

Overview

This Report includes two Chapters containing the observations on the Finance Accounts and Appropriation Accounts of the Government of Madhya Pradesh for the year 2001-02 and three Chapters comprising reviews and paragraphs, based on the audit of certain selected schemes, programmes and the financial transactions of the State Government.

1. Finances of the State Government

The Revenue expenditure during the year (Rs.14369 crore) was much higher than the Revenue receipts (Rs.11211 crore), resulting in Revenue deficit of Rs.3158 crore. The Revenue receipts comprised tax revenue (Rs.4679 crore), non-tax revenue (Rs.1602 crore), State's share of Union taxes and duties (Rs.3439 crore) and grants-in-aid from the Government of India (Rs.1491 crore). The main source of tax revenue were taxes on sales (50 per cent), State excise (15 per cent), Stamps and registration fees (10 per cent) and Taxes on vehicles (8 per cent). Non-tax revenue came mainly from Forestry and Wild Life (20 per cent), Non-Ferrous Mining and Metallurgical Industries (33 per cent) and interest receipts (15 per cent).

The capital receipts comprised Rs.1588 crore from recoveries of loans and advances and Rs.3281 crore from public debt. Against this, the expenditure was Rs.1471 crore on capital outlay, Rs.599 crore on disbursement of loans and advances and Rs.522 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.15013 crore, against which disbursements of Rs.13569 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase of Rs.558 crore in the cash balance at the end of the year.

The funds were mainly applied for revenue expenditure, whose share in overall expenditure of the State Government decreased from 90.38 per cent to 84.52 per cent, but remained significantly higher than the share of the revenue receipts (65.94 per cent) in the total receipts of the Government. The percentage of capital expenditure increased from 6.70 to 8.65 and lending for development purposes from 1.78 per cent to 3.52 per cent.

In violation of Government Accounting Rules the State Government booked an expenditure of Rs.33.61 crore representing grants-in-aid to local bodies/ institutions under Capital section instead of Revenue section of the Accounts. This led to understatement of Revenue deficit.

The financial operation of the State Government led to a 17.73 per cent growth in its financial liabilities as against the assets, which grew by only 4.78 per cent showing an overall deterioration in the

fiscal management of the Government. The total liabilities of the Government increased to Rs.26486.87 crore, from Rs.22548.42 crore in 2000-01.

The quality of expenditure deteriorated over the past five years as was evident from the declining percentage of plan and capital expenditure as compared to 1997-98 and rising percentage of expenditure on General Services except for a marginal decrease in 2001-02. Huge funds (Rs.5589 crore) were blocked in incomplete projects and substantial funds (Rs.684.28 crore) were parked in Personal Deposit accounts, after booking as final expenditure.

The year witnessed a marked deterioration in State finances. While repayment liabilities increased, very little was left of the fresh borrowings for capital investment despite better recovery of past loans and advances. Increasing fiscal deficit led to increased borrowings with enhanced interest burden and greater dependence on RBI for funding its day to day expenditure.

(Paragraphs 1.1 to 1.12)

2. Appropriation Audit and Control over Expenditure

As against the revised appropriation of Rs.28771.51 crore, the actual expenditure during 2001-02 was Rs.23439.63 crore resulting in saving of Rs.5331.88 crore. The expenditure of the Government exceeded the budget provision during the year in 3 appropriations, by Rs.6.26 crore. Such excesses aggregating to Rs.5137.99 crore pertaining to the years 1990-91 to 2000-01 had not been regularised (November 2002). The excess expenditure required regularisation by the State Legislature under Article 205 of the Constitution.

Supplementary provision of Rs.719.85 crore obtained in 81 cases during the year proved unnecessary.

In 32 cases, the entire budget provision of rupees one crore and above in each case aggregating to Rs.163.06 crore provided under various Central schemes remained unutilised. In 63 schemes, there were substantial savings of Rs.5 crore or more and also over 80 per cent of the provision in each case, totalling Rs.2385.45 crore.

In 5 schemes, expenditure was in excess by Rs.5 crore or more and also by more than 100 per cent of the provision in each case.

In 160 cases of grants/appropriations, savings of Rs.2922.72 crore were not surrendered and were allowed to lapse. This included Rs.2840.30 crore in 56 cases where saving exceeded Rs.5 crore in each case.

Of Rs.2444.17 crore surrendered during the year in 126 cases, Rs.2252.64 crore (92.2 per cent) were surrendered on the last day of the financial year.

In 13 cases, the surrendered amount of Rs.676.11 crore was in excess of the available savings of Rs.647.37 crore resulting in excess surrender of Rs.28.74 crore which indicated inefficient budgetary control.

