

Overview

The Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Madhya Pradesh for the year 2005-06 and three others comprising seven reviews, one long paragraph and 31 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of the Government.

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

A summary of the financial position of the State and the audit comments on the performance of the Government in implementation of certain programmes and schemes as well as internal control system in Animal Husbandry Department is given below:

1. Finances of the State Government

Revenue expenditure increased by 14 per cent while the revenue receipts registered a growth of only 4 per cent as a result of which State Government could achieve a revenue surplus of Rs. 34 crore during the year 2005-06 as against Rs.1717 crore during 2004-05. Salaries, Pension and Interest Payments consumed 52 per cent of the revenue receipts of the year. Fiscal liabilities as well as its ratio to GSDP had been steadily rising endangering the debt sustainability.

Return on Government's investment in statutory corporations, companies, cooperative banks and societies was negligible and the Government continued to invest in loss making corporations and companies.

In addition to investment, the Government has also provided loans and advances as well as subsidies to many of these companies, besides giving guarantees for loans raised by them. During 2000-06, the gap between the interest on capital borrowed for investment and returns therefrom had increased.

(Paragraphs 1.1 to 1.11)

2. Allocative Priorities and Appropriation

As against the total grants/appropriations of Rs.43673.93 crore, the actual expenditure during 2005-06 was Rs.31220.80 crore resulting in savings of Rs.12453.13 crore which was net result of savings of Rs.12490.71 crore in 200 cases of grants/appropriations and excess of Rs.37.58 crore in six cases of

grants/appropriations. Excess expenditure aggregating to Rs.5087.83 crore pertaining to the years 1993-94 to 2004-05 had not been regularised (August 2006). The excess expenditure required regularisation by the State Legislature under Article 205 of the Constitution.

Supplementary provision of Rs.730.85 crore obtained in 57 cases during the year proved unnecessary.

Controlling officers under 10 Major Heads involving expenditure of Rs.1716.71 crore, representing 5.5 per cent of the total expenditure during the year did not carry out reconciliation of expenditure figures.

(Paragraphs 2.1 to 2.7)

3. Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan 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 Panchayati Raj institutions, parent teacher association (PTA) to bridge social, regional and gender gaps. A review of the implementation of the programme revealed that the Annual Work Plan and Budget (AWP&B) for the years 2001-02 and 2002-03 was submitted with excessive delay which delayed the approval and release of funds. Resultantly, activities could not be taken up during 2001-02 and only 50 per cent 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 children out of school at the end of 2005-06. Funds aggregating Rs.17.95 crore were diverted for adult education, printing of Middle and Primary Board Examination's paper, printing of educational calendar, honorarium to Shiksha Karmi Grade III, purchase of vehicles, prize to Village Education Committees and for purchase of State Project Office Building. Shortage of 43,821 teachers (2005-06) affected the Pupil Teacher ratio. Unnecessary procurement of duplicating machines, furniture and other material worth Rs.1.82 crore was made out of SSA fund.

(Paragraph 3.1)

4. Food Security, Subsidy and Management of Foodgrains

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 foodgrains so procured for eventual distribution to targeted population for ensuring availability of foodgrains 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 foodgrains. Avoidable expenditure of Rs. 48.56 lakh was incurred towards bank commission. In distribution of foodgrains, 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. Madhya Pradesh State Civil Supply Corporation neither refunded Rs. 68.15 crore accumulated on account of double margin nor adjusted the same in subsidy claims that were preferred for reimbursement. Evaluation report revealed that leakage of subsidised foodgrains was 54.48 per cent. Monitoring and vigilance mechanism was not effective.

(Paragraph 3.2)

5. Project Tiger and India Eco Development Project

The State Forest Department implemented the “Project Tiger”, a Centrally sponsored scheme in five Tiger Reserves of the State. The project aimed at maintaining a viable population of tigers in the country, and to preserve for all times, the areas of biological importance as national heritage for the benefit, education and enjoyment of people. Final notification of Tiger Reserves could not be issued by the State Government. The Management Plans were not approved by the competent authority before starting their implementation. The State Government did not release its share of funds in full. Cases of diversion of GOI funds for other purposes were also noticed during audit. Relocation of the people living within the tiger reserves as well as removal of encroachment essential to ease biotic pressure on the tiger reserve were found to be not carried out completely. The protection measures in the Tiger Reserves were lax due to inadequate beat inspections, insufficient provision of arms and ammunition. The census of wild animals was not carried out with fool proof methodology.

