number of fire cases**Abnormal increase in fire incidences**

The forest fires destroy the valuable flora/fauna and cause severe damage to the eco-system. Audit scrutiny revealed that in Satpura, Kanha and Panna reserve, the reserve area of 2870, 1542 and 1269 hectare was effected by the forest fires respectively. There was abnormal increase in the fire incidence from 31 to 102 in Kanha and from 4 to 40 in Bandhavgarh during the year 2003-04. Further the preparedness of the reserves was not adequate as the human labourers with the fire beaters was the only mechanism being used for fighting fire and Rs. 4.41 crore was expended under wages during the period 2000-05. No fire fighting equipment was purchased during the above period by any of the reserves.

3.3.8.9 Pendency of Wildlife offences**Pending court cases**

Poaching and illegal trade of wild animals emerged as one of the serious threats to the wildlife and in order to have effective control, the Ministry of Environment and Forest (GOI) in its report of August 1994 specially recommended that pending court cases of wildlife offences/crimes need immediate attention to overcome the pendency of court cases and the State Governments were directed to provide adequate professional skills to the front line staff in the prosecution matters related to wildlife. Besides, though the Subarmanian Committee and the National Wildlife Action Plan 2002-16 specially stipulated setting up of special courts for the expeditious disposal of forest offence cases registered under the Protection Act, no such courts were however established in the State.

As per an affidavit filed by the MOEF, New Delhi (August 2000) in the Supreme Court, the State Government had agreed to consider establishment of Forest stations on the pattern of police Stations/creation of strike forces on the pattern of Provincial Armed constabulary. During scrutiny of records it was seen that no such orders were issued for the establishment of Forest Stations or strike forces by the State Government.

3.3.8.10 Discrepancies in estimation of herbivore population**Abnormal increase in herbivore population**

Audit scrutiny revealed abnormal rates of growth of herbivore Population in Panna Reserve which ranged from 258 to 318 per cent during the period 2000-05. In Bandhavgarh Reserve it registered an increase of 53 per cent during 2000-03 and thereafter showed a decrease of 40 per cent in the year 2003-04. Similarly, in Satpura Reserve the population decreased from 11945 in 2000-01 to 6143 in 2003-04; it again increased to 9450 (54 per cent) in 2004-05. The details of Herbivore Population in three reserves are tabulated below:

Year	Bandhavgarh	Satpura	Panna
2000-01	29,801	11,945	7,199
2001-02	45,087	8,235	27,901
2002-03	45,087	7,976	30,161
2003-04	27,187	6,143	28,700
2004-05	29,272	9,450	25,829

Change in methodology from direct counting to pellet count and line transect methods (Panna) and from pellet count to block count and line transect methods (Satpura) has been cited as the reason for sharp increase in herbivore population.

In view of discrepancies in estimation of herbivore population there is an urgent need to streamline the process of estimation of herbivore population.

CWLW in reply has stated that attempts were being made to streamline the estimation process and to follow one single methodology in all the protected areas with the help of WII, Dehradun.

3.3.8.11 Deficiencies in methodology of census

It was noticed that estimation of tigers was being done by capturing pugmarks on glass tracings and plaster cast method since inception, which is not considered a fool proof methodology by experts. Other scientific methods like camera trapping, DNA analysis etc. were not used. Also, the pugmark samples collected each year were not compared to confirm whether the same tigers continued to exist in the reserve or had moved.

3.3.9 India Eco-Development Project

3.3.9.1 Funding Pattern

The scheme was implemented as an externally aided Centrally Sponsored Plan Scheme (CSS) of the GOI. All funds to the Protected Area were transferred through the State Government. Funds were released by the GOI on receipt of Annual Plan of Operations prepared for the Protected Area. The recurrent cost of staff salary was to be borne by the State Government. Project beneficiaries were also required to contribute (25 per cent) towards creation of village development funds.

3.3.9.2 Sources and application of funds

Detailed data about sources and application of funds and component wise savings by the Pench Tiger Reserve is depicted in table given below:

(Rupees in lakh)

Year	Amount required as per APO	Amount of Central Assistance to be provided	Total amount of Central Assistance released including revalidation	Expenditure excluding pay of staff and villager contribution	Savings (-) Excess (+)
2000-01	1138.53	952.80	617.65	461.84	(-) 155.81
2001-02	1458.00	800.00	800.00	477.21	(-) 322.79
2002-03	1019.00	862.00	862.00	634.22	(-) 227.78
2003-04	513.35	423.21	478.70	478.70	-
2004-05	213.77	170.00	65.45	67.22	(+) 1.77
Total	4342.65	3208.01	2823.80	2119.19	(-) 704.61

3.3.9.3 Eco-development under IEDP

Eco-development is an integral part of Tiger Reserve development. Through eco-development activities, the interests of the tiger can be dovetailed with the

need of the people sharing habitat with tigers. India Eco-development Project (IEDP) funded by external sources was operated for eco-development in the Pench Tiger Reserve. Audit observed deficient planning and inefficient execution of the project resulting in avoidable and infructuous expenditure and non-accrual of benefits to the targeted groups in many cases.

3.3.9.4 Deficiencies in micro planning

The Staff Appraisal Report (SAR) of the IEDP stipulated that participatory micro plans were to be prepared for implementing various activities like construction of ponds wells, dams, farm bunding biogas plants, alternative employment sources under the 'Village Eco-development' component of the project. Audit revealed that during 2000-01, 34 Eco-Development Committees (EDC) spent Rs. 44.69 lakh on activities that were not included in the micro plans and on the other hand activities amounting to Rs. 71.54 lakh, which were included in the micro plans, were not undertaken at all by these Eco Development Committees during 2000-01. During 2001-05, these 34 Eco Development Committees spent Rs. 221.72 lakh without even preparing micro plans defeating the objective of involving local communities through preparation and implementation of micro plans. The PCCF (Wild life) stated in October 2006 that on the basis of new demand few works of micro plan were not implemented and some new works approved by World Bank were taken. It was also stated that since the period of IEDP was extended, there was no need of preparing separate micro plan for extended period. Reply is not acceptable as IEDP stipulations were not adhered to.

3.3.9.5 Incomplete coverage of Energy Conservation measures

To ease the pressure on the Tiger Reserve for fuel wood, it was decided by Pench Tiger Reserve authorities to reduce fuel wood consumption by 50 percent. This was to be achieved by installation of biogas plants for 5,100 families during 2000-05. Against the target of 5,100 families, biogas plants for only 1288 families (25 percent of the target) could be installed during the period. CWLW in reply has stated (October 2006) that during the implementation it came to the notice of Park Authority that only few families could support the Biogas units. Evidently the projections were not based on realistic data.

3.3.9.6 Non-recovery of interest free loan

The Pench Reserve Management had provided Rs. 26.03 lakh of interest free loans to 142 landless members of the Eco Development Committees during 2000-05. The loans were provided out of the Village Eco-Development Fund created by villagers' contribution (25 per cent) and matching contribution by GOI (75 per cent). The loans were to be repaid in easy monthly installments. It was noticed in audit that only Rs. 2 lakh out of Rs. 26 lakh could be recovered till December, 2005. Non-recovery of Rs. 24 lakh deprived the Eco-Development Committees for additional investment opportunity that was envisaged under the project.

Objective of setting up of laboratory not achieved

3.3.9.7 Infructuous expenditure on construction of veterinary laboratories

The Pench Reserve Management had incurred Rs. 18.35 lakh (1998-2003) for constructing three buildings for using as field veterinary laboratories. Lab equipments such as freezers, generators etc. worth Rs. 4 lakh (2000-03) were also purchased. Audit observed that these buildings could not be put to proper use because neither any pathologist/lab assistant was posted nor were any required instruments were stocked after 2002-03. No records about the functioning of the labs were available. Thus, the objective of setting up of laboratories was not achieved thereby rendering expenditure of Rs. 22.35 lakh as infructuous.

3.3.10 Monitoring and evaluation

The Wild Life Protection (Amendment) Act, 2002 provided for constitution of State Board for Wild Life (SBWL) that would meet twice in a year for advising the State Government on matters of wildlife conservation and protection. In Madhya Pradesh, the State Wild Life Board held only two meetings since September, 2003. GOI had directed the States (September, 2001) to form a Monitoring and Evaluation Committee for monitoring and evaluation of initiatives executed under the Project. The committee was to be constituted with representation from the PCCF office, field units and regional CCF offices. The State Government had not set up any such committee.

3.3.11 Conclusion

The performance review of five tiger reserves for the period from 2000-2005 revealed that the planning process was found to be deficient as even after 23 to 30 years of initial notification, the basic objective of providing inviolate environment to wildlife in the core zone of Tiger reserve could not be achieved. There were persistent savings under the various activities which resulted in non-achievement of the set targets and non-percolation of the benefits. Besides there was excess expenditure under the various activities which was not got regularised. Adequate attention was not paid for the conservation and protection measures such as weed, grass land, fire protection measures and availability of adequate arms and ammunition. Discrepancies were noticed in estimation process of herbivore population and no scientific/reliable methods were observed for the tiger census. IEDP was not implemented as per plan and there were shortfalls in achievement of targets under energy conservation measures and infrastructure creation for providing veterinary care. Monitoring mechanism was inadequate and weak.

3.3.12 Recommendations

- Each Tiger Reserve should have a well formulated Management Plan, clearly identifying long and medium term goals and it should be ensured that the Annual Plans of Operation are based on Management Plans and these are submitted in time to the GOI for obtaining timely release of funds.

- Compartment Histories should be updated annually to serve as a credible source of wildlife information for planning purposes.
- Letter of Credit system should be introduced to strengthen budgetary control and to avoid wide spread excess expenditure over annual allotments by the Tiger Reserves.
- The Government should make firm commitment to relocate the families from the core and buffer areas of Tiger Reserves and should draw a comprehensive resettlement plan for this purpose. Final notification of all the Tiger Reserves in the State should be done in a time bound manner and effective steps need to be taken to evict the encroachments.
- Efforts should be made to improve communication and intelligence network; and to provide adequate arms and ammunition to the project personnel.
- Techniques of tiger census and estimation of herbivore population need to be refined so that their reliability is enhanced. More reliable and scientific techniques such as Camera trapping and DNA analysis for estimating the number and monitoring the movement of tigers may be introduced.

**WATER RESOURCES AND NARMADA VALLEY
DEVELOPMENT DEPARTMENTS**

**3.4 CONSTRUCTION OF IRRIGATION PROJECTS WITH
NABARD LOAN**

Highlights

Six hundred twenty seven projects of Water Resources Department (WRD) and thirty-five projects of Narmada Valley Development Authority (NVDA) were sanctioned with National Bank for Agriculture and Rural Development (NABARD) loan at a total outlay of Rs. 1418.17 crore and Rs. 1163.25 crore to create additional irrigation potential of 2.98 lakh hectare (ha) and 2.51 lakh ha respectively till March 2006. Rs. 161.26 crore and Rs. 74.46 crore were unauthorisedly spent in excess of the sanctioned cost by WRD and NVDA respectively due to incorrect estimation. Thirteen projects of WRD on which Rs. 2.07 crore was spent were abandoned due to infeasibility and other constraints. Possibility of completion of 12 projects is remote due to uncertain position of forest clearances. The implementation of the much needed programme was tardy because 232 projects of WRD and 32 projects of NVDA were still in pipeline. Work on 51 projects of WRD was not started. Rupees 249.70 crore and Rs. 83.91 crore spent by WRD and NVDA respectively on unapproved items of works were disallowed by NABARD. Investment of Rs. 75.19 crore on construction of 12 projects was nugatory/ill conceived, as they did not yield envisaged benefits. The utilization of irrigation potential created was 0.53 lakh ha and 0.04 lakh ha against projected potential 1.69 lakh ha and 0.51 lakh ha for schemes undertaken by WRD and NVDA respectively. Some important findings of the performance audit are given below:

Rupees 249.70 crore and Rs. 83.91 crore of WRD and NVDA respectively spent on unapproved items were disallowed by NABARD till June 2006.

(Paragraph 3.4.5.2)

Substantial shortfall in utilization of the irrigation potential was noticed in 49 Lift Irrigation Schemes completed at an expenditure of Rs. 57.29 crore.

(Paragraph 3.4.6.6)

Investment of Rs. 65.78 crore has been blocked due to uneven physical progress of 38 projects.

(Paragraph 3.4.7.6)

Investment of Rs. 51.64 crore and Rs. 23.55 crore on completion of seven projects and five projects respectively was nugatory or ill conceived, as they did not yield projected benefits.

(Paragraphs 3.4.7.1 and 3.4.7.2)

Purchase of articles worth Rs. 3.05 crore from Dewas Udyog, Dewas was in violation of store purchase rules. Purchase of survey instruments of Rs. 59.56 lakh with NABARD loan was irregular.

(Paragraph 3.4.7.4)

Debitable cost of Rs. 4.32 crore was not recoverable from contractors due to deviation from the agreements.

(Paragraph 3.4.7.5)

3.4.1 Introduction

The Government of India (GOI) has set up a Rural Infrastructure Development Fund (RIDF) in 1995-96 to be operationalised by National Bank for Agriculture and Rural Development (NABARD) for financing as well as motivating the State Governments to take up implementation of the on going as also the new infrastructure projects in the rural areas as a crash programme. The irrigation potential in the State was 39.6 per cent (1997-98) of the net sown area (NSA) as against the national average of 65.2 per cent for the same base year. With a view to create additional irrigation potential, the State Government decided (April 1995) to complete 855 incomplete irrigation projects of WRD with NABARD loan for unlocking of sunken investments of Rs. 3377.04 crore already made in order to realize their full benefits. Subsequently in 1996-97 NVDA also decided to avail NABARD loan facility for creation of additional irrigation potential.

3.4.2 Organisational set-up

The WRD is headed by a Principal Secretary (PS) at Government level. Seven Chief Engineers (CE)^{§§§§§§} working under the Engineer-in-Chief (E-in-C) are responsible for implementation of projects. NVDA is a high power body with a Chairman and six Members for Engineering, Finance, Power, Planning, Environment & Forest and Rehabilitation. In case of NVDA three CEs^{*****} working under the Member, Engineering were responsible for implementation of projects. The Water Resources (WR) Divisions and Narmada Development (ND) Divisions of the WRD and NVDA headed by the Executive Engineers (EE) are executing the projects respectively under the direction and control of Superintending Engineers (SE) of circles.

3.4.3 Audit objectives

The performance audit of construction of irrigation projects with NABARD loan was conducted with a view to assess whether:

- the funds were utilized efficiently and economically;
- systematic planning was done in fixation of the targets and their achievement;
- execution of the projects was managed efficiently and effectively with due adherence to quality standards;
- the monitoring, control and evaluation were effective.

^{§§§§§§} Narmada Tapi Basin, Indore, Chambal Betwa Basin, Bhopal, Operation & Maintenance, Bhopal, Wain Ganga Basin, Seoni, Dhasan Ken Basin, Sagar, Yamuna Basin, Gwalior and Ganga Basin, Rewa.
^{*****} CE, RABLS Jabalpur, CE Lower Narmada Basin, Indore and CE (Power), Bhopal.

3.4.4 Scope of audit

The records in the office of the E-in-C WRD, seven CEs and 10 divisions out of 43 divisions and three CEs of NVDA and four divisions out of 10 divisions were test checked in audit from May 2006 to September 2006. Of the 662 projects (WRD 627 projects and NVDA 35 projects) 335 projects were test checked. Rupees 758.51 crore was spent as of June 2006 on the test checked projects, which was 40.45 per cent of the total expenditure that was incurred on these irrigation projects that were financed by NABARD. Further for these test-checked projects NABARD loan of Rs. 877.97 crore was availed which was 38.86 percent of the total sanctioned NABARD loan.