While the recoveries/credits to be adjusted in accounts as reduction of expenditure were estimated at Rs.716.81 crore, the actual recoveries during 2001-02 were only Rs.259.98 crore.

Reconciliation of expenditure figure was not carried out by the DDOs under 16 Major Heads of Account involving Rs.2343.02 crore, representing 10 per cent of the total expenditure.

During 2001-02, Rs.892.58 crore were drawn and transferred to Civil Deposits after booking as final expenditure.

(Paragraphs 2.1 to 2.4)

3 Swarna Jayanti Gram Swarojgar Yojana

Swarna Jayanti Gram Swarojgar Yojana (SGSY) was launched in the State from April 1999, with the objective that rural poor living below the poverty line would be able to have a net monthly income of at least Rs.2000 within three years with the help of income generating assets to be provided with loan and subsidy. Audit scrutiny revealed that-

- ◆ Central and State funds were released short to the extent of Rs.58.50 crore.
- ◆ In 7 test-checked districts alone, Rs.2.44 crore were misutilised. Further, temporary work advances of Rs.7.50 crore were shown as final expenditure.
- ◆ In 50 Gram Panchayats, out of 2860 families assisted, only 769 (27 per cent) were able to generate the targeted monthly income of Rs.2000 and above.
- ◆ In violation of the scheme guidelines, minor irrigation works costing Rs.2.02 crore were got executed in Shahdol through a contractor, depriving the rural poor of wage employment.
- ◆ Though the scheme stressed on adoption of group approach, Swarojgaris assisted through self-help groups constituted only 14 per cent of Swarojgaris assisted individually.
- ◆ Subsidy of Rs.47.92 crore was provided to 49760 Swarojgaris, without skill upgradation training.

- ◆ Loans of Rs.79.65 lakh shown to have been paid to 176 Swarojgaris, were not actually disbursed by banks but subsidy of Rs.27.55 lakh thereagainst was paid to the banks.
- ◆ The implementation suffered from considerable delays in sanction and disbursement of loans by banks. Monitoring was poor.

(Paragraph 3.1)

4 Vocationalisation of Secondary Education

The Centrally sponsored scheme of Vocationalisation of Secondary Education was introduced in 1987-88 to provide diversified educational opportunities to the students of secondary and higher secondary classes, to enhance individual employability, to reduce mismatch between demand and supply of skilled manpower and to provide an alternative to pursuing higher education.

- ◆ 174 vocational courses in 68 schools were not commenced despite availability of funds.
- ◆ Only 445 posts of teachers were sanctioned against the requirement of 754 teachers, which led to running of 309 courses without any teachers.
- ◆ District vocational surveys were not conducted nor were awareness programmes organised resulting in low enrolment of students in vocational courses, which averaged 7 students per course against a minimum of 20 to 25. Training to in-service teachers was also not imparted.
- ◆ Rupees 2.50 crore provided to PWD for construction of worksheds remained blocked. Besides, PWD incurred unfruitful expenditure of Rs.30.75 lakh on construction of 46 worksheds not required.

(Paragraph 3.2)

5. National Scheme of Liberation and Rehabilitation of Scavengers

This Centrally sponsored scheme was launched by Government of India in 1991-92 with the objective of liberating scavengers from the obnoxious profession of manual scavenging and engaging them in dignified alternative occupations after imparting training. The efforts under the scheme were supplemented by another Centrally sponsored scheme of Urban Low Cost Sanitation for liberation of scavengers by conversion of dry latrines into flush latrines.

- ◆ Due to fixation of unrealistic targets and tardy implementation, Central assistance of Rs.17.99 crore and National Safai Karamchari Finance and Development Corporation loan amounting to Rs.77.35 lakh remained unutilised. Interest of Rs.1.60 crore earned on Central assistance was diverted for payment of pay and allowances.
- ◆ Training was not provided to 88 per cent scavengers and was not imparted in 16 districts.
- ◆ The pace of rehabilitation was tardy during 1997-2002 when only 19693 scavengers (including 12996 untrained) were rehabilitated as against the rehabilitation of 60308 scavengers during 1992-97. In test-checked districts, 2857 unidentified/ineligible persons were rehabilitated rendering the expenditure of Rs.3.13 crore unfruitful.
- ◆ Rehabilitation of 3974 scavengers in 30 towns with assistance of Rs.4.58 crore was of doubtful efficacy as dry latrines continued to exist in these towns.
- ◆ A scheme for conversion of 18420 dry latrines could not be implemented in Indore due to State Government not guaranteeing the loan of Rs.2.05 crore extended by HUDCO.
- ◆ Surveys in 3 districts revealed closure of the alternative occupations/ establishments opened under the scheme in as many as 85 per cent cases.