(Paragraph 3.3)

6. Construction of Irrigation Projects with NABARD Loan

With a view to create additional irrigation potential, the State Government decided (April 1995) to take up work on irrigation projects of WRD and NVDA with NABARD loan for unlocking of sunken investments already made to realize their full benefits. WRD Projects (627 nos) and NVDA Projects (35 nos) were sanctioned with NABARD loan at a total outlay of Rs.1418.17 crore and Rs.1163.25 crore during 1995-96 to 2005-06 to create additional irrigation potential of 2.98 lakh hectare and 2.51 lakh hectare respectively. Three hundred eighty two projects of WRD and three projects of NVDA could only be completed till June 2006 at an expenditure of Rs. 1087.75 crore and Rs.787.23 crore respectively. The implementation of the programme was tardy. Two hundred and thirty two projects of WRD and

32 projects of NVDA were still in the pipeline. Work in 51 projects has not been started. Rupees 249.70 crore spent by WRD and Rs.83.91 crore by NVDA on unapproved items of work were disallowed by NABARD. Rupees 161.26 crore spent by WRD and Rs.74.46 crore by NVDA were in excess over the sanctioned cost due to inadequate survey and inaccurate estimation. Investment of Rs.51.64 crore on construction of seven projects was nugatory as they did not yield envisaged benefits. Execution of five projects at an investment of Rs.23.55 crore against sanctioned cost of Rs.22.67 crore was ill conceived due to various constraints. The utilization of irrigation potential created was 0.53 lakh hectare and 0.04 lakh hectare against projected 1.69 lakh hectare and 0.51 lakh hectare respectively.

(Paragraph 3.4)

7. Modernisation of Police Force

Modernisation of Police Force (Scheme) was introduced (1969) by Government of India, to improve efficiency of Police Force and remove the deficiency in infrastructure viz. buildings, mobility, communication, computerisation, Forensic Science Laboratory and training to deal with growing crimes, terrorist and naxalite activities and meet the internal security threat. Due to slow pace of utilization, GOI share worth Rs.77.93 crore could not be availed by the State Government. There were huge sums lying with construction agencies which were shown as expended in the returns sent to GOI. Completed buildings were not handed over despite large amount expended on their construction. There were delays in construction of residential and administrative buildings and many of the works sanctioned could not be commenced for want of approval, drawing, design and non-availability of land etc. No improvement was witnessed in reduction of response time. Though the vehicles were purchased and supplied, sufficient numbers of the drivers were not available. On-line connectivity was not ensured and hardware and software purchased for Common Integrated Police Application Project was not put to use. There was delay in establishment of DNA laboratory and requisite infrastructure for training was not created.

(Paragraph 3.5)

8. Computerisation of Land Records

With a view to provide timely and accurate copies of Records of Rights (RORs) to land owners and updating of changes which occur in the Land Record database, GOI launched the scheme of computerisation of land records in 1988-89. Department failed to implement the scheme as per target due to non-installation of computer centers in districts and non-functional computer centers at other districts and tehsils. RORs were still being issued to land owners in manuscripts in tehsils. Data entries for 18440 villages were not updated. No IT policy/strategy was formulated by the Department for their Information System and discrepancies were noticed in the database due to absence of input controls and lack of proper validations at tehsil levels. Systematic monitoring and control mechanism was weak.

(Paragraph 3.6)