3.4.5 Funding pattern

3.4.5.1 Utilisation of funds

For execution of projects allotment was made in budget and expenditure incurred there against was claimed on monthly basis from NABARD. Financing by NABARD up to 90 per cent of the project cost incurred on the sanctioned projects by the Government was on reimbursement basis, which was repayable in seven years in five equal installments commencing from 3rd year of the sanction of loan. The interest on loan was payable from date of release on quarterly basis and the rate of interest depended upon the agreement entered in for specific tranche ranging from 6.5 per cent to 13 per cent.

Loans of Rs. 843.76 crore and Rs. 664.66 crore were released by NABARD till June 2006 against cumulative sanction of Rs. 1246.36 crore and Rs. 1012.78 crore leaving a gap of Rs. 402.60 crore and Rs. 348.12 crore for WRD and NVDA respectively. Financing of projects of tranche I to V has ended on June 2006 and unavailed loan of Rs. 60.94 crore also lapsed. FD and NABARD had also expressed their concern on poor monitoring of the programme.

Two hundred thirty two projects of WRD were incomplete as of June 2006 that included 7 and 11 projects of tranche III (1997-98) and IV (1998-99) respectively. In 113 schemes out of 232, the proposals for land acquisition had not been submitted, whereas in 108 schemes the process of land acquisition was in progress. The work on 51 schemes has not started for want of land acquisition or various other constraints. The work of Mini hydel power project of 15 MW in Khandwa sanctioned (2001-02 tranche VIII) at an outlay of Rs. 62.01 crore had not started and mobilization advance of Rs. 7.02 crore obtained (2002-03) had also remained unutilized.

3.4.5.2 Expenditure on unapproved items of works

Appropriate administrative and financial control was not in place to secure optimum utilization of funds. Funds were also not released by State as per sanctioned cost of the projects. NABARD had reimbursed the amount spent in accordance with terms and conditions agreed upon. Rs. 249.70 crore spent by WRD and Rs. 83.91 crore spent by NVDA on unapproved items of works, excess over sanctioned cost, wages of work charged/daily wage staff and petty purchase during 1995-96 to 2005-06, were disallowed by NABARD. Tranche wise amounts disallowed are given in **Appendix 3.6**. It has disturbed the entire

The implementation of the programme was tardy. Work in 51 projects had not been started. In 113 projects proposal to acquire land was under process.

Rupees 249.70 crore spent by WRD and Rs. 83.91 crore by NVDA on unapproved items of work was disallowed by NABARD

economics of the projects. The FD had expressed (May 2005) their concern on this matter. Fact remains that close monitoring, adherence to schedule, approval of deviations by competent authority could alone have prevented such cases of non reimbursement by NABARD and these steps were however, not found to have been adequately taken.

3.4.5.3 Non-accountal of interest element

Interest paid on loan was neither debited to the cost of the project nor considered for evaluating the economic return rate of the projects.

The project wise amount of interest paid on the loan was not available. The element of interest was neither debited to cost of projects nor was it considered for evaluating benefit cost (BC) ratio and economic rate of return (ERR) of the projects. Further, rate of interest for earlier tranches (tranche –I 1995-96 13%, tranche-II & III 1996-98 12%) was higher as compared to subsequent tranches (tranches IV to VII 1998-2002 7%, tranches VIII to XI 2002-2006 6.5%). The extensions of implementation period of the projects, therefore, attracted additional interest liability at higher rates besides denial of envisaged benefits due to non-completion. The E-in-C admitted (July 2005) the fact and assured that element of interest would be considered in future.

3.4.5.4 Unauthorised sanction of extra items

Work of additional quantities for Rs. 7.40 crore was executed without Government sanction.

The agreement lays down that specific sanction of Government has to be obtained if quantities of any item exceeds by 30 per cent of the estimated quantity or Rs. 15 lakh. A test check in audit disclosed that in 10 cases⁺⁺⁺⁺⁺ the quantities exceeded were as high as 861 per cent but instead of obtaining Government sanction it was chosen to get the work of Rs. 7.40 crore done on separate contracts. Commencement of work on extra quantity without obtaining sanction of Government was not only irregular but also had adverse implication on economic feasibility of projects.

3.4.5.5 Delay in submission of project completion certificate

Audit scrutiny revealed that completion reports (Appendix 2.27 of the Manual) justifying and as also regularizing expenditure in excess of sanctioned estimates were not submitted through Accountant General as laid down in Works Manual.

PCRs were not submitted through AG duly regularising excess expenditure.

The project completion certificates (PCRs) in respect of 63 projects⁺⁺⁺⁺⁺ reported complete between June 2002 and March 2006 were awaited despite several reminders by the E-in-C / NABARD. The CE, BODHI also reported (November 2005) that completion drawings and completion reports in proforma prescribed by CWC were awaited.

The E-in-C has assured (October 2005) in reply that instructions have been issued to all the CEs and EEs to submit the completion certificates of the projects to Accountant General within a month.

⁺⁺⁺⁺⁺ Kaka Saheb Gadgil-Mandsaur Rs. 0.71 cr, Junapani-Khargone Rs. 0.35 cr, Satkinalla-chhindwara Rs. 0.31 cr, Kevlari-Raisen Rs. 0.16 cr, Shankarpura-Rajgarh Rs. 0.16 cr, Shahpura distributory-Narsighpur Rs. 1.80 cr and Rs. 0.47 cr, Andia Kandel-Narsighpur Rs. 2.25 cr, Gawlan Khargone Rs. 0.94 cr, Navalpura-Khargone Rs. 0.25 cr.
⁺⁺⁺⁺⁺ CE N/T Basin, Indore (31), CE Dhasan Ken Basin, Sagar (4), CE Yamuna Basin, Gwalior (2), CE Wain Ganga Basin, Seoni (8), Chambal Betwa Basin Bhopal (16), Operation & Maintenance Bhopal (2).

3.4.6 Planning

3.4.6.1 Non-achievement of targets

Out of 627 projects of WRD and 35 projects of NVDA, 382 projects of WRD and 3 projects of NVDA could only be completed.

There were 855 incomplete irrigation projects of WRD but construction of 627 projects including 349 new projects at a sanctioned cost of Rs. 915.40 crore was taken up with NABARD loan under tranche I to XI at a total outlay of Rs. 1418.17 crore (NABARD loan Rs. 1246.36 crore and State share Rs. 171.81 crore) during 1995-96 to 2005-06 to create additional irrigation potential of 2.98 lakh ha. Three hundred eighty two projects were reported complete and 232 projects were in progress as of June 2006. An expenditure of Rs. 1087.75 crore has been incurred so far (June 2006). Thirteen projects have been abandoned.

Construction of 35 projects including two mini hydel power projects of 10 and 15 MW of NVDA was taken up with NABARD loan under tranches II to X at a total outlay of Rs. 1163.25 crore (NABARD loan Rs. 1012.78 crore and State share Rs. 150.47 crore) between 1996-97 and 2004-05 to create additional irrigation potential of 2.51 lakh ha. Three projects were reported complete at a cost of Rs. 48.31 crore and irrigation potential of 0.51 lakh was created. Thirty-two projects were in progress on which Rs. 738.92 crore was spent as of June 2006. The tranche wise position of projects sanctioned, loan sanctioned and released, amount spent, amount disallowed and projected irrigation potential is given in **Appendix 3.6**.

3.4.6.2 Delay in availing of loan

According to terms and conditions of NABARD loan, each project was to be completed within two to three years. The position of NABARD loan sanctioned for 627 projects of WRD and amount of loan availed as well as targets fixed to complete the projects and actual achievement was as under:

(Rupees in crore)

Year	Sanctioned		Amount of Loan availed	Projects completed	Shortfall in loan	Shortfall in Project
	Loan	Projects				
Upto 2000-01	534.91	343	480.00	150	54.91	193
2001-02	73.70	25	64.72	61	8.98	157
2002-03	142.04	55	109.71	63	32.33	149
2003-04	175.97	73	104.32	37	71.65	185
2004-05	143.66	83	66.21	19	77.45	249
2005-06	176.08	48	18.80	52	157.28	245*
Total	1246.36	627	843.76	382	402.60	232

* Thirteen projects have been abandoned, 28 and 48 projects are targeted to complete by March 2007 and March 2008 respectively.

As could be seen the progress in availing of loan was very tardy. Further there were delays in execution of the projects. As against 156 projects to be completed during 2005-06 only 52 projects were completed. The projects were not being implemented even within the extended tranche period due to abnormal delays in land acquisition and also delays in finalizing the executing agencies. The targets fixed were unrealistic to achieve the projected objectives. NABARD had also reiterated their concern on the slow pace of implementation of the projects.

The E-in-C admitted (October 2005) that delay in completion of projects resulted in increase of interest liability besides denial of irrigation benefits.

3.4.6.3 Inadequate survey and inaccurate estimation

Rupees 161.26 crore by WRD and Rs 74.46 crore by NVDA were spent in excess over the sanctioned cost due to inadequate survey and inaccurate estimation.

According to terms and conditions of NABARD loan the project should be technically feasible, financially viable, and economically beneficial with high priority. The State Government directed the department (December 2002 and June 2003) to submit technically sound and economically feasible schemes. It was observed in audit that there has been substantial increase in cost due to high cost of land compensation, increase in quantities, additional/extra items during the course of execution of projects due to inadequate survey or unrealistic estimation which contributed to delay in completion, and denial of irrigation facilities to the beneficiaries. NABARD also opined (December 2002 and June 2003) that the projects were proposed without adequate scrutiny. Scope of projects was also revised in implementation stages without obtaining approval of proper authority.

NABARD sanctioned loan of Rs. 228.74 crore on 69 projects of WRD but Rs. 390 crore was spent on these projects as of June 2006. Thus, Rs. 161.26 crore spent in excess of the sanctioned cost due to inadequate estimation of land compensation, additional/extra items was unauthorized. The estimates were revised to Rs. 408.95 crore but sanctions were awaited as of June 2006.

Similarly it was observed that even after obtaining sanction for revision in cost of 3 projects^{§§§§§§§§} of NVDA from Rs. 179.26 crore to Rs. 231.91 crore (March 2003), an amount of Rs. 21.81 crore was incurred over and above the revised cost. It was irregular to provide allotment of funds and issue of LOCs in excess of the revised sanctions.

3.4.6.4 Selection of unfeasible projects

Thirteen projects sanctioned with an outlay of Rs. 8.80 crore were abandoned after incurring an expenditure of Rs 2.07 crore as these were not feasible.

Thirteen projects^{*****} sanctioned between 1995-96 and 2003-04 at an outlay of Rs. 8.80 crore to create additional irrigation potential of 2336 ha were abandoned (February 2002 to May 2005) being not feasible and other constraints when Rs. 2.07 crore had already been spent besides interest liability on loans. One more project^{††††††††} was also proposed to be abandoned.

The FD directed (October 2004) that WRD should fix the responsibility and take action for taking up of projects without planning and obtaining mobilization advance from NABARD. No action was however found to have been taken as of June 2006.

3.4.6.5 Construction of uneconomic project

The cost of construction exceeded the prescribed ceiling of Rs. 1 lakh per hectare in 41 cases.

Cost of construction was one of the important criteria for selection of projects. It was not to exceed Rs. 0.75 lakh per ha (up to March 2002) and Rs. 1 lakh per ha from May 2002 onwards. Audit scrutiny revealed that the cost of construction exceeded the prescribed ceiling in as many as 41 cases as detailed in **Appendix 3.7** that disturbed the entire economics of the projects and many of them were incomplete as revised sanctions were awaited. The investment of Rs. 128.06 crore has remained unfruitful. The escalation in cost was also not

^{§§§§§§§§} Man Project (Dhar), Jobat Project (Jhabua) and RABLS (Jabalpur).

^{*****} Tranche I (Bagwaj LIS Morena, Bawli Mandla, Parheta Khandwa, Simaria No.2 Gwalior) Tranche II (Budhana Seoni), Tranche III (Mangora Betul), Tranche IV (Funga and Khodary Shahdol, Van LIS Vidisha, Sahastradhara Khargone and Talatali Seoni) Tranche IX (Biralai and Julwani Khargone).

^{††††††††} Nimoni tank (tranche X) in Khargone.

reimbursable. The E-in-C also assured (October 2005) that all the CEs have been reminded to obtain revised sanction of the Government.

3.4.6.6 Implementation of Lift Irrigation Schemes

Fifty two lift irrigation schemes (LIS) were taken up with NABARD loan tranche I to IV and forty nine of these were reported complete during 1996-97 to 2005-06 at a cost of Rs. 57.29 crore including NABARD loan of Rs. 45.85 crore. The irrigation potential created was 18470 ha but actual utilization of potential was as low as 55 ha in 2005-06 and as high as 1109 ha in 2000-01. There was no irrigation from 18 LIS*. Looking at the abysmal performance and heavy recurring maintenance cost of LIS the WRD decided (May 1999) that all the LIS of the Department be transferred to respective societies by June 2000 and no new LIS be sanctioned. Even then six more LIS at an outlay of Rs. 9.22 crore were taken up with NABARD loan under tranche VIII and X to create additional irrigation potential of 2982 ha. Rupees 4.25 crore was spent on these six LIS as of June 2006. In view of limited utility of LIS, investment in new schemes was unwarranted.

Rupees 57.29 crore spent on 49 LIS to irrigate 18470 hectare did not yield the desired results.

3.4.6.7 Unrealistic sanction of projects

The Government decided (March 2002) that in minor schemes with irrigation potential from 40 ha to 200 ha, construction of canals or lifting of water by pumps and their maintenance would be done by the cultivators at their own. Water rates applicable for LIS would also be recovered by WRD.

Sanction of nine projects at an outlay of Rs. 7.05 crore with expectations from the cultivators to lift the water from dam at their own cost and bear the cost of maintenance was not realistic.

Nine projects⁺⁺⁺⁺⁺ involving lifting of water by pumps with an outlay of Rs. 7.05 crore were sanctioned with NABARD loan to provide irrigation in 1255 ha. Rupees 5.87 crore was spent as of March 2006. Four projects⁺⁺⁺⁺⁺ were reported complete (March 2006) and five⁺⁺⁺⁺⁺ were in progress. The possibility of translation of expectations of the Government in to action is very remote looking to the poor performance of the completed LIS in light of their high operation and maintenance cost.

3.4.6.8 Projects incomplete for want of forest clearance of land

Twelve projects sanctioned with an outlay of Rs. 32.06 crore to irrigate 4382 ha between September 1997 and March 2005 were incomplete in the wake of uncertain position of forest clearance as detailed in **Appendix 3.8**. The investment of Rs. 23.72 crore made till June 2006 would not yield any fruits till the projects are completed. The CE proposed (May 2005) to withdraw Kalmoda tank of Jhabua on which Rs. 75.50 lakh was spent.

Completion of 12 projects was uncertain as forest clearance of land was pending.

Amanall tank (Balaghat) was reported complete in May 2003 without transfer of 84.52 ha forest land. The case was still pending under Forest Conservation

* CE Dhasan Ken Basin Sagar-6, CE Chambal Betwa Basin Bhopal-7, CE Yamuna Basin, Gwalior and CE Ganga Basin Rewa 2 each, CE N/T Basin, Indore-1
⁺⁺⁺⁺⁺ Veda Barrage, Dedgaon, Roopkheda, Sattalai and Mejampura in Khargone, Chotiyabardi and Khobaranala in Jhabua, Sejwani in Indore and Shankarpura in Rajgarh.
⁺⁺⁺⁺⁺ Veda Barrage, Dedgaon, Roopkheda, and Sattalai in Khargone.
⁺⁺⁺⁺⁺ Mejampura in Khargone, Chotiyabardi and Khobaranalla in Jhabua, Sejwani in Indore and Shankarpura in Rajgarh.

Act 1980. The execution of the project was unauthorised and the E-in-C admitted (October 2005) that projects were taken up in anticipation of sanction of forest clearance from GOI.

Construction of part canal could not progress due to absence of forest clearance.

