

CHAPTER III Performance Audit

This Chapter contains performance audits on Information Technology Audit of Computerisation of Treasuries, Implementation of Forest (Conservation) Act, 1980 in Madhya Pradesh, National Rural Employment Guarantee Scheme, Accelerated Rural Water Supply Programme, Educational Development of SCs and STs and one long paragraph on Working of Nurseries.

Finance Department

3.1 Information Technology Audit of Computerisation of Treasuries

Highlights

Integrated Treasury Computerisation Project (ITCP) was taken up in October 2001 at an estimated cost of Rs.8.91 crore, which was revised in October 2002 to Rs.28.02 crore. The project was implemented in 53 district treasuries and 159 sub-treasuries of the State. Information Technology Audit of the project revealed that the software package State Finance Monitoring System (SFMS), developed and implemented under the project, was unable to serve the desired purpose even after incurring an expenditure Rs.23.60 crore. Some important findings of the audit are given below:

Due to inadequate validation, 1,403 Drawing and Disbursing Officers were allotted more than one code and some of them operated both the codes to draw and encash bills. Further, the data contained in DDO master table was incomplete and incorrect.

(Paragraph 3.1.4.1)

There were no validation checks in the software to flag excess expenditure on account of discount allowed/ commission paid to stamp vendors over and above the budget allotment.

(Paragraph 3.1.4.2)

Deficiencies in the design of the software led double drawal of Rs. 10.55 lakh on duplicate bills. DDOs could draw and encash bills through the system in contravention of Treasury Rules.

(Paragraph 3.1.5.3)

Analysis of MIS reports generated by the system revealed huge mismatch between RBD figures and other figures generated by the SFMS package and those prepared manually, which seriously undermined the reliability of the data generated by the package.

(Paragraph 3.1.6)

Inadequate password controls rendered the data vulnerable to unauthorized access/modifications.

(Paragraph 3.1.8.2)

Disaster Recovery Plan was not formulated and Rs.1.30 crore meant for this purpose was diverted for making other expenditure.

(Paragraph 3.1.10.3)

3.1.1 Introduction

3.1.1.1 Treasuries are the nodal offices for carrying out all financial transactions of the State Government in a district. There are 53 treasuries and 159 sub-treasuries in the state. Some of the major functions that a treasury performs are as follows:

- Making payments on behalf of the Government including payment of pension to State Government employees.
- Accepting receipts for the Government.
- Safe custody of valuables and
- Preparation of 'Receipt & Payment Account' and its submission to the Accountant General (AG) each month.

There are seven divisional offices looking after pay fixation, audit, letters of credit etc. and monitoring of the subordinate treasuries.

The Directorate of Treasury & Accounts (DTA), Finance Department, Bhopal is responsible for administering and controlling all operations of all the treasuries of the state. It consolidates data from all treasuries and is also responsible for reconciliation of total receipt and expenditure figures of all Government departments with the figures as depicted in the accounts compiled by the Accountant General (AG).

In October 2001, 'Integrated Treasury Computerisation Project' (ITCP) was sanctioned by the State Government at an initial cost of Rs.8.91 crore which was later revised to Rs.28.02 crore in October 2002. The DTA was designated as the nodal agency for implementing this project. The main components of the project were:

- Development of bilingual application software for computerising the entire operations of all treasuries and the DTA. The software was to be compatible with the software being used by the AG.
- Establishment of a VSAT based network for connecting all treasuries with the DTA.
- Acquisition and Installation of requisite hardware for computerisation and networking.

The objectives of ITCP were:

- Better Financial Management and Control
- Monitoring of state revenue and expenditure
- Effective Management Information System

3.1.1.2 .State Finance Monitoring System – The Application Software

Under ITCP, the work of development of bilingual application software for automating the operations of treasuries and DTA was outsourced to M/s CMC Ltd., New Delhi (CMC) in March 2002. Accordingly, application software called 'State Finance Monitoring System' (SFMS) was developed in Oracle 9i with 'Linux' as the operating system and 'Developer 2000' as the front-end browser. The SFMS package has the following four sub systems:

Treasury Sub-system : It has seven modules that take care of automation of all operations of Treasuries.

Divisional Sub-system : It has two modules that take care of automation of all operations of the offices of the divisional offices.

DTA Sub-system : It has six modules that take care of automation of all operations of the DTA.

FMIS Sub-system : It has nine modules that take care of automation of all operations of the Directorate of Financial Management & Information System (DFMIS), Finance Department, Bhopal. DFMIS, like DTA, reports to Secretary (Finance) and is chiefly responsible for implementation of expenditure control measures and monitoring of loans, guarantees, follow up action on Audit Reports and recommendations of the Public Accounts Committee.

The SFMS package became operational with effect from April 2004.

3.1.2. Audit objectives

3.1.2.1 To assess whether -

- IT controls in place were adequate and effective thereby ensuring data completeness, accuracy and reliability;

- Business rules, as stipulated by the Madhya Pradesh Treasury Code (MPTC), Madhya Pradesh Financial Code (MPFC) and other relevant rules and orders were correctly mapped on to the computerized system; and
- Objectives of computerisation were achieved.

3.1.2.2 Examination of Planning, Implementation and Monitoring stages of the ITCP and the procedures involved therein.

3.1.3 Audit scope and methodology

3.1.3.1 Data generated by ‘Treasury Sub-system’ of the SFMS package was analysed (April 2007 to October 2007) in 11 treasuries using ‘Computer Assisted Audit Techniques’. Similar data analysis of DTA Sub-system and Divisional sub-system was carried out in the same period at DTA and Divisional Office, Bhopal respectively. The processes involved in the computerized operations were evaluated to ascertain compliance with the provisions of Madhya Pradesh Treasury Code and Madhya Pradesh Financial Rules. An entry conference was held with the auditee to discuss the audit plan and the audit criteria.

3.1.3.2 Records maintained at DTA were scrutinized to evaluate the procedures followed by the DTA in carrying out the ITCP against best practices of ‘IT Governance’ and various rules, regulations and guidelines framed by the Government in this regard.

Audit Findings

3.1.4 Inadequacy of input controls & validation checks

Input Controls ensure that the data received for processing is genuine, complete, valid, accurate and properly authorised and the data entry is done accurately and without duplication. Analysis of data of SFMS package revealed various instances of failure of Input Controls and absence of validation checks as discussed in succeeding paragraphs.

3.1.4.1 Incomplete and incorrect data in the database

In absence of proper input and validation controls, data was found to be incomplete, incorrect and unreliable.

- Analysis of DDO master table of the DTA sub-system revealed that there were 13,698 DDOs as per the system whereas only 9164 DDOs existed in the records of the Accountant General. No documents were found maintained at DTA by means of which the correctness of these figures could be ascertained.
- Temporary DDOs (numbering 37) were found active despite lapse of their authorisation period, which indicated that the DDO master was not updated regularly. The complete information in respect of DDOs

such as address, pin codes, phone numbers, Fax etc were also not found recorded. In 26 cases, junk characters were noticed in master table and in 522 cases, date of creation of DDO codes was not found recorded.

- DDOs (numbering 1,403) relating to various treasuries were found allotted more than one DDO codes and some of them operated both the codes during the period from 2003 to 2007. Thus, due to incomplete, invalid and inaccurate data entry in this critical field, the system is fraught with the risk of possible fraudulent payments. The risk was accentuated due to the fact that audit found little or no input controls to ensure that data entry was done accurately, without duplication and with proper authorisation. There was no system for authorisation of data of master tables against an authenticated document maintained for this purpose.
- Data analysis revealed that there were 63 Personal/Educational Deposit Account holders at City Treasury, Indore and in 19 cases, the field 'Name of Account Holder' contained meaningless data although they were 'permanent' account holders.
- The Employees Database Master contained two categories of employees viz. authenticated and unauthenticated. As per rule, salary should be drawn only for authenticated employees. However, data analysis revealed that salaries of 196 unauthenticated employees were drawn by various Treasuries.
- Data analysis of 1,05,770 records relating to GPF withdrawal by the Government employees revealed that 'Voucher number' was not fed in 48,555 cases and 'DDO codes' were not fed in 48,166 cases. In 26,181 cases, 'reason' for which the GPF withdrawal was made, was not mentioned. Instead of voucher numbers, vague characters were found recorded in 197 cases. Meaningless data were found fed in the 'Year' field such as 9999, 2808, 2022, 4997, 3000 etc. in 54 cases. It was also noticed that in the 'Voucher date' field, the date was fed as 00/00/0000 in 44,912 cases.
- Data analysis of 15,67,937 records relating to budget allotment revealed that 'Sanction number' and 'Date' in 34,230 cases were not recorded. It was found in 22,073 cases that the budget provision was shown as '0' while there was some amount provided in the budget.
- Analysis of 31,17,708 challans revealed that in 10,784 cases, 'Depositor's Name' was not recorded. In 20,17,250 cases, 'Challan type' was not found mentioned. In 29 cases, gross and net amount was shown as 0. In 4,65,363 cases, 'Bank scroll number' was not shown and it was also noticed that meaningless numbers such as "/", "00/.00" "00/0.0" etc. were found fed in 5,23,080 cases. In 11,60,564 cases, 'Purpose' for which the challans were deposited was not mentioned.

- Data Analysis at City Treasury, Indore and Bhopal revealed that in 141 cases such medical bills were passed for payment where the field 'Doctor's Name' contained meaningless data such as "ABC". In place of employee's unique code, a dummy code e.g. "171000001" was found fed. In 35 cases, the field 'Medical Store's Name' contained meaningless data such as "abc", "bc" and "iiii" etc. These were serious irregularities, which could lead to fraudulent payment of bills.
- The fields in the master tables and working tables relating to audit trails viz. 'Created time and date stamp', 'Modified time and date stamp' and 'User ID' were lying blank. Non existence of audit trail in regard to deletion of data increases the risk of unauthorized changes in the master files, which could result in misuse of database and in that eventuality it would be extremely difficult to fix responsibility.

3.1.4.2 Failure of the system to highlight excess expenditure on discount allowed/ commission paid to stamp vendors over budget provision

Excess expenditure over budget during 2004-07 was shown due to absence of validation checks.

Rules provide that the discount/commission allowed to vendors for sale of revenue stamps in a financial year should be booked against the budget allotment made for this purpose under Major Head 2030. Data Analysis at District Treasury, Gorkhi, Gwalior revealed that the software in this particular Major Head did not validate the expenditure entries with reference to the budget allotment and highlighted cases as excess expenditure. Consequently, apparent excess expenditure was shown over and above the budget provision under the head during the financial years 2004-05, 2005-06 and 2006-07 was forwarded by the treasury to the DTA for regularization. Similar excess over budget allotment was noticed in Ujjain and Sagar District treasuries under the Major Head 2030.

3.1.5 System design deficiencies

The objective of computerisation was to properly implement the Treasury Rules and to bring the entire operations of the Treasury and DTA under the ambit of SFMS software. However, data analysis revealed instances of non-adherence to Treasury Rules by the software. Absence of many key features in SFMS package resulted in treasuries resorting to manual interventions in certain cases as brought out in the succeeding paragraphs.

3.1.5.1 No provision for automatic lapse of certain Deposit Accounts

Non-adherence to treasury rules by the software used resulted in manual intervention at the treasuries.

The Treasury Rules provide that deposit balances exceeding twenty five rupees remaining unclaimed for more than three complete accounting years shall at the close of financial year (March) be credited to the Government Accounts through Accountant General. It was noticed that there was no provision in the system to take care of this requirement. Rs.49.73 crore were found lying in various PD accounts for more than three years which should have lapsed to Government Account.

The department replied that the matter was being brought to the notice of the software vendor and DTA for necessary modifications in the software. However, compliance report had not been received (November 2007).

3.1.5.2 No provision for checking irregular drawal on AC Bills

In absence of the feature of capturing details of certificate, Rs.11.59 crore was drawn irregularly.

Financial Rules provide that a certificate shall be attached to every Abstract Contingent Bill (AC Bill) to the effect that the Detailed Contingent Bills (DC Bills) have been submitted to the controlling officer in respect of AC Bills drawn more than a month before the date of the bill being presented. However, it was noticed that the system accepted all AC bills without checking any details related to pending DC bills. DC bills were required to be submitted to AG and certificate to this effect was to be attached with AC bills. Infact, a separate provision for capturing details of this certificate did not exist in the system. It was further noticed that, The Protocol Officer, Government of Madhya Pradesh drew an amount of Rs.11.59 crore on AC bills during the period 2003-04 to 2005-06 without submitting DC bills to the Accountant General.

The DTA stated that it was not possible to exercise checks on drawal of AC bills through the system. However, the Treasury Officers are responsible to check the provisions of the rules provided in the MPTC. Therefore the reply is not tenable and in the absence of requisite provisions in the software, Treasury Officers cannot exercise an effective check.

3.1.5.3 No provision for avoiding double payment on same Bill

In absence of the field for capturing the bill number, double payments of Rs. 10.55 lakh were made on duplicate bills.

Each Treasury issues a Bill Transit Book (BTB) to all DDOs under its purview. A DDO attaches a leaf from the BTB with every bill that it presents for payment to the Treasury. This ensures that bills from only authenticated DDOs are received and paid at the Treasury. Further, every bill presented at the Treasury has a unique bill number, which was maintained by the concerned DDO in his bill register. However, at the time of data entry there was no field in the software to capture the bill number. Absence of this field indicated that the system did not check for duplicate bill numbers. Thus there was a risk of the same bill being drawn and paid more than once. In the absence of this feature in the system, double payments on duplicate bills amounting to Rs.10.55 lakh were fraudulently made from District Treasury, Barwani involving the office of the Civil Surgeon, Barwani during 2005-07.

The Treasury Officers replied that the matter was being brought to the notice of the software vendor and DTA for necessary provisions in the software. However, compliance report had not been received (November 2007).

3.1.5.4 No provision for reconciliation of Bank Receipts with Departments

One of the objectives of computerisation was to carry out reconciliation of receipts as depicted in the books of various departments with the bank scrolls received in the treasuries. However, no such provision existed in the SFMS package and the same was being done manually. In the case of Vindhyanchal

Treasury, Bhopal, reconciliation of receipts up to June 2003 only was done (April 2007).

3.1.6 Unreliable Management Information System

Huge mismatch between reports generated by the software and those maintained manually.

One of the objectives of computerisation was to provide effective Management Information System (MIS). It was observed in audit that manual corrections were being carried out in most of the reports generated by the SFMS package. The reports generated by the SFMS package were compared with that maintained/corrected manually and huge mismatch was observed in cases like 'Reserve Bank Deposit Figures', 'Balances of PD/ED Accounts' and 'Pending Pension Cases' as shown in **Appendix 3.1**. This seriously undermined the reliability of data generated by SFMS forcing the department to simultaneously maintain data manually.

3.1.7 Other points of interest

Various functions of the treasuries could not be computerised due to which work was carried out manually.

3.1.7.1 No provision for calculation of various components of Pay

One of the objectives of computerisation was generation of 'Pay Bill' of State Government employees at the Treasuries. The reports revealed that the 'Pay Bills' were still being prepared manually. Further, computation of various components of pay like HRA, CCA, DA, Annual Increments, Personal Pay, Arrears and Adjustment of Medical & Tour Advances etc. were being done manually due to non provision for these components of pay in the system.

The Treasury Officers replied that the matter was being brought to the notice of the software vendor and DTA for necessary provisions in the software. However, compliance report had not been received (November 2007).

3.1.7.2 No provision for calculation of Pension in cases of voluntary retirements

In cases of voluntary retirement, the qualifying service of the employee can be increased by a period not exceeding five years, subject to the condition that the total qualifying service does not exceed 33 years and it does not take him beyond the date of superannuation. It was observed in audit that this addition to qualifying service in cases of voluntary retirement was being done manually as there was no provision for the same in the SFMS package. The package also had no provision for calculating pension in cases where the age for superannuation had been revised to 62 or 65 as in the case of Professors of Technical Colleges. Thus, the objective of computerised calculation of pension of state employees could be achieved partially.

3.1.7.3 No provision for checking irregular drawals under Treasury Rule (TR) 27

In absence of checking Rs.530.42 crore were irregularly drawn on TR 27.

Rule 27 of MPTC (TR27) provides that a Collector may in circumstances of urgency by an order in writing authorize and require a Treasury Officer to make payment (not being of pension) without complying with the provisions of these rules. The rule provides that drawal (without budget provision) in cases of urgency i.e. floods, earthquake etc. should be allowed only under Major Head 2245 meant for natural calamities. The reports of four treasuries revealed that drawals pertaining to Major Heads like 2047, 2029 and 2220 etc., amounting to Rs.527.90 crore were made under TR27 during the period 2003-07. It was further noticed that Rs.2.52 crore was drawn under TR27 for payment of interest and repayment of principal of loans of Life Corporation of India during 2006-07. There was no feature in the system to check such drawals.

The Department replied that expenditure under TR27 in heads other than Major Head 2245 had been restricted up-to a great extent in the present. The reply was not tenable as drawals under TR27 should only be allowed under Major Head 2245.

3.1.8 General controls

General controls create the environment in which IT applications and related controls operate. Scrutiny of records of Treasuries, Divisional Offices and DTA revealed the following deficiencies due to weak General Controls.

3.1.8.1 Lack of Documentation

No IT security policy was formulated even after completion of project period.

The DTA failed to formulate and document an IT security policy regarding the security of IT assets, software and data security even after lapse of project period. In absence of security policy possibility of security breaches, data loss, fraud and errors can not be ruled out. A written IT policy covering the department's objectives, the technological direction, and management of human resources etc. had also not been developed.

3.1.8.2 Physical and Logical Access Controls

The objective of physical and environmental controls is to prevent unauthorised access and interference to IT services. IT assets should be protected from environmental damage, caused by fire, water (either actual water or excess humidity), earthquakes, electrical power surges or power shortage. No separate Cell was available for IT operations in treasuries and physical access to non-IT staff was not found restricted. Proper arrangement for fire fighting was also not found in any Treasury.

The password policy was not formulated and normal password control procedures like restriction on unsuccessful login attempts by the users or automatic lapse of password after a predefined period and system enforced periodical change of passwords after certain period were not in existence. The

username and password allotted in each treasury to login in the Server were the same in every treasury. Moreover the system did not generate any logs to record the number of log in attempts.

3.1.8.3 Absence of Business Continuity and Disaster Recovery Controls

Business Continuity and Disaster Recovery Plans were not formulated.

DTA had not formulated and documented any Disaster Recovery Policy or Business Continuity Plan. There were no documented procedures indicating frequency for taking back up of data, its storage and frequency of testing/checking. Scrutiny of records of Gwalior, Bhopal and Indore treasuries revealed that in the absence of laid down back up policy Treasury Officers were taking back up as per their convenience. Though daily and weekly backup are taken but no method was being used to test the back up data. The back up of data was not stored at a separate/remote location in fireproof cabinets and not tested regularly. The data back up was being stored on the same server and back up CDs stored in the same location, which defeats the very purpose of back up.

3.1.8.4 Programme Change Controls

On the basis of requirements received from treasuries and sub-treasuries changes/ modifications were carried out in the form of patches, but these changes were not documented and authenticated by a competent authority. No such record was found maintained at DTA.

3.1.9 Irregularities in implementation of ITCP

3.1.9.1 Non preparation of Action Plan led to stoppage of Central Assistance

The project was started without preparation of Action Plan and Annual Plan.

The ITCP was to be financed from two sources viz., Financial Assistance from the Government of India awarded on the recommendation of the Eleventh Finance Commission for upgrading the functionality of Treasuries and from the funds provided by the State Government. The Central assistance was to be utilized within a year invariably. The Central Assistance was to be provided only if a detailed 'Action Plan', both in physical and financial terms for the entire award period (2000-2005) of the EFC, duly approved by a State Level Empowered Committee, was submitted to the Central Government. DTA was also required to furnish an Annual Plan and Utilisation Certificate for expenditure incurred in the year in order to get the Central Assistance.

DTA received Central Assistance worth Rs.88.99 lakh and Rs.7.96 crore in the years 2000-01 and 2001-02 respectively. However, DTA failed to prepare and furnish an Action Plan and an Annual Plan, the Utilisation Certificates were also not sent, therefore the Central Government did not release any grant after 2001-02.

3.1.10 Financial Management

3.1.10.1 A statement of source and application of funds is as follows:

(Rupees in lakh)

Year	Central Assistance	State Funding	Expenditure	Savings parked in Deposit Account
2000-01	88.99	12.21	45.12	56.08
2001-02	796.00	--	796.00	--
2002-03	--	1357.01	924.42	432.59
2003-04	--	280.65	184.60	96.05
2004-05	--	--	--	--
2005-06	--	--	410.19*	174.53
Total	884.99	1649.87	2360.33	174.53

* *Expenditure met from balance in Deposit Account*

Analysis of the above data reveals that except for the year 2001-02, a substantial portion of released funds remained unutilised in each year during the period 2001 to 2006. This underlined the need for better estimation and utilisation of funds. Further, Financial Rules, provide that no amount should be withdrawn from treasuries unless it is required for immediate disbursement, these were also grossly violated by parking the funds under Deposit Accounts.

3.1.10.2 Utilisation Certificates not furnished

Scrutiny of records of DTA revealed that Utilisation Certificates in respect of expenditure of Rs.8.85 crore pertaining to the period 2000 to 2006 had not been furnished (April 2007) to the State/Central Government which not only showed lack of transparency in fund utilization procedures but also indicated lack of financial monitoring on the part of the State Government.

3.1.10.3 Diversion of funds meant for Disaster Recovery Plan

Out of Rs.28.02 crore sanctioned for ITCP by the State Government, Rs.1.30 crore was meant for 'Disaster Recovery Plan'. Scrutiny (April 2007) of records of DTA revealed that no amount could be spent on Disaster Recovery Plan and the amount allocated for this purpose was diverted for making other expenditures which was a violation of the financial rules. Moreover, the possibility of loss of data and IT assets in the event of any unforeseen disaster can not be ruled out.