(Paragraph 3.3)

6. Indira Sagar Project (Canals)

Indira Sagar Project, approved in November 1990 with its updated cost of Rs.2167.67 crore (1988 price level) envisaged an annual irrigation of 1.69 lakh hectares (ha) and generation of 1000 Mega Watt of power. The construction of the project lagged far behind schedule due to non-release of funds, lack of planning and coordination, delay in acquisition of land, rehabilitation and resettlement of project affected families and finalization of designs and fixing of agencies. After incurring an expenditure of Rs.1110 crore, dam and power house (Units I and III) were transferred (September 2000) to Narmada Hydroelectric Development Corporation (NHDC) Ltd. a joint venture of National Hydro Power Corporation Ltd., a Government of India undertaking and Government of Madhya Pradesh. Following points also emerged.

- ◆ Even after incurring Rs.283.41 crore, the construction of canal upto 81.59 km and irrigation of 36100 ha to be achieved by June 1999, was in progress as of July 2002.
- ◆ Rupees 57.29 crore incurred on maintenance and establishment of Units I and III after their transfer to NHDC Ltd. was unwarranted.
- ◆ Award of works on unrealistic estimates based on inadequate data resulted in extra cost of Rs.5.89 crore. Delays of 1 to 5 years resulted in avoidable escalation charges of Rs.70.91 lakh.
- ◆ Design of cross-section of Punasa Tunnel was based on incorrect data and resulted in extra cost of Rs.2.18 crore and its abnormal delay in completion led to avoidable payment of Rs.15.77 crore.
- ◆ Unwarranted excavation of exit channel and canal with catch water drain profile led to wasteful expenditure of Rs.88.94 lakh. Rectification of over excavation of exit channel also resulted in extra cost of Rs.31.69 lakh.
- ◆ Separate provision for line drilling, pre-splitting and perimeter blasting in excavation of hard rock resulted in extra payment of Rs.47.26 lakh. Payment of Rs.23.38 lakh on doubtful work of chiselling and chipping for slope protection required investigation.
- ◆ Incorrect adoption of escalation conditions resulted in excess payment of Rs.20.53 lakh to contractors.
- ◆ Expenditure of Rs.7.89 crore was incurred on salary and allowances of idle staff.

(Paragraph 4.1)

7. Integrated Audit of Public Works Department

The Department had constructed 68105.6 km roads up to March 2002 and residential and non-residential buildings in a built up area of 117.54 lakh sq. m area upto March 1999. Only 28.02 per cent of the villages were connected with roads. The achievement in construction of State Highways (SH) and Major District Roads (MDR) upto March 2002 was only 54.88 and 38.37 per cent of the target. Inadequate survey and investigation, unrealistic estimation, delay in floating and acceptance of tenders, land acquisition, inadequate issue of letters of credit (LOC) and slow progress of works by contractors etc contributed to the poor achievement. Following points further emerged during the Review.

Targets for construction of buildings were not fixed. However, only 829 of the 1811 buildings were completed and 611 were in progress involving cost overrun of Rs.126.45 crore.

Rupees 17.19 crore were drawn in excess of LOC in 7 divisions and Rs.38.86 crore were kept in Civil Deposits to avoid lapse of allotment.

Rupees 10.77 crore and Rs.49.15 crore per annum were being incurred on 2423 surplus staff and 20479 gang men since August 2000. Rs.26.86 crore were paid to labourers employed after December 1988 in violation of Government order.

Inadequate survey and investigation led to extra cost of Rs.2.05 crore and cost overrun of Rs.6.17 crore under 12 roads.

Delay in taking penal action against defaulting contractor resulted in undue benefit of Rs.1.93 crore under Build, Operate and Transfer (BOT) Scheme.

Extra cost of Rs.6.56 crore was not recovered from defaulting contractors in 15 divisions.

Acceptance of tenders at higher rates resulted in extra cost of Rs.7.04 crore under Dewas, Indore-I and Katni divisions.

(Paragraph 4.2)

8. Defective implementation of other schemes/projects

(i) The **Rajghat Canal Project** was approved for Rs.46.15 crore in March 1981 to create irrigation potential of 121450 hectares. After incurring an expenditure of Rs.88.99 crore upto March 1997, the project was financed through loan assistance of Rs.421.08 crore from Japan Bank for International Cooperation (JBIC). The Department, however, failed to complete the project upto March 2002 even after incurring Rs.428.42 crore. Following points emerged on scrutiny.

JBIC disallowed expenditure of Rs.7.16 crore. The reasons for disallowance were not on record.

Estimates were inflated for price escalation resulting in saving of Rs.83.09 crore.

