

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 2002-03 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 receipts of the Government increased from Rs.11346 crore in 1998-99 to Rs.13391 crore in 2002-03. In terms of Madhya Pradesh Re-organisation Act, 2000 (No. 28 of 2000) the rate of growth which was 16.38 per cent during 1999-2000, prior to re-organisation of the State of Madhya Pradesh (November 2000), increased to 19.45 per cent during the year 2002-03.

The revenue expenditure increased from Rs.14218 crore in 1998-99 to Rs.14560 crore in 2002-03. The rate of growth which was 13.49 per cent during 1999-2000, decreased to 1.33 per cent during the year 2002-03. The revenue expenditure (Rs.14560 crore) during the year exceeded the revenue receipts (Rs.13391 crore) resulting in a revenue deficit of Rs.1169 crore. The Revenue Deficit decreased from Rs.2872 crore in 1998-99 to Rs.1169 crore in 2002-03, a decrease by 59 per cent.

Fiscal Deficit decreased from Rs.4127 crore in 1998-99 to Rs.4062 crore in 2002-03, a decrease by 2 per cent.

The revenue receipt as percentage of GSDP increased to an all time high of 16.13 per cent in 2002-03 whereas the revenue expenditure as percentage of GSDP witnessed an increase from 15.67 per cent in 1998-99 to 17.68 per cent in 2001-02 but declined to 17.54 per cent in 2002-03.

Salaries (Rs.5258 crore), interest payments (Rs.2502 crore) and Pensions (Rs.1083 crore) alone consumed 66 per cent of total revenue receipts of the State during the year.

The share of social services in total expenditure declined from 37.30 per cent in 1998-99 to 33.26 per cent in 2002-03, while the share of general services and economic services increased from 30.82 per cent and 27.26 per cent in 1998-99 to 31.33 per cent and 30.34 per cent in 2002-03 respectively.

Return on capital investments in various government companies and corporations was insignificant. On an investment (including loan) of Rs.1702.39 crore at the end of 2002-03, the Government received dividend/interest Rs.4.09 crore which was less than even one per cent (0.24 per cent). Three statutory corporations and 15 government companies with an aggregate investment of Rs.529 crore upto 2002-03 were incurring losses and their accumulated losses amounted to Rs.3173 crore as per the accounts furnished by these companies upto 2002-03.

Out of the Financial Assistance to Local Bodies and other institutions provided by the Government, Rs.253.95 crore were drawn and deposited in Civil Deposit instead of providing as grant to the concerned institutions by the Commissioner, Urban Administration (Rs.61.62 crore), Panchayat and Social Welfare (Rs.169.05 crore) and Development Commissioner (Rs.23.28 crore).

(Paragraphs 1.1 to 1.10)

2. Allocative Priorities and Appropriation

As against the revised appropriation of Rs.29358.03 crore, the actual expenditure during 2002-03 was Rs.25661.84 crore resulting in saving of Rs.3696.19 crore. The expenditure of the Government exceeded the budget provision during the year in 8 grants/appropriations, by Rs.424.79 crore. Such excesses aggregating to Rs.5144.25 crore pertaining to the years 1990-91 to 2001-02 had not been regularised (October 2003). The excess expenditure required regularisation by the State Legislature under Article 205 of the Constitution.

Supplementary provision of Rs.745.19 crore obtained in 65 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.257.78 crore provided under various Central schemes remained unutilised. In 62 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.1407.53 crore.

In 11 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 totalling Rs.3225.09 crore.

In 151 cases of grants/appropriations, savings of Rs.2329.13 crore were not surrendered and were allowed to lapse. This

included Rs.2242.52 crore in 41 cases where saving exceeded Rs.5 crore in each case were not surrendered.

In 116 cases, Rs.1821.94 crore were surrendered during the year. Of these Rs.1806.00 crore (99.1 per cent) were surrendered on the last day of the financial year.

