PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution of India.

2. Chapter I deals with the findings of performance audit in the Planning, Economics and Statistics and Water Resources departments, Chapter II deals with findings of transaction audit in Animal Husbandry; Culture; Forest; Higher Education; Labour; Medical Education; Narmada Valley Development; Panchayat and Rural Development; Public Health and Family Welfare; Public Works; Scheduled Tribes and Scheduled Castes Welfare; Urban Administration and Development and Water Resources departments. Chapter III deals with the integrated audit of the Farmers Welfare and Agriculture Development Department and Chief Controlling Officer based audit of the Animal Husbandry Department.

3. Reports containing (a) observations on the finances of the State Government, (b) observations arising out of audit of Statutory Corporations, Boards and Government Companies and (c) observations on revenue receipts of the State Government are being presented separately.

4. The cases mentioned in this Report are among those which came to notice during the course of test audit of accounts for 2009-10 as well as those which had come to notice in earlier years but were not included in previous Reports. Matters relating to the period subsequent to 2009-10 have also been included, wherever necessary.

OVERVIEW

The Report includes three chapters containing five reviews and 21 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of the Government.

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

A summary of the important findings is given below:

1. Madhya Pradesh Assembly Constituency Area Development Scheme

The Madhya Pradesh Assembly Constituency Area Development Scheme was launched in July 1994 with the objective of taking up developmental works of capital nature on the recommendations of Members of the Legislative Assembly (MLAs). The performance audit of implementation of the Madhya Pradesh Assembly Constituency Area Development Scheme revealed that the planning for implementation of the scheme was not effective. Funds amounting to ₹ 151.49 crore remained unspent with the executing agencies. Unspent balances of ₹ 96.29 lakh in respect of 668 completed works could not be taken back from the executing agencies. In 11 out of 12 test-checked districts, 717 works costing ₹ 10.62 crore remained incomplete. In six out of 12 test-checked districts, 111 works could not be started due to selection of disputed sites. In seven out of 12 test-checked districts, completion certificates in respect of 2,828 works were awaited from the executing agencies. Quarterly meetings with MLAs and executing officers were not held regularly to monitor the progress of works undertaken under the scheme. Due to non-maintenance of a data base and asset registers, the public was largely unaware of the work done under the scheme in their districts.

(Paragraph 1.1)

2. Construction of Bansagar Project Unit-II Canals

The construction of the Bansagar Project Unit-II canals was aimed at providing irrigation in 2.49 lakh ha in the State through a 1463.70 km long canal network. The project was taken up (1979) at a cost of ₹ 10.06 crore for completion by 1987.

A performance audit of the construction of Bansagar Project-Unit II-Canals revealed improper planning, avoidable expenditure (₹ 6.67 crore), undue benefit (₹ 7.23 crore), to a cement manufacturing company, awarding of supply order (₹ 57.89 crore) without inviting open tenders and blockage of Government money (₹ 4.02 crore). Mild steel pipes were procured at higher rates, resulting in extra cost of

₹ 16.21 crore. Instead of constructing reinforced concrete cement footbridges, 1,648 mild steel footbridges were purchased at a higher rate, resulting in extra cost of ₹ 2.47 crore. Improper contract management led to excess payment of ₹ 6.11 crore to contractors. Performance security of ₹ 2.10 crore and security deposit of ₹ 1.10 crore was released to contractors before completion of works. Even after spending ₹ 960.01 crore upto March 2010, only 911.51 km (against the envisaged 1463.70 km) canal network was completed. Against the revised target of 1,23,634 ha, irrigation potential of only 81,701 ha was developed. However, the actual irrigation from 2005 to 2010 remained as low as 4.19 to 15.67 *per cent* of the target.

(Paragraph 1.2)

3. Madhya Pradesh Water Sector Restructuring Project

The Madhya Pradesh Water Sector Restructuring Project (MPWSRP) was taken up (May 2004) by the Water Resources Department (WRD), Government of Madhya Pradesh. The project aimed at modernising the existing 654 irrigation schemes in five selected river basins covering about 6.20 lakh ha spread area. WRD received a loan of ₹ 1,919 crore from the World Bank for MPWSRP.

