

## Overview

This Report contains two Chapters on the observations of Audit on the State's Finance and Appropriation Accounts for the year 2002-03 and three other Chapters comprising two reviews and 28 other paragraphs, based on the audit of certain selected programmes and activities and financial transactions of the Government. A synopsis of findings contained in the Report is presented in this Overview.

### 1. The Finances of the State Government

- Against the targeted realisation of revenue of Rs 14312 crore, only Rs 13082 crore were realised. The actual Revenue Expenditure exceeded the targeted expenditure by Rs 1199 crore.
- Of total receipts of Rs 55485 crore of the State Government for the year 2002-03, the revenue receipts of the State Government were Rs 13082 crore only, constituting 24 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts.
- While on an average 60 *per cent* of the revenue had come from the State's own resources, central tax transfers and grant-in-aid together continued to contribute nearly 40 *per cent* of the total revenue.
- The rate of growth of total expenditure was lower than the rate of growth of revenue receipts. There was an upward trend in the ratio of revenue receipts to total expenditure from 62 *per cent* in 1998-99 to 68 *per cent* in 2002-03. This indicated that only 68 *per cent* of the State's total expenditure was met from its current revenue, leaving the balance to be financed from borrowings.
- Revenue expenditure accounted for 88 *per cent* of total funds available during 2002-03. This was higher than the share of revenue receipts (68 *per cent* of total receipts) of the State Government, which has led to revenue deficit. Salaries (including pay and allowances), interest payment and pensions alone consumed 85 *per cent* of total revenue receipts of the State during the year.
- Out of the total subsidies borne by the Government 98 *per cent* were paid to the power sector alone.
- Plan expenditure declined from 24 *per cent* of total expenditure in 1998-99 to 22 *per cent* in 2002-03. Similarly, capital expenditure also declined from 13 *per cent* in 1998-99 to 11 *per cent* in 2002-03. There was also a decline in the share of developmental expenditure from 65 *per cent* in 1998-99 to 60 *per cent* in 2002-03.

- The financial results of five major and 12 medium irrigation projects with a capital outlay of Rs 2977.41 crore at the end of March 2003 showed that these suffered a net loss of Rs 342.49 crore.
- As of 31 March 2003, Rs 2277 crore was blocked in 531 incomplete projects.
- As on 31 March 2003, three statutory corporations, 12 rural banks, 10 government companies and seven joint stock companies with an aggregate investment of Rs 1926.72 crore were incurring losses and their accumulated losses amounted to Rs 1574.70 crore.
- Total outstanding balance of the loans advanced was Rs 2954 crore. Overall interest received against these advances declined to 2.95 *per cent* during 2002-03.
- Overall fiscal liabilities of the State increased from Rs 24170 crore in 1998-99 to Rs 45871 crore in 2002-03 at an average growth rate of 18.59 *per cent*. These liabilities as ratio to GSDP increased from 33.1 *per cent* in 1998-99 to 52.5 *per cent* in 2002-03 and stood at 3.51 times of its revenue receipts and 5.86 times of its own resources comprising its own tax and non-tax revenue.
- The revenue deficit increased from Rs 2996 crore in 1998-99 to Rs 3934 crore in 2002-03. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, also increased from Rs 5151 crore in 1998-99 to Rs 6114 crore in 2002-03.

*(Paragraphs 1.1 to 1.12)*

- An expenditure of Rs 10.12 crore on transportation of wheat was irregularly charged to Calamity Relief Fund by State Government.

*(Paragraph 1.8.3)*

## **2. Allocative Priorities and Appropriation**

- The excess of Rs 856.28 crore under seven grants/appropriations during the year requires regularisation. Excess expenditure of Rs 153.12 crore pertaining to years 2000-02 was also to be regularised.
- The supplementary provisions (Rs 7754.63 crore) made during this year constituted 28 *per cent* of the original provision (Rs 27353.03 crore).
- Supplementary provisions of Rs 28.14 crore made in 27 cases during the year proved unnecessary in view of aggregate saving of Rs 1838.42 crore.
- In 13 cases, after partial surrender, savings of Rupees one crore and above in each case aggregating Rs 177.44 crore remained un-

surrendered. In 15 cases excess surrender of Rs 118.59 crore was made.

- Rupees 2797.70 crore were surrendered on the last working day of the financial year as such amount could not be transferred to needy sectors. In 22 cases, surrender exceeding Rs 20 crore in each case amounted to Rs 2440.98 crore.
- Expenditure of Rs 54.07 lakh was incurred in one grant without any provision having been made either in the original estimates/supplementary demands or through re-appropriation.