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

The programme aims to widen and strengthen 102 road works (2150 kms) of State Highway and Major District Road under CRF at a cost of Rs.437.60 crore, construction of 167 works (2420 kms) village roads at cost of Rs.309.97 crore from NABARD loan and renewal/ strengthening of 377 road works (7751 kms) of State Highways and Major District Roads not taken up under any of the above programme, from fast track scheme. As a result of ineffective monitoring and slow progress of work, only 59 works under CRF, 42 works under NABARD and 192 works under fast track were complete at the end of March 2006 after spending Rs.286.55 crore, Rs. 119.94 crore and Rs.275.56 crore respectively. According to the time allowed for completion of works in 8 to 24 months, 82 works taken up to the end of March 2005 should have been completed by March, 2006; but only 59 works were complete under CRF. Under NABARD loan phase wise completion of works was not fixed. At the end of March 2005, the achievement under fast track was as low as 39 per cent only. Rupees 21.54 crore were misutilised on selection of village roads from CRF and Rs.2.27 crore were also diverted from CRF, NABARD and Fast Track funds. MORT&H specifications were not followed and extra cost of Rs.12.68 crore was incurred and works worth Rs. 2.11 crore were awarded without inviting tenders. Excess/inadmissible payment of Rs.9.87 crore and instance of substandard works amounting to Rs.12.80 crore were also noticed.

(Paragraph 3.7)

10. Internal Control System in Animal Husbandry Department

Animal Husbandry Department (AHD) is responsible for augmenting the production potentials of livestock and poultry and to provide veterinary health cover to them. AHD is also responsible for providing awareness about animal husbandry (AH) to the farmers and managing training to its staff on basic and latest AH practices. An evaluation of the Internal Control System (ICS) in AHD revealed ineffective and deficient control in the Department as the system of maintenance of initial cash account record was defective and preparation of budget estimates was grossly deficient as persistent savings had occurred and reappropriation of fund was also made. Departmental figures were not reconciled with AG (A&E)'s figures. Weekly and monthly arrear reports were not being submitted to Commissioner and Director of Veterinary Services (CVS). Operational controls were rendered ineffective as *insitu* promotions to Assistant Veterinary Field Officers (AVFOs) were irregularly made and salaries were being drawn without issue of sanction for continuation of posts by the Government. Prohibited and untested medicines were being provided to animals. VAS/AVFOs were not posted rationally as in 35 hospitals and 171 dispensaries these posts were vacant. CVS never inspected subordinate offices. Shortfall in conducting internal audit had ranged from 71 to 100 per cent which defeated the objective of establishment of internal audit system.

(Paragraph 5.1)

11. Results of transaction audit

Besides the above, audit of financial transactions, subjected to test check in various Departments of Government and their field functionaries revealed instances of loss, wasteful expenditure, avoidable expenditure and other irregularities involving Rs.44.10 crore as mentioned below:

These included defalcation/losses/fraudulent drawals of Rs.3.83 crore noticed in Agriculture Department (Rs.1.84 lakh), Food and Civil Supplies Department (Rs.37.50 lakh), Narmada Valley Development Department (Rs.92.76 lakh), Public Health Engineering Department (Rs.1.89 crore), Public Works Department (Rs.38.57 lakh) and Urban Administration and Development Department (Rs.23.14 lakh).

Infructuous/wasteful/excess expenditure and over payment of Rs.8.23 crore were noticed in Narmada Valley Development Department (Rs.59.62 lakh), Public Health Engineering Department (Rs.78.02 lakh), Public Health and Family Welfare Department (Rs.3.37 crore), Public Works Department (Rs.2.10 crore), Scheduled Tribe Scheduled Castes Department (Rs.24.48 lakh) and Water Resource Department (Rs.1.14 crore).

Violation of contractual obligations of Rs.14.88 crore was noticed in Narmada Valley Development Department (Rs.14.23 crore) and Public Health Engineering Department (Rs.65.16 lakh).

Avoidable expenditure of Rs.1.62 crore was noticed in Housing and Environment Department (Rs. 35.37 lakh), Public Works Department (Rs.47.66lakh) and Water resources Department (Rs.79.37 lakh).

Idle investment/blockage of funds and diversion of funds of Rs.4.48 crore was noticed in Jail Department (Rs.28 lakh), Medical Education (Rs.3.50 crore) and Scheduled Tribes and Scheduled Castes Welfare Department (Rs.69.60 lakh).

Apart from these, there were regularity issues and other points involving Rs.11.06 crore in Home Department (Rs.4.89 crore), Jail Department (Rs.2.38 crore), Panchayat and Rural Development Department (Rs.32.82 lakh), Public Health Engineering Department (Rs.2.66 crore), Scheduled Caste and Scheduled Tribes Welfare Department (Rs.80.30 lakh).

(Paragraphs 4.1.1 to 4.6.5)