The construction of the Left Bank Main Canal (LBMC) and its distribution system with structures of Rani Awanti Bai Lodhi Sagar (RABLS) at Narsinghpur from Km 111.00 to 117.50 and 119.50 to 130.67 was awarded (August – November 2004) at a tendered cost of Rs. 42.66 crore. The work from Km. 117.50 to 119.50 was not awarded due to non-acquisition of 11.52 ha forest land. Though Collector, Narsinghpur ordered (May 2005) transfer of 20 ha revenue land of adjoining forest area as desired by the Chief Conservator of Forest (Land Management), Bhopal, the work has not been tendered. The non-construction of missing link will result in non-utilisation of potential created and may involve extra cost in construction of missing link due to time gap.

3.4.7 Execution of works

3.4.7.1 Nugatory expenditure

Seven projects completed at an investment of Rs. 51.64 crore between March 2000 and September 2003 did not yield projected benefits and investment therefore proved nugatory as discussed below:

Investment of Rs. 51.64 crore on construction of 7 projects was nugatory, as they did not yield envisaged benefits.

- The remaining work of Matiyari medium project in Mandla district was sanctioned (September 1995) at an outlay of Rs. 21.32 crore to utilize irrigation potential of 10120 ha already created. The work was reported (March 2000) complete after spending Rs. 10.41 crore. The work executed did not match with sanctioned scope of works. Chute fall, widening of spill channel, watercourses, field channels and drainage works, were not executed. No additional irrigation was done as was envisaged. The maximum irrigation done was 4751 ha that was achieved even before obtaining NABARD funding. Liabilities of Rs. 97.70 lakh of eight contracts executed during 1998-2000 were pending for want of allotment of funds.
- Kaka Sahib Gadgil Sagar Project in Mandsaur was sanctioned (2001-02) with NABARD loan at an outlay of Rs. 27.36 crore to irrigate 3400 ha. Rupees 35.42 crore was spent till June 2006 but no irrigation could be done due to non-construction of railway crossing across main canal at RD 3360 M. Rupees 75.85 lakh was deposited (May 2005) with Railway authority.
- Nimb tank project in Khandwa (1996-97) and Barelipar tank project in Seoni (1998-99) were stated to be complete at an expenditure of Rs. 2.10 crore and Rs. 1.41 crore in December 2001 and June 2002 respectively. Audit scrutiny however revealed that Rs. 40 lakh for Nimb tank and Rs. 21.15 lakh for Barelipar tank were deposited with Railways in February 2002 and September 2002 respectively for construction of railway crossing. Irrigation potential of 270 ha out of 445 ha from Nimb tank and 150 ha from Barelipar tank thus remained

unutilized due to non-construction of railway crossing across main canals of these tanks. The investment was thus nugatory. The CEs assured (July 2006) early completion of works.

- Utawad tank in district Khargone was constructed in 1992 to irrigate 513 ha. As its catchment area was inadequate Nimgulnala diversion project was sanctioned (1998-99) at an outlay of Rs. 1.18 crore to feed Utawad tank by diverting water of 12.5 sq km catchment area. In light of cultivator's protest the widening of Nalla was executed in 960 metre length against sanctioned 150 metre for increasing discharge of water so that the fields of farmers will not be flooded during rains. The work was reported (March 2002) complete at an investment of Rs. 1.72 crore. The widened Nalla was still insufficient to carry huge discharge of water during rains. So the fields of farmers continued to be flooded during rains and there was no increase in storage of water in or irrigation from Utawad tank as of March 2006. The EE WR Division Khargone assured (July 2006) that remaining work would be completed with State Plan Fund.
- Bagwanalla tank in Khargone was sanctioned (1997-98) with NABARD loan at an outlay of Rs. 17.79 lakh to irrigate 50 ha. The work was reported (June 2000) complete at an investment of Rs. 17.79 lakh. Created irrigation potential remained unutilized, as there was no flow of water in the river as of March 2006. The investment was nugatory due to incorrect survey of catchment areas.
- Singhantalai tank in Katni was sanctioned (1995-96) at an outlay of Rs. 33.85 lakh to irrigate 172 ha. The tank was reported (June 1998) complete at an investment of Rs. 39.70 lakh. Created irrigation potential remained unutilized, as of March 2006 due to damages in canals and its structures.

3.4.7.2 Ill conceived execution

Execution of five projects sanctioned with an outlay of Rs. 22.67 crore was ill conceived due to various constraints on which Rs. 23.55 crore was spent till June 2006 as discussed below:

Execution of five projects sanctioned with an outlay of Rs. 22.67 crore was ill conceived due to various constraints.

- Balance work of Bandianalla Medium Project in Guna district was sanctioned (1995-96) with NABARD loan at an outlay of Rs. 7.98 crore. As the funding from NABARD loan was last extended to March 2000, the work was reported complete (March 2000) after incurring an expenditure of Rs. 13.71 crore, which includes the amount spent prior to sanction of NABARD loan. However re-sectioning of canal and construction of two R-minors with structures was not completed. The sanction of canal work estimated to cost Rs. 2.73 crore sent to CE (June 2005) was still awaited (June 2006). Due to non-execution of canal work to carry designed water flow, the irrigation in only 430 ha was achieved as against envisaged potential of 2040 ha. The E-in-C had directed (July 2002) to fix the responsibility for

non-revision of canal section but no action was taken against the delinquent officers (June 2006).

- Khedi tank in Khargone sanctioned (June 1997) at an outlay of Rs. 0.60 crore to irrigate 97 ha was abandoned in March 2000 due to subjudice case of land acquisition. The project was again taken up in July 2002 and Rs. 1.20 crore was spent till June 2006 when 100 per cent headwork was completed without canal work. The case to acquire land for canal was pending (July 2006) as its command area was to overlap with the command area of Indira Sagar Project. The expenditure of Rs.1.20 crore on unviable project was thus unfruitful.
- Junapani tank in Khargone was sanctioned (2003-04) at an outlay of Rs. 2.26 crore to irrigate 259 ha. Rupees 1.63 crore was spent till June 2006. The site and drawing of spill channel technically sanctioned (October 2002) on right flank was changed (January 2005) to left flank in the light of public protest. Inadequate survey and incorrect sanction entailed extra cost of Rs. 55.64 lakh. The project was still incomplete as of June 2006. The CE N/T Basin, Indore admitted (July 2006) the facts and assured early completion of project.
- Bargoliya tank in Rajgarh was sanctioned (2002-03) at an outlay of Rs. 8.69 crore to irrigate 1134 ha. Even after incurring an expenditure of Rs. 6.38 crore on tank work and Rs. 0.23 crore on canal work, the head work was not complete and the canal work not even started (June 2006). Though Nalla closure was done in September 2005, the proposal for acquisition of 48.00 ha land for canal work was moved only in June 2006. This resulted in denial of irrigation facility to farmers. The EE WR Division, Rajgarh admitted (August 2006) the facts.
- Maniyapura tank in Rajgarh was sanctioned (2004-05) at an outlay of Rs. 3.14 crore to irrigate 315 ha. Thirty ha land acquired for the project at a cost of Rs. 0.40 crore has been encroached (May 2006) by the cultivators and work could not go ahead. The EE, WRD Division, Rajgarh admitted (August 2006) the facts.

3.4.7.3 Excess payment due to non-deduction of Shrinkage allowance

The SE, RABLS Canal Circle, Jabalpur directed (February 2002) that while laying Cohesive Non-Swelling (CNS) layer in lining work of canal, ten per cent shrinkage from the gross quantity worked out by sectional measurements should be deducted. In construction of LBMC from Km 97 to 111 and construction of Andia, Kandeli and Surghi distributaries Rs. 7.95 lakh and Rs. 36.10 lakh respectively was excess paid due to non-deduction of shrinkage. The EE, Narsinghpur stated (June 2006) in reply that no shrinkage was deducted due to execution of compacted work. The reply was not acceptable as it was not in conformity with the instructions of Superintending Engineer.

3.4.7.4 Unauthorised and irregular purchases

Irregular purchase of Rs. 3.05 crore made from Dewas Udyog Dewas without obtaining NOC from MPLUN

Purchase of MS pipes, steel aqueduct, columns and foot bridge etc. for Rs. 3.05 crore between November 2000 and July 2005 from Dewas Udyog, Dewas (a unit of the MP State Industries Corporation Limited) with the permission of CE was irregular because it was not registered with MPLUN under Store purchase rules. It was also clarified and confirmed (October 2004) by the Commerce and Industry (C&I) Department. Further, the divisions with the permission of CEs had also purchased survey instruments of Rs. 59.56 lakh with NABARD loan. Provision was not made in the sanctioned estimates of the projects for these instruments. The CE, Chambal Betwa Basin, Bhopal stated (September 2005) in reply that purchase from Dewas Udyog was made as per directions of the WRD and when letter from C&I Department was received no purchases have been made thereafter from Dewas Udyog.

3.4.7.5 Irrecoverable debitible cost

Debitible cost of Rs. 4.32 crore was not recoverable from original contractors.

The construction of canal with mild steel siphon cum aqueduct of Bagedi tank in Dhar was awarded (November 2003) for Rs. 3.84 crore to be completed in 24 months. Rupees 91.83 lakh was paid (July 2005) to the contractor. The contractor stopped the work from July 2005 but also removed the machinery from work site. His contract was rescinded (January 2006) in the wake of slow progress of work with the condition that extra cost in completing the left over balance work will be recovered from the contractor. The balance work was splitted up. The construction of canal siphon cum aqueduct was awarded (February 2006) to one agency for Rs. 5.46 crore. The construction of canal was awarded (June 2006) to another agency for Rs. 2.09 crore to be completed in 12 months. The award of siphon cum aqueducts through other agency involved extra cost of Rs. 4.32 crore as compared to tendered cost of Rs. 1.14 crore of original contractor. The extra cost was irrecoverable from the original contractor as the balance work was split up and not awarded to other agency on same terms and conditions as in original contract.

3.4.7.6 Uneven physical progress of projects

Rupees 65.78 crore spent on 38 projects did not yield any benefits due to non-construction of canal simultaneously with dam work.

Dam and canal work of the project were required to be taken up simultaneously and nalla closure should not have been done unless 75 per cent canal work is completed. Audit scrutiny disclosed that in 22⁺⁺⁺⁺⁺⁺ projects test checked the canal work has not been started whereas dam works were completed due to canal alignment not being finalized, land not being acquired and agency not fixed. In 15 cases* canal work was lagging much behind and in one case (Kalmoda Tank, Jhabua) that even though canal was completed but physical progress of dam was 30 per cent only. Consequently spending of interest-bearing loan of Rs. 65.78 crore against the sanctioned cost of

++++++ Narmada Tapti Basin, Indore-10, Chambal Betwa Basin, Bhopal-8, Wainganga Basin Seoni-2, Dhasan Ken Basin Sagar, and Yamuna Basin, Gwalior-1 each.

* Narmada Tapti Basin, Indore-9, Chambal Betwa Basin Bhopal-3, Wainganga Basin Seoni, Ganga Basin Rewa and Yamuna Basin Gwalior-1 each.

Rs. 84.63 crore did not yield any benefits to the beneficiaries due to unplanned execution of works and ineffective monitoring of the programme. The CE Narmada Tapti (N/T) Basin, Indore assured (July 2006) early completion of these projects.

3.4.7.7 Execution of sub standard work

Execution of substandard work resulted in heavy seepage and leakage in foundation of dam.

The reservoir as per instruction is required to be filled up up to 1/3rd level in first year, 2/3rd in second year and full in 3rd year on technical grounds. It was however observed that Salaiya tank in Katni district completed in June 2003 was first filled up to 0.36 M above FTL. During rains of 2003, heavy seepage and leakage below the foundation was noticed in September 2003 revealing execution of sub standard earthwork of the bund. Rupees 20 lakh spent on drilling percolation and permeability test of the dam as per sanctions accorded (March 2004) by the CE could not also solve the problem. No responsibility was fixed for execution of sub standard work and filling of reservoir above FTL during first rain in violation of the instructions.

3.4.7.8 Loss due to non-recovery of royalty charges

Government sustained loss of Rs. 8.83 crore due to non- recovery of royalty charges.

Scrutiny in audit disclosed that for construction of casing zone of earthen dams soil mixed with moorum, kankar or similar non-cohesive soil was used. However, royalty at Rs. 15 per cum included in the rates was not recovered from the contractors and furnishing of royalty clearance certificate from Mining Department was also not insisted upon. As a result, Government was put to a loss of Rs. 8.15 crore^{*****}. The CE N/T Basin stated in reply that soil available in the basin of the dam or borrow area of the department was used on which no royalty was levied. The reply was not tenable as the Collector (Mining) Dhar upheld the contention of Audit.

Construction of LBMC from Km 97 to 111 and construction of Andia, Kandeli and Surgahi distributaries were awarded (2002-03) to two different agencies. Royalty at Rs. 15 per cum for 454367.12 cum CNS material used in construction, was not recovered from contractors nor furnishing of clearance certificates from Mining Department was insisted upon. As a result, Government was put to a loss of Rs. 0.68 crore. The EE, RABLS Canal Division, Narsighpur stated (June 2006) in reply that contractor had produced no dues certificate from collector (Mining) Narsighpur. The reply was not acceptable because contractors had not furnished this required certificate for CNS material.

3.4.7.9 Water Users Associations not constituted

Water user associations have not been constituted in 50 completed projects.

According to the terms and conditions of NABARD loan, Water Users Associations (WUAs) were to be formed before the commencement of the project in each case to have active participation of farmers in irrigation

***** CE N/T Basin, Indore (95 Projects) Rs. 4.97 crore, CE Dhasan Ken Basin, Sagar (15 Projects) Rs. 0.58 crore, CE Wainganga Basin, Seoni (27 Projects) Rs. 1.65 crore, CE Chambal Betwa Basin, Bhopal (24 Projects) Rs. 0.95 crore.

management to lessen the burden of operation and maintenance and also to increase irrigation efficiency.

Scrutiny in audit revealed that in 50^{§§§§§§§§§§} cases test checked, the WUAs have not been constituted even after completion of the projects.

3.4.8 Monitoring control and evaluation

Monitoring, control and evaluation of the programme was not effective.

Progress of the programme was not being reviewed regularly in each quarter by the HPC. Monthly meeting to review the physical and financial progress of projects was conducted by the E-in-C/CEs. Result oriented remedial measures were not taken to ensure timely completion of the projects. Proper coordination amongst the different agencies for realization of desired objectives was not there. Monitoring, control and evaluation of the programme were not adequate and effective. Performance indicators and benchmarks were not prescribed to assess the effectiveness and evaluation of the much ambitious and much needed programme.

Though additional irrigation potential of 1.69 lakh ha and 0.51 lakh ha. by WRD and NVDA was created but utilization was only 0.53 lakh and 0.04 lakh ha by WRD and NVDA respectively.

3.4.8.1 Dismal performance of projects completed with NABARD loan

Completion of 382 projects of WRD and three projects of NVDA between 1996-97 and 2005-06 registered additional irrigation potential of 1.69 lakh ha and 0.51 lakh ha but the utilization was only 0.53 lakh ha and 0.04 lakh ha respectively. Performance growth was minimal in creation of irrigation facility. Thus creation-utilisation gap continued to persist. Though shortfall in utilization of irrigation potential created was attributed to (i) filling of reservoirs up to 1/3rd in first year, 2/3rd in second year and full in 3rd year on technical grounds, (ii) protective irrigation only in Kharif (iii) non filling of reservoirs due to scanty or no rains in many areas, (iv) to keep reserve the water for drinking/nistar purpose by the district administration during draught conditions, and (v) cultivation of high breed crops requiring more waters in command areas but the justifications are not fully acceptable because the construction of distributaries, field channels and on farm development etc. were neither provided in the estimates as also advised by NABARD nor executed so as to harness the irrigation potential created. Inadequate allotment of funds was noticed for the work of maintenance. Heavy recurring expenditure on petty purchase and improper attention on maintenance work as well were the other reasons for shortfall in utilization of the created irrigation potential. Consequently conditions of canal were deteriorating. A special repair in many cases was carried out from other programmes (MP/MLA, local area development funds or Special central assistance). Effective performance appraisal was not ensured. Consequently objectives of the programme remained unachieved.