*(Paragraphs 2.1 to 2.3)*

- Advance of Rs 3 crore from the Contingency Fund was given to Rajasthan Renewable Energy Corporation Limited without any immediate requirement.

*(Paragraph 2.4)*

- Advances of Rs 48.67 crore were lying unadjusted with the executing agencies for the last four to 16 years and unspent funds of Rs 2.38 crore were not refunded to State Government.

*(Paragraph 2.5)*

### **3. Accelerated Irrigation Benefit Programme**

Accelerated Irrigation Benefit Programme (AIBP) was launched in 1996-97 by Government of India with the main objective of accelerating the completion of on-going irrigation/multi-purpose projects of states. Ten projects of Rajasthan State pertaining to Irrigation and Indira Gandhi Nahar Pariyojana (IGNP) Departments were covered under AIBP. An expenditure of Rs 1246.70 crore was incurred upto March 2003 but none of the projects could be completed. Against the targeted irrigation potential of 982.61 thousand hectare, creation was only 233.53 thousand hectare (23.77 per cent). The significant points noticed were as under:

- Advance payment of Rs 5.68 crore to executing agencies was irregularly charged finally to works instead of Miscellaneous Public Works Advances.
- Rupees 7.93 crore were blocked for one to six years due to incomplete works.
- Preparation of unrealistic estimates of earth and lining works led to extra cost of Rs 60.17 lakh and creation of liability of Rs 46.87 lakh.
- Irregular payment of price escalation of Rs 1.26 crore was made to contractor.

- An expenditure of Rs 3.52 crore was incurred by the IGNP authorities on construction of cross drainage works at various lift canals without provision in Revised Project Estimates, 1993.
- There was avoidable extra expenditure of Rs 4.12 crore due to dispute in strata classification, frequent changes in specification, delayed decision etc.

*(Paragraph 3.1)*

#### **4. Implementation of Drugs and Cosmetics Act**

The Government of India (GOI) enacted the “Drugs and Cosmetics Act, 1940” (the Act) with a view to regulate the import, manufacture, distribution and sale of drugs and cosmetics. Significant points noticed during test-check were as under:

- Sixty seven cases ordered by the Drugs Controller for being filed in the court of law were not filed for periods ranging from six months to more than five years. There was acquittal in 15 cases because of failure of the department.
- There was delay in granting/renewal of licences ranging between two and 34 months.
- Shortfall in achievement of targets of taking samples and inspections ranged from six to 18 *per cent* and 39 to 74 *per cent* respectively. In Ayurved Department, there was shortfall in conducting inspections between 38 and 63 *per cent*.
- There was delay in sending samples for analysis to laboratories ranging from one month to 43 months. In 33 cases, test reports were received from laboratories after expiry of drug.

*(Paragraph 3.2)*

#### **5. Working of Agriculture Department**

The Agriculture Department is responsible mainly for dissemination of latest technical know-how besides ensuring timely supply of quality input to the farming community. The department also performs regulatory functions regarding quality control of seeds, fertilizers, pesticides and agriculture implements. Review of the working of Agriculture Department revealed the following:

- The State Government did not release Central assistance of Rs 3.50 crore during 2000-03 alongwith its proportionate share of Rs 1.17 crore to implementing agencies under Oilseeds Production Programme.

- Rates of sprinkler sets were fixed higher than prevailing market rates. This led to mis-utilisation of funds and excess payment of subsidy by Rs 8.14 crore.
- Undue benefit of Rs 1.37 crore was provided to suppliers on supply of sub-standard gypsum.
- Subsidy of Rs 2.18 crore on purchase of tractors under Centrally sponsored scheme was given to medium/big farmers (69 *per cent*), defeating the purpose of providing subsidy to small/marginal/semi-medium farmers.
- There was blocking of funds of Rs 2.35 crore in Personal Deposit account due to non-approval of “Rajasthan State Wells Insurance Fund” scheme by the State Government.