In 14 cases, the surrendered amount of Rs.298.48 crore was in excess of the available savings of Rs.268.40 crore resulting in excess surrender of Rs.30.08 crore which indicated inefficient budgetary control.

No reconciliation of expenditure figure was carried out by the DDOs under 10 Major Heads involving expenditure of Rs.3073.50 crore, representing 12 per cent of the total expenditure during the year.

During 2002-03, Rs.390.64 crore were drawn and exhibited as final expenditure under various heads (Schemes) after transferring to Major Head 8443-Civil Deposits-800 Other Deposits. Similarly, Rs.448.94 crore were drawn and added to the balance to Major Head 8443-Civil Deposits-106-Personal Deposits in respect of Government and semi-Government Institutions.

Expenditure of Rs.312.00 crore was incurred in 2 cases without budget provision.

Provision of Rs.103.55 crore and expenditure of Rs.82.42 crore being grants-in-aid to Local Bodies/Institutions were incorrectly classified and accounted for under capital head of Account instead of Revenue section.

(Paragraphs 2.1 to 2.7)

3. Working of Directorate of Agriculture

Government of India set the target of doubling the production of food grains including pulses, oilseeds and cereals in ten years through implementation of National Pulses Development Project and Oilseeds Production Programme. Macro Management Scheme consisting of 13 schemes was also introduced in January 2001. An attempt in audit to review midterm achievements as a result of implementation of schemes revealed that the actual production significantly declined during 2000-03. Monitoring of field demonstrations, distribution of seed minikits by district officers was far below the targets and supervision by scientists was almost absent. Seeds of older varieties were distributed to the farmers. The performance of State Schemes of soil surveys, soil testing,

training etc. mainly supportive to Centrally sponsored schemes was far below available capacity. Sub-standard seeds, fertiliser and pesticides were sold to the cultivators having adverse effect on production.

Despite surrender of Rs.71.89 crore at the fag end of financial years, Rs.124.70 crore remained unutilised during 2000-03 due to poor budgetary practices.

The unutilised central assistance of Rs.3.62 crore was irregularly allowed to lapse to State revenue.

Cultivators were deprived of the benefit of enhanced assistance amounting to Rs.33.01 crore.

7536 seed minikits were distributed after the sowing period was over.

Under watershed development works major emphasis was laid on construction of structures at the cost of other activities.

(Paragraph 3.1)

4. Implementation of Drugs and Cosmetics Act

The Drugs and Cosmetics Act 1940 provided for regulating manufacture and sale of drugs as also for dealing with the problem of adulterated, spurious and misbranded drugs. There was near total absence of effective steps for renewal of licences, curbing production/sale and distribution of substandard, adulterated and spurious drugs. There was need for overall improvement of the Drug administration in the State and providing time limits for renewals, compulsory conducting of tests of samples collected and confiscation of fake, spurious and adulterated drugs. Some important points noticed during the test audit are given below:

Out of 1232 manufacturing units, 165 units were working without renewal of licences at the end of the 2002-03.

Cancellation of licences was being done after 3 to 5 years period from the date of expiry of validity of licences issued earlier.

The Controller Food and Drug administration was working with skeleton staff which resulted in shortfall ranging from 40 to 66 per cent and 24 to 78 per cent in inspection of manufacturing and sale premises during 1998-2003 respectively. Also shortfall in collection of samples of Drugs between 23 to 39 per cent was noticed.

No target was fixed for collection of samples of Ayurvedic and Unani drugs. Samples of Ayurvedic Drugs containing costly material were not collected at all and samples of Sera, vaccine, blood products were not being collected for want of storage facilities in district offices.

Inordinate delays were detected in issue of test reports; in 72 per cent cases, the test reports were issued after 45 days. Of these 40 per cent reports were issued after periods ranging from 200 days to over one year.

Not one sample of blood or blood product of 97 blood banks and blood product manufacturers was collected during 1998-2003 for testing.

The drug testing laboratory at Bhopal lacked modernisation and had only limited capacity to test vital drugs requiring microbiological tests.