^{§§§§§§§§§§} *Khargone (24 projects) Mandasour (9 projects) Dhar (7 projects) Barwani (3 projects) Khandwa (3 projects), Jhabua (2 projects) Indore and Ratlam (1 project each).*

3.4.9 Conclusion

Financial management was deficient as large amount of sanctioned loans could not be availed due to slow progress and poor monitoring. Expenditure was incurred on unapproved items of works resulting in amounts being disallowed by NABARD. Due to delay interest element had adverse impact and feasibility of projects, but the element of interest was not computed in evaluation of benefit cost ratio. Extra items were sanctioned without authorisation and there were delays in submission of project completion certificates. The projects were taken up without proper survey and on the basis of inaccurate estimates. Despite poor performance of the existing irrigation schemes, further such schemes were sanctioned and large number of projects could not progress for want of forest clearance. Large number of projects yielded no benefits due to various constraints in execution as the works were commenced without proper planning. Cases of unauthorised and irregular purchases were noticed and physical progress of the projects was not synchronised resulting in non-achievement of objectives. There were cases of execution of substandard work and due to non-recovery of royalty charges, state exchequer was put to a loss. Water Users Associations were not found to have been constituted and the overall utilisation of irrigation potential created, despite huge investments, were very low.

3.4.10 Recommendations

- The State Government may establish a meaningful communication between the implementing departments and revenue department and other Departments for early land acquisition and obtaining of expeditious forest clearances.
- In light of huge amount being disallowed by NABARD, a system should be evolved for proper vetting of estimates and strict instructions should be issued for execution of works in line with sanctions and estimates.
- The State Government should provide sufficient budgetary allocation for repair and maintenance of the completed projects based on the norms prescribed to ensure sustained availability of benefits.
- Water user associations should be formed expeditiously so as to share the burden towards operation and maintenance and to ensure active participation of farmers in irrigation.
- The progress of works should be monitored at various levels on periodic and regular basis so as to identify impediments and remove bottlenecks with an aim to complete these works in a time bound framework.

The matter was reported (October 2006) to the Government of Madhya Pradesh but reply was not received (December 2006).

Home Department

3.5 Modernisation of Police Force

3.5.1 Introduction

Modernisation of Police Force (Scheme) was introduced (1969) by Government of India (GOI), the Ministry of Home Affairs (MHA) to improve the efficiency of Police force, and remove the deficiencies in infrastructure viz., buildings, mobility, communication, weapons, training, Forensic Science laboratory (FSL), Finger Print Bureau (FPB), security equipment, computerisation and office automation to enable the state police to deal with the growing crime, terrorist and naxalite activities and meet the internal security threat effectively on cost sharing basis. At Government level, Principal Secretary, Home Department was responsible for the implementation and monitoring of the scheme. The State Level Empowered Committee (SLEC) constituted under the chairmanship of Chief Secretary was responsible at apex level, to finalise the Annual Action Plans (AAPs) and monitor the implementation of the scheme. At the department level Director General of Police (DGP) Additional Director General (ADG) (Communication), Director FSL and MD Police housing corporation (MPPHC) and at district level Superintendent of Police (SP) were responsible for implementation of the scheme.

3.5.2 Financial management

The funding under the Modernisation scheme was to be shared in the ratio of 50:50 percent by the Central and State Governments upto 2002-03. The Central share comprised 50 percent as grant and 50 percent as loan. For 2003-04 and 2004-05 the funding pattern was revised to 60:40. From the year 2005-06 the Central assistance was increased to 75 per cent as grant.

The details of plan approved, funds released by the GOI and State Government and expenditure incurred thereagainst during 2000-06 were as under:

(Rupees in crore)

Year	Approved Plan	Central Share		State Share		Central release	State release	Total (Co.7+8)	Total Expenditure	Balance
		Percentage	Amt	Percentage	Amt.					
1	2	3	4	5	6	7	8	9	10	11
2000-01	108.97	50	54.49	50	54.48	54.49	58.04	112.53	10.00	102.53
2001-02	106.00	50	53.00	50	53.00	53.00	53.07	106.07	81.56	24.51
2002-03	106.00	50	53.00	50	53.00	51.33	51.33	102.66	57.19	45.47
2003-04	98.07	60	58.84	40	39.23	48.24	40.32	88.56	80.95	7.61
2004-05	99.74	60	59.84	40	39.90	42.07	28.05	70.12	189.23	(-)119.11
2005-06	104.24	75	78.18	25	26.06	30.29	10.10	40.39	71.45	(-)31.06
	623.02		357.35		265.67	279.42	240.91	520.33	490.38	29.95

Balances at the year end were transferred to civil deposit after approval of the Finance Department (FD).

3.5.2.1 Shortfall of Central share and short utilization of funds

The GOI share of Rs. 77.93 crore could not be availed by the State Government due to slow progress of programme implementation

Against sanctions of Rs. 623.02 crore for 6 annual plans, GOI share was Rs. 357.35 crore, but due to slow progress of the programme implementation, GOI released only Rs. 279.42 crore. Thus the GOI share of Rs. 77.93 crore could not be availed by the State Government for implementation of scheme.

Out of total assistance of Rs. 520.33 crore released during 2000-06 department could not utilize Rs. 29.95 crore as of March 2006. Further out of Rs. 490.38 crore shown as expenditure, Rs. 159.42 crore was lying with the construction agencies* as of March 2006.

Inflated reporting of expenditure by Rs. 159.42 crore which was lying with construction agencies.

The State Government, however, reported the entire amount as expenditure and utilization certificates were issued to the GOI. This resulted in inflated reporting of expenditure by Rs. 159.42 crore which was lying with construction agencies.

3.5.2.2 Non-refund of unspent balance

The unspent balance of Rs. 0.76 crore, out of Rs.4.72 crore provided for 103 buildings, was not refunded by the agencies.

Construction of 103 residential and non-residential buildings was completed and handed over during May 2003 to September 2005 by MPPHC by incurring an expenditure of Rs. 3.96 crore. However, the unspent balance of Rs. 0.76 crore, out of Rs. 4.72 crore provided for these buildings, was not refunded to the Department by MPPHC.

The Department instructed (July 2006) the construction agencies to refund the balance amount. However, the same had not been refunded as of August 2006.

3.5.3 Housing

MPPHC earned an interest of Rs. 11.45 crore during 2000-06 on funds provided to them for construction works and utilised the same to meet out their own expenses.

The scheme laid special emphasis on construction of residential, administrative and other buildings with a view to providing a better working environment to the police personnel and an amount of Rs. 243.74 crore was released to construction agencies during 2000-06 for construction of buildings against which an expenditure of Rs. 84.32 crore was incurred as of June 2006. The balance amount (Rs. 159.42 crore) was lying with the construction agencies.

MPPHC parked the fund with the Banks and earned interest of Rs. 11.45** crore during 2000-06 on the funds provided to them for construction work and it was utilized by them to meet out their own expenses. The position of construction of buildings is discussed in the succeeding paragraphs.

* M.P. Police Housing Corporation (Rs.155.17 crore), M.P. Housing Board (Rs. 2.21 crore), PWD (Rs. 0.49 crore), RES (Rs. 1.55 crore).

** (Rs. 0.46 crore in 2000-2001, Rs. 1.77 crore in 2001-2002, Rs. 2.21 crore in 2002-2003, Rs. 0.89 crore in 2003-2004, Rs. 2.68 crore in 2004-05 and Rs. 3.44 crore in 2005-06).

3.5.3.1 Completed buildings not handed over to the Departments

Seventy eight completed buildings costing to Rs. 15.76 crore were not handed over to Department

Construction of 6080 buildings were taken up during 2000-2006 at a cost of Rs. 243.74 crore of which 1739 buildings pertaining to the year 2000-03 were completed by incurring an expenditure of Rs. 62.44 crore of which 78 buildings costing Rs. 15.76 crore (MPPHC-6 buildings Rs. 0.94 crore, MPHB-34 buildings Rs. 10.49 crore and PWD-38 buildings Rs. 4.33 crore) completed during February 2004 to August 2005 were not handed over to the Department by the construction agencies as of August 2006. The buildings included 44 thana bhawans in 23 districts, 18 administrative buildings in 12 districts and 293 residential buildings in 10 districts as per details given in **Appendix 3.9.**

3.5.3.2 Delay in construction of buildings

Construction of 868 works remained incomplete even after incurring expenditure of Rs. 12.82 crore.

The construction of 868 buildings costing Rs. 37.56 crore sanctioned during 2000-03 and taken up during 2001-05 was however incomplete as of August 2006 after incurring an expenditure of Rs. 12.82 crore. The scrutiny of records revealed that the work of these buildings was started very late due to the fact that funds for the years 2000-01, 2001-02 and 2002-03 were released to the agencies in August 2001, October 2002 and March 2005 respectively. Though these works were started in October 2001 to March 2005, these could not be completed even after lapse of more than three years.

These works mainly included 218 residential quarters pertaining to the year 2000-2001 and 2001-02 at Dhar, Satna, Katni, Sheopur, Morena and Mandsaur districts on which expenditure of Rs. 4.06 crore was incurred. Similarly five administrative buildings, 22 thana bhawan and 14 other buildings remained incomplete in Bhopal, Indore, Sheopur, Bhind, Shivpuri and Umariya on which expenditure of Rs. 2.12 crore was incurred. At Dhar, work for 54 residential quarters was sanctioned at the cost of Rs. 1.48 crore and after incurring an expenditure of Rs. 0.90 crore upto October 2005 the contract of work was cancelled in October 2005 and process for re-tendering was in progress as of August 2006.

On the above being pointed out the Department stated (July 2006) that no time limit was prescribed to complete these works. However, the agencies were being regularly directed to complete the work at the earliest in the monthly meetings. The reply was not tenable as the monitoring with construction agencies was not effective and works sanctioned more than five years back had also remained incomplete.

3.5.3.3 Non-commencement of construction works

The work of 2658 buildings was not started inspite of timely release of funds to the agencies.

Construction of 2658 buildings costing Rs.109.75 crore sanctioned during 2000-06 (01 building in 2000-01, 03 in 2001-02, 752 in 2002-03, 333 in 2003-04, 1053 in 2004-05 and 516 in 2005-06) could not be started as of June 2006 for want of administrative approval (444), finalisation of drawing, designs and estimates (162), finalisation of tender (451), non-availability of land (1557) and other reasons (44). This was despite the fact that Rs.109.75 crore were

already released to the construction agencies*. The main works where the construction had not commenced include one thana bhawan each at Bhopal, Jhabua, Barwani, and Satna, quarters at Shivpuri (80), Gwalior (53) and Morena (13) and administrative buildings at Dhar (02) and Dabri Chowki (01).

3.5.4 Procurement of vehicles

3.5.4.1 Insufficient number of drivers

There are 932 Police Stations (PSs) in the State. At the beginning of the year 2000 only 16 percent PSs were equipped with vehicles. During the period of 2000-2005 total 3737 vehicles were purchased by the Department by incurring an expenditure of Rs.110.90 crore and all the PSs were provided with vehicles.

In the eight** test checked districts there were 287 vehicles in the year 2000 and after implementation of scheme 401 additional vehicles were provided to these districts during 2000 -2005 and hence 688 vehicles were available as of January 2006 in these districts. Against the availability of 688 vehicles only 412 drivers were in position in these districts which had an adverse impact on utilization of the vehicles and thus the procurement of vehicles without ensuring services of requisite drivers was injudicious.

3.5.4.2 Delayed response time

The Saraf Committee opined that fixing of maximum response time is necessary to induct sense of purpose and direction and recommended a maximum response delay time of five minutes in reaching to the crime site. The State Government did not fix the maximum response time. The 311 vehicles were provided during 2000-2006 to the seven[§] districts

The test check of records of 32 PSs in seven districts revealed that in 356 out of 575 cases during 2003 and 253 cases out of 517 during 2005 police reached the crime site between 1 hour to 2 hours and in 103 cases of 2003 and 122 cases of 2005 the police reached the crime site even after more than two hours. Response time taken was thus far from satisfactory and no significant improvement was witnessed in reduction of response time even after providing additional vehicles to these districts.

3.5.5 Computerisation

3.5.5.1 Non-achievement of object of computerisation

Under Modernisation of Police Force Scheme computerisation of 914 police stations, SDOP Offices, SP Offices and range IG Offices in the state with on line connectivity with the State Police Headquarters was envisaged with a view to enhance efficiency and effective supervision and monitoring. Keeping above in view Rs. 29.10 crore were sanctioned by GOI during the period 2000-06 for computerisation, finger print bureau, questioned document work, etc. of which the expenditure worth Rs. 18.56 crore (Rs. 15.62 crore by State Crime Record Bureau (SCRB) and Rs. 2.94 crore by SP offices) was incurred

The objectives of computerization were not achieved even after incurring an expenditure of Rs. 18.56 crore.

* MPPHC Rs. 108.21 crore (Rs. 0.10 crore August 2001, Rs. 26.62 crore in March 2005, Rs. 11.55 crore in May 2005, Rs. 37.34 crore March 2005, Rs. 32.60 crore in March 2006) MPHB Rs. 1.54 crore (Rs. 0.36 crore in October 2002, Rs. 1.04 crore in March 2005 and Rs. 0.14 crore in March 2005)

** Badwani, Bhopal, Gwalior, Jabalpur, Jhabua, Katni, Mandsaur and Sagar

§ Badwani, Bhopal, Jabalpur, Jhabua, Katni, Mandsaur and Sagar

leaving unutilized balance of Rs. 10.54 crore (Rs. 6.90 crore with SCRB and Rs. 3.64 crore with SP offices) as of August 06.

Scrutiny of records revealed that computer hardware and peripherals were provided to district offices, Headquarter office and 114 PSs. Though the Local Area Network (LAN) was provided at Headquarters office and district office, but online connectivity of PSs, district offices and Headquarter office was not provided. Scrutiny further revealed that the scheme was not included in the AAP from 2004-05 onwards. This resulted in non-achievement of object of the computerisation scheme of having on line connectivity.

The Department stated (August 2006) that scheme could not be completed because funds for interconnectivity were not provided by the Government. The reply was not acceptable as the unutilized balance of Rs. 10.54 crore was already available with the Department.

3.5.5.2 Deficiency in Implementation of Common Integrated Police Application (CIPA) project

CIPA was introduced by GOI (2003-04) with a view to record data regarding crime and criminals by computerizing Head Office, range offices, SP offices, SDOP offices and all PSs in the state with online connectivity with each other together with access/transfer of data of crime and criminals to / from each other.

GOI approved Rs. 5.40 crore and Rs. 13.86 crore in AAPs of 2004-05 and 2005-06 respectively for the project. In the first year 94 PSs and in second year 274 PSs were to be covered under the project. The work of site preparation was to be done by SCRB and the supply of hardware, as per configuration fixed by GOI, development of software and installation thereof was to be done by NIC. GOI did not release the funds approved for 2005-06.

The hardware in 93 PSs was supplied by vendor but installation thereof was completed only in 3 PSs as of August 2006. The supply of hardware in 275 PSs and installation thereof was not started so far due to non-release of funds by GOI. The ACs required were not provided in any of the 94 PSs for which sites were prepared by SCRB.

The delivery and implementation schedule was not known to SCRB and configuration of hardware and peripherals was also not checked by them, to ensure that all the items required were received. Thus due to lack of coordination between implementation agency and SCRB, and lack of monitoring the hardware received in 90 PSs was lying idle.

The Department admitted that hardware and software were not installed in PSs (October 2006) and the difficulty was being faced due to lack of co-ordination between SCRB and implementing agency. It was also stated that the CIPA software was not found to be useful due to deficiencies found during demonstration.