*(Paragraph 3.3)*

## 6. Working of Ayurved Department

The *Ayurved* Department is entrusted with the responsibility of providing medical treatment through *Ayurvedic, Unani, Homeopathy* systems of medicines and Naturopathy. The main activities of the department are to provide medical facilities, prevention of disease, production/procurement and distribution of medicines, medical education and training and research. Significant points noticed during test check were as under:

- Out of Central grant of Rs 3.63 crore, Rs 1.68 crore remained unutilised as of March 2003.
- Rupees 25.49 lakh spent on pay and allowances of *Chikitsaks* who remained under awaiting posting orders for the period ranging from one to 11 months, proved infructuous.
- There was shortfall of 64 to 71 *per cent* in achievement of targets for manufacturing of medicines by pharmacies.
- Rupees 1.47 crore provided for purchase of raw material was utilized for purchase of medicines.
- Wasteful expenditure of Rs 25.60 lakh was incurred on manufacturing of sub-standard *Sanjeevanivati*.
- The staff was not reduced according to actual requirement as per bed capacity of hospitals.
- There was 18 to 68 *per cent* shortfall in inspections of dispensaries by higher authorities.

*(Paragraph 3.4)*

## **7. Computerisation Projects in State Government implemented through RajCOMP**

A society "Centre for Electronic Data Processing" (renamed as RajCOMP in December 1991), registered under Societies Registration Act, 1958 was established (March 1989) with the Chief Secretary, Government of Rajasthan and fourteen other Government officers in the Governing Board. Important findings noticed as a result of test-check were as under:

- Computerisation work was awarded without inviting tenders and executing any agreement and a sum of Rs 9.80 crore was irregularly advanced (between April 1997 to October 2002) by various departments to RajCOMP.
- Computer and other equipment (59 items; cost: Rs 11.13 lakh) issued (March 1991 to June 2002) by RajCOMP to various officers were neither received back so far nor the cost thereof was recovered.
- Expenditure of Rs. 1.16 crore on computerisation through RajCOMP in four departments was rendered unfruitful.
- An excess expenditure of Rs 88 lakh was incurred on computerisation programme of four departments through RajCOMP.

*(Paragraph 3.5)*

## **8. Prevention and Control of Fire**

Fire prevention and related safety measures are integral part of town planning and building construction. The subject "Fire Services" has been included as municipal function in the XII Schedule of the Constitution of India. Significant points noticed during test-check were as under:

- Out of Rs 5.00 crore released to Director, Local Bodies under Tenth Finance Commission (TFC), Rs 41.89 lakh were lying unutilised with various Urban Local Bodies.
- Out of 13 fire vehicles in Civil Defence offices, eight fire vehicles and one fire vehicle of *Nagar Palika*, Kotputli were off the road for one to more than four years, thereby considerably reducing availability of vehicles.
- The State Government neither enacted the Fire Service Act nor were the bye-laws got framed by any of the *Nagar Nigams/Nagar Parishads/Nagar Palikas*.

*(Paragraph 3.6)*

## 9. Stores and Stock

Important points noticed in test-check of the records relating to Stores and Stock management in Public Health Engineering Department for the period 1997 to 2003 were as under:

- The Reserve Stock Limit was fixed between September and December (1988-99, 2000-01 and 2002-03) as against April defeating the purpose of its fixation.
- Excess stock was held in 18 divisions ranging from Rs 2.40 crore to Rs 4.69 crore during 1997-2002.
- Stock valuing Rs 1.77 crore was lying unutilised in 19 divisions/on sites.
- Irregular purchases of Rs 1.30 crore were made in piece meal during 1999-2003 by 10 divisions without adhering to the annual limit.
- Non-recovery of Rs 46.50 lakh from firms and in 10 divisions the cost of material worth Rs 47.21 lakh was recoverable from sister divisions.
- Material worth Rs 2.86 crore charged to work was lying in stores indicating fictitious budget utilization. Stock worth Rs 1.89 crore was charged in advance of actual requirement to avoid lapse of budget grant.

*(Paragraph 3.7)*

## 10. Fraudulent drawal/misappropriation/embezzlement/losses

(i) Failure of the Forest Department in revising rates of compensatory afforestation timely and issue instructions to Divisional Officers to include a clause in demand notices that the rates were provisional led to loss of Rs 2.13 crore due to short recovery on account of compensatory afforestation.

*(Paragraph 4.1.1)*

(ii) Due to non-procurement of cement at DGS&D rates by the Irrigation Divisions the State Government sustained a loss of Rs 60.24 lakh.

*(Paragraph 4.1.2)*

## 11. Infuctuous/wasteful expenditure and overpayment

(i) Failure of the Environment Department to take timely steps for getting refund of unutilised amount of Rs 42.94 lakh from *Avas Vikas Sansthan* led to the amount remaining unrecovered for more than four years.