Accused manufacturers/sellers were acquitted in 45 out of 58 court cases decided during 1998-2003.

(Paragraph 3.2)

5. National AIDS Control Programme

National AIDS Control Programme (NACP) launched in 1987 as a 100 per cent centrally sponsored scheme has since moved through three phases. To reduce the spread of HIV infection and to strengthen the country's capacity to respond to the HIV/AIDS on a long term basis, NACP-II was launched in 1999 in the third phase (1999-2004). Due to slow pace of implementation, the programme failed to make much headway even after spending Rs.19.18 crore during 1998-2003.

Government controlled Madhya Pradesh State AIDS Control Society (MPSACS) at the apex could utilise only 36 to 64 per cent of funds available for implementation of AIDS control programme during 1998-2003.

Rupees 4.10 crore were lying unutilised as of March 2003 with 90 different implementing agencies.

Number of AIDS patients in the State increased from 303 to 1011 registering a growth of 234 per cent during the years from 1998 to June 2003.

Even detailed mapping by way of a survey to identify the location and number of persons forming part of high risk group had not been completed so far.

NGO participation in implementing projects relating to targeted interventions for groups at high risk was negligible.

(Paragraph 3.3)

6. Prevention and Control of Fire

Fire services in the State are organized by municipalities and Home (Police) Department.

Fire Force Bill for regulating prevention of fire and adoption of safety measures has not been enacted in the State. Out of 336 urban local bodies and 11 industrial areas in the State fire services were available in 102 towns and in 4 industrial towns. Risk hazard analysis was not done and maximum response time for attending to fire incidents was not fixed.

There were only 31 fire stations and 122 fire vehicles against the requirement of 164 fire stations and 210 fire vehicles in the 26 local bodies test checked. Fire station buildings were not available at five places while source of water was not available in the premises of seven fire stations.

Fire services training centre was not established due to diversion of funds of Rs.77.98 lakh for fabrication of bodies of fire vehicles.

Non handing over/non commencement of buildings resulted in non establishment of fire stations besides undue financial assistance to the M.P. Police Housing Corporation and diversion of 14 vehicles to Indore.

(Paragraph 3.4)

7. Accelerated Irrigation Benefit Programme(AIBP)

With a view to develop the irrigation potential from on-going projects which were at an advanced stage of construction, a scheme "Accelerated Irrigation Benefit Programme (AIBP)" was launched (1996-97) by the Government of India (GOI). Eleven projects were selected (1996-2001) to create an additional irrigation potential of 4.84 lakh hectares within two years from the date of inception of the project, at an estimated cost of

Rs.3565.74 crore. Even after lapse of seven years and an expenditure of Rs.1764.79 crore (half the estimated cost), an additional irrigation potential of only 39888 ha (8 per cent of projected potential) was created as of March 2003. This dismal performance was mainly due to incorrect selection of projects, poor planning and improper utilisation of funds and lack of monitoring.

Selection process of projects under AIBP was against the laid down criteria. As a result 9 out of 11 projects remained incomplete even after a lapse of seven years as against the stipulated completion period of 2 years.

Shortfall in matching share to the tune of Rs.222.21 crore by GOMP resulted in disqualification of projects for CLA sanctioned during the year.

An expenditure of Rs.125.06 crore beyond the scope of AIBP was incurred on work charged and daily wages staff charging the expenditure on earth/masonry work during 1996-03, besides diversion of Rs.3.41 crore on procurement of vehicles and other inadmissible items.

In Bansagar project, against the CLA of Rs.203.59 crore based on the entire expenditure of Rs.317.82 crore including the share of UP and Bihar States, the GOMP incurred only Rs.174.69 crore during 1996-2002. The remaining amount of Rs.28.90 crore along with its share of Rs.75.48 crore was diverted for other purposes. An expenditure of Rs.49.19 crore incurred on canal system of Bansagar project during 1996-01 was also beyond the scope of AIBP.