Further, Scrutiny of records of DTA revealed that a loss of Rs.2.10 lakh occurred (2001-2006) due to theft of VSAT equipment in Shahdol, Dhar and Rewa districts which further drives in the point of formulating and implementing a 'Disaster Recovery Plan'.

3.1.10.4 Undue financial aid to M/s Wipro Limited, Bangalore

Undue financial aid of Rs.41.50 lakh to contractor was made by waiving off penalty.

Agreement was made (December 2002) between DTA and M/s Wipro Limited, Bangalore for supply and installation of servers, desktops, scanners, printers etc. The value of contract was Rs.8.54 crore.

Scrutiny of records revealed that DTA imposed a penalty of Rs.1.02 crore under General Condition of Contract (GCC) No.15.1 (Penalty Clause) for delay on the part of the contractor, of which Rs.41.50 lakh was waived off (October 2004) by the DTA although no clause regarding waiving off of penalty existed in the contract. The reply of DTA, that the decision was taken in consultation with Finance and Law Departments, was not tenable.

3.1.10.5 Inadequate Monitoring

Lack of monitoring and supervision was observed at District level.

For effective implementation of ITCP, physical monitoring through Treasury Officers (TOs) should have been carried out who in turn should have periodically reported to the DTA about the progress of work and performance of the contractor. The officers dealing with ITCP at DTA should have regularly inspected various Treasuries as per a carefully drawn up schedule and the payments to various contractors should have been released only after physical verification and satisfactory reports regarding adherence to prescribed specifications. Scrutiny of records of DTA revealed that no schedule of field inspections by DTA officials and submission of performance reports by TOs were devised and no record of field visits by officers of DTA was maintained.

3.1.11 Conclusion

- An expenditure of Rs.23.60 crore has been incurred on the project and sufficient funds parked in Deposit Account are available. Yet, a significant amount of work like calculation of pension and pay and reconciliation of bank receipts with Departments etc. continues to be done manually even after lapse of more than 3 years since the date of commissioning of SFMS.
- Provisions for checking irregular drawals under TR 27 and passing of duplicate bills were absent.
- Repeated errors in various reports generated by SFMS were noticed forcing manual corrections, which defeat the objective of an effective Management Information System.
- There was no documented policy regarding IT Security, Updating of Master Data, Back Up, Disaster Recovery and Business Continuity, Change Management, Physical and Logical Access to IT Assets etc.

3.1.12 Recommendation

- Immediate steps should be taken to computerize the left out features in the software so that minimum manual intervention could be resorted to.
- Immediate steps like data input validation, correct mapping of rules as laid out in MPTC & MPFC etc. should be initiated so that instances of irregular drawals and erroneous passing of bills could be checked.
- Immediate formulation, documentation and implementation of a comprehensive IT Policy enumerating Security Controls, Physical and Logical Access Controls, Program Change Controls and Disaster Recovery and Business Continuity Plans etc is urgently required.

Forest Department

3.2 Implementation of Forest (Conservation) Act, 1980 in Madhya Pradesh

Highlights

Forest (Conservation) Act, 1980 was enacted with the objective of maintaining a sustainable balance between the development needs of the country and the conservation of natural environment. As per the provisions of the Act, prior permission of the Government of India was essential for diversion of forest lands for non forest purposes. While approving a proposal under the Act, the Central Government stipulates mandatory compensatory conservation measures such as compensatory afforestation, catchment area treatment etc., the cost of which was borne by the user agencies. Performance Audit of the implementation of the Act in Madhya Pradesh revealed significant cases of violation of the Act and absence of execution of compensatory conservation measures in most of the cases where forest land had been diverted for non-forest purposes. As a result, objectives of the Act largely remain unachieved in the State. Salient points noticed during performance audit are as follows:

In 43 cases, 1515.997 hectare forest land was illegally diverted without prior permission of the Government of India during last ten years.

(Paragraph 3.2.5.1)

Compensatory afforestation (CA) was not carried out in 70 per cent of the projects where forest land was diverted for non-forest purposes during last ten years (1997-2007). Only 6 per cent of the funds received from user agencies on account of cost of CA were utilized during this period.

(Paragraph 3.2.6.2)

Fifty three out of the 56 compensatory afforestation plantations raised on Jhabua 'land bank' during the period 1997-2000 failed due to non-allotment of funds by the Government for maintenance and protection of plants, resulting in wasteful expenditure of Rs.2.04 crore.

(Paragraph 3.2.6.4)

Department failed to recover Net Present Value amounting to Rs.350.99 crore from nine user agencies in 18 projects.

(Paragraph 3.2.7.1)

Catchment area treatment (CAT) was not carried out in six of the eight projects where it was stipulated by the GOI as a condition for diversion of forest land. Funds of Rs.30.51 crore on account of cost of catchment area treatment were not/short realised from the user agencies. Only 2.2 per cent of the total funds required for CAT had been spent.

(Paragraph 3.2.8)

3.2.1 Introduction

The objective of Forest (Conservation) Act, 1980, referred to as Act hereafter, is to regulate the indiscriminate diversion of forest land for non-forest uses and to maintain a logical balance between the developmental needs of the country and the conservation of natural heritage. Under the provisions of this Act, prior approval of the Government of India (GOI) is essential for diversion of forest lands for non-forest purposes. While approving a proposal, the Central Government stipulates certain conditions to reduce the environmental damage on account of forest loss. These conditions include mandatory carrying out of compensatory afforestation (CA) and other project specific conservation measures such as catchment area treatment in water resources projects, creation of safety zone, reclamation of opened areas in mining projects and strip plantation in case of highway projects etc. The cost of conservation measures is borne by the user agency. Further, as per directions of the Hon'ble Supreme Court of India, the GOI has also stipulated for realization of net present value of the diverted forest land from the user agencies. The proposals for diversion of forest land for non-forest use are processed by the Forest Department. It is the responsibility of the Forest Department to ensure that no forest land is diverted without the permission of the GOI and conditions of the GOI and State Government, if any, for diversion of the forest land are complied to.

3.2.2 Organisational set-up

The Department of Forests is headed by the Principal Secretary (Forests) at the Government level. Chief Conservator of Forests (Land Management) in the office of the Principal Chief Conservator of Forests (PCCF) has been designated as the Nodal Officer, who deals with the cases of diversion of forest land for non-forest use in the State. He is assisted by Conservators of Forests and 60 Divisional Forest Officers (Territorial/General) at the field level.

3.2.3 Audit objectives

Objectives of the performance audit were to assess whether:

- provisions of the Act were followed by the State Government in case of diversion of forest land for non-forest purpose;
- conditions imposed by the GOI and the State Government for diversion of forest land were adhered to;
- mandatory conservation measures such as compensatory afforestation, catchment area treatment etc. were carried out effectively and efficiently;
- financial management was effective; and
- system of monitoring and evaluation was in place and effective.

3.2.4 Audit scope and criteria

The scope of performance audit included test check of records in the Nodal office and 17 forest divisions¹. Selection of divisions was done after discussion with the State Government during Entry Conference (April, 2007). Divisions were selected to represent all the major geographical areas of the State and various types of projects such as irrigation, mining, power, roads etc. for which forest land were diverted. Records pertaining to the period from 1997-98 to 2006-07 were examined in detail. The performance audit was conducted by this office during April to July, 2007. Exit conference was held in November 2007 and comments of State Government have been incorporated accordingly.

Performance of the forest department was evaluated against the provisions of the Act, rules and guidelines framed by the Central Government under the Act, conditions stipulated by the Central and the State Government while granting approval for diversion of forest land and the instructions issued by the forest department to territorial forest divisions.

Audit findings

3.2.5 Cases of violation of the Act

3.2.5.1 Utilization of forest land for non-forest purposes without obtaining prior approval from the Central Government

Illegal diversion of forest land without permission of the Government of India

The Act stipulates that no forest land should be utilized for non-forest purpose without prior approval of the Government of India.

Scrutiny of the records of eight forest divisions² revealed illegal diversion of 1507.391 hectare of forest land in 41 cases by eleven user agencies³. Prior approval from the Government of India was not obtained in these cases. Further, scrutiny of records in Sehore and Satna territorial divisions revealed illegal diversion of 8.606 hectare forest land by two user agencies⁴ in excess of the area approved by the Central Government.

1. *Badwaha, Betul (North), Chhindwara (West), Dewas, Guna, Indore, Jhabua, Katni, Khandwa, Mandla, Morena, Satna, Sehore, Seoni (North), Shivpuri, Umaria and Vidisha*

2. *Betul (North), Chhindwara (West), Damoh, Indore, Jhabua, Satna, Sheopur, and Umaria*

3. *Western Coalfields Ltd., South Eastern Coalfields Ltd., Sharda Management Committee, Water Resources Department, RES Division Jhabua, RES Division Sheopur, Janpad Panchayat Jabera, Public Works Department, Rajiv Gandhi Mission, Tendukheda Janpad Panchayat, and Gram Panchayat, Amlipada.*

4. *M/s Maihar Cement Ltd. and Water Resources Department*

Violation cases not reported to the Central Government

3.2.5.2 Penal action not initiated for violation of the Act

As per the provisions of the Act, cases of violation of the Act were required to be reported by the State Government to the Central Government so that penal action under section 3-A and 3-B of the Act could be initiated. It was noticed during audit that neither 43 cases of violation of the Act were brought to the notice of the Central Government nor any penal action was initiated in any of the cases.

The State Government stated that the cases were under scrutiny and would be reported to the Government of India after establishing violation of the Act. However, the fact remains that not a single case was reported to the Government of India despite lapse of one year to eight years since violation of the Act. Further, section 468 of Criminal Procedure Code, 1973 bars Courts to take cognizance of an offence after lapse of the period of limitation. Period of limitation is one year for offences under the Act, as the offence is punishable with imprisonment for a term not exceeding one year.

3.2.6 Compensatory afforestation : Non-carrying out and failure of compensatory afforestation plantations and other issues

In order to mitigate the adverse effects of diversion of green forest lands the Central Government, while granting approval under the Act, stipulated to carry out the compensatory afforestation (CA) over equivalent area of non-forest land or double the degraded forest land. The cost of such CA was to be borne by the user agency.

3.2.6.1 Scrutiny of records in the Nodal office revealed the following status⁵ of compensatory afforestation since the implementation of the Act in 1980.

Total number of projects since 1980	Total forest land diverted since 1980 (in hectare)	Area on which CA was stipulated (in hectare)	Number of projects where CA has not been done at all	Stipulated area where CA has not been done at all (in hectare)	Funds made available by the user agencies (Rupees in crore)	Funds utilized for CA till June, 2006 (Rupees in crore)
734	51,018	73,213	289	13,441	109.77	27.17

75 per cent of the CA funds remained unutilized.

Only 25 per cent funds had been utilized for compensatory afforestation out of Rs.109.77 crore made available by user agencies since implementation of the Act in 1980. Also, CA has not been carried out at all in 289 projects (39 per cent) and 13,441 hectare (18 per cent) of the stipulated land. In other words, there has been no compensatory conservation effort against the diversion of 9,853 hectare of forest land to 289 projects for non-forest use.

3.2.6.2 A detailed scrutiny of the records of 17 forest territorial divisions was done by audit where forest land was diverted for non-forest use during the last ten years i.e. 1997-98 to 2006-07. The results are as below :

⁵ As in June 2006.

Total number of projects where forest land was diverted between 1997-98 and 2006-07	Total forest land diverted (in hectare)	Area on which CA was stipulated (in hectare)	Number of projects where CA has not been done at all	Stipulated area where CA has not been done at all (in hectare)	Funds made available by the user agencies (in crore)	Funds utilized for CA as on 31.03.07 (in crore)
96	8915.214	7060.979 ⁶	67	5340.197	38.37	2.31

Compensatory afforestations not carried out due to non-release of funds.

The above table shows that only Rs.2.31 crore (six *per cent*) were utilized for CA out of Rs.38.37 crore made available by user agencies during the last ten years. Also, CA has not been carried out at all in 67 cases (70 *per cent*) and 5340.197 hectare (76 *per cent*) of the stipulated land.

The DFOs stated that CA could not be carried out due to non-allotment of funds by the Government in 64 cases and non-transfer of non-forest land by the user agency in one case. It was, however, noticed during audit that the divisions also did not pursue for allotment of funds from the Government. In the remaining two cases, it was noticed that CA was not carried out despite availability of funds with the divisions.

Failure of plantations due to improper maintenance, protection and site selection.

Further, 29 compensatory afforestations that were carried out during the review period were evaluated between August 2004 and April 2007 by the forest divisions⁷. These plantations had failed as the survival ratio of plants ranged from nil to 10 *per cent*. Thus Rs.15.68 lakh spent on these plantations were rendered wasteful. Main reasons for failure of these plantations were improper protection and maintenance of plants, and selection of unsuitable land for plantation by the forest divisions. Responsibility for failure of these plantations was not fixed in any of these cases by the Forest Department.

3.2.6.3 Compensatory afforestations are also evaluated by the regional office of Chief Conservator of Forests (Central), Ministry of Environment and Forests, GOI, Bhopal. Scrutiny of 67 inspection reports⁸ made available to audit revealed that CA was not carried out in 34 cases (51 *per cent*) due to non-allotment of funds by the Government in 25 cases, non-depositing of funds by user agencies in five cases, non-availability of non-forest land in two cases and non-suitability of land for CA in the remaining two cases.

Out of the 33 cases where CA was carried out, 18 plantations⁹ raised during the period from 1998-99 to 2004 had failed resulting in wasteful expenditure of Rs.8.82 lakh. In seven of these failed plantations raised in the year 2000

⁶ Includes Non-forest land of 1631.528 hectares and Degraded forest land of 54,29,451 hectare

⁷ 20 of these plantations were assessed by the forest divisions during March and April, 2007 on the request of audit. In addition to this, joint physical verification of four plantations of Guna and Dewas divisions was done in October, 2007.

⁸ A total 78 inspections were carried out during the last two years by the regional office.

⁹ 10 plantations belong to the year 1998-99, seven belong to the year 2000, and one belongs to the year 2004.

survival rate of plants was zero. Reason for failure was non-allotment of funds by the Government for maintenance of plants.

95 per cent of plantation raised under CA in Jhabua had failed due to paucity of funds.

3.2.6.4 Scrutiny of records of Jhabua territorial division revealed (May 2007) that 56 plantations were raised in 2608.018 hectare of Land Bank during the period from 1997 to 2000 at a cost of Rs.2.23 crore. DFO, Jhabua was requested for evaluation of these plantations in March 2007. Assessment of these plantations by the forest department personnel between March and May 2007 revealed low survival of plants (zero to 20 per cent) in 53 plantations resulting in wasteful expenditure of Rs.2.04 crore.

The DFO Jhabua stated that the main reason for failure of these plantations was non-allotment of funds for maintenance and protection of plants by the State Government. It was, however, noticed during audit that the division also did not pursue for allotment of funds from the Government. The Forest Department failed to monitor these plantations and accountability/responsibility for failure of these plantations was not fixed in any of these cases which reflected the indifferent attitude of the department.

In six similar cases in Harda Division (May 2005), compensatory afforestation plantations had failed. These plantations were raised by Narmada Valley Development Authority (NVDA) during 1997-98 and were assessed in the year 2002. As the survival ratio of plants was six to 17 per cent, the expenditure of Rs.40.89 lakh proved wasteful.

The Government while accepting the audit observation assured that responsibility would be fixed for failure of plantations.

3.2.6.5 Non/short realization of charges for compensatory afforestation

Monitoring and Evaluation charges not recovered from user agencies

The departmental instructions (February 2004) for preparation of project report for compensatory afforestation, prescribe that provision for monitoring and evaluation charges should be made at the rate of 20 per cent per hectare of the estimated cost of plantation.

Test check of the records relating to diversion of forest land for non-forest use in 12 forest divisions¹⁰ revealed that requisite provision for monitoring and evaluation charges at the prescribed rate was not made in 34 compensatory afforestation project reports. This resulted in non/short-realization of Rs.3.90 crore from 12 user agencies¹¹.

The DFOs stated that action would be taken after obtaining guidance from the higher authorities. Reply of the DFOs was not tenable in view of clear departmental instructions (February 2004).

¹⁰ Badwah, Betul (North), Chhindwara (West), Dewas, Indore, Jhabua,, Katni, Morena, Satna, Seoni (North), Shivpuri, and Umaria

¹¹ MPSEB, M/s Enercon Ltd., National Highway Authority of India, Indian Oil Corporation, State Mining Corporation, ACC Kaimur, PWD, Indian Railways, All India Chandravanshi Samaj, Balaji Marbles & Tiles, Maa Sharda Management Committee and M/s Power Grid Corporation of India Ltd.

Similarly, requisite provision for works relating to entry point activities and human resource development at the rate of 12 and three *per cent*, respectively, was not made in 46 project reports prepared by 13 forest divisions¹² despite clear departmental instructions for the same in February 2002. This resulted in short/non-realization of Rs.3.17 crore.

The Government while accepting the audit observation assured that the Nodal Officer would issue instructions to the forest divisions for recovery of the above mentioned charges from the user agencies.

3.2.6.6. Non-forest land not transferred for CA and not notified as Reserve/Protected Forest

Non-forest land not transferred to the forest department for carrying out CA

As per guidelines issued under the Act by the GOI, equivalent non-forest land (NFL) identified for the purpose of CA was to be transferred to the ownership of the State Forest Department and declared as reserved/protected forest under the Indian Forest Act, 1927 so that the plantation raised could be maintained permanently. The transfer of NFL was to be made prior to the commencement of the project.

Scrutiny of the records of 13 forest divisions¹³ revealed the following status of transfer and subsequent notification of the non-forest land that was to be made available for CA since the implementation of the Act.

Total projects where NFL was to be made available	Total NFL that was to be made available (hectare)	Number of projects where NFL not transferred	NFL not yet transferred (hectare)	NFL transferred (hectare)	NFL not declared as Reserve Protected forest (hectare)
49	4,859	8	2,994	1,865	1,141

About 62 *per cent* of the total NFL identified for carrying out CA had not been transferred by the user agencies¹⁴ despite diversion of forest land for non-forest use. In eight projects where NFL of 2,994 hectare had not been transferred by user agencies, forest land was diverted during the period 1982 to 1996. Forest Department failed to take any effective steps to obtain non-forest land from the user agencies. Also, 61 *per cent* of the NFL transferred to the forest department by user agencies had not been declared Reserve/Protected forest by the forest department.

The DFOs stated that efforts were being made to obtain and notify the non-forest land. The reply is not tenable in view of guidelines issued by the Ministry of Environment and Forests and the delay of 11 to 24 years in transfer of land and one to 17 years in getting the transferred land notified as

¹² Shivpuri, Khandwa, Badwah, Guna, Katni, Umaria, Mandla, Indore, Jhabua, Vidisha Betul (North), Seoni (North) and Chhindwara (West)

¹³ Chhindwara (South), Chhindwara (West), Dewas, Guna, Katni, Mandla, Satna, Sehore, Seoni (North), Seoni (South), Shivpuri, Umaria and Vidisha..

¹⁴ Water resources department, SECL, WCL and National Fertilizer Ltd., Vijaypur.

reserve/ protected forest was not justified. The State Government stated that the cases would be examined to assess possibility of carrying out CA on double the degraded forest land instead of equivalent non-forest land in such cases, where NFL had not been transferred to forest department for many years.

3.2.6.7 Deviation in working circle for compensatory afforestation

Compensatory afforestation not done in RDF working circles.

Departmental instructions (February 2002) require that compensatory afforestation should be done only for Rehabilitation of Degraded Forest (RDF), Rehabilitation of Degraded Bamboo Forest (RDBF) and Plantation working circles as the density of forests in these working circles is less than 0.4. If forest divisions do not have any of these working circles, CA should be carried out in another forest division having these working circles.

Scrutiny of records of Indore and Badwah forest division revealed (April 2007) that five plantations were carried out over 71.994 hectare at a cost of Rs.12.30 lakh in Improvement Working Circle (IWC) and Coppice with Reserve (CWR) working circles¹⁵ during the period 2004-07 in contravention of the departmental instructions. Further, scrutiny of site specific CA projects of Badwah and Shivpuri divisions revealed that three CA plantations over 282.388 hectare had been planned in the IWC/CWR working circles in contravention of the departmental instructions.

The DFO Indore stated that CA was done in IWC due to non-availability of RDF working circle in the division. DFO, Badwah and Shivpuri stated that the proposed area for CA was equivalent to RDF areas. The reply is not tenable in view of departmental instructions.

3.2.6.8 CA project of Omkareshwar project not revised

As per GOI guidelines and departmental instructions (December 2001 and February 2002), project report for compensatory afforestation should be site-specific.

Scrutiny of the records of Nodal Office revealed (July 2007) that the GOI granted in-principle/formal approval (October 1993/August 2004) for diversion of 5,829.85 ha forest land to Omkareshwar Project subject to condition of carrying out of CA over 11,660 ha degraded forest land. The action plan for CA was prepared in the year 1991 at a cost of Rs.21.98 crore (Rs.18,851 per ha.) whereas the work of CA was started by Narmada Valley Development Authority (NVDA) in the year 2002-03 (in Khandwa and Badwah). It was noticed during audit that site-specific project was not prepared before carrying out CA taking into account the cost escalation during the last 12 years.

Further, as per scrutiny of 23 project reports of Badwah and Khandwa prepared during 2002-04, the average cost of CA comes out to Rs.1.18 lakh per ha. Accordingly, CA project of Omkareshwar needs revision by taking into account the cost escalation.

¹⁵ Density of forests in these working circles is more than 0.4.

3.2.7. Non/short-realization of Net Present Value and *Pratyasha Mulya*

3.2.7.1 Non/short-realization of Net Present Value (NPV) of diverted forest land

NPV amounting to Rs.350.99 crore was not recovered from user agencies.