The computers were installed only in three PSs against targeted 94 PSs. The CIPA software was also not found to be useful.

3.5.6 Telecommunication

3.5.6.1 Deficiency in Implementation of Police Network (POLNET) project

POLNET is a satellite based network that provides voice, data and message communication between police station, district offices, Range office, State

Head office, National Capital. The project network consists of hybrid station at Bhopal, 37 Very Small Aperture Terminals (VSAT) in 37 districts with connectivity to 825 PSs using Multi Access Radio Telephony (MART) via Base Station Unit (BSU) located at VSAT sites. GOI sanctioned Rs. 4.75 crore in AAP for the year 2002-03 to 2005-06 and MHA placed the sanction at the disposal of Directorate of Coordination Police Wireless (DCPW) for implementation of the project. The project was targeted to be completed by May 2005, which was extended upto November 2006.

The material worth Rs. 1.39 crore supplied for POLNET project could not be used.

Scrutiny revealed that the instruments/equipment for VSAT and MART were received in the districts and PSs during January 2003 to April 2004 and Hybrid Station at Bhopal and VSATs of 37 districts were installed upto May 2005. Scrutiny further revealed that out of 825 PSs the use of the material was made in 470 PSs as these were feasible being within range of BSU. Therefore the material of MART worth Rs. 1.39 crore, supplied to the remaining 355 PSs which were out of range of BSU proved infructuous.

Department stated (October 2006) that the proposal for utilisation of the material was being prepared by incorporating the PSs which are within the range but not covered in the original plan.

3.5.7 Functioning of Forensic Science Laboratory

3.5.7.1 Delay in Establishment of DNA Laboratory

The Perspective Plan 2000-05 envisaged the establishment of DNA laboratory at Sagar. The Department purchased (February 2004 to April 2005) equipment worth Rs. 3.35 crore for DNA laboratory. The commissioning of the equipment was not started as of November 2006 and benefit of the DNA analysis could not be extended to the criminal cases.

The DNA analysis in laboratory was not started up to November 2006 even after incurring an expenditure of Rs. 3.35 crore.

The analytical procedure of a forensic physical evidence in the laboratories invariably involves high degree of knowledge, competence and expertise. A technical manager or leader of a laboratory must have a minimum of three years of forensic DNA laboratory experience and who are actually engaged in DNA analysis shall undergo at regular intervals of not less than 180 days external proficiency testing in accordance with the standards. He must have completed a qualifying test before beginning independent case work. The technicians and laboratory support personnel must have training, education and experience commensurate with their responsibility as outlined in their job description. But no such person having the qualification mentioned was posted. The scrutiny further revealed that the Government did not sanction any post of scientist, technician and assistant for DNA laboratory. But four scientists working in other discipline were posted in the laboratory, who did not fulfill the required qualifications as envisaged in the manual for independent functioning of the DNA testing. Post supply training was also not imparted by the vendor to these scientists of the Department.

The Director FSL stated (November 2006) that the laboratory has begun on trial run basis. The standardization of work was in progress and Genotyping of isolated DNA is to be taken up as next step in DNA profiling. So far as the qualification of scientists are concerned it was stated that they have had the requisite training under the MOU signed between the Government of MP and the CDFD Hyderabad.

The reply was not acceptable as the DNA analysis in the laboratory was not started upto November 2006 and the scientists had not completed minimum 180 days external proficiency testing as per DNA standard

3.5.7.2 Delay in receipt of samples for scientific analysis

In accordance with the instructions issued by the Police Headquarters the samples collected by the police from the crime site should be sent to FSL within two weeks of memo issued from SP offices.

Test-check of the records (August 2006) of Director FSL Sagar revealed that samples collected by the police in criminal cases were sent by Police with delay ranging from one year to seven years to the laboratory. As the PSs did not have any preservation facilities as per requirement of laboratory, the Director FSL admitted (August 2006) that the quality of the samples deteriorates due to bacteria/fungus/rusting with passage of time which may adversely affect the test results.

3.5.7.3 Huge pendency in analysis of samples

The samples received in the laboratory were required to be analysed as soon as possible. Year wise details of test analysis of samples conducted by FSL were as under:

Year	Opening Balance	Cases received during the year	Total	Cases examined during the year	Pending at the end of the year
2000	22796	14443	37239	32792	4447
2001	4447	14818	19265	12308	6957
2002	6957	13848	20805	12169	8636
2003	8636	12987	21623	15144	6479
2004	6479	11292	17771	13015	4756
2005	4756	9081	13837	9171	4666
2006 upto 6/06	4666	4224	8890	4870	4020

The review of the progress report of analysis of cases revealed that number of cases analysed during a year reduced from 32792 in 2000 to 9171 in 2005. Out of 4020 cases shown pending at the end of June 2006, 2814 cases pertained to the year 1992 to 2005 (2394 cases 10 to 14 years old, 399 cases five to ten years old and 21 case one to five years old). In reply it was stated that the files were kept in the toxicology wing and analysis result would be intimated as and when required by concerned unit.

3.5.8 Non-creation of infrastructure and shortfall in numbers of training courses

Out of 49 housing units and administrative buildings including classrooms approved during 2000-05 at the cost of Rs. 9.37 crore of which the construction of 33 buildings was taken up and completed after incurring expenditure of Rs. 4.02 crore and the work of remaining 16 units was not started as of August 2006 for want of estimates, approval of design drawing and site selection. ADG (Training) was responsible to chalk out and monitor the implementation of training calendar and to assess the impact of various trainings in the field. Scrutiny of information and records revealed that out of 204 courses targeted in PTS Indore, Pachmarhi, Rewa, Tigara and Umaria meant for 11750 police personnel during 2002, 2003 and 2005 only 5758 personnel were trained in 138 courses conducted during these years and the shortfall in number of courses was 66 (32 per cent) and shortfall in number

of trainees was 5992 (51 per cent). The number of courses planned and slots allotted for police personnel for the year 2000, 2001 and 2004 was not available with the office of the ADG (Training).

3.5.9 Conclusion

Due to slow pace of utilization, GOI share amounting to Rs. 77.93 crore could not be availed by State Government for implementation of scheme. The financial management of the scheme was deficient as unspent balance lying with construction agencies after completion of work had not been recovered. There were large sums of money lying with construction agencies which were shown to be expended in the returns sent to GOI. Despite their completion, buildings were not handed over to the Department. Therefore, the objectives for which these were constructed were not fulfilled. There was delay of construction of thana bhawans, residential quarters and many of the works which were sanctioned could not be commenced for want of approval, finalisation of drawing, design and non-availability of land etc. Though the vehicles have been purchased and supplied, commensurate number of drivers were not available and the response time was also found to be poor. On line connectivity was not ensured and hardware and software purchased for CIPA project was not put to use. There was delay in establishment of DNA laboratory and there were huge pendency of cases in FSL. Requisite infrastructure for training was not created and there were large number of training slots which were not utilized.

3.5.10 Recommendations

- Amount lying with construction agencies should not be reported to GOI as expended and unspent balance lying with agency after completion of work should be immediately recovered.
- Expeditious efforts should be made for getting the possession of buildings that have been constructed so that they are put to use for the purpose for which these have been constructed.
- In light of large number of construction works being delayed and also not having commenced; a review of these constructions work should be carried out and coordinated steps be initiated with other agencies and a system of periodical and regular monitoring should be introduced so as to ensure early commencement and completion of these works.
- On line connectivity should be ensured at various levels so as to derive optimum benefit of computerisation.

The matter was reported to Government in September 2006; reply had not been received (December 2006).

Revenue Department

3.6 Computerisation of Land Records (Land Record Management System “Bhu Abhilekh”)

Highlights

Government of India launched the Centrally Sponsored Scheme of computerisation of land records in 1988-89 with the objective to provide timely and accurate copies of Records of Rights (RORs) to landowners and updating of changes which occur in the Land Record database. The Department failed to implement the scheme completely due to non-installation of computer centres in three districts and 97 sub-divisions and non-functional computer centres at three districts and five tehsils computer operators were not made available. In 7 tehsils RORs were being issued in manuscript and data entries for 18440 villages were not updated in absence of monitoring at district level.

Computerisation of land records was not yet complete as RORs were still being issued to landowners in manuscript.

(Paragraph 3.6.7.4)

Updation work of database was not carried out in 18440 villages due to diversion of services of EDP staff and because of lack of monitoring.

(Paragraph 3.6.7.5)

Discrepancies were noticed in the database due to absence of input controls and lack of proper validations at tehsil levels.

(Paragraphs 3.6.9.1 & 3.6.9.2)

There was lack of general IT controls in the absence of any IT policy/strategy in the department.

(Paragraph 3.6.10)

3.6.1 Introduction

The scheme of computerisation of Land Records was launched in 1988-89 by Government of India (GOI) and executed as a Centrally Sponsored Scheme. The scheme was initially started as a pilot project in the district of Morena and subsequently extended to the rest of the districts of the State.

All expenditure was to be borne by GOI. The scheme envisaged to provide computerised copies of Records of Rights (RORs) at a reasonable price to landowners besides ensuring speed, accuracy transparency, dispute resolution and on-line management of land records.

Non-availability of comprehensive database and properly updated land records in manual system hampered implementation of decisions concerning land reforms and the dearth of databases on land reforms continued. For effective

planning, implementation and monitoring of land reforms and related activities, a computerised land records system was considered crucial. This necessitates creation of a comprehensive computerised database on land records, which would help in land tenancy, land ceiling, and land consolidation.

Bhu-Abhilekh is an ISO certified application software designed and developed by National Informatics Centre (NIC) for the Commissioner, Land Records & Settlement, Department of Revenue, Government of Madhya Pradesh (Commissioner), to deliver grass root (up to tehsil level) governance within the domain of Land Management. Computerisation of Land Records (CLR) is a joint venture of NIC, Ministry of Rural Development (MRD) and State Government. Presently, version 2.0 of BHU-ABHILEKH, i.e. a superset of BHU-ABHILEKH version 1.0 had been implemented in all Tehsils of 48 districts of the State. Visual Basic 6.0 was being used as front end software and SQL server was being used for the maintenance of database.

As per GOI instructions (December 2002), initial data entry of Land Records was done by private vendors and updation work of the database was being done by the Data Entry Operators of the Department. Updation of Land Records and distribution of **Khasra* (ROR)** and **Khatauni** (B1)** were being done using this software. BHU-ABHILEKH version 3.0 was under pilot implementation for subsequent utilisation in all tehsils.

3.6.2 Objectives of the scheme

The objectives of the scheme, interalia are:

Facilitate easy maintenance and updation of the land data base, plot-wise details for issue of timely and accurate copies of the RORs to the landowners, creation of 'Land Information System'(LIS) and database for effective land reforms, revenue administration and developmental planning at the grass root level and low cost and easily reproductive storage media for reliable preservation for longtime. Fast and efficient retrieval of information, both graphical and textual.

3.6.3 Organisational set-up

Principal Secretary, Revenue Department was responsible for planning, implementation, monitoring of the scheme at Government level whereas Commissioner, Land Records was the nodal officer for planning, implementation monitoring and supervision at State level. District Collectors and Tehsildars were responsible for implementation, monitoring and supervision of the scheme at District and Tehsil level respectively. Revenue Inspectors and Patwaris responsible for field were to feed the basic information.

3.6.4 Audit objectives

Audit of the computerisation of Land Records was taken up to assess whether there was proper and easy maintenance and updating of land record database. It was also to be examined whether the accurate computerised copies of the

* *Khasra: Crop inspection register, giving details of the cultivator, crop and area under such crop.*

** *Khatauni: Record of rights that indicates the ownership of each parcel.*

RORs to the landowners were being issued on time. Besides this it was also to be checked whether various controls relating Information Technology were built in and were being adhered to during computerisation of Land Records.

3.6.5 Audit coverage

Test check of records of the implementation of the scheme during 1988-2006 was conducted in the Commissionerate of Land Records, Gwalior, Collector Land Records in 11* out of 48 districts and 11 tehsils one each in district during March 2006 to August 2006. The application software was examined for its correctness, suitability and availability of controls. Data in the 11 selected Tehsils for the crop year 2004-05 (July 2004 to June 2005) were analysed in audit using Structured Query Language (SQL). Results of test-check are mentioned in succeeding paragraphs:

3.6.6 Financial management

The scheme was Centrally sponsored with cent percent financial assistance from GOI with the conditions that after completion of the project in a district, financial assistance would be stopped and the State Government would bear the expenditure required for its continuation and maintenance in future.

The budget provision and expenditure alongwith Central assistance received during 1988-2006 are as under:

<i>(Rupees in crore)</i>				
Year	Central assistance received	Expenditure	Excess(+)/ Savings(-)	Transferred to Chhattisgarh State
From 1988 to 3/98	4.66	4.66	--	--
1998-99	5.46	5.46	--	--
1999-2000	6.81	4.55	--	2.26
2000-01	5.01	3.21	--	1.80
2001-02	7.70	6.70	(-) 1.00	--
2002-03	--	--	--	--
2003-04	5.43	4.82	(-) 0.61	--
2004-05	2.86	2.01	(-) 0.85	--
2005-06	3.88	--	(-) 3.88	--
TOTAL	41.81	31.41	(-) 6.34	4.06

Out of Central assistance of Rs. 41.81 crore received from GOI during 1988-2006, Rs. 4.06 crore were transferred to Chhattisgarh State during 1999-2001. Of the balance assistance of Rs. 37.75 crore pertaining to the State, expenditure of Rs. 31.41 crore was incurred during 1988-2005. Of the unutilised assistance of Rs. 6.34 crore remaining with State Government, Rs. 3.56 crore meant for establishment of computer centres in 97 sub-divisions of the State were parked in 'Civil Deposit' during 2005-06 while Rs. 2.78 crore related to Data Entry Work (Rs. 76.02 lakh-2001-02), Digitization pilot Project II installment (Rs. 24.33 lakh-2001-02) and establishment of computer centres at Divisional, district, sub-division and tehsil level (Rs. 1.77 crore-2003-06) were not drawn although sanctions from GOI had been received in respective years.

* Betul, Bhand, Chhatarpur, Damoh, Datia, Dhar, Morena, Satna, Shivpuri, Ujjain, Vidisha.

On being pointed out, Commissioner intimated (March 2006) that Finance Department had permitted (March 2006) withdrawal of Rs. 3.56 crore from Civil Deposits, which is being utilised for establishment of centres and Rs. 2.78 crore would be utilised after revalidation of sanction by GOI.

3.6.7. System Implementation

3.6.7.1 Lack of definite time frame

Lack of definite time frame to complete the computerization of Land Records.

As per Government of India guidelines (1994), a time limit of three years from release of funds was set for completion of programme of Computerisation of Land Records in project districts. No records showing completion of programme in project districts within the prescribed timeframe of three years for which funds were released during 1994-2002, were made available. Even in the 11 tehsils selected for audit, it was observed that manually prepared Record of Rights (RORs) etc. were given and as such the computerization was not complete. However, the revised guidelines (2002) did not provide any specific target date for the completion of the project. State Government also did not frame any time bound action plan for the implementation of the project, which contributed to the delays in the implementation of scheme.

3.6.7.2 Networking

Networking connectivity not established.

As per the guidelines issued by GOI (1999/ 2002) it was decided to establish the networking among the computer centres established at tehsil, subdivision, district and state level. However, networking connectivity was not established among the Computer Centres by August 2006.

3.6.7.3 Non-installation of computer centres in districts and sub-divisions

Computer centers at three district headquarters and 97 sub-divisions were not established in spite of availability of funds.

Commissioner, Land Records had shown cent percent computerisation of land records in the State in their progress report of January 2005.

Scrutiny of records of Commissioner and districts revealed, that the computer centres in 3 district¹ headquarters, and 97 sub-divisions were not installed, in spite of availability of Central assistance.