Expenditure of Rs.20.47 crore upto March 2003 on right bank canal (RBC) and Samoha pick-up weir beyond Barua aquaduct for which agency was not fixed (August 2002) proved to be unfruitful till the completion of Barua aquaduct.

Injudicious and irregular award of work of earthen and masonry dam at Madikheda without forest clearance led to time extension of 7 years and avoidable cost of Rs.57.82 crore.

Additional security deposit of Rs.5.18 crore was not deducted from the contractors' bills under Bargi Diversion project (BDP) in terms of contracts to safeguard the interest of Government.

Due to failure in implementation of programme for Bargi Diversion Project –“Fast Track”, CLA of Rs.50.34 crore could not be utilised. The amount was diverted to other purposes which created an additional liability of interest of Rs.5.79 crore.

(Paragraph 3.5)

8. Other Points as a Audit of Transactions

Misappropriation/losses

Rupees 1.35 crore provided to MP Rajya Beej Evam Farm Vikas Nigam for establishing a Revolving Fund for production and supply of assured quality seeds to farmers of drought prone areas were misutilised by it for other purposes.

(Paragraph 4.1.1)

Rupees 15.26 crore were overdue for recovery out of a total amount of Rs.27.79 crore as of November 2003 from a private mill of Indore, owning assets of estimated value of Rs.20 crore.

(Paragraph 4.1.2)

Infructuous/Wasteful expenditure and overpayment

In the work of 'construction of Bargi Right Bank Canal, excavation of hard rock by 'controlled blasting' was paid for at the higher rate applicable for 'excavation without blasting' resulting in excess payment of Rs.29.80 lakh to the contractor.

(Paragraph 4.2.1)

In the work of 'construction of Bargi Right Bank Canal, test results of compaction were ignored by the department and shrinkage allowance at prescribed percentage was not deducted from earth work of canal embankment, resulting in an excess payment of Rs.1.29 crore to the contractor.

(Paragraph 4.2.2)

In PHE Division Sagar, 44107 cum of 'red bole' correctly classified and adjudged as soft rock in arbitration was subsequently re-classified by the successor Executive Engineer as hard rock resulting in extra payment of Rs.37.05 lakh to a contractor.

(Paragraph 4.2.3)

In PWD (B/R) Division, Narsinghpur, the escalation clause deleted from the agreement was unauthorisedly invoked by the Chief Engineer resulting in inadmissible payment of Rs.27.15 lakh.

(Paragraph 4.2.5)

In the work of construction of 800 bedded Hospital at Rewa, extra item rates for substituted works were sanctioned at exorbitant rates resulting in excess payment of Rs.1.04 crore to the contractor.

(Paragraph 4.2.7)

Out of 510 Digital Water Level Recorders (DWLR) and Data Retrieval System (DRS) procured from a foreign firm, 73 were found defective, 62 were non-functional and 29 were lying in stores, resulting in infructuous expenditure of Rs.58.06 lakh.

(Paragraph 4.2.8)

Violation of contractual obligation/undue favour to contractor

A contractor engaged for the work of “Construction of TB Sanitarium at Rau” was unauthorisedly entrusted with a totally different work of “Construction of Chest Centre at Manorama Raje Hospital, Indore” at a different site without invitation of tenders. This resulted in unauthorized expenditure of Rs.1.08 crore.

(Paragraph 4.3.1)

A supervision consultant engaged on the work of construction of 800 bedded Hospital at Rewa at a lump sum cost of Rs.47.87 lakh was unauthorisedly paid Rs.1.28 crore upto June 2001.

(Paragraph 4.3.2)

Avoidable/excess/unfruitful expenditure

Non-utilisation of a loan of Rs.7.67 crore resulted in avoidable extra interest liability of Rs.3.79 crore.

(Paragraph 4.4.1)

Rupees 8.09 crore discretionary grants were sanctioned in 2969 cases without adhering to prescribed scales and objectives and Rs.5.52 crore sanctioned in excess of prescribed monetary ceiling.