Out of 106 work packages, agencies for 4 works were not fixed while only 37 works were completed. Non-completion of the works in scheduled period resulted in avoidable payment of Rs.5.04 crore on account of price escalation.

None of the officers trained abroad at a cost of Rs.21.47 lakh, was working in the project, rendering the expenditure unfruitful.

Additional work for Rs.2.24 crore was awarded to consultant without inviting tenders and assessing the capability.

Excess expenditure of Rs.4.84 crore, avoidable expenditure of Rs.55.24 lakh and undue financial benefit of Rs.98 lakh to contractors were also noticed.

(Paragraph 4.7)

(ii) **Indira Awas Yojana (IAY)** was launched in 1985-86, as a component of the Rural Landless Employment Guarantee Programme (RLEGP), a Centrally sponsored wage employment programme fully funded by the Government of India (GOI), to provide houses to Scheduled Castes (SC), Scheduled Tribes (ST) and freed bonded labourers living below poverty line (BPL). It became an independent scheme with effect from 1st January 1996. The implementation of IAY was flawed as no survey was conducted for identification of beneficiaries. Sanitary latrines and smokeless chulhas were not provided in 50 and 62 per cent respectively of the 3.69 lakh houses claimed to have been completed. Forty-one (41) per cent houses were allotted in the names of male members alone. Funds for infrastructure development were not properly utilised and Rs.3.64 crore were diverted towards other items of expenditure. Utilisation certificates for Rs.41.03 crore were wanting in respect of 11 test-checked districts alone.

(Paragraph 3.9)

9. Unfruitful, avoidable and extra expenditure/ cost

(i) In Mandla, Chhindwara and Khandwa districts, 35 ayurvedic and 7 homeopathic dispensaries were functioning without doctors leading to an unfruitful expenditure of Rs.1.32 crore on pay and allowances of other staff, and rent of buildings.

(Paragraph 3.7)

(ii) Government Press, Gwalior, incurred an infructuous expenditure of at least Rs.3.61 crore on pay and allowances of its surplus staff and also paid Rs.2.26 crore as overtime allowance, in spite of the availability of surplus staff. Government Press, Rewa, too incurred similar infructuous expenditure of Rs.42 lakh.

(Paragraph 3.10)

(iii) Injudicious award of work of aerial survey at higher rate by Commissioner, Land Records and Settlement, Gwalior, resulted in avoidable extra liability of Rs.1.92 crore.

(Paragraph 3.11)

(iv) Delayed action of Executive Engineer led to non-recovery of extra cost, mobilisation and machinery advances of Rs.8.79 crore from a contractor in construction of Main Dam of Man Project.

(Paragraph 4.3)

(v) Execution of unviable water supply scheme for 34 villages in Jhabua district without the approval of the Government of India resulted in unfruitful expenditure of Rs.30.92 crore.

(Paragraph 4.5)

(vi) Injudicious drilling of tube wells of larger diameter in Bhopal and Sehore districts resulted in extra cost of Rs.30.31 lakh.

(Paragraph 4.6)

(vii) Failure in planning the work of Bagla Tank properly resulted in extra expenditure of Rs.75.35 lakh in completion of the balance work

(Paragraph 4.9)

10. Other points of interest

(i) Non-recovery of interest from District Co-operative Banks by District Marketing Officers, Bhind, Sagar and Shahdol, on delayed deposit by them of sale proceeds of fertilisers resulted in loss of Rs.3.78 crore to M.P. State Cooperative Marketing Federation.

(Paragraph 5.1)

(ii) Rupees 29.81 crore of Centrally sponsored scheme funds for strengthening of DRDA (Administration) were misutilised towards payment of salaries of State Government's own employees.

(Paragraph 5.3)

(iii) Rupees 5.10 crore provided by Government of India as additional Central assistance under Pradhan Mantri's Gramodaya Yojana for primary health care in rural areas were kept unutilised in Civil Deposits at the instance of the State Government itself, depriving the rural population of the intended benefits.

(Paragraph 1.9.3.1(b))

(iv) Centrally sponsored scheme of workshed-cum-housing for handloom weavers in earthquake-affected area of Jabalpur district was not implemented and a grant of Rs.1.98 crore provided by Government of India in 1997-98 remained unutilised.

(Paragraph 1.9.3.1(a))

(v) Allotment of Project vehicles earmarked for World Bank aided Hydrology Project to others resulted in misutilisation of Rs.44.48 lakh.

(Paragraph 4.8)

(vi) Injudicious procurement of material much in advance resulted in blocking of capital of Rs.44.05 lakh for the Multai Water Supply Scheme.

(Paragraph 4.4)