As per instructions of the Government of India, Ministry of Environment and Forests (September 2003), NPV of the diverted forest land shall be charged¹⁶ from the user agency in all those projects which were granted in-principle¹⁷ approval after 30 October 2002. The underlying principle for recovery of NPV is that the plantations raised under the CA scheme can never adequately compensate for the loss of natural forests as the plantations require more time to mature and even then these plantations are poor substitute to natural forests. Further in compliance of the orders of Hon'ble Supreme Court (September, 2006), the Ministry instructed (October 2006) that NPV should be charged in those cases also where formal approval was granted after 30 October 2002 irrespective of the date of in-principle approval by the GOI.

Scrutiny of records of nine forest divisions¹⁸ revealed that NPV amounting to Rs.350.99 crore was not/short recovered from nine users/user agencies¹⁹ in 18 projects.

The Government stated that the demand for recovery of Rs.350.99 crore had been raised from the user agencies at the instance of audit. An amount of Rs.11.21 lakh was recovered by DFO Dewas at the instance of audit.

3.2.7.2 Non-realization of "*Pratyasha Mulya*"

The Government of Madhya Pradesh (GOMP), Forest Department prescribed (April 2000) realization of "*pratyasha mulya*" from user agencies in lieu of diversion of forest land for non-forest use under the Forest (Conservation) Act, 1980. The rates were prescribed between Rs.5.80 lakh and Rs.9.20 lakh per hectare depending on site quality and density of the diverted forest land.

Test check of records relating to diversion of forest land for non-forest use in eight forest divisions²⁰ revealed that 1330.539 hectare of forest land was

¹⁶ @ Rs.5.80 lakh to Rs.9.20 lakh per hectare depending upon the quality and density of the forest land being diverted for non-forest purposes.

¹⁷ Approval by the GOI is granted in two stages viz. in-principal approval and formal approval. Formal approval is granted only after conditions laid down in in-principal approval are met.

¹⁸ Badwah, Bhopal, Dewas, Guna, Indore, Katni, Khandwa, Satna and Shivpuri.

¹⁹ MPEB, NVDA, Water Resources Department, Public Works Department, Maa Sharda Devi Trust, Nitin Jain, Anil Jain, Manish Dixit and Babu Khan.

²⁰ Balaghat (North), Balaghat (South), Jhabua, Seoni (North), Seoni (South), Shahdol (South), Shivpuri and Vidisha.

diverted to four user agencies²¹ for non-forest use between July 2000 and September 2002 but "Pratyasha mulya" of Rs.78.14²² crore was not realized from the user agencies resulting in loss of revenue to the Government.

The Government replied that action for recovery of *Pratyasha Mulya* would be taken in cases where forest land was handed over to the user agencies between April 2000 and October 2002.

3.2.8. Catchment area treatment

Catchment area treatment not carried out despite stipulation by the GOI

Catchment area treatment is one of the important conditions imposed by Government of India, while granting permission under the Act for diversion of forest land for medium and major irrigation projects and hydro-electric projects of 10 MW and above capacity. It involves treatment of erosion prone areas in the catchment area of a water resources project through engineering and biological works²³ and is essential for preventing siltation of reservoirs and maintaining environmental balances.

Scrutiny of records of Vidisha, Shivpuri, Umaria, Satna, Indore and North Seoni forest divisions revealed the following status of catchment area treatment in water resources projects for which forest land had been diverted under the Act.

Sl. No	Name of the division	Name of the project	Diverted forest land area (ha.)	Final sanction by GOI	Amount to be deposited by user agency (Rupees in lakh)	Amount deposited by user agency (Rupees in lakh)	Expenditure incurred till 31 March 2007
1.	2.	3.	4.	5.	6.	7.	8
1.	Vidisha	Sanjay Sagar (Wah)	304	31 October 2005	816.20	Nil	Nil
2.	Umaria	Van Sagar Project	293	10 July 1989	3.70	Nil	Nil
3.	Shivpuri	Madhar Tank	180	15 September 1993	18.00	Nil	Nil
4.	Shivpuri	Mohini Sagar Dam Phase-II	3106	05 December 2000	5070.19	2922.00	Nil
5.	North Seoni	Upper Van Ganga Irrigation Project	923	14 June 2002	-- ²⁴	Nil	Nil
6.	Indore	Katiajhria Tank	11	31 August 2002	2.50	2.50	Nil
7.	Satna	Watershed under Van Sagar Project	2550	10 July 1989	217.00	151.58	109.66
8.	Vidisha	Rajeev Sagar (Maksudan-garh)	129	20 April 1993	61.52	61.52	28.20
	Total	8	7496	--	6189.11	3137.60	137.86 (2.2%)

²¹ *Bharat Oman Refineries Limited, Bombay; South Eastern Coal fields Limited; Water Resources Department, Government of Madhya Pradesh; and MPEB.*

²² *calculated at the minimum rate of Rs.5.80 lakh per hectare in five projects and Rs.8.60 lakh per ha in one project.*

²³ *Engineering works include construction of stop/check dams and biological works mainly include plantations.*

²⁴ *Project report for catchment area treatment was not prepared by the forest department*

Audit observed that catchment area treatment was not carried out at all in six of the eight projects inspite of the GOI's condition for diversion of forest land. Reasons for non-carrying out catchment area treatment in these six projects were non-recovery of funds from the user agencies (four projects) and failure to spend the funds recovered from the user agencies (two projects) by the State Government.

As a result, only 2.2 *per cent* of the total funds required for catchment area treatment were spent while forest land of 7,496 hectare has been transferred for non-forest use two to 18 years ago.

The DFO Vidisha and Satna stated that necessary action was being taken to collect the money and complete the work. The State Government replied that the cases of non-carrying out of catchment area treatment would be examined in detail and reasons would be communicated to audit.

3.2.9. Status of compliance on other conditions

3.2.9.1 Safety zones not created around the mining area

As per guidelines issued by the GOI (October 1992) under the Act, safety zones were to be created around the forest areas diverted for mining operations. Further, project authorities were required to deposit funds with the forest department for the protection and regeneration of such safety zone areas and bear the cost of afforestation over one and half times the safety zone area in degraded forest elsewhere.

Scrutiny of the records of Jhabua, Vidisha and North Betul divisions revealed that safety zones were not created in seven mining projects involving diversion of 504.739 hectare of forest land. In a case of Jhabua Division, provision for Rs.14.97 lakh was made for safety zone, but funds were not demanded from the user agency Madhya Pradesh State Mining Corporation Ltd., Meghnagar. In six mining cases of Vidisha and North Betul, no provision for safety zone was made by the Forest Department, in contravention of the guidelines, while sending proposals to the Central Government.

The DFO Jhabua stated that demand of Rs.14.97 lakh would be raised from Madhya Pradesh State Mining Corporation Ltd., Meghnagar. The Government stated that instructions would be issued to the divisions to ensure provision of safety zones are made as per the GOI guidelines.

3.2.9.2 Non-reclamation of mining area

According to the guidelines issued under the Act, the diverted forest land opened for mining was to be systematically reclaimed according to a phased reclamation plan and the cost of reclamation was to be borne by the user agency.

Scrutiny of records of Jhabua, Vidisha and Satna forest divisions revealed that the GOI stipulated reclamation of opened mining areas while granting

approval for diversion of 65.671 hectare of forest land to four user agencies²⁵ for six mining projects. In one case of Jhabua Division, provision for Rs.66.43 lakh was made for reclamation, but funds were not demanded from the user agency viz. State Mining Corporation. Forest land of 37.7 hectare was diverted in this case in February, 2007. In two cases of Vidisha Division, reclamation was not initiated despite expiry of the lease period in July, 2003 and January, 2006. In remaining three cases of Satna Division, partial reclamation was done by the user agency viz. Maihar Cement Company after expiry of the lease period between February 2001 and April, 2005.

The DFO's Jhabua and Vidisha stated that the necessary action would be taken. The State Government stated that a uniform policy for collection of charges for reclamation of opened mined areas would be devised.

3.2.9.3 Environment clearance not obtained

Scrutiny of records of four divisions²⁶ revealed that the GOI granted permission for diversion of 1440.597 hectare forest land in six projects with the condition that environment clearance under the Environment (Protection) Act, 1986 be obtained by the user agencies. It was noticed during audit that the user agencies were permitted by the Forest Department to use the forest land for non-forest purposes without obtaining environment clearance.

The Government assured to take action for obtaining environment clearance in these cases.

3.2.10 Financial Management

3.2.10.1 CA and NPV Funds not deposited in PD account

As per directions issued by the State Government (December 1999 and December 2004), the amount received from user agencies on account of CA, Net Present Value, and reclamation of opened mines etc. was to be deposited in a Personal Deposit (PD) account in the name of the concerned Divisional Forest Officer in the District Treasury.

Scrutiny of the records of six forest divisions²⁷ revealed that an amount of Rs.2.68 crore received from user agencies on account of CA, NPV etc. in 12 projects was deposited under forest revenue/other reserve funds instead of PD accounts. As a result, this amount was not available for carrying out the stipulated conservation measures for which it was received, during the period 2000-01 to 2005-06.

Money received from user agencies deposited either as State Revenue or other reserve funds.

²⁵ *MP State Mining Corporation, G.S Yadav, Singh Enterprises, and Maihar Cement Company*

²⁶ *Indore, Betul (North), Seoni (North) and Chhindwara (West).*

²⁷ *Balaghat (North), Chhindwara (West), Guna, Satna, Sehore, Seoni (North)*

The Government while accepting the audit comment stated that the transfer of the above mentioned funds to PD account would be ensured after obtaining details from the forest divisions.

3.2.10.2 Utilization of NPV funds in contravention of GOI instructions

Based on the orders of Hon'ble Supreme Court dated 30 October 2002, the GOI instructed the State Governments (July, August, and September 2003) to charge NPV of the diverted forest land from user agencies. The NPV so realized was to be transferred to Compensatory Afforestation Management and Planning Authority (CAMPA), as and when created.

Scrutiny of the records of nodal office revealed that an amount of Rs.5.79 crore was spent out of NPV funds by the Forest Department on purchase of vehicles, computers, construction works and other forestry works in contravention of the directions of Hon'ble Supreme Court and the GOI.

The nodal officer stated (July 2007) that the amount was released and utilized before the clarification (April, 2006) of GOI that only funds received on account of cost of CA were to be utilized. The reply was not tenable in view of the directions of Hon'ble Supreme Court and the GOI vide which the NPV funds were collected from user agencies on behalf of CAMPA.

3.2.11 Monitoring and Evaluation

3.2.11.1 Monitoring of implementation of conditions

**Monitoring and
evaluation not done
by higher authorities**

According to departmental instructions (December 2001), CA plantations should be monitored and evaluated at the level of Conservator of Forests twice in a year, at headquarters level once in a year and by an outside agency after three years. Further, GOI guidelines require that the nodal officer should monitor the implementation of the conditions of compensatory afforestation and the survival ratio of the seedlings planted.

Scrutiny of records of 10 forest divisions²⁸ revealed that 27 out of the 29 CA plantations were not monitored and evaluated at all by the nodal officer, the Conservators of Forests or an outside agency or any of their representatives.

The nodal officer stated that monitoring and evaluation could not be done due to shortage of staff. Though the Conservators of Forests were directed to constitute monitoring committees for CA plantations in April, 2005, it was, however, noticed in audit that monitoring of CA plantations was not done by such committees. Regarding evaluation by an outside agency, the nodal officer requested (June, 2007) the State Forest Research Institute (SFRI), Jabalpur and Tropical Forest Research Institute (TFRI), Jabalpur consequent to audit.

²⁸ *Badwah, Betul (North), Dewas, Guna, Indore, Katni, Khandwa, Satna, Seoni (North) and Vidisha.*

As per guidelines issued by the Central Government (October 1992), the nodal officer should submit quarterly progress report regarding implementation of the stipulations laid down by it. Scrutiny of records of CCF (LM) revealed (July 2007) that no such quarterly progress report was found to be sent to Government of India (GOI) up to March 2007. The nodal office did not have a comprehensive database of cases alongwith the conditions stipulated by the GOI for effective monitoring.

3.2.11.2 Delay in sending proposals to Government of India

Abnormal delays in clearance of proposals

As per the guidelines (October, 1992) and rules (January, 2003) framed under the Act, every State Government, after having received the proposal for diversion of forest land for non forest purposes and after being satisfied that the proposal requires prior approval under the Act, shall send the proposal to the Central Government in the appropriate form, within ninety days of the receipt of the proposal from the user agency.

Scrutiny of the records of fifteen²⁹ forest divisions revealed that 84 proposals for diversion of forest land were received from the user agencies. 52 proposals (62 per cent) were sent to the GOI after the prescribed period of ninety days. Average delay in these 52 cases was nine months ranging between one to 32 months.

The DFOs stated that cases could not be forwarded to the GOI in time due to non receipt of requisite information and documents from the user agencies. Reply is not tenable as the extent of delay was calculated by audit from the date of receipt of complete information and documents from the user agencies.

3.2.12. Conclusion

Forest (Conservation) Act, 1980 was enacted with the objective of maintaining a sustainable balance between the developmental needs of the country and the conservation of natural environment. This objective largely remains un-achieved in the State of Madhya Pradesh due to poor implementation of compensatory conservation measures. Non-carrying out of conservation measures in large number of cases; non-utilization of funds received from user agencies; and failure of significant number of compensatory plantations reflect that the State Government was unable to mitigate the adverse effects of degradation of the environment resulting from diversion of green forests for non-forest purposes. Further, there were significant cases of violation of the Act where neither any penal action was initiated by the Government nor any compensatory conservation measures was carried out after getting these cases regularized from the Central Government.

²⁹ Badwah, Betul (N), Chhindwara (W), Dewas, Guna, Indore, Jhabua, Katni, Khandwa, Mandla, Morena, Satna, Seoni (N), Shivpuri and Umariya.

3.2.13. Recommendations

- Funds received from user agencies which are required to be remitted to CAMPA should be identified and made available to CAMPA.
- Compensatory afforestation and catchment area treatment projects that have not been carried out for many years due to various reasons should be implemented as per the guidelines and costs.
- Proper monitoring and timely disposal of cases should be ensured at the nodal office. Also, a comprehensive computerized database of the cases may be maintained for better monitoring.
- User agencies such as State Water Resources, Mineral Resources, and Public Works departments etc. may be sensitized by organizing workshops on the provisions of the Act. Workshops for field level officers of the Forest Department may also be organized on latest instructions/guidelines of the Central Government under the Act.

Panchayat and Rural Development Department

3.3 National Rural Employment Guarantee Scheme

Highlights

The National Rural Employment Guarantee Act, 2005 guarantees 100 days employment in a financial year to any rural registered household. Funds of Rs.1,862.69 crore were incurred by the State on implementation of the scheme. The annual plan was not prepared by GPs. Minor members of families found place on Job cards and were provided employment. Employment demand and employment provided registers were either not found maintained or were incomplete. Works not provided in the Act were executed. Employment generation on an average was 67 days in the State and 18 per cent households were provided 100 days employment. No records of inspection and monitoring were maintained. Social Audit was not taken up. Some important findings of the performance audit are given below:

Providing of funds to GPs through Janpad Panchayats in the district Barwani and Sidhi, resulted into delay of one to eight months.

(Paragraph 3.3.6.4)

The wages of Rs.62.69 lakh paid to 13,868 labourers with delay ranging from one to six months.

(Paragraph 3.3.10.1)

Payment of wages of Rs.2.83 lakh was made to labourers prior to execution of work. Genuineness of payment made before completion period of muster rolls was doubtful.

(Paragraph 3.3.10.1)

3.3.1 Introduction

The National Rural Employment Guarantee Act, 2005 (NREGA) guarantees 100 days of employment in a financial year to any rural household whose adult members were willing to do unskilled manual work. The Act came into force with effect from 2 February 2006 in 18 districts³⁰ of the State. The Act required State Government to formulate a State Rural Employment Guarantee Scheme. Accordingly the scheme was implemented as “Madhya Pradesh Rural

³⁰ Balaghat, Barwani, Betul, Chhatarpur, Dhar, Dindori, Jhabua, Khandwa, Khargone, Mandla, Satna, Seoni, Shahdol, Sheopur, Shivpuri, Sidhi, Tikamgarh and Umaria.

Employment Guarantee Scheme" (MPREGS). The Act provided rural households have a right to register themselves with the local Gram Panchayats and seek employment. The work is to be provided within 15 days of the date of demand, failing which State Government would have to pay unemployment allowance at a stipulated rate. This is a Centrally Sponsored Scheme on a cost-sharing basis between the Centre and the State.

3.3.2 Objectives of the Programme

The primary objectives are to provide legal guarantee of 100 days of employment in a financial year to every rural household and to create durable assets for Gram Panchayats and village population. The other objectives of the programme are protecting the environment, empowering the rural woman and reducing migration from rural to urban areas and fostering social equity.

3.3.3 Organisational setup

The scheme at village level was implemented by Gram Panchayats (GPs). The Programme Officers (POs) were responsible for coordinating the works undertaken by the GPs and other implementing agencies at block level while District Programme Coordinator (DPC) was responsible for over all coordination and implementation of scheme at district level. The State Employment Guarantee Council (SEGC) was to advise the State Government on the implementation of scheme and monitor and evaluate the scheme. The Commissioner, SEGS was responsible for ensuring that all activities required to fulfill the objectives of the Act were carried out.

3.3.4 Audit objectives

The objectives of the performance audit were to assess whether:

- effective preparatory steps for planning, implementation and monitoring/ evaluation of outcomes had been undertaken by the Government of Madhya Pradesh.
- the objectives of the Act to provide 100 days of guarantee employment in a financial year to rural households, as well as other envisaged outcomes at different levels had been achieved.
- there was an effective process for registration of households, issue of job cards and providing of employment in compliance with the guidelines.
- the beneficiary households have received wages at the specified minimum wage rate and on time.
- the funds were spent economically and efficiently.

- the works were executed efficiently and within the budgeted time and cost.
- the procedure and system laid down for various aspects like planning, registration and employment, execution of work, payment of wages, monitoring and evaluation of outcome have been complied with.

3.3.5 Audit scope

A test check of records of the scheme for the period from February 2006 to March 2007 was conducted in the office of the Madhya Pradesh Rural Employment Guarantee Council, Bhopal, Chief Executive Officer, Zilla Panchayats Barwani, Dindori, Dhar, Jhabua and Sidhi, Programme Officer, Janpad Panchayats³¹ and 40 Gram Panchayats, four in each selected block during February–September 2007.

3.3.6 Financial Management

NREGS is a Centrally Sponsored Scheme. The Central Government bears the entire cost of unskilled wages and cost of material and wages for skilled and semi-skilled workers, administrative expenses of POs and their supporting staff and work site facilities were to be shared in the ratio of 75:25 by GOI and State Government. The State Government had to bear unemployment allowance and the administrative expense of SEGC.

The Central Government releases funds directly to districts for implementation of the scheme. A separate bank account had to be opened for implementation of scheme at district, block and GP levels. Funds allocated to NREGS were not be used for other purposes under any circumstances.

3.3.6.1 Financial Performance

The total expenditure incurred on the scheme during February 2006 to March 2007 in the State was Rs.1,862.69 crore against the receipt of Rs.2,143.55 crore. The financial performance of the test-checked district was as under.

(Rupees in crore)

Name of district	Total funds received	Expenditure report in progress reports	Balances in Bank Accounts of JP/GPs	Actual expenditure (col. 3-4)
1	2	3	4	5
Barwani	130.01	110.20	Not available	-
Dindori	112.97	110.09	30.85	79.24
Dhar	185.57	173.27	13.81	159.46
Jhabua	120.93	114.75	23.73	91.02
Sidhi	141.40	139.81	18.25	121.56

³¹ Rajpur, Thikari (Barwani), Bajag, Samanapur (Dindori), Badnawar, Nalchha (Dhar) Katthiwara, Rama (Jhabua), Chitarangi and Devsar (Sidhi).

The expenditure reported in the monthly progress reports to GOI was not the actual expenditure but was the amount of funds released to JPs/GPs. There was a balance of Rs.86.64 crore lying unutilised with implementing agencies.

3.3.6.2 Non-maintenance of material registers

As per progress reports expenditure on material component under NREGS was Rs.566.58 crore in the State and Rs.205.63 crore in test checked districts. The stock/ material registers were not found maintained at any level. The material component had not been posted in the MIS in the test checked districts and the material-wage component in progress reports was a calculated figure arrived at using the prescribed percentage.

3.3.6.3 Non closing of monthly accounts

Test-check of the records of CEOs, ZP, Barwani, Dindori, Dhar, Jhabua and Sidhi and selected Janpad Panchayats and Gram Panchayats thereof revealed that closing of monthly accounts have not been done at any level. Reconciliation between cashbook and bank accounts was also not carried out even after the close of financial year 2006-07.

3.3.6.4 Funds released through PO

Under the provisions of the NREGA the DPC were to release 50 per cent funds directly to the bank accounts of the GP within a week for execution of the scheme.

Funds released to GP through the PO resulting into delay of one to eight months.

Test-check of records of CEO, ZP Barwani and Sidhi revealed that Rs.70.77 crore and Rs.126.90 crore respectively were released through the PO and not directly to the bank accounts of GPs. This caused delay of one to eight months in providing the fund to GPs by POs of Pansemal, Rajpur and Chitarangi.

On being pointed out the CEO ZPs and POs replied that the funds were deposited in bank account of GP on the basis of the progress of works and demand of GPs. However, from April 2007, funds were being directly credited to bank accounts of GPs.