Computer materials costing Rs. 19.41 lakh supplied to the above mentioned three districts during 2004-05 had remained unutilised as of June 2006.

Funds of Rs. 3.88 crore released by GOI (2005-06) for establishment of computer centres at 97 sub-divisions, as shown in **Appendix 3.10**, at the rate of Rs. 4 lakh per sub-division remained unutilised.

On being pointed out in audit, Commissioner assured (April 2006) to take necessary action. However, the fact remains that in spite of availability of funds the computerization at district and sub-division level has not yet been completed and progress report (January 2005) of the Commissioner, Land Record office showing hundred per cent computerization was therefore not correct.

¹ *Bhind, Morena, Shivpuri*

3.6.7.4 Non functional computer centre at district and tehsil level due to non-availability of computer operators

Computer centers at three district headquarters and five tehsils were not operational due to non availability of DEOs.

During test check of records of 3 district² headquarters and 5³ tehsils it was found that though the computer centres were installed and initial data entry work was completed excluding 5 villages of Datia district yet they were not operational as on August 2006 due to non-availability of computer operators.

Further, test check of records of Datia district, revealed that out of 256 villages, the data input work in five villages (Kamrari, Datia Gird, Basai, Jujharpur and Chanderia) was also not completed (May 2006).

As per the booklet (Procedure of Computerisation of Land Record in MP Part I) issued (2004) by the Commissioner, only computerised copies of RORs were to be distributed or issued to the land owners.

However it was observed in audit that in seven Tehsils as detailed below, RORs were still issued to the landowners in manuscript thus defeating the objective of providing computerized RORs.

RORs were distributed in manuscript in place of computerised copies in 7 tehsils.

Sl. No.	Name of tehsil	2001-02		2002-03		2003-04		2004-05		2005-06	
		RORs issued in manuscript	Compu-terised RORs issued	RORs issued in manuscript	Compu-terised RORs issued	RORs issued in manuscript	Compu-terised RORs issued	RORs issued in manuscript	Compu-terised RORs issued	RORs issued in manuscript	Compu-terised RORs issued
1.	Chhatarpur	--	--	4260	--	3599	--	2387	3000	897	6500
2.	Damoh	--	--	117	--	132	--	602	--	946	118
3.	Bhind	--	--	438	--	772	--	796	--	839	--
4.	Datia ⁴	--	--	3115	10911	7350	6946	2900	11286	3370	9327
5.	Satna	3425	1993	3489	6864	3680	3631	3989	2369	4253	2583
6.	Shivpuri	960	5623	982	11093	1019	10373	1116	8370	520	5736
7.	Betul	2786	Nil	3076	1421	3679	557	4342	1308	4726	1288

3.6.7.5 Non-updating of Data entries

As per instructions laid down in the guidelines issued by GOI in 1999, data was to be updated each year and expenditure on data updating was to be borne by State Government. However, it was found that the updating of database was not done (February 2006) for 18,440 out of 55,657 villages in the State as given below:

Database in 18440 villages was not updated.

Year	Total number of villages in MP	No of villages for which data was updated	No of villages for which data was not updated
2003-04	55657	55626	31
2004-05	55657	55265	392
2005-06	55657	37640	18017
			18440

² Computer installed in Chhatarpur (July 2005), Datia (February 2006) and Damoh (February 2006).

³ Computers installed in Khachrod (December 1999), Badnagar (December 1999), Ghatiya (December 1999), Nagda (August 2001) and Damoh (August 2001).

⁴ Data entry work in respect of 5 villages (Kamrari, Datia gird, Basai, Jujharpur and Chanderia) of Datia district was not completed).

On being pointed out, the Commissioner intimated (March 2006) that the responsibility of updating of data rests on the districts. Reasons advanced for not updating the database was irregular power supply, non-maintenance of hardware at district level and engagement of EDP staff in other miscellaneous work along with data entry work at tehsil level.

3.6.7.6 Non- refund of unspent balance of Rs. 11.98 Lakh by the districts

The Commissioner, provided a sum of Rs. 14.52 crore to the districts for data entry work during 1997-98 to 2001-02. On verification of expenditure statements as of Feb 2006 sent by 8 districts shown in **Appendix 3.11**, an amount of Rs. 11.98 lakh was found lying unspent in Banks, while the work of data entry was completed in all the districts. After completion of data entry work, unspent amount was required to be refunded, which was not done.

Unspent balance of Rs. 11.98 lakh not refunded by eight districts after the completion of data entry work.

On being pointed out, Commissioner assured (April 2006) to clarify the position from the districts concerned.

3.6.7.7 Non-furnishing of utilisation certificates

GOI issued instructions that interim utilisation certificates along with item wise expenditure against expenditure incurred should be sent by the State Government. Details of assistance received, expenditure incurred, and utilisation certificates sent were as under:-

(Rs. in lakh)				
Year	Grants received	Expenditure incurred	Utilisation Certificate sent	Amounts for which Utilisation Certificates not sent
2003-04	542.50	482.08	284.00	198.08
2004-05	286.30	201.13	--	201.13
Total	828.80	683.21	284.00	399.21

Utilisation certificates of Rs. 3.99 crore not furnished to GOI.

Thus, utilisation certificates for Rs. 3.99 crore were not sent to GOI. The Commissioner stated (June 2006) that the utilisation certificates would be sent to GOI at the earliest.

3.6.7.8 Excess payment to the contractor

District Collector, Ujjain, invited (November 1997) sealed tenders for data entry work of land records. Lowest rate of Rs. 1.25 per record offered by M/s Pick Computer Technique Pvt. Ltd, Ujjain was accepted by the Collector, Ujjain in January 1998. As per the agreement (January 1998) the data entry work was required to be completed by the end of March 1998. After completion of 30 per cent work, the firm requested the Collector, Ujjain to enhance the rates which were accepted by the Commissioner Land Records in December 1999 and the rates were enhanced from Rs. 1.25 per record to Rs. 2.15 per record with the condition that the enhanced rate shall be paid for remaining 70 per cent work.

Excess payment of Rs. 6.30 lakh were made to the contractor due to irregular acceptance of higher rates.

Test check of records of collector, Ujjain in August 2006 revealed that there was no provision in the agreement for enhancement of rate midway. Against the payment of Rs. 12.50 lakh (at Rs. 1.25 per record for 9,99,856 records) Rs. 18.80* lakh were actually paid upto August 2006. As a the result, Rs. 6.30 lakh were excess paid to the firm.

On being pointed out, Commissioner stated (September 2006) that the accepted rates of the firm were very low and the data entry work was also to be completed timely and in full accuracy, therefore the data entry rates were enhanced. The reply was not tenable, as there was no provision in agreement to enhance the rates midway.

3.6.8 Application Controls

Discrepancies found due to lack of input controls.

Application controls are those controls which ensure that the transactions are done according to the business rules of the organization. These controls cover the input, processing and output operations of the systems. Input controls ensure that the procedures and controls inbuilt into the system guarantee that the data received for processing are genuine, complete, accurate and properly authorised and also to ensure that the data is entered accurately and without duplication. Existence of input controls also assumes importance as it helps in preventing incorrect or fraudulent input. Following discrepancies in feeding of data by department were noticed in audit:

- No procedure was laid down and no checks were carried out to ensure that all source documents were received and data were updated properly. The accuracy and completeness of data held in the computer at the tehsil level would thus always be suspect.
- In the traditional system of maintenance of Land Records, patwari was having the monopoly on the maintenance of land record data and possibility of unauthorised changes in the data was always present. Landowners were also not getting copies of RORs timely. Therefore, one of the objectives of the guidelines (1991) issued by Commissioner, Land Record was to reduce the burden of patwaris. However, it was found that the scenario was still the same after the computerisation and department was still heavily dependent upon the patwaris for keeping the track of the changes in land record database.
- Possibility of the malicious manipulation in the data was always present as the Data Entry Operators were also authorised to distribute the RORs to the land owners in 4^s test checked tehsils.
- Only P-II forms received from the Patwaris were kept as the source input documents. No register or other document was maintained to keep a watch on the amendments in the records. Even the office copies of the RORs issued by the computer centre were not kept in hard copy at three tehsils*.

* 30% of 9,99,856 records = 2,99,257 records @Rs. 1.25 = 3,74,946.00
70% of 9,99,856 records = 6,99,899 records @Rs. 2.15 = 15,04,783.00
Total Rs. 18,79,729.00

^s Bhind, Dhar, Morena and Ujjain
^{*} Dhar, Moren, and Ujjain

- A separate provision was made in the application software to record the changes in land records in case of any mutation to prevent the unauthorised modifications in original data entry. But it was noticed in 10[#] tehsils that changes were carried out by using Khasra Modification module. In this scenario it was not possible to exercise the various checks such as mode of mutations, name of court and case number etc, which were available in the mutation module
- Data Entry Operators were made responsible for data validation at five tehsil[@] level and no system restricting any change after the validation was provided in the software. Therefore, possibility of unauthorised changes in the original database was always present in this scenario.
- Though, provision was available in software to record the revenue collection figures for the individual owners but these figures were not found fed into the database, due to which it was not possible to ascertain the revenue collection figures through this software.

3.6.9 Discrepancies in the Computerisation of Land Record (CLR) database

Discrepancies in the CLR database due to lack of input and validation controls.

Key to the success of the CLR Scheme depended on the reliability of data captured. An examination of the backup data of 21.61 lakh records for the crop year 2004-05 of 11 selected tehsils* disclosed that there were several inconsistencies in the data that was captured rendering the data undependable/unreliable as brought out hereunder. Most of the errors were due to lack of appropriate input and validation controls at the data entry stage.

3.6.9.1. Discrepancies due to lack of input controls

Area of the land was not mentioned in the database in 17,816 cases. Names of the owner of the land were left blank in 162 cases. It has been found that the father's name of the owners of the land were left blank in 3.42 lakh cases. Address of the owners was not found mentioned in 0.86 lakh cases. Instead of feeding owner's names one meaningless character was found fed in 1,307 numbers of cases. Caste of the owner was not indicated in 3.84 lakh cases. Fathers' names were left blank in 182 tenancy cases. Instead of feeding fathers' names, one meaning less character was found fed in 116 tenancy cases. In 180 tenancy cases address fields were left blank. Instead of mentioning name of encroachers one meaning less character was found fed in 410 cases of encroachment of land. In 19 encroachment cases, names of the encroacher were not mentioned. Father's name of the encroacher of the land was not found mentioned in 4,641 cases. In 5,084 cases of encroachment, addresses of encroachers were not found mentioned in address field.

3.6.9.2 Discrepancies due to lack of proper validation checks in the system

Amount of the lagan (land revenue) due on farmers was not mentioned in 8.08 lakh cases though the type of land in these cases was "PRIVATE". Other taxes were not mentioned on private holdings in 16.92 lakh cases. In 1.53 lakh cases, lagan of Rs. 0.37 lakh was mentioned against the Government land. In

Bhind, Chhatarpur, Damoh, Datia, Morena, Satna, Dhar, Ujjain, Betul and Vidisha

@ Datia, Bhind, Satna, Ujjain and Dhar

* Betul, Bhind, Chhatarpur, Damoh, Datia, Dhar, Morena, Satna, Shivpuri, Ujjain, Vidisha.

41 cases, total area of land under encroachment was more than the actual area of these survey numbers. In 8,768 cases, crops sown on the land were mentioned, but the area on which the crops were sown was not found mentioned. In the absence of land area it was not possible to calculate the taxes by the patwaris. Land area was shown as 0 in 165 cases, but some amount of taxes was found indicated against these cases. In 7,809 cases, land was shown irrigated but mode of irrigation was not mentioned. In 131 cases total tax collection was greater than the actual tax to be collected.

On being pointed out by the Audit, Commissioner assured (September 2006) that all these discrepancies would be rectified through the concerned topsiders.

3.6.10. General Controls

General controls are those controls which regulate the environment in which the IT operations are run. These cover areas pertaining to IT security and information protection, software change management, segregation of duties, business continuity planning and system documentation. Major deficiencies in General Controls are detailed below:

3.6.10.1 Absence of Information Technology Policy

No IT policy/strategy, for coverage of the information system of the department was formulated by the department. On being pointed out by the audit, Commissioner assured (September 2006) to formulate an IT policy for the department.

Department was not having adequate documentation policy. In the absence of any policy, system documentation was not found to be up to date. Documentation in respect of BHU-ABHILEKH version 2.0 was not available. Also, there was no policy for retaining electronic documents and computer prints thereby increasing the risk of unauthorised working practices being adopted. Department had also not framed any security policy. Poor or lack of documentation could cause problems such as system unavailability, loss of data integrity or delays in recovering from system failures. Internal Audit of the computerised system was also not carried out by the Internal Audit wing of the Department.

On being pointed out by the Audit, Commissioner stated (September 2006) that the on line help is available in the software and user manuals are being prepared.

3.6.10.2 Deficiencies in maintenance policies

- Business Continuity Planning and Disaster Recovery Plan was not formulated by the department. However, back up copies of the data were kept in CDs on different locations. But fire proof storage is not available at the State as well as Tehsil level. Commissioner stated that the District data centres and computer centres established at the tehsils will be connected through networking and in case of any disaster at tehsil level, RORs would be issued through district data centres. This confirms that the present system is not integrated and lacks prompt restoration of IT operations in the event of a disaster.
- Though adequate protection for Fire and Water logging was made and Air conditioning with backup power supplies for IT infrastructure was

available in Commissioner office but at tehsil levels no arrangement for Fire protection was found made in any of the selected 11 tehsils. Inadequate environmental controls could lead to system damage and the subsequent loss of computer facilities/database.

- Annual Maintenance contract for the hardware items which were not covered under the warranty was not available. Thus the work relating to updation of data entry and issuance of RORs was delayed due to frequent breakdown of hardware items.

3.6.10.3 Access Controls

- The systems designing, programming and systems support work were being done by NIC and Data input and database administration by the employees of the department. But the responsibilities of IT staff and functional areas of sections were not clearly set out. Department had not given appropriate job descriptions, IT employees were engaged in other miscellaneous works.
- Any formal documented logical access control policy was not available in the department. However, restricted menus for users were available in the software. User Ids and passwords were issued for the users. However, no password policy was formulated in the Department for BHU ABHILEKH version 2.0.
- Facility to maintain unauthorised attempt logs was not available in the application. Automatic terminal time-out facility was not available in the application. There was no limit on multiple sign-ons in the application. However, restricted access through password was available to restrict the unauthorised person's access to use some system utilities and audit tools. But staff had not been prohibited from sharing the machines. Therefore, data was always at the risk of manipulations.

On being pointed out, Commissioner assured (September 2006) that Password security controls will be included in the IT policy of the department.

3.6.10.4 System of change management

A committee headed by Commissioner was formed for the authorisation of changes and all the changes in the software were done on the request of the committee by NIC. Prior to transfer to the live environment, these updated application software were checked with sample data. During the pilot run, officials of the department were involved for acceptance testing. However, proper and up to date documentation for the amendment in application software was not kept. To make the emergency changes in the application software, patches were loaded by the NIC, as and when required. Thus, due to absence of documentation it is not possible to ascertain whether only authorised amendments were transferred from the test to the live environment.

On being pointed out by the audit, Commissioner stated (September 2006) that all the amendments in the software are being implemented after checking of departmental supervisors. The reply was not tenable as no documentation in support of reply was shown to Audit.

Lack of monitoring and supervision at District and State Headquarters level.

3.6.11 Monitoring and supervision

As per the revised guidelines issued by GOI (December 2002), all the districts were to have district level implementation and review committee under the chairmanship of collector/Dy. Commissioner/District Magistrate with Local MP/MLAs as members alongwith ADMs/SDMs and District Information Officer, NIC. This committee was to formulate the district level implementation plan for effective and speedy implementation of the project and submit the status report to the Revenue Department by 10th of every month. Revenue Department was to compile the status report of all the districts and submit the same to Department of Land Resources, Ministry of Rural Development on quarterly basis.