(Paragraph 4.4.2)

In Capital Project Construction Division –III, the very purpose of rejection of an accepted low cost tender for construction of Retghat-Lalghati high level bridge and re-award of the work at abnormally high cost on grounds of urgency was defeated due to delay of 34 months and cost escalation of Rs.3.21 crore. In addition there was irregular payment of escalation of Rs.47.07 lakh.

(Paragraph 4.4.3)

Incorrect estimation of contract demand resulted in avoidable expenditure of Rs.2.31 crore on electricity charges.

(Paragraph 4.4.4)

In the work of widening of Anjad-Thikri and Kukshi Singhana roads, laying of profile corrective course with bituminous material on newly constructed WBM surface contrary to MORT&H specifications resulted in extra cost of Rs.64.61 lakh.

(Paragraph 4.4.5)

In Fluorosis Control Division, Alirajpur execution of work of laying of pipe line with richer cement mix, in place of leaner mix resulted in extra expenditure of Rs.27.13 lakh.

(Paragraph 4.4.7)

Full payment of bills for advertisements without ensuring that the newspapers had implemented the recommendations of the wage Boards, as required, resulted in excess payment of Rs.1.53 crore to 32 newspapers.

(Paragraph 4.4.8)

In the road widening work from km 48 to 67 of NH-12, the items specified in the sanctioned estimate were substituted, after award of work, by other items not conforming to the MORT&H specifications, resulting in extra expenditure of Rs.37.26 lakh and excess payment of Rs.7.89 lakh.

(Paragraph 4.4.9)

In PWD Division, Raisen, execution of tack coat by paving bitumen instead of bituminous emulsion in four works, in

contravention of MORT&H specifications resulted in avoidable extra cost of Rs.26.48 lakh.

(Paragraph 4.4.10)

Re-execution of damaged work owing to default of a contractor resulted in avoidable expenditure of Rs.76.38 lakh besides non recovery of Rs.15.65 lakh from the contractor.

(Paragraph 4.4.11)

In Sanjay Sarovar Project, execution of costlier pre-cast cement concrete lining work contrary to specifications resulted in extra cost of Rs.1.03 crore.

(Paragraph 4.4.12)

Idle investment/idle establishment/blockages of funds

Subsidy of Rs.78.44 lakh was lying unutilized with banks even after discontinuance of the scheme for construction of wells and pump sets in April 1999.

(Paragraph 4.5.1)

Recommendations of the Public Accounts Committee were not implemented and royalty recoverable from Matsya Mahasangh had swelled to Rs.5.30 crore as of March 2003.

(Paragraph 4.5.2)

Out of Rs.4.60 crore paid to 28691 students as national loan scholarship during 1963-94, Rs.3.21 crore were not recovered even as of September 2003.

(Paragraph 4.5.3)

Regulatory issues and other points

In the work of 'Construction of Head office building for Narmada Valley Development Authority (NVDA) at Bhopal, change in concept plan led to increase in cost of project by Rs.9.63 crore. Work costing Rs.7.24 crore was entrusted to existing contractor without fresh tenders, extra/substituted items valuing Rs.5.57 crore were executed and paid without sanction of competent authority. Besides excess payments of Rs.42.08 lakh were also noticed.

(Paragraph 4.6.1)

In PHE (Project) Division, Gwalior Rs.6.33 crore towards extra cost on left over works, excess payment of escalation and machinery & mobilisation advance was not recovered from the contractor besides infructuous expenditure of Rs.15.81 lakh on re-excavation.

(Paragraph 4.6.2)

Eleven works (WRD:5, NVDD:5, and PWD (NH):1) abandoned midway by the contractors were got re-executed from other contractors as 'risk and cost' works. Extra cost of Rs.10.61 crore, recoverable from the original defaulting contractors was yet to be recovered.

(Paragraph 4.6.3 & 4.6.4)