3.3.7 Planning

For successful implementation of NREGS it is vital to ensure that demand for employment is met on time, works selected according to scheme guidelines, permanent assets created and workers paid on time. For this proper planning, co-ordination, supervision and monitoring is necessary. The shortcomings noticed in this regard are mentioned below: -

3.3.7.1 The Gram Panchayats did not prepare annual plans

Every GP is required to prepare an annual plan based on the recommendations of Gram Sabha (GS) to estimate the demand for labour, propose number and priority of works to be taken up. The GP were also required to identify 50 per

cent works in its area to be taken up for execution. Test-check of records of CEO ZPs, Barwani, Dindori, Dhar, Jhabua, and Sidihi revealed that a five-year perspective plan was prepared through consultants. No separate annual plan was prepared by the GPs. Works mentioned in perspective plan for 2006-10 were taken out and executed during 2006-07. Similarly action plans given by the other implementing agencies (Line Departments) were included in the shelf of project at district/block level and works which were not approved by GS were sanctioned and executed.

3.3.7.2 No timeframe was prescribed for execution of works

No time frame was prescribed for preparing, scrutinizing and approving works. As a result works remained incomplete at the end of March 2007 though these were sanctioned during March to June 2006.

3.3.7.3 Registration

Every household whose adult members were willing to do unskilled manual works was eligible for registration under NREGA. After verification the GPs are required to enter all details in a Registration Register and issue a job card to every registered household.

A total of 44,46,195 households (SC 6,34,035 ST 18,31,978 and other 19,80,182) had been registered upto March 2007 in the State. The position of test-checked districts is given below:

Sl. No.	Name of district	No. of Household registered and issued job cards			
		S.C.	S.T.	Other	Total
1	Barwani	20,315	1,69,145	37,301	2,26,761
2	Dindori	10,109	1,05,360	54,211	1,69,680
3	Dhar	31,599	1,82,559	1,10,140	3,24,298
4	Jhabua	8,000	2,56,000	12,000	2,76,000
5	Sidhi	76,697	1,53,395	1,96,011	4,26,103
	Total	1,46,720	8,66,459	4,09,663	14,22,842

Minors found placed in Job cards.

The irregularities noticed in registration of household and issue of job cards were as under:-

- Names of minors were found included in job cards in contravention of the provisions of the Act.
- The Photographs of the members of household were to be pasted on job card and job card register within three months of issue. These were not pasted in a number of cases as given below:

Sl. No.	Name of district	Total No. of job cards issued	No. of job cards without photographs
1.	Barwani	2,26,596	44,883
2.	Jhabua	2,76,446	45,593
3.	Sidhi	4,26,103	57,608

In absence of photographs, identity of the beneficiaries can be hard to ascertain.

3.3.7.4 Employment

Persons registered were required to submit an application for demand of employment to the GP/PO. A dated receipt of application was to be issued to applicant. The GP/ PO was responsible for providing wage employment to the applicants within 15 days of date of receipt of application.

The registers of employment demanded/provided were not maintained.

The Employment demand/Employment register was not found maintained properly in most of the GPs. Undated applications from jobseekers were obtained and were not found entered in the employment demand register. The period of employment demanded and provided was not found entered in most of the cases. In absence of proper records, the number of households and period of employment demanded by them could not be readily ascertained. The other implementing agencies (Line Departments) had also not maintained Employment demand and employment provided registers.

3.3.7.5 All households could not be provided 100 days employment

Test-check of records of CEO, SEGC Bhopal showed that 28.69 lakh households (out of 44.46 lakh registered) demanded employment. Of these households only 5.32 lakh were provided employment for 100 days during 2006-07, on average households could be provided employment for 67 days only. Test-check by audit also showed that in some cases implementing agencies³² provided employment of more than 100 days to 114 households in 2006-07. The position of test-checked districts was as under:

Sl. No.	Name of District	Total registered households	Households who demanded employment	Households provided with 100 days employment
1	Barwani	2,26,761	1,46,495	3,117 (2 per cent)
2	Dhar	3,24,298	1,99,583	26,265 (13 per cent)
3	Dindori	1,69,680	1,30,037	14,217 (11 per cent)
4	Jhabua	2,76,000	1,80,000	51,000 (28 per cent)
5	Sidhi	4,26,103	3,08,995	1,12,622 (36 per cent)

In the test checked districts, average employment was 79 days in Barwani, 87 days in Dhar, 82 days in Dindori, 68 days in Jhabua and 72 days in Sidhi. It is

³² *Nalcha (Dhar), Rajpur (Barwani), Conservator of Forest, Research and Extension Circle, Jhabua, EE, RES Division-I & II, Jhabua and EEWR Division, Alirajpur.*

worthwhile to mention that large number of works, as detailed below, were either not started or were lying incomplete in these districts.

(Rupees in crore)

District	Works not started		Work not completed	
	No.	Amount	No.	Amount
Barwani	--	--	4105	55.28
Dhar	16	0.31	8586	107.35
Dindori	--	--	5064	33.03
Jhabua	--	--	7030	70.83
Sidhi	2284	14.24	11155	61.75
Total	2300	14.55	35940	328.24

Thus due to non-starting/non-completion of works in the year, the 100 days employment as envisaged, could not be provided to all the households.

3.3.8 Works and their execution

The intention of the NREGA was to provide basic employment guarantee in rural areas and to create permanent assets. The Act also indicates the kind of works that may be taken up for this purpose. The Act also forbids use of contractors for executing works.

3.3.8.1 Works not authorized under NREGA sanctioned and executed

Test-check of records of CEO, ZP, Barwani, Dindori, Dhar, Jhabua and Sidhi revealed that works, which were not in accordance with provisions of NREGA were executed during 2006-07 under it as given below:-

(Rupees in lakh)

Sl. No.	Name of unit	Name of works	Expenditure incurred	Remarks
1.	Assistant Soil Conservation Officer, Dhar	Construction of irrigation tank	23.64	The work got done through contractor in contravention of the Act
2.	CEO Zilla Panchayat Dhar, Sidhi	Renovation of meeting hall of collectorate, CEO Z.P.'s chamber and computer hall.	9.16	Expenditure incurred from two <i>per cent</i> administrative charges.
3.	CEO, Janpad Panchayat Devsar, Sidhi	P.C.C. work	24.55	Assets would not belong to the panchayat.
4.	Director, Sanjay Gandhi National Park, Sidhi	Cement concrete (CC) work	39.21	The assets created would be of the National Park.
5.	CEO, ZP, Sidhi	Spraying of hormones for Jetropha plantation	20.80	Work got done through contractor in contravention of the Act.
	Total		117.36	

Works not authorized under NREGA were sanctioned and executed at a cost of Rs.1.17 crore.

Thus an expenditure of Rs.1.17 crore was incurred which did not fulfill the provisions of the Act. The CEO ZP stated that the works were selected from shelf of project of Sampoorna Gramin Rojgar Yojna (SGRY) and National Food For Work (NFFW) and also on the demand of rural job cards holders. The reply was not tenable as the ZPs were required to ensure that the expenditure incurred on the scheme should be in accordance with the provisions of the Act.

3.3.8.2 Works sanctioned under NREGS abandoned/ not executed

Test-checked of records of CEO ZP Dhar, Jhabua and Sidhi revealed that 40 works sanctioned at a cost of Rs.4.23 crore under NREGS during 2006-07 were either abandoned after start or not taken up at all.

Forty works sanctioned under NREGS were either abandoned or not executed.

The authorities informed that the above works had been transferred under Pradhan Mantri Gram Sadak Yojana (PMGSY). The reply was not tenable, for then such works should not have been selected under NREGS. Thus due to erroneous selection of works, Rs.1.92 crore released remained unutilized.

3.3.9 Irregularities in preparation of Muster rolls

Following irregularities were noticed during test-check of muster rolls:

3.3.9.1 Works started before issuing of muster rolls

Test-check of muster rolls for NREGS works revealed that GPs and other implementing agencies started works before obtaining muster rolls from the Programme Officer. Muster rolls were obtained by these agencies either after start of works or after completion period of work shown in muster rolls. Wages of Rs.15.38 lakh were shown as disbursed to 24,282 labourers on such muster rolls. Such delays can lead to malpractices.

3.3.9.2 Minors employed on works

Test-check of muster rolls of PO Bajag (Dindori), Badnawar (Dhar), Jhabua and Rama (Jhabua), Executive Engineer, Rural Engineering Services (EE, RES) Dn. I and II, Jhabua revealed that 286 minor members of registered households were employed on NREGS works regularly and were paid wages amounting to Rs.1.13 lakh. This was in contravention of the provisions of the Act.

286 minor members of registered households were employed on works and paid wages amounting to Rs. 1.13 lakh.

PO stated that position will be ascertained from the concerned G.Ps. The EE, RES Division No.II Jhabua stated that the job cards were prepared on the basis of BPL survey reports of 2002-03. Minors under BPL survey reports found place on job cards are now adults. The reply was not tenable as the correct age of members of household was to be recorded on job cards on the date of registration.

3.3.9.3 Job card numbers of labourers not mentioned in muster rolls

Test check of records in some implementing agencies showed that job card numbers of 3,248 labourers were not mentioned in muster rolls. Wages of Rs.13.07 lakh were paid to them. (**Appendix-3.2**). In absence of Job card numbers in the muster rolls it can not be verified that payment has been made to eligible person. On being pointed out the EE, RES Jhabua one of the implementing agencies stated that the job card number could not be recorded in the muster rolls as some job cards were under preparation and had not yet been issued by the GPs to labourers.

3.3.9.4 Same labourers shown as working on different worksites in same period of muster rolls

Muster roll is attendance register pertaining to a particular worksite and for a particular period. It contains details such as the name of persons on work, job cards number, age, name of village, these details have to be filled in on very first day of work. Number of days worked and wages paid to workers are also shown on the muster rolls.

96 labourers appear more than once in muster roll of same or different works for same period. The wages of Rs. 0.99 lakh paid to such labourers.

Test-check of muster rolls revealed that names of 96 labourers were appearing more than once in the muster rolls of same works or two different works which were being executed during the same period. The wages of Rs.0.99 lakh for 800 days have been paid to them. These entries were found in the muster rolls of GPs of Bajag block, Dindori (22 persons); Badnawar block, Dhar (9 persons); RES Dn. II, Jhabua (42 persons) and Project Officer, M.P. Livelihood Project, Dindori (23 persons). As a particular person could work only at a particular site, attendance in different muster rolls for the same date was not possible. Such double entries in muster rolls were not detected by the Sub-Engineer or SDO at the time of verifications of labour attendance, wage payment and even during inspection of running works by district authorities. This showed lack of control of authorities on implementing agencies.

3.3.9.5 Other irregularities in muster rolls

The other irregularities noticed in the maintenance of muster rolls at GP levels/ other implementing agencies were as under:-

- Date of issue of muster rolls was not mentioned on muster rolls.
- Code number of work was not mentioned on muster rolls.
- Age and name of villages of labourers were not mentioned in muster rolls.
- Certificate of payment was not recorded on muster rolls by Secretary/ Sarpanch.
- Measurement/valuation of work done not recorded in most of the muster rolls.

3.3.10 Wages

Every person working under scheme was entitled to wages at the minimum wage rate fixed by the State Government. Wages should be paid on weekly basis. The irregularities noticed were as under:

3.3.10.1 Delay in payment of wages

Wages of Rs. 62.69 lakh paid to 13,868 labourers delayed by one to six months in contravention of the Act.

Test-checks of records of GP/PO of Barwani, Dindori, Dhar, Jhabua, and Sidhi districts revealed that wages of Rs.62.69 lakh were paid to 13,868 labourers with a delay of one to six month in these districts (**Appendix-3.3**). On being pointed out it was stated that due to delay in measurement the wages could not be paid on time. The reply was not tenable as the competent authorities failed to insist upon sub-engineers to take measurements on time so the wages could be paid within the prescribed time limit.

Further test check of records of EE, RES Dn. I Jhabua also showed that muster rolls carried a number of cutting, over writing and use of erasing fluid. In three works (one work each in EE, RES Dn. I Jhabua, GP Sarai (Sidhi) and GP Takali (Barwani)) payment of Rs.2.83 lakh to labourers was recorded on the muster rolls at dates prior to the date of completion of work.

3.3.11 Inspection, Monitoring and Evaluation

Inspections were not carried out at prescribed norms. The district/block wise studies not conducted.

The State Government prescribed norms for inspections as two percent at State level, ten percent at District level and 100 percent at Block and GP level. The implementation of schemes was also to be monitored through National Quality Monitors (NQM) State Quality Monitors (SQM) and a comprehensive Monitoring Information System (MIS) was to be developed. District and block wise evaluation studies were to be conducted for annual ranking of districts and blocks on the basis of their performance.

Test-check of records of selected CEO/PO of ZP/Block revealed that inspections were not carried out at district/block levels according to prescribed norms. Inspection and monitoring register were not maintained at any level. No action was taken on inspection reports of NQM and SQM. The district/block wise studies were not conducted by the SEGC/ DPC, so the performance of NREGS at district/block level could not be assessed.

CEOs/POs stated that the necessary records of inspections would be maintained for annual ranking.

3.3.12 Social audit and grievances redressal

3.3.12.1 Social Audit not conducted

Social audit is a continuous process and to be conducted regularly by Gram Sabha or Vigilance Monitoring Committee (VMC) while the works are being executed. Social audit of NREGS was not taken up at GP level. Even the Social Audit Forum was not formed at village level.

3.3.12.2 Non conducting of Internal Audit

Though Internal Audit Cell was established at State and District levels but no internal audit was found conducted by district audit cell.

The work of muster rolls verification as desired by MORD New Delhi was not taken up by the district authorities.

3.3.12.3 Non-conducting of Muster Rolls Verification

Ministry of Rural Development, (MORD) New Delhi, issued instructions (May 1st 2007) to carryout a time bound campaign for muster rolls verification from 1 June 2007 and a detailed report on verification and action taken was to be placed on the website www.nrega.nic.in by the DPC and a summary report was to be sent to MORD up to 30 June 2007.

Test-check of records of CEOs ZP in selected districts revealed that work of muster rolls verification had not been taken up. Even SEGC did not issue any further instructions to take up muster roll verification in all the districts.

3.3.12.4 Non-furnishing photocopies of paid muster rolls to PO

In the four test checked districts Rs.136.96 crore (Jhabua (Rs.33.17 crore), Dindori (Rs.26.30 crore), Barwani (Rs.48.17 crore) and Sidhi (Rs.29.32 crore)) had been provided to the Line Departments for NREGS but photocopies of paid muster rolls of NREGS work executed by Line Departments were not furnished to the PO as required.

These muster rolls were not available for public inspections.

3.3.13 Conclusion

Review of NREGS showed that no separate annual plan was prepared. Names of minor members of families were found recorded on job cards. Employment demand and Employment registers were either not maintained or found incomplete so the actual demand of employment and employment provided was not ascertainable. Not only minors were employed on NREGS works, but the same person was shown working on different sites during the same period on muster rolls. Measurement of work done was not taken timely resulting in delay in payment of wages. No records were maintained regarding inspections and monitoring done under the scheme. No internal audit was carried out during 2006-07. Social audit of NREGS works was not taken up.

3.3.14 Recommendations

Following recommendations are proposed for NREGS: -

- Proper maintenance of Employment demand and Employment provided registers should be insisted upon.
- Job cards should be reviewed for correctness of details and photographs of households pasted on them.
- Records of inspections and monitoring carried out should be maintained at each level.
- Internal audit wing should be strengthened and internal audit should be carried out regularly.

- The Line Departments should send photocopies of paid muster rolls to PO regularly.

Public Health Engineering Department

3.4 Accelerated Rural Water Supply Programme

Highlights

Government of India (GOI) launched (February, 1986) National Drinking Water Mission to cover an ongoing centrally sponsored scheme - Accelerated Rural Water Supply Programme (ARWSP). It aimed to provide safe and potable water at 40 liters per capita daily (lpcd) to all rural villages and habitations in the States.

ARWSP continued to be implemented till 1998-99 though it was envisaged that all the habitations would be covered during 8th Plan period and implementation of the programme would be discontinued by end of the 8th Plan. However, the objectives of the programme could not be attained as envisaged. The programme continued to be implemented during 9th Plan.

The GOI, with certain relaxation of norms and change of inter state allocation criteria, decided (29 July 2002) to cover all the rural habitations by the year 2004 of the 10th Plan. However, the programme was continued to the end of 10th plan i.e. 2006-07. Some important findings of the performance audit are given below:

Despite an investment of Rs.3,045.64 crore, on implementation of ARWSP in the State since 1992 1,777 habitations still did not have any source of drinking water and 14,840 habitations remained partially covered.

(Paragraphs 3.4.6.2 and 3.4.6.4)

Government not only failed to provide matching share of Rs.118.73 crore under Minimum Needs Programme (MNP) but also failed to utilize ARWSP funds of Rs.165.33 crore during 2002-07.

(Paragraph 3.4.6.2)

The re-emergence of 36,470 problem habitations negated the impact of the programme.

(Paragraph 3.4.6.4)

Priority was given to partially covered (PC) habitations over not covered (NC) habitations.

(Paragraph 3.4.6.4)

Piped Water Supply Scheme (PWSS) were to be completed within two to three years but despite investment of Rs.251.29 crore, 813 schemes were still in progress and work on 610 schemes was not taken up. Also priority was not given to the incomplete schemes in 10 districts test checked.

(Paragraph 3.4.7.2)

As many as 6,837 habitations are still facing water quality problems. Poor monitoring of water quality created health hazards.

(Paragraphs 3.4.8.1 and 3.4.8.3)

Inadequate maintenance and non-adoption of scientific source finding methods resulted in increase in defunct schemes and failure of sources up to 15.53 per cent.

(Paragraphs 3.4.8.5 and 3.4.8.6)

Out of 2,890 Swajaldhara Schemes, only 728 schemes were completed and 103 schemes were handed over to Village Water Sanitation Committees (VWSCs). Inadequate community involvement and poor functioning of VWSCs noticed in Divisions test-checked.

(Paragraph 3.4.9.2)

3.4.1 Introduction

3.4.1.1 Programme background

Supply of drinking water to public is primarily the responsibility of the State Governments. However, being a priority on national agenda, it had also attracted the intervention of the Government of India (GOI), who had launched (1972-73), the Accelerated Rural Water Supply Programme (ARWSP) to supplement the efforts of the State Governments with cent *per cent* grant-in-aid. However, with the introduction of Minimum Need Programme (MNP) in the State Sector in 1974-75, the ARWSP which was withdrawn. It was subsequently revived in 1977-78 when the progress of supply of safe drinking water to the identified problem villages³³ under MNP was not found to be satisfactory. The programme was taken-up on a mission mode and the National Drinking Water Mission (NDWM) was launched in 1986 which was subsequently renamed as Rajeev Gandhi National Drinking Water Mission (RGNDWM) in 1991.

Under the programme, provision of safe drinking water of 40 litres per capita per day (LPCD) for human consumption and additional 30 LPCD for animals in hot and cold desert-ecosystems in the States implementing the Desert Development Programme was to be made. The water source was to exist within 1.6 km of the habitation in the plains and within an elevation of 100 meters in the hilly areas. With normal output of 12 liters per minute, one hand pump or stand post was to be set up for every 250 persons. Priority was to be given to the villages without assured source of drinking water, followed by partially covered (PC) problem villages.

³³ *A Census village without assured source of drinking water within a distance of 1.6 km. or where the available water has excessive salinity, fluoride, iron, arsenic, nitrate or other toxic elements or where diseases like cholera etc. are endemic.*

The programme envisaged coverage of all rural habitations of the State during the 8th Plan period (1992-1997). However, this could not be achieved even in 9th Plan period due to lack of sufficient funds and re-emergence of problem habitations³⁴ etc. In April 1999, GOI, however, restructured the programme and re-categorized habitations with reference to adequacy and safety factors as Not covered / No safe source (NC/NSS) and Partially covered/ Safe source (PC/SS) and remaining as Fully Covered (FC). It further introduced the concept of Sector Reforms to achieve the goal of providing safe drinking water to all rural habitations by institutionalizing community participation in capital cost sharing, operation and maintenance etc. in identified pilot districts. This later became "Swajaldhara" (25 December 2002).

3.4.1.2 Evolution of ARWSP

Considering the recommendations (12 September 2001) of Expenditure Reforms Commission, the GOI, Ministry of Rural Development (MORD) decided (29 July 2002) to implement the ARWSP with certain relaxation of norms and increase in weightage for NC and PC habitations in allocation criteria by covering all rural habitations by the year 2004 of the 10th Plan. The envisaged objectives were not achieved and ARWSP was continued after end of 10th Plan (2007).

3.4.1.3 Prime objectives and priorities

The prime objectives and priorities of the programme as modified (August 2000 and July, 2002) by GOI were to:-

- ensure coverage of all rural habitations especially to reach the un-reached with access to safe drinking water;
- tackle the problem of water quality in affected habitations;
- preserve the quality of water by institutionalising water quality monitoring and surveillance through a catchment area approach; and
- ensure sustainability of systems and sources;

3.4.2 Organisational structure

The Public Health Engineering Department (PHED), the nodal department for implementation of ARWSP in the State, is headed by Engineer-in-Chief (E-in-C) who is under the administrative control of the Secretary (PHED). There are four zones; each headed by a Chief Engineer (CE), with their headquarters at Bhopal, Gwalior, Jabalpur and Indore, and mechanical formation headed by a CE stationed at Bhopal. There are 55 Divisions (48 Civil and seven Mechanical) in 48 Districts of the State for executing the programme, each headed by Executive Engineer (EE).

³⁴ A rural habitation not having any safe water source with a permanently settled population of 20 Households or 100 persons, which ever is more.

3.4.3 Audit objectives

The objectives of performance audit were to assess whether the:

- methodology for selection of habitations for coverage was proper and efficient;
- survey for identification of water sources was adequate and result oriented;
- fund management was efficient and was as per GOI guidelines for the programme;
- drinking water quality problems were identified and tackled in accordance with GOI instructions;
- execution of the programme was carried out effectively, efficiently and economically; and
- water quality monitoring and surveillance was proper and effective.