On verification of records of Commissioner and 11 districts* it was noticed that though District level committees were constituted (March 2004-Jan 2005) but neither monthly meetings were held nor implementation plans were formulated and status reports submitted to Revenue Department. In absence of receipt of status reports from Districts, the same was not being submitted to GOI by the State Revenue Department which shows that the performance of the scheme was not being properly monitored.

On being pointed out, Commissioner intimated that to evaluate the project, no agency has been nominated by the Ministry of Rural Development.

3.6.12 Conclusion

Despite incurring huge expenditure of Rs. 31.41 crore the department has not been able to implement the scheme as per target and guideline. Due to non installation of computer centres at districts and sub divisions, the hardware and software worth Rs. 19.41 lakh procured during 2004-05 remained idle and unutilised in 3 Districts. The State Government could not utilise Central assistance worth Rs. 6.34 crore, which was kept in 'Civil Deposit'. Due to abnormal delay in the execution of scheme, desired objectives could not be achieved. The landowners were not getting intended benefits of the scheme and in large number of cases manual RORs were issued.

Due to lack of data validation control, reliance on Land Record Database for major policy decisions for land reforms was not possible. Systematic monitoring and control mechanism was weak.

3.6.13 Recommendations

- A comprehensive written formal IT policy/strategy involving various aspects such as documentation policies, separation of duties, physical access and environmental controls, change management controls, logical controls, coverage of the information system of the department may be formulated. A Business Continuity Plan and Disaster Recovery Plan to minimise the impact of the natural or manmade disaster on the critical IT infrastructure of the department may also be formulated.
- Networking connectivity may be established among the computer centres established at State, District and Tehsil level so that, the Land Record Data could be assessed at various levels.

* Betul, Bhind, Chhatarpur, Damoh, Datia, Dhar, Morena, Satna, Shivpuri, Ujjain, Vidisha.

- Posting of the DEOs at tehsil level, where vacant, may be done at the earliest so that, computerisation work is properly maintained and regularly updated.
- Involvement of the District level committees for the monitoring and speedy implementation of the scheme may be ensured and their report may be reviewed at the State Level.

The matter was referred to the Government in September 2006; reply had not received (December 2006).

Public Works Department

3.7 Widening, Strengthening and Upgradation of roads from Central Road Fund (CRF), Rural Infrastructure Development Fund (RIDF) and Fast Track Scheme.

Highlights

Government of India, Ministry of Surface Transport (Department of Roads and Transport) approved 102 works of State Highways and Major District Roads in Madhya Pradesh, between 2001-06 for widening, strengthening and upgradation at a cost of Rs. 437.60 crore. During the same period, Government of Madhya Pradesh (GOMP) approved 167 works of village roads for construction and improvement at a cost of Rs. 309.97 crore from NABARD loan assistance. Government had also taken up (2003-04 and 2004-05) renewal and strengthening of 7751 kms of State Highways and Major District Roads under Fast Track at a cost of Rs. 309.86 crore. As of March 2006, 59 works under CRF, 42 works under NABARD and 3014 km roads under fast track were actually completed after spending Rs. 286.55 crore, Rs. 119.94 crore and Rs. 275.56 crore respectively. The fast track scheme was to be completed by March 2005 and the achievement as on date was 39 per cent only; the scheme was not a success. CRF funds of Rs. 21.54 crore were misutilised on improvement of village roads and other district roads. Premature selection of roads led to wasteful expenditure of Rs. 66.54 lakh. Proportionate recovery of Rs. 1.58 crore was not made from the contractors for below specification work and Rs. 1.98 crore were also paid for rejected work. Management Information System (MIS) had not been operationalised though Rs. 2.17 crore were spent on purchase of computers. Major deficiencies noticed during audit are as under:

Contrary to Ministry of Road Transport & Highways (MORT&H) specifications, extra cost of Rs. 12.68 crore was incurred in designing of embankment, with granular sub-base providing excessive thickness in crust of the road and bituminous surfacing and surface dressing.

(Paragraphs 3.7.8.1 and 3.7.8.4)

Despite instructions from MORT&H, Rs. 9.72 crore were spent in excess of administrative approval. There was excess expenditure of Rs. 4.36 crore due to payment for the works which were not sanctioned. Rupees 2.27 crore were diverted for other works.

(Paragraphs 3.7.6.1 and 3.7.6.2)

Lack of proper work management led to extra expenditure of Rs. 2.69 crore on change of specification of earth brought from outside.

(Paragraphs 3.7.8.5)

Additional works worth Rs. 2.11 crore were awarded at higher rates without inviting tenders and disregarding the codal provisions.

(Paragraph 3.7.8.7)

The works of Bituminous Macadam worth Rs. 2.23 crore and semi-dense bituminous concrete worth Rs. 8.50 crore executed were below specification. Thickness of granular sub base on weak soil was reduced, work valuing Rs. 1.07 crore was substandard and liable to premature damage.

(Paragraphs 3.7.9.1, 3.7.9.2 and 3.7.9.3)

Excess payment due to non recovery of liquidated damages, incorrect application of rates, utilisation of extra bitumen and price variation and non renewal of bank guarantee of Rs. 9.87 crore were noticed in audit.

(Paragraphs 3.7.8.8 to 3.7.8.12)

3.7.1 Introduction

Government of India (GOI), Ministry of Surface Transport (Department of Road Transport and Highways) decided (October 2000) to revamp the Central Road Fund (CRF) by crediting in to it cess of Re. 1 per litre on diesel and petrol and also to utilise 15 percent of cess on diesel and 30 percent of cess on petrol for development and maintenance of State Highways (SH), and Major District Roads (MDRs) carrying heavy traffic with emphasis on construction of missing link, cross drainage, widening of two lanes to four lanes, strengthening of weak pavement sections; research and development and data base and training of Highway Engineers.

The Government of India approved between January 2001 and December 2005 strengthening and widening of 2150 kms of road (102 works) out of 72,462 km in Madhya Pradesh at a cost of Rs. 437.60 crore. GOMP also got (2001-06) approval of the National Agricultural Bank for Rural Development (NABARD), for improvement of 2420.87 kms of village roads (167 works) at a cost of Rs. 309.97 crore under phase VII to Phase XI. GOMP also decided (February 2002) for renewal/strengthening of 7751 km of SHs and MDRs not taken up under any of the above programme at a cost of Rs. 309.86 crore during the period of 2003-04 and 2004-05. The funds were provided from State plan and the scheme was named as “FAST TRACK”.

3.7.2 Organisational set-up

The implementing agency for all the three schemes was the Public Works Department headed by the Principal Secretary (PS) at Government level. At apex level Engineer-in-Chief (E-in-C) Public Works Department and seven Chief Engineers (CE) of the zone are responsible for implementation of projects. The work is being executed through the 66 divisions of Public Works Department (PWD) out of 48 Districts, headed by the Executive Engineer (EE).

3.7.3 Audit objectives

The objectives of audit were to assess whether:

- fund management was efficient and was as per rules and regulations,
- methodology for selection of roads was as per guidelines of the programme and proper planning was done for execution of works,

- execution of project was carried out economically and efficiently,
- system of quality control and monitoring was in existence and was effective.

3.7.4 Audit criteria

The audit findings are based on the following criteria:

- Guidelines issued by the MORT&H, NABARD and GOMP for upgradation of roads.
- Specifications for Road & Bridge works issued by the MORT&H
- Practices, recommendations published by the Indian Road Congress for Road works.
- Rules and orders contained in the agreements for execution of work.

3.7.5 Scope of audit

Performance audit is based on test check of works executed/under execution in 14 Districts out of 48 Districts selected for the period 2001-05 conducted between February 2006 covering the expenditure of Rs. 177.27 crore (40.50 per cent of the expenditure) incurred for 62 works under CRF out of 102 works, Rs. 49.56 crore (15.99 per cent) for 53 works under NABARD out of 167 works and Rs. 58.58 crore (18.91 per cent) for 97 works under Fast Track Scheme out of 192 works.

3.7.6 Fund Management

Under CRF, GOI has to provide funds to State Government. The NABARD releases loan to State Government on monthly basis to be reimbursed against the claims submitted by State Government; under fast track the funds are made available by the State Government from its own budget. Table given below indicates that there were no financial constraints. There was firm commitment of funds from the Government for implementation of the works. The funds were underutilised due to delay in execution of works by the contractors.

(Rupees in crore)

Year	CRF		NABARD		FAST TRACK*	
Total project cost	437.60		309.97		309.86	
	BP	Exp.	BP	Exp.	BP	Exp.
2001-02	100.00	36.32	179.30	100.07	-	-
2002-03	110.65	83.41	138.75	94.33	-	-
2003-04	100.00	56.98	73.75	50.06	200.00	118.17
2004-05	60.00	42.89	111.60	50.43	156.82	104.98
2005-06	52.01	66.95	95.77	107.57	40.00	52.41
Total	422.66	286.55	598.67	402.46\$	396.82	275.56

BP = Budget Provision, Exp. = Expenditure

*The works under Fast Track were projected for 2003-04 & 2004-05 only.

\$ The expenditure on works taken up from 2001-02 to 2005-06 was Rs 119.94 crore and rest of expenditure was on previous works taken up during 1993-2001.

3.7.6.1 Diversion of funds

Rupees 2.27 crore from CRF/NABARD and Fast Track were diverted for other works.

Rupees 2.27 crore out of the funds provided under CRF (Rs. 0.97 crore), NABARD (Rs. 0.26 crore) and Fast Track (Rs. 1.07 crore) were diverted (2005) for construction of other items of work like construction of guard wall, road marking and construction of hard shoulders and purchase of sign boards. These items were not provided in the original estimate and the saving from negative[♥] tender premium was utilized for it.

Incurring expenditure out of saving of the sanctioned estimate was irregular in view of the MORT&H guidelines (October 2000) and NABARD stipulations.

3.7.6.2 Unauthorised expenditure

Revised approvals were not obtained from MORT&H; unauthorized expenditure of Rs. 9.72 crore was incurred.

MORT&H instructed (2000) that the estimates should be approved within 10 percent of Administrative Approval (AA) and no expenditure should be incurred in excess of the approved cost. It was noticed that in Jabalpur and Rewa Districts the expenditure incurred exceeded by Rs. 1.87 crore in three works, but Revised Administrative Approvals (RAAs) were not obtained.

The EE stated (January 2006), that due to site condition, the quantities of WBM increased and the revised estimates were submitted to the CE. The fact remained that the RAAs were not obtained.

Similarly against the approved cost of Rs. 17.33 crore (2001-02) under CRF for Sleemabad Umariyapan Vilayatkala road and Bandhi Jhirri ROAD (District Katni), Rs. 25.18 crore were actually spent. The excess of Rs. 7.85 crore over AA was not regularized through RAA. Excess of Rs. 4.36 crore was noticed due to providing extra BM in 40.10 kms and SDBC in 28 kms which were not sanctioned in the estimate.

3.7.7 Planning

3.7.7.1 Physical targets and achievement

Though, there was no financial constraint, yet there was shortfall in progress of construction.

Year-wise targets for completion of works were not fixed. Actual progress of work was only maintained at the office of the E-in-C. As against 167 works, 42 works sanctioned under NABARD were only completed by March 2006. Under RIDF IX (2003-04), three works and RIDF-XI (2005-06), 21 works were not started as of March 2006 because the tenders have still not been finalized.

Under CRF 59 works[▲] out of 102 works had been completed by the end of March 2006. The time allowed for completion of individual work under

[♥] Tendered rates below than estimated rates.

[▲] Year-	No. of works
2002-03	11
2003-04	22
2004-05	4
2005-06	22
Total	59

Central Road Fund, ranged between 8 months to 24 months. Therefore, 82 works taken-up between 2000-01 to 2004-05 should have been completed by March 2006, while only 59 works were actually completed. Thus there was a short fall of 28 percent.

The Government has also not reviewed the position to find out the cause for shortfall in achievement.

The Fast Track scheme was to be completed by March 2005. Despite no financial constraints 3014 kms of road out of 7751 kms, (39 percent) was only completed. The works were not completed mainly due to slow progress in works by the contractors.

3.7.7.2 Incorrect selection of the roads

Incorrect selection of roads led to misutilisation of Rs 21.54 crore.

According to the guidelines issued (May 2000) by the Ministry of Road Transport and Highway, only State Highways (SH) and Major District Roads (MDR) had to be renewed from CRF. Audit observed that eight works of Village roads (VRs) and seven works of other District Roads, (ODRs) with a length of 262.6 kms were incorrectly selected under CRF and therefore Rs. 21.54 crore spent on these roads were misutilised.

The EE stated (September 2006) that due to heavy traffic, the road was taken up under CRF. The reply was not tenable as Government instructions were disregarded in making selection of the roads.

3.7.7.3 Under NABARD, the work was to be taken up after its approval. It was observed that in Shajapur District two works were taken up (2003) in anticipation of their approval and were subsequently closed as approval was not given in that year. The WBM works done in 2003 worth Rs. 30.21 lakh were rendered wasteful, as this had to be redone at a cost of Rs. 26.23 lakh upon receiving approvals in 2005.

On being pointed out the EE admitted (March 2006) that the WBM works were redone.

3.7.7.4 Under Fast Track Scheme, 24.80 kms of Agar Barod road of Shajapur District, renewed (July 2003) was under performance security upto July 2006, but was prematurely reselected (2004-05) for strengthening and widening at a cost of Rs. 2.49 crore under CRF; and the work of BT executed earlier amounting to Rs. 35.93 lakh had to be redone.

On this being pointed out in audit, the EE stated (March 2006) that under Fast Track the road was renewed in 3.75 m, while under CRF, the road was widened to 7 m. The reply was not tenable because if the widening was considered essential, the road should have been selected originally under CRF to avoid the loss of BT renewal that had to be carried out on account of subsequent widening.

3.7.8 Execution

3.7.8.1 Extra cost in designing of the embankment

Use of soil from outside in earthen embankment led to extra cost of Rs. 3.12 crore.

According to MORT&H specifications, the granular sub base (GSB) to be provided in crust portion of the road, could be extended to full formation width where the CBR of sub grade was less than 2 percent, permeability was low and box type drains had to be constructed. Contrary to these specifications GSB was provided in full formation width of the road in three works under CRF and six works under NABARD, resulting in extra cost of Rs. 3.12 crore[♦].

On this being pointed out in audit, the EE stated (March 2006) in reply that the road passes through the black cotton soil reach and as per MORT&H specification, the GSB should be on entire width of formation. The reply was not tenable because the CBR of soil was more than 2 percent and its permeability also was not tested.

3.7.8.2 Extra cost due to providing excessive crust

Providing excess crust on pavement resulted in extra cost of Rs. 4.61 crore

The specification required that while strengthening of the road, the existing crust of the road should be utilised and deducted from the total requirement of the crust. In five works under CRF (176 kms) and two works under NABARD (235 kms) the existing Water Bound Macadam (WBM) Grade-I and Grade-II was not utilised for the total crust and was redone which resulted in extra cost of Rs. 4.61^{*} crore.

On being pointed out in audit the EE stated (January 2006) in reply that the work was executed as per approved estimate. The reply was not acceptable as specifications were disregarded.

3.7.8.3 Extra cost due to unwanted bituminous courses

According to MORT&H instructions, the strengthening of road having traffic density of 2500 commercial vehicles per day (CVD) or more was to be done with 50 mm thick Bituminous Macadam (BM) or 75 mm thick Built up spray grout (BUSG).

Extra cost of Rs. 2.89 crore incurred on extra course.

Contrary to these instructions in two works under CRF in Raisen and Indore District where the traffic density was less than 2500 commercial vehicles per day both BM and BUSG were provided in strengthening whereas only one bituminous base course was required which resulted in extra cost of Rs. 2.89 crore.