*(Paragraph 4.2.1)*

(ii) Seven highway facility centres constructed at a cost of Rs 4.19 crore to generate employment for rural population and increase the resources of *Gram Panchayats* could not be used at all rendering the expenditure unfruitful.

(Paragraph 4.2.2)

(iii) Selection of unsuitable species of plants for plantation in Mohangarh *Tehsil* (Jaisalmer District) resulted in wasteful expenditure of Rs 48.65 lakh during November 1995 to March 2002 due to failure of plantations.

(Paragraph 4.2.3)

(iv) Failure of the Rural Development Department to acquire land before construction of roads led to infructuous expenditure of Rs 37.60 lakh on two village roads (Rahir and Daulatpura) lying incomplete.

(Paragraph 4.2.4)

## **12. Violation of contractual obligations/undue favour to contractors**

(i) The Irrigation Department gave undue benefit of Rs 23.10 lakh to a contractor due to payment on incorrect rates.

(Paragraph 4.3.1)

## **13. Avoidable/excess/unfruitful expenditure**

(i) Defective planning of Indira Gandhi Nahar Department and non-utilisation of Chawanda sub-minor (RD 0.000 to 20.400) due to non-construction of water courses led to unfruitful expenditure of Rs 31.40 lakh.

(Paragraph 4.4.2)

(ii) Despite availability of adequate funds slackness in execution of the project by the Medical and Health Department led to unfruitful expenditure of Rs 2.55 crore on hospital building and auditorium in Medical College, Kota lying incomplete.

(Paragraph 4.4.3)

(iii) Allotment of work of construction of various roads under Rajasthan Roads Upgradation and Strengthening Schemes in PWD Circle, Chittorgarh and Udaipur by the Public Works Department at higher rates led to avoidable expenditure of Rs 73.81 lakh.

(Paragraph 4.4.4)

(iv) In contravention of approval of Ministry of Road Transport and Highways, New Delhi's, execution of profile correction by 20 mm Bituminous Macadam work on Nasirabad-Mangliawas road led to avoidable expenditure of Rs 28.17 lakh, which would increase to Rs 49.80 lakh on completion of work.

(Paragraph 4.4.5)

(v) Failure of Public Works Department in ensuring availability of funds and non-construction of railway crossing the construction of approach to Kurel



bridge on Keshoraipatan-Khatkar road and Bituminous treated road to Notada was lying incomplete rendering the expenditure of Rs 1.00 crore unfruitful.

*(Paragraph 4.4.6)*

(vi) Failure of the Public Works Department to acquire land before awarding works and ensure availability of adequate funds resulted in unfruitful expenditure of Rs 2.77 crore on various works lying incomplete.

*(Paragraph 4.4.7)*

#### **14. Idle investment/idle establishment/blockage of funds**

(i) Non-utilisation of the Girls College building at village Kanjeri Silore (District Bundi) constructed by Rural Development Department rendered the expenditure of Rs 49.06 lakh unfruitful.

*(Paragraph 4.5.1)*

#### **15. Regulatory issues and other points**

(i) In Primary Education Department, cases regarding irregular purchase of furniture worth Rs 6.88 crore, undue benefit of Rs 12.16 lakh to firms, utilisation of Central grant without raising community participation were noticed.

*(Paragraph 4.6.1)*

(ii) Panchayati Raj Department failed to utilise grant of Rs 10.58 crore provided during 1996-2000 under recommendations of Tenth Finance Commission.

*(Paragraph 4.6.2)*

(iii) Imprudent action of Public Works Department to propose Kota bypass through sensitive defence area and sanctuary led to injudicious expenditure of Rs 53.12 lakh on conducting feasibility study and preparing project report.

*(Paragraph 4.6.3)*

(iv) District Rural Development Agencies, Churu and Sawaimadhopur spent irregularly Rs 2.66 crore on temporary nature of works of *Kanna Bunding* and *Med Bundi* during 1997-2001.

*(Paragraph 4.6.4)*

#### **16. Internal Control System in Government Departments**

Internal Audit is an integral part of administration that carries out basic internal auditorial functions for the management. Some important findings noticed during test-check of the departments of Small Savings, State Insurance and Provident Fund and Panchayati Raj were as under:

No separate Internal Audit Standards/guidelines/Manuals for conducting internal audit have been framed.

Considerable pendency of compliance on internal audit observations reflects poor effectiveness of internal controls.

Internal Audit was in arrears for periods ranging from two to 12 years.

*(Paragraphs 5.1.1 to 5.1.4)*