3.4.4 Audit Criteria

The audit findings were based on the following criteria:

- GOI Guidelines on implementation of Accelerated Rural Water Supply Programme (August 2000 as modified in July 2002).
- Guidelines on “Swajaldhara”(June 2003).
- Memorandum of Understanding (MOU) between GOI and State.
- Guidelines for survey of drinking water supply status in rural habitations (February 2003).
- Guidelines on National Rural Drinking Water Quality & Surveillance Programme (January 2006).
- National Water Policy (April 2002).
- Guidelines for schemes and projects on sustainability under ARWSP.
- Draft Project Reports of the schemes under ARWSP.

3.4.5 Scope of Audit

Audit had earlier reviewed the implementation of the programme during the period 1996-2001 and its results were included in Audit Report of the Comptroller & Auditor General of India (Civil) Volume-II, for the year ended

31st March 2001, Government of Madhya Pradesh.

This Performance Audit for the period from 2002-03 to 2006-07 aims at examining deficiencies in planning, unscientific identification of water sources, expenditure on non-priority areas, incorrect reporting of financial achievements etc. and its overall impact on achieving the primary objective of providing adequate and safe drinking water to all rural habitations, especially to the problem ones, in the most cost effective manner. For this purpose, an entry conference with the entity represented by the Engineer-in-Chief, MPPHED was held on 19 June 2007 with a view to explain the audit objectives and criteria etc. Test check of records in 12 Districts³⁵/ Divisions (11 Civil and one Mechanical), selected through simple random sampling method, was conducted between February and September 2007, accordingly the findings are as under:-

3.4.6 Financial outlay and expenditure

3.4.6.1 Funding Pattern

GOI provided assistance entirely under ARWSP on the condition that matching provisions/expenditure under the State Sector Minimum Needs Programme (MNP) be provided by the State. At least 25 *per cent* funds of the ARWSP were to be earmarked for drinking water supply to the scheduled caste and another minimum 10 *per cent* for scheduled tribe population. Funds for Sub-Mission projects³⁶ were to be contributed by GOI and GOMP in the ratio of 75:25. Up to 15 *per cent* of the funds were to be earmarked for Operation and Maintenance (O & M) of assets subject to matching grant provided by the State under MNP.

Under “Swajaldhara” 90 *per cent* of capital cost of schemes for service level of 40 lpcd and 80 *per cent* capital cost of schemes for habitations requiring improvement of service level up to 55 lpcd was to be borne by the GOI. Balance cost was to be shared by the user community along with shouldering full responsibility for subsequent O & M of assets.

3.4.6.2 Funds released and utilized

Expenditure of Rs.1,829.32 crore was incurred on ARWSP in the State during 1992-2001. Further expenditure of Rs.1,216.32 crore was also incurred during the period from 2002-03 to 2006-07. The details of funds released by GOI & State Government (GOMP) and utilized under ARWSP and MNP were as under:

³⁵ Civil Divisions-Bhopal, Chhindwara, Dindori, Jabalpur, Khargone, Katni, Rajgarh, Raisen, Shahdol, Seoni, Sagar and Mechanical Division- Bhopal.

³⁶ Sub-Mission projects are undertaken under ARWSP for providing safe drinking water to habitations facing water quality problems like fluoride, Arsenic, Brackishness and excess iron etc, and for sustainability of sources through rain water harvesting, artificial recharge, check dams and dykes etc.

(Rupees in crore)

Year	Central release (ARWSP)	State's release (MNP)	Total release	Expenditure		Total expenditure	Under utilization of funds	
				ARWSP	MNP		ARWSP	MNP
2002-03	91.98	124.38	216.36	75.68	117.35	193.03	16.30	7.03
2003-04	108.51	115.61	224.12	92.39	108.95	201.34	16.12	6.66
2004-05	124.40	89.55	213.95	97.32	75.25	172.57	27.08	14.30
2005-06	177.48	153.50	330.98	169.04	151.14	320.18	8.44	2.36
2006-07	228.07	168.17	396.24	179.70	149.50	329.20	48.37	18.67
Total	730.44	651.21	1381.65	614.13	602.19	1216.32	116.31 (15.92 %)	49.02 (7.52 %)

Data source- Figures intimated by the E-in-C, MP, PHED.

It was seen from above that:-

State failed to provide matching share of Rs.118.73 crore and also did not utilize funds of Rs.165.33 crore.

The State Government failed to provide matching share of Rs.118.73 crore under MNP (during the years 2004-05, 2005-06 and 2006-07) and also failed to utilize funds of Rs.165.33 crore (Central funds- Rs.116.31 crore and State funds-Rs.49.02 crore) under ARWSP and MNP during the period from 2002-03 to 2006-07. With the un-utilized funds³⁷, the State could have provided drinking water facilities to 68.88 lakh rural populations through 27,555 tube wells.

The E-in-C stated (September 2007) that the State budget was prepared much before the allocations were intimated by the GOI, therefore, it was not possible for the State to provide exact allocations. Further the E-in-C attributed the under-utilization to delayed release of second instalments by GOI and delayed release of supplementary funds by GOMP. The reply was not tenable as matching grants were to be provided by the State under MNP well in time by making adequate provisions in annual budget in accordance with the assessed need as per annual action plans.

3.4.6.3 Identification of status of drinking water supply and coverage

The first nationwide rural habitation survey to assess status of drinking water supply was conducted through the State Governments in the year 1991. Accordingly, the GOI prepared a Comprehensive Action Plan (CAP-99) for coverage of habitations by the end of 9th Plan.

Survey (data) completed in 2003 was validated by GOI in August 2007.

At the instance of GOI, RGNDWM (19 February 2003) the State was to carry out a fresh survey with the objective of compiling reliable information on the status³⁸ of drinking water supply in rural habitations and schools, water sources tested for quality problems and details of existing safe drinking water supply system in such quality affected habitations. The survey was to be

³⁷ As per ARWSP norms one hand pump (HP)/ stand post to be set up for every 250 persons and at an average cost of Rs.60,000 per HP.

³⁸ A habitation with no safe source of drinking water or having water quality problem (like excess salinity, iron, fluoride etc.) could be categorized as No Source (NS)/ No Safe Source (NSS) habitation. The habitations having water supply between 10 LPCD to 40 LPCD were to be categorized as Partially Covered (PC) and remaining all as fully covered (FC) habitations having safe source of water.

completed by 31 March 2003 and was a pre-requisite for future funding both under ARWSP and “Swajaldhara” from 2003-04. At the State level the work was initiated on 26 March 2003 by appointing the District Collectors as Chief District Coordinators and Executive Engineers as Joint Coordinators. The survey continued till September 2003, but the survey data were validated by GOI only in August 2007.

The survey results disclosed that:

Out of the total 1,26,172 habitations of 45 districts of the State, there were 19,486 habitations (15.44 per cent) having no source or had drinking water supply level less than 10 lpcd; 31,376 partially covered habitations (24.86 per cent) having supply level between 10-40 lpcd and remaining 75,310 habitations (59.69 per cent) were fully covered.

The status of the total number of FC, PC and NC habitations and coverage thereof during the years 2002 to 2007 in the State were as follows:

Status as on 1 April	Habitations				PC Habitations covered during the year			NC Habitations covered during the year		
	Total	Fully Covered (FC)	Partially Covered (PC)	Not Covered (NC)	Target	Achievement	Percent achieved	Target	Achievement	Percent achieved
2002	111780	111780	-*	-*	5815	5442	93.58	6988	5834	83.49
2003	111780	111780	-*	-*	3535	3538	100	5305	3186	60.00
2004	126172	75310	31376	19486	4327	5385	124.45	9673	5287	54.60
2005	126172	83888	28249	14035	3807	9498	249.48	9000	6280	69.70
2006	126172	96365	22113	7694	6373	7433	116.63	6821	5920	86.70
2007	126172	109555	14840	1777	Proposed to be covered during 2007-2012					

Source: Statement of status of habitations prepared & intimated by the E-in-C, MPPHED.

* Note: There were no balance habitations for coverage during 2002-03 & 2003-04 against CAP-99, however the targets were fixed by the Department as per actual field conditions.

3.4.6.4 It was observed that 57,803 habitations (PC 31,296 and NC 26,507) were covered at a cost of Rs.1,216.32 crore though 16,617 habitations (PC 14,840 and NC 1,777) had remained uncovered up-to March 2007. On analyzing the above, following points were found by audit:-

- Priority was wrongly given to PC habitations (coverage ranged between 116 and 249 per cent) as compared to NC habitations (coverage ranged between 54 and 86 per cent).
- As per survey 2003, the department identified 50,862 problem habitations (14,392 new and 36,470 slipped back habitations from FC category to PC & NC category because of the depletion of yield of water sources) against which targets for coverage of 61,644 (23,857 PC and 37,787 NC) habitations were fixed by the department and there against 57,803 (31,296 PC and 26,507 NC) habitations were covered during the plan period. This indicated that the surveys were unrealistic.

Priority was wrongly given to PC instead to NC Habitations.

- Despite providing excess coverage to 6,941 habitations, 16,617 problem habitations (14,840 PC and 1,777 NC) remained uncovered which were deferred for coverage during subsequent plan period. These indicate inadequacies in implementation of the programme in the State leading to reemergence of 36,470 problem habitations, negating the impact of the programme.

The E-in-C stated (September 2007) that the 10th Plan was prepared in 2001, while survey was conducted in 2003, therefore, both were not related to each other. The coverage of habitations was done as per targets fixed by GOI, considering local priorities and drought situations in some pockets of the State. The reply was not tenable as the Department had to prepare their AAPs in accordance with the survey data.

3.4.6.5 According to survey (2003), out of 19,486 NC habitations, there were 8,961 habitations under Tribal Sub Plan (TSP) area and 4,537 under Special Component Plan (SCP) area. The Government had proposed for coverage of these 13,498 habitations by end of 2006-07. The position of coverage and expenditure was as under:

Year	Tribal Sub Plan (TSP)		Special Component Plan (SCP)	
	Habitations Covered	Expenditure Incurred (Rupees in crore)	Habitations Covered	Expenditure Incurred (Rupees in crore)
2002-03	1,518	57.47	1,565	29.85
2003-04	1,819	41.89	932	47.19
2004-05	3,187	42.20	1,420	28.90
2005-06	3,151	61.94	4,450	70.76
2006-07	2,177	69.77	3,249	107.27
Total	11,852	273.27	11,616	283.97

It would be seen from the above that the actual coverage of ST/SC habitations exceeded by 2,891 habitations under TSP and 7,079 habitations under SCP. Further, the 25 per cent ARWSP funds required to be earmarked for SC population were not provided by the Government during the years 2002-03 and 2005-06.

3.4.6.6 At the beginning of the year 2002, there were total 67,874 rural schools in the State, of which 32,089 schools had no drinking water facilities. Against this a target for covering 21,000 schools was fixed and 15,921 schools were provided drinking water facilities during 2002-03 to 2004-05. The department, however, identified 88,591 schools, of which 22,902 schools were without drinking water facilities as on 1 April 2005 and targeted for coverage under

Bharat Nirman³⁹. After coverage of 19,957 schools (during 2005-06 to 2006-07), 2,945 schools (12.86 per cent) were yet to be covered as of March 2007. The targets fixed for coverage of 43,902 schools and 35,878 schools that were reported covered during five years thus had apparently no relation with the actual number of schools requiring drinking water facilities in the State.

3.4.7 Implementation

Contrary to priority norms FC habitations were covered even when NC/PC habitations existed.

3.4.7.1 Prioritization of FC habitation over NC/PC habitations in some cases

According to the ARWSP guidelines the existing FC habitations were to be covered only after coverage of all the problem habitations in the entire State subject to the condition that beneficiary of the relaxed norms were willing to share 10 per cent capital cost and full responsibility of subsequent O&M of the assets.

Scrutiny of records in six divisions, however, revealed that contrary to the priority norms, augmented drinking water facilities to existing FC habitations were provided during 2006-07. An expenditure of Rs.3.85 crore was incurred on construction of 705 tube wells⁴⁰, for these FC habitations at the cost of uncovered NC/PC habitations awaiting drinking water facilities.

The E-in-C stated that only such works were undertaken which were most essential and even GOI had relaxed norms under such critical conditions. The reply was not tenable because the conditions attached with relaxations by GOI was only on achievement of the targets set for coverage of slipped back habitations of survey 2003 within the allocated funds and up to July 2006 of the year 2006-07, were not adhered to.

3.4.7.2 Status of Rural Piped Water Supply Schemes (RPWSS)

The rural piped water supply schemes (RPWSS) were required to be completed within two to three years from their sanction. It was seen from the status reports that 9,173 RPWSS/SS were sanctioned, of which 7,750 schemes were completed, work on 813 schemes was in progress and the remaining 610

³⁹ Drinking Water Supply was one of the six components for building rural infrastructure under "Bharat Nirman", to be implemented as a plan during four years from April 2005 to March 2009.

⁴⁰

District	Number of tubewells	Expenditure (Rs. in lakh)
Jabalpur	114	52.50
Raisen	223	144.95
Shahdol	113	50.53
Anuppur	63	35.67
Sagar	133	79.80
Katni	59	21.10
Total	705	384.55

schemes were not taken-up for execution up-to March 2007. The department incurred expenditure of Rs.251.29 crore against the total releases of Rs.299.69 crore under ARWSP and MNP. The department had no year-wise information of schemes sanctioned, completed and ongoing at State level.

According to guidelines priority was to be given to the incomplete schemes over the new schemes. Test check of records in 10 Divisions, however, revealed that there were total 667 ongoing PWSS/SS estimated to cost Rs.68.64 crore in 10 Districts. Of which 289 schemes approved prior to 2002 and further 378 new schemes were approved during 2003-2007. It was, however, seen that only 260 schemes could be completed, 353 schemes were in progress after incurring an expenditure of Rs.37.14 crore and work on 54 schemes was not taken-up as of March 2007. The reasons for non-completion of the schemes were delayed release of funds, revision of schemes and cost over run etc. as detailed in **Appendix-3.4**.

3.4.7.3 Augmentation of Rural Piped Water Supply Schemes (RPWSS)

According to the guidelines, augmentation of drinking water supply for habitations with 40 lpcd was to be considered only after the coverage of all NC and PC habitations in the State and was subject to the condition that the beneficiaries of the relaxed norms were willing to share capital cost and shoulder full responsibility for subsequent Operation and Maintenance (O&M) of the schemes.

Contrary to this, 26 existing RPWSS, estimated cost Rs.2.69 crore (sanctioned during 2002-03 to 2006-07), supplying drinking water as per existing norms of 40 lpcd, were taken-up in three Divisions⁴¹ for augmentation to increase water supply level up-to 55 lpcd at the instance of influential persons. Though the schemes were not eligible under the relaxed norms, an expenditure of Rs.1.66 crore was irregularly incurred under ARWSP as of March 2007.

The E-in-C stated that looking to the cattle population in the villages and to ensure water supply in summer some additional provisions were required as per local need. The reply was not tenable because the GOI guidelines provided for 30 lpcd extra for cattle population only in drought prone areas and priority were to be given to problem villages. None of the areas stated above was either a drought prone area or a problem village.

⁴¹

(Rupees in lakh)

<i>Division</i>	<i>Number of schemes</i>	<i>Cost</i>	<i>Expenditure</i>
<i>Jabalpur</i>	15	142.93	59.83
<i>Raisen</i>	7	42.25	22.84
<i>Shahdol</i>	4	83.88	83.54
Total	26	269.06	166.21

3.4.7.4 Expenditure on schemes without creating reliable water sources

Creation and development of reliable water sources for sustained supply of drinking water was pre-requisite. However, 24 PWSS allied works such as laying of pipelines and construction of overhead tanks etc. were taken-up in three Divisions⁴² at a cost of Rs.72.73 lakh (during 1999-2003), without creating/ ensuring reliable source of drinking water. The expenditure incurred did not yield any fruit.

3.4.7.5 Incorrect selection of schemes

According to the GOMP instructions, RPWSS was to be provided/constructed for habitations having population more than 2,000 only. Contrary to this, 28 ineligible habitations were selected for supply of drinking water through RPWSS (estimated cost Rs.2.23 crore) in two Divisions⁴³ by incurring an expenditure of Rs.1.05 crore. Creation of 127 hand pumps for drinking water as per the population norms would have cost Rs.65 lakh only. Thus the Divisions failed to save ARWSP funds of Rs.1.58 crore.

3.4.8 Sub –Mission Projects

3.4.8.1 Programme to tackle Water Quality Problems

To provide safe drinking water to rural habitations facing water quality problems like excess fluoride, arsenic, brackishness, excess iron etc. ARWSP provide for execution of Sub-Mission projects for providing alternative drinking water facilities and setting-up of desalination, defluoridation and iron removal plants etc.

A dual water policy was to be adopted for habitations facing acute water quality problems. If 10-lpcd safe water was available for cooking and drinking, the sources affected from water quality could be used for other purposes such as washing, bathing etc. Such habitations could be considered as safe source (SS) habitations.

The details of water quality affected Districts and villages, their coverage during the plan period and uncovered balances were as under:

⁴² Jabalpur- 15 Schemes, Cost-Rs.82.95 lakh, Expenditure-Rs.27.16 lakh
Raisen- 8 Schemes, Cost-Rs.108.07 lakh, Expenditure-Rs.30.11 lakh
Shahdol- 1 Scheme, Cost-Rs.24.95 lakh, Expenditure- Rs.15.46 lakh
TOTAL 24 Schemes, Cost-Rs.215.97 lakh Expenditure- Rs.72.73 lakh.

⁴³ Dindori and Jabalpur.

Year	Excess Fluoride Affected		Salinity Affected		Excess Iron Affected		Nitrate Affected	
	Districts	Villages	Districts	Villages	Districts	Villages	Districts	Villages
1	2	3	4	5	6	7	8	9
2002-03 Status Covered	22 4	3968 171	15 2	604 6	11 -	856 -	- -	- -
2003-04 Status Covered	22 5	4385 88	15 4	620 38	11 -	929 -	8 -	121 -
2004-05 Status Covered	22 5	4466 112	15 4	621 57	13 -	952 -	8 -	176 -
2005-06 Status Covered	22 5	4716 401	17 4	1246 31	14 -	1197 -	9 -	348 -
2006-07 Status Covered	22 5	4315 168	17 4	1215 70	14 -	1197 -	9 -	348 -
1.4.2007 Balance Uncovered	22	4147	17	1145	14	1197	9	348

Source: Administrative Reports and monthly progress reports of MP, PHED.

Scrutiny revealed that:

Percentage of affected villages increased from 10.47 to 13.55.

- The number of water quality affected villages rose to 7,507 (13.55 per cent out of total 55,393 villages) from 5,428 (10.47 per cent out of total 51,806 villages) between April 2002 and April 2005 in the State. This indicated inadequate monitoring and implementation of projects for tackling the drinking water quality problem.
- Out of seven fluoride projects⁴⁴ estimated to cost Rs.89.44 crore approved by GOI between December 1996 and June 2002, only four projects⁴⁵ were completed at a cost of Rs.85.63 crore despite release of Rs. 90.16 crore, as of March 2007.
- Four salinity projects⁴⁶, estimated to cost Rs.10.78 crore, approved between July 1997 and August 2003 were also not completed despite incurring expenditure of Rs.10.27 crore against the total release of funds of Rs.16.08 crore.
- Problem of excess iron in 14 districts⁴⁷ and nitrate in nine districts⁴⁸ was not tackled by the department in view of availability of safe drinking water sources in the affected villages.
- Funds of Rs.113.65 crore provided, since inception (1994-95) of the Water Quality projects, were utilized to the extent of Rs.95.90 crore

⁴⁴ Mandla (Phase-I & II), Shivpuri, Jhabua (Phase-I), Chhindwara and Seoni (Phase I & II).

⁴⁵ Mandla (Phase-II), Shivpuri, Chhindwara and Seoni (Phase-I).

⁴⁶ Ujjain, Bhind, Mandsaur and Neemuch.

⁴⁷ Raisen, Dindori, Sehore, Bhopal, Balaghat, Chhattarpur, Shahdol, Mandla, Umariya, Seoni, Rajgarh, Dhar, Anuppur and Mandsaur.

⁴⁸ Bhopal, Raisen, Sehore, Rajgarh, Vidisha, Balaghat, Seoni, Dhar and Mandsaur.

(84.50 per cent) on coverage of 1,142 quality affected villages as of March 2007. The rural populations of 6,837 uncovered affected villages still face water quality problems.

3.4.8.2 Control of fluorosis

Presence of excess fluoride in drinking water causes dental and skeletal fluorosis, which could be controlled by supply of water containing fluoride within permissible limits (1.5 parts per million) by providing alternative sources or supply of defluoridated water after treatment.

Audit scrutiny at State level revealed that:

- The number of fluoride affected sources increased from 7,254 to 10,297 during 2003 to 2006. The gradual increase in drinking water quality problem was due to simultaneous drilling of extra deep tube wells in the identified areas of fluoride affected districts, whereas either shallow tube-wells and alternate drinking water supply arrangements (Dug wells/ Sanitary dug wells/ Dug wells fitted with hand pumps or power pumps) only were required as per the projects approved by GOI.
- Out of 30 defluoridation plants installed, only 13 plants were functional as of March 2007. Further, the GOI approved (December, 2006) installation of another 361 defluoridation plants estimated to cost Rs.59.93 lakh in 361 villages of five districts⁴⁹ but the department decided to install a few plants on experiment basis in view of poor performance of plants installed earlier.

Audit scrutiny in selected Districts revealed the following:-

Dual Water Policy as per norms was not adopted for water quality affected habitations.