On being pointed out the EE stated (April 2006) that the work was done as per estimate technically sanctioned by the CE. The reply was not correct because the estimate approved by the CE was proposed by the EE and these estimates were not prepared as per MORTH stipulations.

[♦]CRF (Bhopal 75.81 lakh, Shajapur 15.60 lakh, Indore 24.78 lakh = 116.19 lakh)

NABARD (Shajapur 25.89 lakh, Indore - I, 31.12 lakh, Rewa 55.38 lakh, Katni 21.78 lakh, Vidisha 61.51 lakh = 195.68 lakh) Total: 3.12 crore.

^{*} CRF (Sehore 59.68 lakh, Jabalpur 42.78 lakh, Dewas Rs. 44.97 lakh, Rewa Rs. 17.54 lakh and Katni Rs. 191.98 lakh = 356.95 lakh)

NABARD (Shajapur 57.76 lakh, Dewas 45.80 lakh, = 103.56 lakh) Total Rs. 460.51 lakh, Say 4.61 crore.

3.7.8.4 Extra cost and undue advantage to the contractors

As SD was paid between WBM and BM contractors were given undue advantage amounting to Rs. 2.06 crore

The surface dressing (SD) was recommended to protect the freshly laid Water Bound Macadam (WBM) but it neither enhances structural strength nor improves the riding quality of the pavement. The Surface Dressing was provided and executed in between WBM and Bituminous Macadam surfaces (BM) in four works under CRF and one work each under NABARD and Fast Track, where the same contractor after executing the WBM had to provide Bituminous Macadam over it, and was also responsible for maintenance and protection of Water Bound Macadam, during construction. Therefore, the provision and execution of Surface Dressing was unwarranted and resulted in extra cost to the tune of Rs. 2.06[♥] crore.

On this being pointed out in audit, the EE stated (August 2006) that the SD over WBM layer had been provided/sanctioned in the estimate. The reply was not tenable in view of the specification.

3.7.8.5 Deficiencies in management of works

According to the guidelines, each proposal should include broad features of the project and shall include, index map (showing the location of project) scope for proposal (showing brief discussion and need for improvement), existing position and improvement (designed preliminary survey and traffic), cost estimate and basis of rates (showing the basis of rates adopted) and report of utility (indicating how existing infrastructure was useful and the land was available for it).

It was however noticed that in the following works, either projects were prepared without proper survey/traffic census or the items of work were uneconomically revised.

As per project report and estimate the earth available from borrow area was to be used but in three works under CRF and one work under NABARD it was bought from out side incurring extra cost of Rs. 2.69[♣] crore.

The EE stated (February 2006), that the CE had sanctioned the rates after careful consideration. The reply was not tenable because no such mention was made in the sanctions by the CE.

3.7.8.6 Government instructed not to include construction of hard shoulders and berm filling from the funds made available under fast track, and it was to be done departmentally. Accordingly in the estimate and agreement for renewal of 38.8 kms of Chambal Ingoriya Unhel Nagda road (Ujjain District) no such provision was made. The CE however approved (February 2005) supplementary schedule for item of work for berm filling and Rs. 32.88 lakh were also spent on berm filling. As a result of this change only 21.60 km of

[♥] CRF (Bhopal 17.98 lakh, Raisen 107.38 lakh, Dewas 9.23 lakh, Sagar 51.08 lakh)
NABARD (Sagar 10.90 lakh), FAST TRACK (Dewas 9.76 lakh), Total Rs. 2.06 crore

[♣]CRF : Bhopal 10.25 lakh, Katni Rs. 123.18 lakh, Sagar Rs. 70.59 lakh, NABARD: Dewas Rs. 64.56 lakh., Total : Rs. 2.69 crore

road had been renewed as the funds were also diverted and spent on incorrect items.

As Sagar District on Rahatgarh Khurai road and Ashok Nagar District Deharda Rajghat road hard shoulders were not provided in the estimate, yet Rs. 25.19 lakh and Rs. 17.48 lakh respectively were paid without sanction of CE.

On this being pointed out, the EEs stated (August 2006) that the shoulders work was taken up as previous shoulders had deteriorated and representations in this regard were received. The replies were not acceptable as the Government instructions were disregarded.

3.7.8.7 Awarding of work without inviting tenders

Pending approval of estimate, construction of Katangi Pola Majholi road Probable amount of contract Rs. 2.60 crore was awarded (August 2004) at 19.80 percent above schedule of rates. Technical Sanction for Rs. 4.10 crore including provision for Cement Concrete road was accorded as late as in May 2005. The Schedule for Rs. 2.60 crore attached in NIT was not available in the division. Rules required that the work valuing Rs. 2 lakh or more should be awarded after inviting open tender, however this instruction was disregarded in awarding of this contract.

Works of Rs. 2.11 crore were awarded without inviting tender.

At Bhopal District, the CE awarded additional works valued Rs. 2.11 crore to two contractors without inviting tenders at the rates of their previously accepted tenders under CRF works.

On being pointed out, the EEs stated (February 2006) that the work was awarded as per supplementary schedule approved by the CE. The reply was not tenable because the additional work was awarded disregarding the codal provisions.

3.7.8.8 Short recovery of liquidated damages

The agreements required that liquidated damages at the rate 1/16 percent of value of works per week limited to 6 percent of contract price for delay in works should mandatorily be recovered from the contractor. Though the works were delayed for 14 weeks to 144 weeks yet Liquidated Damage recoverable amounting to Rs. 4.90 crore was not recovered. In few cases the CE had accorded the extension of time with nominal penalty of Rs. 0.35 crore, in violation of provisions of agreement resulting in undue advantage to the contractors to the tune of Rs. 4.55 crore as shown in **Appendix 3.12**.

Liquidated damages to the tune of Rs. 4.55 crore were not recovered from the contractor.

On being pointed out, the EEs stated (August 2006) that the penalty decided by the CE was only leviable. The reply was not tenable as the liquidated damage had to be recovered as per agreement.

3.7.8.9 Overpayment to the contractors due to incorrect application of rates

Incorrect application of rates for excavation led to over-payment of Rs. 1.84 crore.

According to Schedule of Rates (SOR) forming part of the agreement, the item for excavation in embankment for widening at Rs. 86 per cum (rounded off) included, (i) excavation for widening at Rs. 43 per cum and (ii) construction of embankment from the excavated soil at Rs. 43.20 per cum. Though the contractors were separately paid for construction of embankment at Rs. 43.20 per cum (or at Rs. 133 per cum for soil brought from outside) even then the contractors were also incorrectly paid full rates for excavation and for construction at the rate of Rs. 86 per cum. As the construction work was separately paid only payment of excavation was to be paid which however had not been done.

Incorrect application of rates resulted in overpayment of Rs. 1.84[▲] crore (CRF Rs. 1.31 crore and NABARD Rs. 0.53 crore) to the contractors.

On being pointed out the EE stated (February 2006), that the payment was made as per approval of the CE. The reply was not correct because for excavation only the rate of Rs. 43 per cum was payable.

3.7.8.10 Excess payment towards bitumen in SDBC

The agreements for CRF works (2000-2001) included an item of Semi-Dense Bituminous Concrete (SDBC), to be provided with 4 percent bitumen contents by weight of total mix, including preparation of job mix formula (JMF) and the contractor should provide at his own cost the weigh bridge receipt in support of the quantity of mix material laid. The contractors during execution submitted the JMF showing use of bitumen contents four percent and five percent, which was neither approved nor disapproved by the Engineer. As per specifications the work was to be tested for its density (1 test /200 sqm), marshal stability (3 tests/400 tonnes) and binder contents (2 test/400 tonnes) of mix and the cost of bitumen adjusted accordingly. On the basis of job mix formula, an amount of Rs. 1.09 crore was paid extra in Raisen and Katni District towards extra bitumen. The payment was not admissible because the contractor did not submit the weigh bridge receipt of mix material laid. Further detailed tests were carried out only at Raisen District according to which actual bitumen used was only 4 percent and; in Katni District, in one case out of six the actual work was done with 4 percent bitumen while in all other cases grading used was not conforming to SDBC as given vide **Appendix 3.13.**

The EE PWD Division Raisen stated (April 2006) that the amount would be recovered from the final bill, while the EE PWD division Katni did not offer any comment.

[▲] CRF (Sehore 15.75 lakh, Bhopal 33.53 lakh, Indore 29.72 lakh, Katni 42.62 lakh, Shahapur 8.97 lakh) NABARD (Bhopal 42.40 lakh, Indore 11.28 lakh; **Total Rs. 1.84 crore**)

3.7.8.11 Excess payment towards price variation

Contrary to the agreement provisions excess payment of Rs. 1.33 crore towards price variations was made to the contractors.

As per agreement, the price variation due to rise/fall in the price of Material/Labour and POL was payable provided contract period was exceeding 12 months and the contractor had brought and used the material as per the agreement. Contrary to these provisions, excess payment of Rs. 1.33 crore was made in Raisen and Sagar District. Details are shown in **Appendix 3.13**. These included excess payment of Rs. 94.32 lakh on account of utilisation of bulk bitumen instead of packed bitumen.

The EE stated (August 2006), that the price variation was paid on bulk bitumen which was same as packed bitumen. The reply was not tenable because as per agreement the price variation had to be paid only for material given in the agreement and packed bitumen was only specified in the agreement.

3.7.8.12 Non-renewal of performance guarantees

Bank Guarantee of Rs. 1.06 crore taken in lieu of security was not renewed.

According to the agreements, the contractors had to perform and maintain the works for a period of 3 years from the date of completion. Performance security at 5/10 percent had to be recovered from each bill and during performance period could be refunded against the bank guarantee. The contractors had to carry out all necessary repairs within 15 days of receipt of communication from the Engineer-in-Charge, failing which the repairs would be carried out by the Department at the risk and cost of the contractor and cost recovered from the performance security.

In three districts[@], it was noticed that works completed between July 2003 and October 2005, were under performance guarantee between July 2006 and October 2008, yet the bank guarantee of Rs. 1.06 crore taken in lieu of security was not renewed and had lapsed.

The EE stated (July 2006), that for the renewal of bank guarantees was under correspondence.

3.7.9 Quality assurance and monitoring mechanism**3.7.9.1 Execution of work below specifications and payments made for rejected works**

BM works worth Rs. 3.23 crore were substandard; Rs. 48.74 lakh were not recovered.

The specifications required that, the work of Bituminous Macadam (BM) shall be covered with the wearing course of Semi Dense Bituminous Concrete (SDBC) within 48 hours. If there was a delay, the BM shall be covered with a seal coat to be treated as incidental part and not to be paid to the contractors separately. It was noticed that the Bituminous Macadam executed on 159917.18 sqm at a cost of Rs. 1.98 crore on Sleemnabad-Vilayat Kala road upto April 2003, was not covered with the Semi-Dense Bituminous Concrete or seal coat up-to October 2004 even after passing of two rainy seasons. Similarly the BM executed on 59362.265 sqm at cost of Rs. 70.11 lakh up to April 2004, on Bandhi Jhiri road was not covered with SDBC or seal coat upto

[@] Indore, Raisen, Rewa.

November 2004. BM on 65319.88 sqm executed up to June 2005 at cost of Rs. 54.46 lakh on Chanderi Mungawali Vidisha road of Ashok Nagar District was also not covered with SDBC upto October 2006. Thus the work executed worth Rs. 3.23 crore was below specification.

It was also noticed that the CE rejected (April 2003) the below specification work on Sleemnabad-Vilayat Kala road, yet full payment was made to the contractor and in all the cases the cost of seal coat amounting to Rs. 48.74 lakh was also not recovered from the contractors.

The EEs stated (August 2006) that the BMs could not be covered with SDBCs timely because the amounts of the agreements was exceeding.

The specifications required that the SDBC should be provided on firm bituminous course. Contrary to these specifications, the SDBC on 13.60 kms of Sironj Berasiya road (district Vidisha), was provided on WBM surface resulting in below specification work valuing Rs. 52.51 lakh.

The EE stated (October 2006), that the work was done as per estimate. The reply was not tenable as specifications were disregarded.

3.7.9.2 Non-execution of work as per design

Widening, strengthening of Kishanpura Mugaryau road (District Sagar), length 15.80 kms was taken up (2005) under NABARD at a cost of Rs. 2.09 crore. The crust of the road was designed at 70 cm for 10 years life. As the sub-grade soil was weak, in addition to 15 cm layer of Granular Sub Base (GSB), one capping layer of 15cm thick GSB was also provided to the requirement of IRC -37. It was noticed that during execution, only layer of GSB was provided. In view of weaker soil, it was incorrect to reduce the capping layer thickness of GSB. Execution of work worth Rs. 1.07 crore, contrary to approved design was not only below specifications but also likely to get damage.

Approved design was altered.

On being pointed out the EE stated (September 2006) that during excavation, hard soil was found and as per revised crust design, the revised treatment was done. The reply was not tenable because CBR of sub-grade was less than 2 percent and as per IRC, one capping layer of 15 cm GSB was essential.

3.7.9.3 Execution of sub-standard work without proportionate recovery

MORT&H specifications required that wearing course of Semi-Dense Bituminous Concrete should be provided on the basis of job mix formula duly approved by the Engineer. The contractors were to submit the job mix formula either from Engineering College or private laboratory. Against the requirement of job density 2.30 gm/cc to 2.34 gm/cc and bitumen content in the mix being 5 percent to 5.17 percent by weight of total mix, the density of mix was recorded as low as 2.0 gm/cc to 2.10 gm/cc and bitumen contents 2.17 percent to 5 percent. Therefore the execution of work worth Rs. 7.98 crore, (CRF Rs. 1.10 crore, Fast Track Rs. 6.87 crore) was sub-standard.

SDBC worth Rs. 7.98 crore was sub standard and no proportionate recovery was made.

On being pointed out, the EEs stated (June 2006) in reply that the density achieved was within 90 percent of designed density. The reply was not tenable because no such deviation was also permissible as per MORT&H specifications.

3.7.9.4 Monitoring

As per instructions the implementation of the programme was required to be monitored by the E-in-C and the CE's of the zone for achieving the targets within time and realisation of full economic benefits. Financial and physical status of the works was prepared by the E-in-C, but year wise targets were not fixed for effective monitoring of the programme and timely completion of project. Therefore the works were delayed. Uniform specifications and instructions were neither prepared nor issued for successful execution and quality assurance. Lack of effective monitoring has hampered the progress and quality assurance of the works.

3.7.9.5 Management information system (MIS)

GOMP decided (November 2004) to purchase computers for PWD from CRF and connect all PWD divisions. Accordingly the CE (planning) purchased 171 computers through the State Electronic Development Corporation (SEDC) at a cost of Rs. 2.17 crore. The computers were installed (May 2005) at E-in-C office and the PWD divisions.

As the computers have not been connected to Headquarter and the divisions were not having trained data entry operator (DEO), MIS could not be developed (March 2006). The expenditure incurred thus remained unfruitful.

3.7.10 Conclusion

The fund management under these programmes was deficient, as funds were diverted and also unauthorised expenditure was incurred. Planning and monitoring was weak, as there were delays in completion of works due to slow progress by the contractors. Village and ODRs were also incorrectly selected and in some of the cases the work was commenced without stipulated sanction. Execution of work was deficient as in large number of cases MORT&H specifications were disregarded during preparation and approval of estimates. Works were awarded without invitation of tenders and liquidated damages were not recovered. There were overpayments due to incorrect application of rates and stipulated performance bank guarantees were not found to have been renewed in time. Execution of substandard works was indicative of deficient quality control mechanism. Monitoring was weak.

3.7.11 Recommendations

- The technical estimates should be made strictly according to the MORT&H specifications and during approval of estimates, appropriate checks should be ensured for adherence to these specifications.

- A system of monitoring over timely receipt and renewal of performance bank guarantee should be evolved.
- The progress of the various work should be reviewed at periodic and regular basis at various levels so as to identify bottlenecks and ensure speedier completion.

The matter was referred to the Government in September 2006; reply had not been received (December 2006).