- Out of 878 villages of Dindori district, excess fluoride was prevalent in 166 villages. A project costing Rs.3.52 crore for providing safe drinking water through alternate arrangements to 101 problem villages was approved by GOI in 1997-98. The project was completed in 2005-06 at a cost of Rs.1.25 crore. However, 207 new habitations were further found affected with excess fluoride. A project (under Bharat Nirman) for 147 villages costing Rs.7.35 crore was approved (December 2006) by GOI. The project was unwarranted because out of 147 habitations, only eight habitations had no safe source, while in 139 habitations having 997 safe sources, had safe drinking water as per norms of dual water policy. The expenditure of Rs.23.61 lakh incurred on alternate arrangement was avoidable.
- Excess fluoride in 132 habitations was identified in Raisen district during April 2005. As per water quality test of sources conducted by the division during 2001 to 2007, it was found that 402 sources (including 185 new sources) of 242 habitations were containing excess

⁴⁹ Dhar, Jhabua, Ujjain, Dewas & Shajapur.

fluoride. In such habitations new deep tubewells were not to be drilled as per departmental instructions issued in 2006, instead shallow dugwells or other alternate arrangements were to be made. The drilling of 185 deep new tubewells in the water quality affected areas further aggravated the problem. Thus the expenditure of Rs.1.25 crore, incurred on drilling of new tubewells was nugatory.

The E-in-C stated (September 2007) that the tubewells were drilled, away from the affected villages, in the safe zone. The reply was not correct because the water quality tests conducted by the Division indicated that all new tubewells drilled were quality affected.

- A survey for identification of quality affected habitations conducted in 2004-05 disclosed that the problem of excess fluoride was prevalent in 630 habitations of 430 villages of Chhindwada district. However, a project covering 213 affected habitations at a cost of Rs.18.09 crore was approved by GOI in December 2006. Scrutiny revealed that 116 habitations having safe sources were incorrectly included in the proposed 630 habitations. Similarly, of the 213 habitations included in the approved project, 33 habitations where safe water for drinking and cooking @ 10 lpcd was available as per dual water policy norms were treated as quality affected.
- GOMP proposed a project costing Rs.4.40 crore for 74 fluoride affected villages of District Sagar. The GOI, however, approved (December 2006) the project for Rs.1.76 crore to tackle the problem of 30 villages only. Scrutiny of Project Report revealed that only two villages (Keolari kalan of Kesli block and Gungucha of Rahatgarh block), did not have any safe source and remaining had safe sources for supply of water as per dual water policy norms. As per norms the actually affected two villages could be covered at a cost of Rupees eight lakh only. The project for 28 villages (Rs.1.68 crore) was avoidable.
- Disregarding the provisions of guidelines, in none of the fluoride projects provision was made for installation of defluoridation plants.

Only two out of 74 proposed habitations, not having safe source, were eligible.

The E-in-C stated (September 2007) that all the projects were approved by State Level Sanctioning Committee (SLSC) and GOI. Dual water policy was not safe and sustainable, as the tribal population could not be expected to use fluoride free water judiciously. The reply was not tenable because dual water policy was to be adopted as per GOI guidelines and wide awareness programmes were to be launched by the Department to educate the tribal population.

3.4.8.3 Water quality monitoring and surveillance

District laboratories were not utilized to their optimum capacity.

According to guidelines regular monitoring of water quality both at sources and supply points, twice in a year in a village preferably before and after rains, was essential for safeguarding potable water from chemical and biological contamination. Besides setting-up laboratories, capable of testing 6,000

samples per annum, premier technical institutions, schools etc. were also to be involved in the water quality testing/ surveillance network. It was, however, observed that in respect of existing sources no such periodicity of sample testing was observed; besides the laboratories established were not utilized to their optimum capacity as shown below:

Position as on 1 st April	Laboratories Sanctioned	Laboratories established	Labs Functional	Number of functional sources	Number of samples required @ 6000 per lab per annum	Cumulative samples tested	Samples tested during the year	Short Fall in sample testing	Percentage of shortfall in testing
2003	45	32	32	2,95,425	1,92,000	2,24,033	NA	NA	NA
2004	45	35	35	3,00,654	2,10,000	2,63,527	34,494	1,75,506	83.57
2005	48	37	37	3,09,679	2,22,000	3,46,841	83,314	1,38,686	62.47
2006	48	40	40	3,35,980	2,40,000	4,31,418	84,577	1,55,423	64.75
2007	48	48	43	3,53,741	2,58,000	5,04,517	73,099	1,84,901	71.66

- In the five new Districts⁵⁰, district laboratories were established but were not functioning till March 2007. In Raisen and Katni districts⁵¹, no water quality tests were carried out for the 2,800 out of 3,982 new sources created as of March 2007.
- 1742 death cases were reported due to water borne diseases.**
- The Director of Health Services reported (August 2007) 20.04 lakh cases of diarrhoea and cholera and 16,420 cases of jaundice (all water borne diseases), in which 1,742 people lost their lives during the five years. Further, not repairing damaged platforms of hand pumps may contaminate the ground water and lack of periodical water testing may result in high incidence of water borne diseases.
- Field Testing Kits were not procured by the department.**
- The Guidelines stipulated that one field testing kit shall be provided for each Gram Panchayat with 100 *per cent* GOI funding. In addition demonstration kits (one for State, three for Districts and two for each block) shall also be provided. The operation and maintenance including refilling cost of field testing kits and cost of disinfectants was to be covered by community contribution. Scrutiny in audit revealed that department failed to procure the field testing kits as of March 2007, defeating the very purpose of water quality monitoring and surveillance through community participation.

3.4.8.4 Inadequate Sustainability

Irrigation based on over-exploitation of ground water has resulted in depletion of ground water and lowering of water table causing wells to run dry in the recent years. ARWSP emphasized long-term sustainability of sources. Sustainability measures include stop dam, check dam, rainwater harvesting, recharging of ground water aquifers and adoption of cleaning methods and hydro fracturing⁵² etc. There was no long term policy with the Department/

⁵⁰ Ashok Nagar, Anuppur, Dindori, Harda and Umariya.

⁵¹ Raisen-Drilled-525, Tested 203, Not tested- 322, Katni-Drilled- 3457, Tested-979, Not tested-2478.

⁵² Hydro-fracturing is a process to increase yield of water in a tubewell.

Government to prevent over-exploitation of ground water as there were five blocks of four districts⁵³ under critical category (water exploitation more than 100 per cent), 24 blocks of eight districts⁵⁴ under dark category (exploitation between 85 to 100 per cent) and 19 blocks of 15 districts⁵⁵ were under gray category (exploitation between 65 to 85 per cent) as of March 2006.

The E-in-C stated (September 2007) that despite adoption of sustainability measures by the State depletion of water table was due to over drawal of water by Agriculture sector and inadequate and imbalanced rainfall. The reply indicate that there was no long term policy of the Government to prevent over drawal of ground water.

3.4.8.5 Defunct schemes

Though expenditure amounting to Rs.36.09 crore incurred during 2002-07 on construction of 26,954 artificial recharging structures (stop dams-417, Check dams-676, dykes-1,026 check dam cum dykes-913, point recharging 22,476 and others-1,446.), but no impact assessment was carried out.

The details of installed and defunct schemes during 2003 to 2007 are as under:

Position as on 31 st March	Hand Pumps		PWSS/ Spot Sources		Total Schemes
	Installed	Defunct	Installed	Defunct	Defunct
2003	3,28,666	33,241	7,093	1,473	34,714
2004	3,32,229	31,575	7,690	1,418	32,993
2005	3,41,830	32,151	7,988	1,703	33,854
2006	3,62,010	36,231	8,192	1,507	37,738
2007	3,90,563	36,822	8,333	1,298	38,120

Audit analysis revealed that number of defunct schemes increased every year, defeating the programme objectives.

3.4.8.6 Non-adoption of modern scientific techniques

According to the GOI instructions modern scientific techniques, such as satellite imagery, data of Central Ground Water Board (CGWB) or assistance from expert agencies like National Remote Sensing Agency, were to be adopted for selection of sites for sources of drinking water. GOMP also instructed that sites be surveyed by departmental hydrologist in the areas where source failure rate exceeded 10 per cent.

The year-wise status of unsuccessful tube wells at State level is given below:

⁵³ Dewas, Indore, Khargone and Shajapur.

⁵⁴ Barwani, Dhar, Indore, Mandsaur, Neemuch, Ratlam, Shajapur and Ujjain.

⁵⁵ Barwani, Bhopal, Betul, Burhanpur, Chhindwara, Chhattarpur, Dhar, Khargone, Khandwa, Neemuch, Ratlam, Satna, Sehore, Shajapur and Ujjain.

Year	Tube wells Drilled	Tube wells Successful	Tube wells unsuccessful	Percentage of failure
2002-03	16,416	14,235	2,181	13.29
2003-04	19,549	16,995	2,554	13.06
2004-05	20,281	17,027	3,254	16.04
2005-06	32,905	30,500	2,405	7.30
2006-07	30,586	25,837	4,749	15.53
Total	1,19,737	1,04,594	15,143	12.65

On an average 12 per cent of tubewells dug were unsuccessful over the last five years.

Test check in ten⁵⁶ Divisions revealed that the sites were selected by using conventional resistivity survey methods through private hydrologists, even where source failure rate exceeded 10 per cent and no site surveys were conducted before drilling of tube wells in six divisions of Jabalpur zone. This had substantially contributed to failure of 4,597 out of 28,403 tube wells drilled. The estimated expenditure was Rs.27.58 crore (@Rs.60,000 per well).

The E-in-C stated (September 2007) that there is no technology available which can ensure 100 per cent success rate. The higher failure rate was only in the difficult villages. The reply was not tenable because the department adopted conventional methods of source finding; and effective efforts were not made to minimize the failure rate by adopting modern techniques like satellite imagery, water prospect maps or data of CGWB etc.

3.4.9 Schemes on community participation

3.4.9.1 Sector Reforms

In five pilot districts, under sector reforms, ARWSP fund of Rs.22.84 crore was spent in addition to the expenditure of Rs.54.32 crore.

The GOI introduced the concept of Sector Reforms to achieve the goal of providing safe drinking water to all rural habitation through institutionalizing community participation during the remaining part of 9th Plan period. The objective was to generate a demand driven supply of drinking water to the rural community who were willing to share 10 per cent capital cost and shoulder full responsibility for operation and maintenance (O&M). Five districts⁵⁷ were selected for pilot project. Under Sector reform 4,292 schemes costing Rs.167.23 crore were sanctioned, of which Rs.48.38 crore only were released by GOI and Rs.5.96 crore were received as community contribution. Thus, by including interest of Rs.5.35 crore, a sum of Rs.59.69 crore only were available against which an expenditure of Rs.54.32 crore (32.48 per cent of sanctioned cost and 90.98 per cent of available funds) was incurred on completion of 3,646 schemes (85 per cent) as of 30 June 2004. Thereafter the Sector Reform was discontinued by GOI and the incomplete schemes transferred under Swajaldhara.

⁵⁶ Rajgarh-110, Bhopal (Mechanical)-901, Dindori-486, Jabalpur-124, Raisen-361, Khargone-914, Shahdol-87, Seoni-350 Chhindwara-1087, and Sagar-177=Total 4597.

⁵⁷ Gwalior, Hoshangabad, Narsingpur, Raisen and Sehore.

Scrutiny revealed the following:

- The guidelines stipulated that normal ARWSP funds were not to be utilized for water supply activities in the districts where Sector Reforms were introduced. Contrary to this stipulation, normal ARWSP funds of Rs.22.84 crore were spent in five pilot districts during 2002-03 to 2003-04, in addition to the expenditure of Rs.54.32 crore under Sector Reforms.
- It was further observed that in district Raisen, which was under sector reforms, an amount of Rs.1.38 crore was required as community contribution, for construction of 105 piped water supply schemes estimated to cost Rs.14.27 crore, but a partial contribution of Rs.21.29 lakh only was received for 58 schemes and in remaining cases there was no contribution. This was denial of reforms principles and irregular expenditure of Rs.2.07 crore incurred on construction of the 58 schemes as of February 2007.

3.4.9.2 Swajaldhara

The Sector Reform was renamed (25 December 2002) as “Swajaldhara” with all the basic principles of the reforms. The Nodal Department formulated the schemes; however, the schemes were executed by the Panchayati Raj Institutions (PRIs), i.e. outside the Government machinery. In order to avail funds under Swajaldhara, State Government was required to enter in to a Memorandum of Understanding (MOU) with the Department of Drinking Water Supply, Ministry of Rural Development, GOI.

State Government did not enter into MOU with GOI.

Out of 2,890 schemes only 728 were completed and 103 were handed over to PRIs/VWSCs.

Though there was no MOU as of March 2007, the GOI allocated funds of Rs.50.32 crore for execution of 2,890 schemes of 39 districts (estimated to cost Rs.54.83 crore) during the period from 2002-03 to 2005-06, of which only Rs.40.81 crore were released to the implementing agencies. The agencies received Rs.3.41 crore as public contribution and earned an interest of Rs.6.62 lakh aggregating to Rs.44.28 crore available for implementation of the schemes. It was, however, observed that only 1,363 schemes were taken up of which 728 schemes (25.19 *per cent*) were shown as completed at a cost of Rs.22.27 crore (50 *per cent* of available funds) as of March 2007. However, only 103 schemes (14.14 *per cent*) were handed over to the Gram Panchayats / Village Water & Sanitation Committees (VWSCs) for subsequent O&M. Though, the implementation of the Swajaldhara was very poor, the State Government further proposed (March 2007) 320 schemes costing Rs.27.37 crore for implementation under allocation year 2006-07 but the GOI did not accord its approval (April 2007) and directed not to incur any liability pending review of the entire scheme in the context of 11th five year plan.

Audit scrutiny at State level (SWSM) revealed that:

- The implementing agencies did not submit the utilization certificates and accounts, audited by the appointed Chartered Accountants.
- The second instalments for 2,351 schemes approved between 2003-04 and 2005-06 were not released as of March 2007 due to expenditure against first instalments being less than 60 *per cent*.
- During 2003-04 and 2004-05, 223 schemes estimated to cost Rs.4.03 crore were approved by GOMP for 23 districts out of ARWSP funds. Despite incurring expenditure of Rs.2.43 crore, against Rs.3.93 crore (including community contribution of Rs.0.29 crore) released to the agencies, work for construction of 181 schemes could be taken up and only 115 schemes were completed, of which only 13 were handed over to the agencies for subsequent O&M as of March 2007. Thus the progress of the schemes was far behind the objectives.

Audit scrutiny at selected sample divisions revealed that in the absence of specific accountability of the PRIs, the schemes under 'Swajaldhara' were vulnerable to the high risks and denial of objectives as discussed below:

Four PRIs deposited government grants as public contribution for Swajaldhara schemes.

- In Seoni district, four⁵⁸ PRIs deposited Rs.0.80 lakh, as 10 *per cent* community contribution for the Swajaldhara schemes sanctioned in 2004, out of Government grants received for other purposes. Without actual collection of contribution from the community, the PRIs obtained Rupees eight lakh from Nodal Department. When the matter came to notice, the Executive Engineer (EE) decided (April 2004) to take action against the GPs but no action has been initiated till date. However, two out of four schemes were completed by the PRIs and remaining were in progress as of June 2007. Thus, the basic objectives of community participation were defeated.

Incorrect selection of schemes

- According to the guidelines priority was to be given to NC, PC and quality affected habitations for selection of schemes under "Swajaldhara". However, improvement of service level was subjected to the condition that all habitations in the State are fully covered. In total disregard to the guidelines, 21 schemes (13 of 2003-04, two of 2004-05 and six of 2005-06), estimated at Rs.73.87 lakh were taken-up in Chhindwara district for FC habitations, by incurring irregular expenditure of Rs.33.31 lakh, while 40 NC and 175 PC habitations in the district were awaiting for drinking water supply facilities up to the level of 40 lpcd as of May 2007.

Non-utilization of funds released

- In Chhindwara district despite release of first instalment of Rs.8.88 lakh to VWSCs for seven schemes during December 2004 and June

⁵⁸ Jeonara, Mohbarra, Khami and Ghoorbada (Keolari block).

2006, no works were commenced as of June 2007, resulting in non-utilization of funds released to the executing agencies. In Seoni district also, an amount of Rs.0.30 lakh sanctioned in 2004-05 was released to VWSC in September 2005, but neither the work was started nor was the funds handed over to new VWSC as of May 2007.

Lack of sustainability measures

- Under the provisions of Swajaldhara guidelines, measures for recharging of ground water resources for sustained drinking water supply besides encouraging the communities for such activities was an essential component of project funding. Test check in 11 districts, however, revealed that no such provisions were made in any of the schemes approved during 2002-03 to 2005-06.

3.4.10 Inadequate Operation and Maintenance (O&M)

Inadequate O&M of water sources resulted in unfruitful expenditure of Rs.41.30 crore.

Proper upkeep and maintenance of drinking water sources was necessary for sustained availability of drinking water on long-term basis to the rural population. The guidelines prescribed that upto 15 *per cent* of the funds can be used for O&M of water supply schemes.

Test check of records in 11 Divisions⁵⁹ revealed that out of 99,792 hand pumps and 2,734 RPWSS installed, 6,801 hand pumps and 487 RPWSS were non-functional as of March 2007 due to improper upkeep and maintenance. This not only resulted in unfruitful expenditure of Rs.41.30 crore but also deprived 26.74 lakh rural population of drinking water facilities.

The E-in-C stated (September 2007) that regular O&M was done satisfactorily by the department and PRIs. The reply was not tenable in view of several defunct schemes.

3.4.11 Inventory of assets

According to the guidelines each executing agency at GP, block and district level was to have a complete inventory of drinking water sources created under different programmes. The overall information should have been available with the implementing agency (PHED). Despite instructions from GOI and GOMP consolidated information of assets created under ARWSP was not maintained in any of the level including units/ divisions test-checked.

⁵⁹ Bhopal, Raisen, Rajgarh, Khargone, Sagar, Jabalpur, Katni, Dindori, Seoni, Chhindwara, Shahdol.

3.4.12 Management of Departmental Rigs

No efforts were made to strengthen mechanical wing.

Performance of departmental rigs was critical to the success of the programme. For this purpose an Electrical & Mechanical wing was established (1987) in the State. At present there are 102 rigs with average assessed capacity of 9,792 tube wells per annum with the State. No efforts were made by GOMP to enhance the departmental drilling capacity during the plan period. Funds amounting to Rs.13.64 crore were provided for procurement of machinery & equipment against which only Rs.11 crore were spent as of March 2007.

Drilling rigs were not utilized up-to optimum capacity.

Audit scrutiny showed that the Department preferred private contractors for drilling of tube wells rather than deployment of the departmental rigs at their full available capacity. Average drilling cost by departmental rigs was Rs.50,000 per tube well while through contractors it was Rs.65,000. Thus, under-utilization of the departmental rigs led to avoidable expenditure of Rs.4.65 crore.

3.4.13 Monitoring and Evaluation of the programme

Besides setting up the State committee for monitoring of the programme, Special monitoring cell and investigating unit was also responsible for collecting information, maintenance of data and timely submission of periodical reports to GOI. The guidelines envisaged regular inspections by the officers of the State by undertaking visits to the districts, blocks and villages for effective implementation of the programme. Audit scrutiny revealed that despite setting-up of committees the monitoring was inadequate; as identification of personnel for special monitoring cell up-to grassroot level and their training have not yet completed.

3.4.14 Impact Assessment of implementation

Impact assessment was inadequate.

Despite investment of Rs.1,216.32 crore on implementation of the programme to tackle the acute drinking water need of the rural population of the State under the ARWSP and MNP funds during 2002-03 to 2006-07, 1,777 habitations still do not have any source of drinking water, and 14,840 habitations remained partially covered as of March 2007. Re-emergence of 42,284 (NC-14,035 & PC 28,249) habitations (April 2005) and increase in water quality affected habitations further negated the impact of the programme.

The E-in-C stated (September 2007) that State has achieved the progress as per targets fixed by GOI under ARWSP but Sub-Mission funds were either not made available or were released very late causing delay. The target for coverage of NC/PC as fixed by GOI will be achieved upto March 2009.

3.4.15 Conclusion

Despite the added thrust given to the programme since 1999, planning and implementation suffered due to neglect of priority areas, sustainability, community participation, operation and maintenance etc. Significant re-emergence of problem habitations and quality affected sources further negated the impact of the programme. Inadequate and inefficient monitoring resulted in extension of the programme from 8th to 11th Five Year Plan period, indicating failure in achieving the stated objective to provide safe drinking water to all villages by 2004. Schemes sanctioned even prior to the 10th plan period were incomplete and a large number of non-functional assets and unsustainable systems/ sources were created which were indicative of serious planning weaknesses. The State was also not able to utilize all the funds available for the scheme.

3.4.16 Recommendations

- Execution of “Swajaldhara” schemes outside the Government agencies may be dispensed with. The community participation may be ensured as envisaged.
- Government may focus attention on quality affected habitations.
- Government may strengthen water quality monitoring and surveillance network.
- Proper maintenance of assets created under various schemes may be ensured.
- The Government may ensure effective monitoring and implementation of the programme.

The matter was referred to Government in September 2007; reply had not been received (November 2007).

Scheduled Tribes and Scheduled Castes Welfare Department

3.5 Educational Development of SCs and STs

Highlights

The Constitution, enjoins on the State to promote the educational and economic interests of the weaker sections of Indian society. In Madhya Pradesh, nearly 70 per cent of the total budget provision of the Scheduled Tribes and Scheduled Castes Welfare Department is being used for educational development of SCs and STs. Various educational schemes are being implemented by the Union and State Governments with the objective of universalisation of elementary education, to reduce drop out rates and increase the representation of SCs/STs in jobs and higher educational and professional institutions. Some important findings of performance audit are given below:

Rupees 70.30 crore drawn and kept in Personal Deposit Account by district offices of the department which also inflated the total expenditure of Rs.4323.68 crore to that extent.

(Paragraph 3.5.7.1)

Temporary advances of Rs.2.10 crore were lying unadjusted/un-recovered in Satna, Sidhi, Dhar and Betul.

(Paragraph 3.5.7.3)

Bank scrolls of scholarship payment amounting to Rs.66.55 crore were not obtained from nodal banks in test checked districts.

(Paragraph 3.5.10.3)

Fraudulent disbursement of Post-matric scholarship amounting to Rs.2.65 lakh was made in Sidhi (2006-07) due to deviation from the laid down procedure.

(Paragraph 3.5.10.4)

Irregular payment of Grant-in-aid amounting to Rs.1.55 crore was made to Non-Government educational institutions.

(Paragraph 3.5.12.1)

3.5.1 Introduction

The State has a constitutional responsibility of promoting educational and economic interest of the weaker sections of the society and in particular of the

Scheduled Castes (SC) and Scheduled Tribes (ST). In Madhya Pradesh (MP), SCs and STs constitute 15.17 *per cent* and 20.27 *per cent* of the total population respectively. Literacy rate of SCs and STs is 58.57 *per cent* and 41.16 *per cent* respectively as against an overall literacy rate of 63.7 *per cent* of the state. The Scheduled Tribes and Scheduled Castes Welfare Department is responsible for the educational, economic and social welfare of SC/ST population. Nearly 70 *per cent* of total budget provision of the Department is being used for educational development of SCs and STs. The Department implemented 17 schemes sponsored by the Central and State Governments for improvement of literacy levels, improvement of enrolment and retention levels, reduction of drop out rate and increasing representation of SC/ST students in higher educational and professional institutions.

3.5.2 Organisational set-up

The Principal Secretary, SC and ST Welfare Department, Bhopal is the head of the department. Commissioner Tribal Development (CTD), Bhopal and Commissioner Scheduled Castes Development (CSCD), Bhopal act as the nodal officers for planning, guidance, monitoring, supervision and implementation of various welfare schemes for SCs and STs. Director Tribal Education (TDE), Bhopal functions under the CTD to manage the affairs of school education (up to higher secondary level) in tribal areas. There are six Dy. Commissioners Tribal Welfare who control SC/ST welfare activities of the Department at Commissionerate level. In 18 ST dominated districts, Assistant Commissioners Tribal Development (ACTDs) and in 30 SC dominated districts, District Organisers Tribal Welfare (DOTWs) are responsible for the implementation of welfare schemes.

3.5.3 Audit objectives

The objectives of the performance audit were to assess whether:

- planning for various schemes launched for the educational development for SCs and STs was based on reliable and acceptable data;
- allocation, release and utilisation of funds earmarked for various schemes were adequate and effective;
- implementation of various educational programmes was effective;
- efforts of the State Government to improve the educational indicators i.e. literacy rate, gross enrolment ratio, gross dropout rate and gender parity index amongst SCs and STs were adequate and
- monitoring system at various levels was functioning effectively.

3.5.4 Audit criteria

The main criteria to arrive at audit conclusions were:

- Census data and population of SC and ST students and data on eligible children;
- Prescribed eligibility criteria and guidelines for selection of students;
- Prescribed payment procedures and utilisation of funds as per guidelines;
- Increase/decrease in dropout rate and
- Monitoring system in place.

3.5.5 Scope of audit and methodology

Performance Audit of educational development of SCs and STs was conducted during February to October 2007, covering the period from 2002-07. Test check of records was conducted in the offices of CTD and CSCD at the state level and in the offices of the ACTDs and DOTWs in 14⁶⁰ out of 48 districts. Probability Proportional to Size with Replacement (PPSWR) method of sampling was used to select the sample districts. Selection of universities, colleges, schools, hostels in the selected districts was done on the basis of Simple Random Sampling without Replacement (SRSWOR) method. Entry conference with the CTD and CSCD was held in February 2007.

Audit findings

3.5.6 Programme Planning

3.5.6.1 Planning for various schemes was based on unreliable data

Survey of beneficiaries was not conducted before planning the schemes.

The department was required to assess and identify the number of SC/ST students in schools/colleges to plan for and implement various schemes for educational development of SCs/STs. It was observed that no such data of eligible beneficiaries was prepared or survey for beneficiaries conducted at any level. Year-wise data regarding occupancy of various hostels and schools was also not maintained. In the absence of these figures the projection of funds required for implementation of schemes was done on the basis of expenditure of preceding years.

⁶⁰ Bhopal, Balaghat, Barwani, Betul, Chhindwara, Dewas, Dhar, Jhabua, Mandsaur, Satna, Seoni, Sidhi, Ujjain and Bhind.

3.5.6.2 Schemes not publicised

To increase coverage of beneficiaries and to make general public aware, significant publicity of the schemes was needed. It was observed that publicity for ongoing educational schemes for generating public awareness through print media, electronic media, hoardings etc. was not undertaken at any level as funds required for publicity of educational schemes were not provided in the budget.

Implementation of Schemes

3.5.7 Financial Management

Expenditure of Rs.4323.68 crore was over stated by Rs.70.30 crore .

3.5.7.1 Poor budgetary Control

Position of budget provision of the department for its entire activities and budgetary provisions and expenditure incurred on development of educational activities for SCs/STs during 2002-07 was as follows:

(Rupees in crore)

Year	Total budget provision of the department	Budget outlay on educational development programmes with percentage to total budget provisions	Expenditure incurred on educational development programmes	Savings
2002-03	999.58	699.62 (70.00)	680.40	19.22
2003-04	1,154.08	816.44 (70.74)	793.90	22.54
2004-05	1,230.74	912.97 (74.18)	888.33	24.64
2005-06	1,295.31	932.15 (71.96)	912.52	19.63
2006-07	1,439.01	1,047.26 (72.78)	1,048.53	(-)1.27
Total	6,118.72	4,408.44	4,323.68	84.76

The expenditure of Rs.4323.68 crore during 2002-07 shown above was overstated by Rs.70.30 crore as this amount was found to be drawn by district offices and deposited into personal deposit account in treasuries and in various bank accounts. This amount was not used for the welfare schemes but booked as expenditure which led to overstatement of expenditure. Thus an amount of Rs.155.06 crore remained unutilised during the period 2002-07.

In spite of excess expenditure of Rs. 1.27 crore a sum of Rs.132.67 crore was injudiciously surrendered in 2006-07

There was excess expenditure of Rs.1.27 crore over and above the budget outlay on educational development programmes of SCs/STs during 2006-07. On the contrary, the department surrendered a sum of Rs.132.67 crore in March 2007. The department stated that the surrender was the result of savings as depicted in the website of the Department of Treasuries and Accounts. This was an injudicious decision of the department and shows that the department did not monitor the progress of expenditure.

3.5.7.2 Non-utilisation of available funds

Rs.1.58 crore remained unutilised and lapsed to Government in March 2005

Financial rules prohibit drawal of money from Treasury unless required for immediate disbursement. It was noticed that Rs.19 crore sanctioned in 2001-02 for construction of 114 pre-matric hostels/ ashrams for SC boys and girls were drawn by CSCD and simultaneously deposited into Treasury under Civil

Deposit (March 2002). Out of this, Rs.17.42 crore were released from Treasury for the intended purpose up to October 2004. Balance amount of Rs.1.58 crore lapsed (March 2005) to Government.

3.5.7.3 Temporary Advances remained unadjusted

Rule 53 (IV) MPTC lays down that temporary advances are required to be adjusted or recovered and should not remain outstanding for more than three months. It was observed that in Satna, Sidhi, Dhar and Betul districts, temporary advances amounting to Rs.2.10 crore were lying unadjusted (May 2007) for the period from 1977-78 to 2006. It is pertinent to point out that Rs.0.23 crore out of Rs.2.10 crore were outstanding on account of pre-matric scholarship. No action to adjust or recover the outstanding temporary advances was taken by Heads of Offices. The concerned officers assured that action for adjusting of outstanding temporary advances would be taken. This indicated poor financial management.

In Satna, Sidhi, Dhar, Betul districts temporary advances of Rs. 2.10 crore were lying unadjusted for periods ranging upto 30 years.

3.5.8 Payment of pre matric scholarship to children of persons engaged in unclean occupations

The objective of the scheme was to provide financial assistance to students whose parents are traditionally engaged in unclean occupations so as to enable them to pursue education up to matriculation level. The expenditure under the scheme, in excess of committed liability, is to be shared on 50:50 basis between the Union and State Governments. The number of beneficiaries in the State during 2002-03 to 2006-07 was as under:

Scholarship was sanctioned and paid without verification of occupation certificates.

(Rupees in lakh)

Year	Funds available	Actual expenditure	Number of beneficiaries	Percentage Increase(+)/ Decrease(-) of beneficiaries from previous year
2002-03	638.91	628.12	52,095	-
2003-04	662.00	541.26	57,517	(+) 10.41
2004-05	559.00	526.30	58,413	(+) 1.56
2005-06	619.00	475.77	37,797	(-) 35.29
2006-07	723.19	452.37	37,633	(-) 0.43
Total	3,202.10	2,623.82	2,43,455	-

It was noticed that in July 2003, the department issued instructions that scholarships under this scheme were to be sanctioned only after the verification of actual occupation and main source of income of parents of the beneficiaries. However, for the state as a whole, the reduction in the number of beneficiaries came in 2005-06 which indicated the possibility of scholarship payments to ineligible beneficiaries in the years 2003-04 and 2004-05.

Further it was also noticed that despite substantial reduction (of 35.29 per cent) in the number of beneficiaries in the year 2005-06, the budget outlay on the scheme for the year was increased by 11 per cent. Similarly inspite of further reduction in number of beneficiaries during 2006-07, the budget outlay was increased by 16.83 per cent which led to non utilization of Rs.2.71 crore

(37.45 per cent of available funds) in the year 2006-07. This indicated lack of financial planning as these funds could have been utilized for some other welfare scheme.

3.5.9 Non-receipt of Central assistance

Central assistance of Rs.16.82 crore for years 2005-06 and 2006-07 was not received.

The objective of the post-matric scholarship scheme is to provide financial assistance to SC/ST students studying at post-matriculation level to enable them to complete their education without economic constraints. Under the scheme, the State Government receives 100 per cent assistance from the Central Government over and above the committed liability of the State Government.

Scrutiny (July 2007) of records of CTD and CSCD revealed that arrears amounting to Rs.16.82 crore for the years 2005-06 (Rs.5.93 crore) and 2006-07 (Rs.10.89 crore), over and above the committed liability were yet to be received in CTD office.

3.5.10 Payment of Scholarships

3.5.10.1 Overpayment of Maintenance Allowance

In spite of giving free lodging facilities the hostellers were paid full maintenance allowance.

Under the post-matric scholarship scheme, maintenance allowance at prescribed rates is payable to the hostellers. Regulation governing the award of scholarship states that scholars who are entitled to free boarding and/or lodging will be paid maintenance charge at 1/3rd of the rate for hostellers. Scrutiny of records of CTD and CSCD revealed that all hostellers of group IV were provided free lodging facilities but were paid full maintenance allowance during the period 2002-07. This led to an overpayment of Rs.6.37 crore as depicted below:

(Rupees in lakh)

Year	Number of beneficiaries of Group IV		Maintenance Allowance Paid		
	SC	ST	SC	ST	Total
2002-03	4,997	2,366	56.70	28.17	84.87
2003-04	5,397	2,725	126.82	47.76	174.58
2004-05	7,357	2,690	172.88	65.11	237.99
2005-06	7,357	2,614	172.88	49.57	222.45
2006-07	7,357	2,661	172.88	62.43	235.31
Total	32,465	13,056	702.16	253.04	955.20

Overpayment = 2/3 x 955.2 = Rs.6.37 crore

3.5.10.2 Delayed payment of Scholarship

Scholarship to 9,205 students paid in next educational session.

As per rules, scholarship to the students should be paid within the academic session for which the scholarship has been sanctioned and the unpaid balance at the end of the year should be refunded into Treasury. Scrutiny of records in Balaghat, Bhopal, Chhindwara and Seoni districts revealed that various scholarships were not paid to 9,205 out of 52,059 students during the academic session and were paid in the next session.

3.5.10.3 Non-reconciliation of disbursement of scholarship

Scholarship Vouchers for Rs. 66.55 crore were not received in test checked districts thus payment to this extent could not be verified in audit .

Rules provide that district officers on receipt of budget allocation for scholarship will make an advance drawal on simple receipt from Treasury and deposit it in the district nodal bank account for onward transfer to nodal accounts of various educational institutions of the district. A nodal account wise ledger is also maintained in the district office. On receipt of bank scrolls (paid vouchers) in district office the adjustment is carried out in the ledger against amount transferred to nodal banks. At the end of financial year, the balance amount lying in nodal banks is collected in district nodal bank and ultimately refunded into Treasury. The district officer is required to submit an adjustment statement to the office of the Accountant General (A&E) Madhya Pradesh.

Scrutiny of records of eleven test-checked districts (March-October 2007) revealed that the bank scrolls pertaining to pre-matric and post-matric scholarship amounting to Rs.66.55 crore during the period 2002-07 (as per details given in **Appendix-3.5**) were not obtained nor was the amount refunded into Treasuries concerned. The district offices neither reconciled the figures with banks nor submitted the adjustment statements to the Accountant General (A&E) Madhya Pradesh.

In Mandsaur district the ledgers containing the details mentioned above was not maintained upto 2004-05. Similarly, during 2005-07 only information regarding money deposited into district nodal bank was available.

On being pointed out, ACTDs/DOTWs agreed to obtain bank scrolls early. Thus, due to non obtaining bank scrolls worth Rs.66.55 crore, it could not be verified whether amount to this extent was actually disbursed to SC/ST students in time.

3.5.10.4 Fraudulent disbursement of Scholarship

Fraudulent disbursement of scholarship worth Rs.2.65 lakh due to deviation from procedure

The procedure of payment of post-matric scholarship lays down that the head of the educational institute should pay scholarship to the students only through crossed cheques, a passport size photograph of beneficiary should be affixed against his name in scholarship ledger, the fact of issuing a crossed cheque should be noted in the ledger, the nodal bank should make payment after verification of identity of the beneficiary and the bank scrolls of scholarship payments should be sent in two copies every month to the district office (ACTD/DOTW).

The scrutiny of records of Sanjay Gandhi Memorial Government Post Graduate College, Sidhi revealed that the prescribed procedure for payment of scholarship was not being followed. Bank withdrawal forms under rubber stamp and signature of the head of the institution instead of crossed cheques were given to the students for withdrawal of scholarship from nodal bank. Since the bank withdrawal forms always remain available in plenty with the institution, a case of fraudulent drawal of scholarship happened where an unknown person produced 40 such withdrawals forms (with forged seal and signature of sanctioning authority) between 9 October 2006 and 14 December 2006 and withdrew Rs.2.65 lakh from the nodal bank. It was noticed in audit that, the scholarship ledgers were incomplete in the college and the scrolls were never verified with reference to ledger and sanctions. The nodal bank also did not verify the identity of bearers of withdrawal forms. The Principal of the college lodged a FIR with the police on 23 December 2006. The matter was still under investigation (May 2007). The Principal, Sanjay Gandhi Memorial Government Post Graduate College, Sidhi never forwarded the bank scrolls to ACTD Sidhi. On being pointed out in audit, the Principal assured to strictly follow the prescribed procedure in future.

In Betul district also, scholarships were being paid through bank withdrawal forms to the students in contravention to the guidelines.

3.5.10.5 Overpayment of Service Charges to a Bank in Chhatarpur district

Payment of scholarship to SC/ST students of class VI and above was to be made through cheques only. Madhya Pradesh Government, Scheduled Tribes and Scheduled Castes Welfare Department gave consent to district offices to pay cheque charges and service charges @ Rupee one per scholarship cheque. Scrutiny of records related with payment of scholarship in the office of the DOTW, Chhatarpur (July 2006) revealed that 'Bundelkhand Regional Rural Bank, Chhatarpur (sponsored by State Bank of India) decided (in October 2004) to levy service charges @ Rs.10/- on every payment through a cheque. During the years 2005-06 and 2006-07, pre-matric and post-matric scholarships were paid to 42,739 students through Bundelkhand Regional Rural Bank Chhatarpur. Consequently, an overpayment estimated at Rs.3.85 lakh @ Rupees nine per cheque on account of service charges was made in the district which was charged to the undisbursed amount of scholarship lying in the bank.

**Service charges
Rs.3.85 lakh on
payment of
scholarship were
irregularly charged
by Bundelkhand
Regional Rural Bank,
Chhatarpur.**

3.5.11 Construction of Hostels and Ashram Schools

Schemes for construction of hostel and ashram school buildings for SC/ST students were introduced to provide students with residential facilities away from their homes in close proximity of schools and colleges for maximising percentage of higher education among the communities. As per rules of the Government of India, all construction work related to hostel/school buildings was to be completed within two years of sanction and release of grant by the Central Government. Deficiencies noticed in the implementation of the scheme are discussed in succeeding paragraphs.

3.5.11.1 Double sanction for same work in Seoni district

CTD accorded sanction for construction of buildings which were already constructed.

Scrutiny of records of ACTD, Seoni (July 2007) revealed that construction of three tribal girl's ashram buildings with residential quarters of Superintendent and Watchman at Gorakhpur (Block-Ghansore), Khamhara (Block-Ghansore) and Ghoorwara (Block-Lakhnadon) was sanctioned under special central assistance during 1999-2000 and completed by construction agency, Rural Engineering services (RES) Seoni during 2001-02 at the cost of Rs.46.78 lakh. But without verification of this fact, these works were again sanctioned under centrally sponsored scheme during 2002-03 @ Rs.35.14 lakh each. For executing these works, a sum of Rs.33 lakh was allocated to Seoni (2003-04) and ACTD Seoni drew the amount and paid to the construction agency (RES) in February 2004. Rs.33 lakh were still lying unspent with the construction agency.

The ACTD, Seoni replied that the proposals to change the location of works were submitted to CTD (May 2006). Consequently the CTD sanctioned to change the location in November 2007. The reply only showed that works were got sanctioned by CTD without verification of previously executed works and the department also appeared unaware of the physical infrastructure created by it.

3.5.11.2 Non/incomplete construction of Ashram Schools in Tribal Sub-Plan Areas

GOI sanctioned 130 ashram schools with a total capacity of 7,000 seats during 2002-03. The estimated cost was Rs.47.10 crore of which Rs.23.55 crore (50 per cent) was central share. GOI released Rs.23.27 crore but the State Government could spend only Rs.18.55 crore (June 2007).

Scrutiny of records of CTD revealed that out of 130 sanctioned ashram school buildings 74 buildings remained incomplete as of June 2007. Of these, work on construction of 21 ashrams were not started even after a lapse of a period of five years. In six cases land was not available and in other five cases no reasons were supplied to audit. In other 10 cases tender process was in progress or location was to be changed. For other incomplete ashram building, the department stated that construction agencies have delayed the work. Thus, 3,850 ST students were denied the envisaged benefit of the scheme (June 2007).

3.5.12 Irregular sanction of Grant in Aid to non-government educational institutions

In spite of less enrolment of SC/ST students GIA was released to NGO.

3.5.12.1 For overall improvement and development of SCs/STs through voluntary efforts in the field of education, the State Government decided to provide funds to the extent of 95 per cent of the estimated expenditure for running and maintenance of non-government educational institution and remaining 5 per cent was to be met by the organisation itself. A minimum of 50 per cent enrolment of SC/ST students in a school run by non-government

organisation makes it eligible for sanction of grant in aid from the Government.

The test check of records of DOTW, Bhind (March 2007) revealed that Ashok Higher Secondary School, Lahar, Bhind run by Ashok Shiksha Prasar Samiti, Lahar was sanctioned and paid a grant of Rs.1.55 crore⁶¹ during 2001-05 where as the enrolment of SC/ST students was 38 to 42 *per cent*⁶² in the institution. On pointing the irregularity, while the DOTW Bhind stated that from the year 2005-06 onwards the enrolment of SC/ST students was increased upto 70 *per cent*, the HOD stated that the District planning committee Bhind sanctioned the grant. The reply was not tenable as the HOD was required to see before releasing the grant that the Government rules/instructions were strictly followed. Therefore, the payment of grant in aid Rs.1.55 crore was against the laid down guiding principles.

In certain cases GIA was released to ineligible institutions which had either lesser than prescribed strength of SC/ST students or poor results.

3.5.12.2 Further, for release of GIA to non-government institutions it was also necessary to ensure that the performance in high school and higher secondary examinations was not less than Board Examination results. In the State, Board of Secondary Education, MP conducts high school (Class X) and higher secondary school (Class XII) examinations. It was observed (May 2007) that the performance of one non government institution named Man Singh Adarsha Janta Higher Secondary School, Kochila (Sidhi district) in high school and higher secondary school examinations remained less than the average Board Examination results during 2003-04 and 2004-05. The position was as under.

M.P. Board Examinations			Man Singh Adarsha Janta Higher Secondary School, Kochila (Sidhi)	
	2003-04	2004-05	2003-04	2004-05
Class X	31.56	35.21	20	18
Class XII	76.42	70.50	60	20

In spite of poor performance, the CTD sanctioned and released grant in aid amounting to Rs.2.37 lakh to the said institution during 2004-05 which was against the Government orders.

3.5.13 Inadequate deployment of staff in Schools

Schools were running without adequate teaching staff.

The SC and ST Welfare department upgraded 6 residential schools and 24 high schools into higher secondary schools and 85 middle schools into high schools during 2005-06. Consequently additional posts of 115 principals, 288 teachers, 83 clerks and 151 class IV employees were created and sanctioned in 2006-07 But these posts were still lying vacant (July 2007) in the upgraded schools of the Department.

⁶¹ Payment of grant in aid – Rs.38.98 lakh for 2001-02, Rs.38.26 lakh for 2002-03, Rs.38.80 lakh for 2003-04 and Rs.39.34 lakh for 2004-05.

⁶² Enrolment of SC/ST students – 42 *per cent* in 2001-02, 40 *per cent* in 2002-03, 38 *per cent* in 2003-04 and 39 *per cent* in 2004-05.

Further, scrutiny of records of CTD revealed that the posts of 6,135 teachers (2,106 teachers in primary schools, 3,044 in middle schools, 985 teachers in high schools and higher secondary schools) were lying vacant against the sanctioned strength of teachers in these schools. The department stated that the district authorities were ordered to appoint teachers on contract and also to appoint guest teachers so as to fill up the vacancies of teachers. But the posts were still lying vacant as eligible teachers as per reservation norms were not available (November 2007).

Thus, the students were deprived of quality education due to shortage of teaching staff (March 2007).

3.5.14 Effectiveness of Schemes

3.5.14.1 Poor performance of Scheme for Upgradation of Merit

The objective of the scheme was to upgrade the merit of SC/ST students by providing them remedial and special coaching in class IX to XII. While remedial coaching aims at removing deficiencies in various subjects, special coaching is provided with a view to prepare students for competitive examinations for seeking entry into professional courses like engineering and medical disciplines. The scheme provides for a package grant of Rs.15,000 per student per year. For this purpose, Centres for Excellence were established in various districts of the State. In these centres, the students who have secured 60 per cent or above marks in preceding examination are given admission in Class IX to XII. It was envisaged in the scheme that the students of these centres should secure minimum 70-80 per cent marks in every consecutive examination.

The scrutiny of records related to Board examination results of Centres for Excellence in Mandsaur (August 2006), Ujjain (June 2006), Jhabua (February 2007), Bhind (March 2007), Bhopal (April 2007) and Satna (May 2007) districts from 2002-03 to 2005-06 revealed that 392 boys and 336 girls appeared in class X and class XII Board examinations during the period. Of these, 23 to 66 per cent boys and 31 to 51 per cent girls in Jhabua, Mandsaur and Ujjain districts and 73 to 100 per cent girls in Bhind, Bhopal and Satna districts could not secure 60 per cent or more marks in the Board examinations.

In above six districts Rs.1.93 crore were spent on running the centres for excellence during the period covered under review.

3.5.14.2 Poor performance of 'Kanya Saksharta Protsahan Yojana'

With the objective of increasing girls' enrolment and to continue them in school in next classes, a scheme named as 'Kanya Saksharta Protsahan Yojana' was launched by State Government in 1986-87. Under the scheme, SC/ ST girls whose parents were not income-tax payers were to be given an incentive of Rs.500, Rs.1,000 and Rs.2,000 on taking admission in class VI, class IX and class XI respectively. Scrutiny of records of CTD, CSCD and

Performance and retention in schools of the beneficiaries was not being monitored.

ACTDs/ DOTWs showed that the Commissioners of the department and also district offices did not have the information on performance and retention in schools of the girls who were the beneficiaries of the scheme during the period covered under the review.

In Jhabua district, audit observed (August 2006) that 4,342 girls of Class VI were sanctioned and paid incentive @ Rs.500 each in the year 2004-05. But only 3,613 of 4,342 girls took admission in Class VII during next year. So it is possible that some of the students may have dropped out.

3.5.14.3 Poor examination results

The analysis of examination results of ST dominated Dhar and Betul districts pertaining to academic session 2006-07 revealed that:

Poor examination results were noticed in primary/middle schools, in two ST dominated districts of Dhar and Betul.

In development block Dahi (District Dhar), there were six primary schools where none of the students could pass V class examination. In eleven schools the primary schools examination results were nine to 28 *per cent*. In three middle schools of the block the VIII class results were zero to 25 *per cent* in academic session.

In development block Manawar (District Dhar) ten primary schools had zero *per cent* and seven schools had only 10 to 27 *per cent* results.

Similarly in development block Bhimpur (District Betul) three of eighteen primary schools had zero *per cent* result and remaining fifteen schools had only 12 to 30 *per cent* results.

The department attributed it to running of these schools with a single teacher and also migration of students with their parents to other places to earn their livelihood.

3.5.15 Monitoring and Evaluation

For effective implementation of schemes, officers from CTD/CSCD level to Block level were required to conduct regular field inspections of subordinate offices and educational institutions and monitor the implementation of educational development schemes such as distribution of scholarships, pre-examination coaching, arrangement of basic amenities in hostels, ashrams and schools, construction activities etc. For this, a schedule of inspections prescribing a minimum target of field visits for officers at different levels had to be drawn and followed. But the inspections were rarely conducted.

The documentation in the department at the Commissionerate level was very poor. The data related to undisbursed pre/ post matric scholarships, unadjusted bank scrolls, performance of students in centres of excellence etc. was not available with the CTD/CSCD. The database of enrolment of SC/ST students from primary education to college and other educational institutions level was not available with the CTD/CSCD. The data on educational indicators such as

literacy rates, gross enrolment ratio, dropout ratio etc was also not maintained and thus it was difficult to evaluate the performance of the schemes.

3.5.16 Conclusion

Planning for various schemes for educational development of SCs/STs was not based on actual data of eligible beneficiaries and funds were sanctioned on adhoc basis. There were instances of gross under-utilisation of available funds, lapse of funds, non-adjustment of temporary advances for over 10 years, sanction of funds for work that had already been completed etc. There was lack of adequate publicity about various schemes among SC/ST population.

Implementation of the schemes was not satisfactory. Pre matric scholarship to those children whose parents were engaged in unclean occupations was paid without verification of the parent's occupation and main source of income. Prescribed procedure for payment of scholarships was not observed which left the department in dark about the actual amount of scholarship disbursed and whether the scholarship actually reached to the intended beneficiary.

Due to delay in construction 74 of 130 ashram school buildings sanctioned in 2002-03 in tribal sub-plan area were yet to be completed. Instances of sanction of grant in aid to private educational institutions, where the proportion of SC/ST students was less than half, were also noticed.

Performance of the schemes as indicated by various examination results was poor. Targets regarding pass percentage in pre-examination training centres and in centres of excellence were largely not achieved. Evaluation of schemes was not done by the department or any private agency.

3.5.17 Recommendations

- State level survey may be immediately conducted to assess the number of eligible beneficiaries. Data regarding beneficiaries of various schemes, number of functional hostels and schools along with occupancy and staff position should be immediately compiled from district and block levels.
- Using the above data, full utilisation of existing facilities may be ensured. Funds may be so allocated so as to complete the works that are under progress.
- A proper feedback mechanism regarding performance of schemes may be evolved. Close supervision and documentation of evaluation of various schemes at block and village levels may be done so that corrective action can be taken mid-course.
- The Department should ensure adherence to prescribed procedures regarding payment of scholarships to actual beneficiaries.

- There is a need to give adequate publicity to educational schemes for SC/ST population.

Horticulture and Food Processing Department

3.6 Working of Nurseries

3.6.1 Introduction

Horticulture and Food Processing Department (Department) is responsible for producing high quality planting material, certified seeds and ensuring their availability to farmers along with dissemination of latest technology among cultivators for increasing the production of horticulture crops in the state. With this objective, the department has established 305 nurseries/gardens in the state. Nursery produce is sold on cash basis and the sale prices are fixed by the Department on no loss no profit basis.

The Secretary is the administrative head of the department at government level and is responsible for implementation of government policies relating to programmes/schemes. The Commissioner cum Director of Horticulture and Farm Forestry (Director) is the head of the Department. There are eight Deputy Directors of Horticulture (DDHs) and 37 Assistant Directors (ADHs) for looking after the functioning of 305 nurseries and implementation of various central and state schemes. Records of the Directorate and DDHs/ADHs of ten districts⁶³ were test checked and the audit findings are discussed in the succeeding paragraphs.

3.6.2 Financial Management

3.6.2.1 Under utilisation of available funds

Persistent savings of Rs.56.78 crore occurred during 2002-07.

Details of budget provision and actual expenditure according to the Appropriation Account for the period 2002-07 and Central releases and expenditure⁶⁴ pertaining to Micro Irrigation (MI) and National Horticulture Mission (NHM) for the period 2005-07 were as under:

Year	Budget allotment	Expenditure	(Rupees in crore)
			Saving
2002-03	41.93	39.33	2.60
2003-04	44.04	38.46	5.58
2004-05	54.89	47.84	7.05
2005-06	90.79	52.18	38.61
2006-07	107.44	104.50	2.94
Total	339.09	282.31	56.78

⁶³ Balaghat, Betul, Bhopal, Indore, Jhabua, Mandla, Narsinghpur, Sagar, Satna and Ujjain.

⁶⁴ Releases Rs.81.12 crore; Expenditure Rs.59.05 crore; Saving Rs.22.07 crore.

Department failed to utilize the funds amounting to Rs.56.78 crore during 2002-07. Audit however, observed that saving of Rs.38.61 crore during 2005-06 was due to delayed releases of funds by Government. Non-utilisation of funds adversely affected the implementation of production programme of nurseries.

3.6.2.2 Non-utilisation of Central Assistance

Central Assistance worth Rs.15.83 crore remained unutilized as of March 2007

Against a sanctioned amount of Rs.133.98 crore for execution of annual action plans for the period 2005-07 under 'National Horticulture Mission (NHM)', GOI provided Rs.71.32 crore. State Horticulture Mission (SHM) retained Rs.6.28 crore and provided Rs.65.04 crore to 20 districts. District units, however, could not utilise Rs.9.55 crore. Thus, Rs.15.83 crore remained unutilized with the State. Rs.55.49 crore was shown as utilised by the district units but the completion certificates were not sent by the districts for any of the works. Mission Director, however, stated that payment of a few bills were pending and therefore completion certificates had not been sent by the districts.

3.6.3 Financial Performance of Nurseries

3.6.3.1 Excess of production expenditure over revenue in running of nurseries

Departmental manual provides that all nurseries, farms and gardens of the department though should run on no loss no profit basis but the suitability, economic aspect and performance needs also to be judged. Performance of each farm/garden was to be reviewed annually at district/ division and State level. If at any time it was felt that a particular farm/ garden is not economically functioning, the Department may close such gardens forthwith.

Production cost in running of nurseries was more than the income generated by Rs.19.14 crore during 2002-07.

Financial results of the entire State were analysed by audit by comparing the production expenditure like wages, maintenance of gardens and other allied expenses related to production (excluding salary of staff engaged for running of nurseries, office expenses and capital expenses) with income/receipts of gardens from all sources during 2002-07. It was noticed that the Department had incurred expenditure in excess of the revenue realised in each year as detailed below:

(Rupees in crore)				
Year	Salary expenditure	Production expenditure	Income	Excess production cost over income
2002-03	16.30	6.04	2.59	3.45
2003-04	19.90	4.87	2.42	2.45
2004-05	23.17	8.56	3.17	5.39
2005-06	22.73	7.15	3.01	4.14
2006-07	24.43	8.44	4.73	3.71
Grand Total	106.53	35.06	15.92	19.14

No action was taken by the Department to review the performance of nurseries incurring losses.

3.6.3.2 Non-recovery of outstanding dues from end users

Credit sales of Rs.66.90 lakh were made in contravention of rules.

Seeds, plants, root stocks and seedlings are sold by the nurseries on cash basis. There is no provision/instruction to sell nursery produce on credit but it was noticed that nursery produce worth Rs.66.90⁶⁵ lakh was sold on credit in test checked districts but recovery was not made as detailed below:

(Rupees in lakh)

Year	Seed	Plants	Auction money	Total
Up to 2002	13.57	0.63	0.04	14.24
2002-03	2.84	0.49	0.02	3.35
2003-04	2.64	1.79	--	4.43
2004-05	3.85	4.58	0.04	8.47
2005-06	5.95	5.11	--	11.06
2006-07	10.95	14.30	0.10	25.35
Total	39.80	26.92	0.20	66.90

Besides above Rs.60 lakh were not recovered from MP Agro for seed supplied under Kitchen Garden scheme during 2002-07. District units stated that the dues would be recovered soon. Thus the outstanding dues underline the need for effective action at district and directorate.

3.6.3.3 Short recovery of cost of plants in Jhabua

Under National Rural Employment Generation Programme, ADH Jhabua sold 38.74 lakh plants worth Rs.1.94 crore to Gram Panchayats during 2005-07 against an advance payment of Rs.73.76 lakh received from the Zila Panchayat (ZP). The remaining amount of Rs. 1.20 crore was yet to be recovered from the ZP. ADH agreed to raise the demand but the recovery was not made as of July 2007.

3.6.3.4 Retention of money outside Government Account

Sale receipts amounting to Rs. 3.96 lakh were not deposited in Government account.

All public money received by Government servants has to be deposited in the Government Account with minimum delay. It was noticed that revenue of Rs.56,976 collected between 16 July 2001 and 4 November 2002; Rs.1,758 collected between 19 August 2003 and 12 June 2004 by Garden Superintendent (GS) Ghonta (Mandla); Rs.3,32,893 collected between 16 February 2000 and 12 September 2007 by GS Ghughari (Mandla) and Rs.1,236 collected in March 2007 by GS Reora (Satna) on account of sale of plants was not deposited in government account. ADH Mandla, however, stated (October 2007) that the revenue would be deposited in government account. Similarly, Rs.2,700 collected on 18 September 2002 on account of auction of grass by GS, Deori (Sagar) were deposited in the office of the DDH Sagar on 2 April 2007 at the instance of audit.

⁶⁵ Balaghat:Rs.2.50 lakh, Jhabua:Rs.0.41 lakh, Ujjain:Rs.4.00 lakh, Indore:Rs.3.53 lakh, Mandla:Rs.9.34 lakh Betul:Rs.6.08 lakh, Bhopal:Rs.5.93 lakh, Damoh:Rs.7.37 lakh, Sagar:Rs.16.16 lakh, Satna:Rs.11.58 lakh.

3.6.4 Programme Implementation

3.6.4.1 Unproductive units not closed

Six unproductive units were not closed.

It was noticed in test checked districts that six⁶⁶ nurseries established during 1980-86 were totally unproductive as no production of plants/seeds was undertaken due to non availability of irrigation facility, uneven land and absence of approach road. DDH Sagar, Ujjain, Indore and ADH Jhabua proposed (2000-06) to close down these nurseries but no orders were passed by the Department as of August 2007. Thus, the staff deployed in these nurseries remained idle and the expenditure incurred on their establishment also remained wasteful.

Similarly, four gardens viz Gulab Udyan, Sanjay Udyan and Bal Udyan of district Sagar and Kakawani (Tikamgarh) were found running by the DDH/ADH without sanction from Government and expenditure of Rs.28.38 lakh incurred during 2001-07 on their maintenance was unfruitful as no seed/plant production programme was undertaken and no revenue was generated from these gardens.

3.6.4.2 Grant of assistance to ineligible orchards

Assistance worth Rs.91.57 lakh was provided for ineligible orchards.

Under a component of National Horticulture Mission (NHM), an assistance of Rs.15,000 per hectare limited to 50 *per cent* of actual expenditure was admissible on rejuvenation of 25-30 years old mango and 12 years old orange orchards. It was noticed that project officer Betul (PO) and ADH Jhabua paid assistance worth Rs.80.32 lakh and Rs.11.25 lakh respectively during 2005-07 for mango and orange orchards which were ineligible as they were younger than orchards for which the scheme had been devised. Project Officer stated that as the farmers were not maintaining these orchards the aid had been given. Reply was not tenable as the assistance to young orchards was not admissible under the guidelines of NHM. ADH Jhabua however stated that assistance would now be provided as per rules in future.

3.6.4.3 Shortfall in production of seed for 'Kitchen Garden Scheme'

With a view to provide fresh and nutritious vegetable daily, 'Kitchen Garden Scheme' was launched with effect from 2000-01 by the Government to promote production of vegetables in the 'Badi' (spare land near by houses) by utilising sewage/waste water by the people living below poverty line. Under the programme, departmental nurseries were made responsible for providing vegetable seed minikits. In case of non-availability, arrangements for minikits was to be made from the market on cash payment. Selection of beneficiaries was to be made cluster/ village wise and persons were eligible only once for receiving the aid.

⁶⁶ Sagar- Hinota, Naya Nagar, Radona; Ujjain - Maulana; Indore- Depalpur; Jhabua- Umraoly.

Nurseries failed to provide 7.06 lakh minikits against a target of 12.09 lakh minikits.

The Directorate set a target of 12.09 lakh minikits for the departmental nurseries during 2002-07. Against which the nurseries could produce only 5.03 lakh minikits. Thus there was a shortfall of 7.06 lakh minikits worth Rs.17.46 lakh.

It was noticed that against a target of 31.60 lakh beneficiaries only 26.29 lakh could be covered due to lack of budget, required for full coverage.

Audit further observed that during 2005-06, ADH Damoh selected the same 441 beneficiaries who were selected during 2004-05 for distribution of vegetable seed minikits, leading to double payment of subsidy worth Rs.0.11 lakh to the same 441 beneficiaries. ADH stated that the double subsidy was granted after verbal instructions of higher authorities.

3.6.4.4 Delayed distribution of vegetable seeds

59 per cent (65.91 ton) vegetable seed was distributed to farmers for sowing with a delay upto 120 days.

Horticulture prudence provides for timely sowing of seed for extracting highest yield. To achieve this goal, vegetable seed must reach the cultivators before the date fixed by the Director so that the farmers may decide the sowing of particular horticulture seed in the available land. The delayed availability of seed may change the mind of cultivator to sow some other agricultural crop which would cause reduction in horticulture coverage area. Under Integrated Vegetable Development Programme (IVDP), State Government in its orders (19 June 2000 and 5 April 2005) have prescribed dates for availability of seed at block level and for distribution to cultivators for Kharif, Rabi and Jaid seasons during 2002-07.

Study of seed procurement and distribution records of test checked districts⁶⁷ made available to audit revealed that 65.91 ton vegetable seed worth Rs.1.46 crore (59 per cent) out of total procurement of 111.80 ton vegetable seed worth Rs.2.43 crore during 2002-07 was distributed to the cultivators after the prescribed date with a delay ranging between 10 and 120 days. It was not ascertained by the DDH/ADH that the farmers had actually grown such seed or not. DDH/ADH stated that the seed was supplied late by the MP Agro. Reply was not tenable as the department has to liaise with the MP Agro for timely supply of seeds.

3.6.4.5 Ineligible grant in aid on seeds

Under Integrated Vegetable Development Programme (IVDP), vegetable hybrid seeds produced at nurseries are provided to general and scheduled caste and scheduled tribe categories beneficiaries at 50 per cent and 75 per cent respectively grant-in-aid (GIA). GIA, on chilli and on arcle variety of peas is not admissible as these seed do not fall under IVDP. It was however, noticed in test checked districts that GIA was provided for chilli, and peas seed resulting in unauthorised payment of Rs.31.45 lakh as shown in **Appendix-3.6**. ADH Damoh stated that chilli comes under vegetable as such GIA was

⁶⁷ Balaghat, Betul, Bhopal, Indore, Jhabua, Mandla, Narsinghpur, Sagar, Satna and Ujjain.

paid and as a special case GIA was paid on peas. Reply was not acceptable as the Director had already clarified (28 October 2004) that GIA was not payable on chilli and peas.

3.6.4.6 Failure of 'Departmental Fruit Development Scheme'

The State Government launched a "Fruit Development Scheme" (1999-2000) to extend the area and production of horticultural crops. Under the scheme 25 *per cent* grant-in-aid (GIA) on the basis of financial limits prescribed by NABARD was payable to the farmers growing fruit plants on their land measuring 0.250 to two hectare only. GIA for subsequent four years was also payable for maintenance and gap filling of plants subject to over 80 *per cent* plants surviving as determined through physical verification. If beneficiary farmers failed to maintain survival rate over 80 *per cent*, GIA was recoverable from them.

No action was initiated for recovery of initial grant in cases of high mortality of plants.

Records of test checked districts revealed that the survival rate of plants at the end of fifth year (last) ranged between 11 to 18 *per cent* of area covered during the first year (2002-03). Thus, the programme could not succeed. The Directorate did not analyse the reasons for high mortality of these plants and also did not initiate any action for recovery of initial grant.

3.6.5 Physical performance of Nurseries

The State Government set its target to double the present area covered by horticultural crops which presently stands at three *per cent* by the end of Tenth Five Year Plan period (2002-07). Despite incurring Rs.282.31 crore during Tenth Five Year Plan, the area under horticultural crops remained 2.38 *per cent* as per data of the Land Records department.

(In thousand hectare)

Year	Total cropped area	Horticulture cropped area	Percentage
1999-2000	20419	599	2.94
2000-01	17973	373	2.07
2001-02	19147	403	2.10
2002-03	18181	348	1.91
2003-04	19891	468	2.35
2004-05	20306	516	2.54
2005-06	19710	469	2.38

Further, following points were noticed during test check from the data supplied by the department and the Land Record department.

- Production of fruits from 11.43 lakh ton at the end of NFP (2001-02) reduced gradually to 10.33 lakh ton by the end of 2004-05. In particular, the area and production of main crops like mango, sweet lime, lime, banana, guava, papaya and grapes declined. Productivity of banana and papaya had also reduced.
- Area and production of medicinal and aromatic plants reduced from 18,364 ha (2001-02) to 15,582 ha (2004-05) and 1.10 lakh ton to 0.93 lakh ton respectively.

- A target for production/distribution of plants for each nursery was not prescribed nor was any production programme framed by the Directorate in any year during TFP. However, the shortfall in achieving the District level target fixed for 'Banana Development Programme' was 56 *per cent* in 2002-03 which reduced to four *per cent* in 2005-06 and 'Flower Development Programme' was 16 *per cent* in 2002-03 which reduced to five *per cent* in 2005-06. The Department thus did not exercise proper control on the performance of the nurseries and developmental programmes.
- The Department could not achieve the targeted production of 150 gram fruits and nuts per capita per day required for maintaining balanced diet. The production remained at 71 gram per capita per day.

On being pointed out the department stated that the efforts to increase the production and productivity were being taken. Reply was not tenable as even after having the sufficient budget provision (as the persistent savings occurred each year) the department could not increase the production and productivity of horticulture crops.