Performance Audit of MPWSRP revealed that the progress of implementation, both physical and financial, was very slow. Out of the project cost of ₹ 1,919 crore, only ₹ 688.25 crore (38 *per cent*) was utilised in five years (2005-10), out of the project period of six years. Non-utilisation of funds led to avoidable liability of commitment charges of ₹ 8.26 crore. Out of the 654 schemes earmarked in the project, only 100 schemes were taken up. Out of these, only nine schemes were completed in five years. As against the targeted irrigation potential of 6.20 lakh ha, potential of 69,286 ha (i.e. 11.17 *per cent*) only was created. Delayed engagement of consultants, poor financial management, deficient implementation of the IT system etc were responsible for the slow implementation of the project. Irregular payment of ₹ 26.65 crore to contractors due to non-conducting of mandatory tests of concrete; undue favour to contractors by not obtaining additional security deposit of ₹ 57.51 crore; extra cost of ₹ one crore due to irregular award of work without invitation of tenders and non-recovery of the liquidated damages of ₹ 20.93 crore from contractors etc were also noticed in audit.

(Paragraph 1.3)

4. Integrated Audit of Farmers Welfare and Agriculture Development Department

The Farmers Welfare and Agriculture Development Department implements 14 State Plan and 19 Central sector/Centrally sponsored schemes aimed at increasing the production and productivity of all types of crops. Integrated audit of the department revealed inadequate financial controls, poor operational and quality controls, deficient inventory control and lack of an internal control mechanism.

There were persistent savings ranging between 19 and 40 *per cent* during 2005-10. Original budget provisions of ₹ 40.78 crore were not utilised and supplementary budget provisions of ₹ 42.35 crore proved unnecessary. Funds amounting to ₹ 133.09 crore, pertaining to different schemes were lying in the bank accounts at various levels, indicating deficiencies in cash management.

Targets set in the Tenth and Eleventh Five Year Plans for production of foodgrains and oilseeds were not achieved. Seeds of older varities were distributed to the farmers on which subsidy was also paid. Field officers did not ensure the distribution of foundation/certified seeds and seed mini-kits before the cut-off dates. Adequate attention was not paid to field demonstrations. Performance of Government Agriculture Farms was poor and the available cultivable area was not fully utilised. Expenditure of ₹ 5.06 crore remained unfruitful on construction of Khet Taals and Balram Taals as the farmers left the works incomplete and did not follow the prescribed standards of construction.

Sub-standard seeds, fertilizers and pesticides were sold to cultivators having adverse effect on production. Consumption of nitrogen, phosphate and potassium in the ratio of 4:2:1 was not maintained in the fertilizers provided to cultivators. The performance of quality testing laboratories, soil testing laboratories, soil surveys and training was far below the set targets. There was no scientific assessment of manpower requirement and deployment. Internal audit was inadequate and ineffective. Monitoring was unsatisfactory as prescribed departmental inspections were not conducted and district level committees were not functional.

(Paragraph 3.1)

5. Chief Controlling Officer based Audit of Animal Husbandry Department

The Animal Husbandry Department is responsible for all-round development of livestock wealth in the State. A Chief Controlling Officer based audit of the department revealed that Plans were prepared on ad hoc basis without appropriate database surveys, assessment of available resources and the actual requirements. The ratio of the revenue and the capital expenditure during 2007-10 ranged between 26:1 and 725:1. Financial management lacked foresight leading to unnecessary supplementary provisions, surrenders, parking of funds, diversion of funds and rush of expenditure at the fag end of the financial year etc. The achievement of artificial insemination fell short by 13 to 18 *per cent* and calving through artificial insemination by eight to 23 *per cent*. The targets were reduced and heavy amounts were surrendered or were lying unutilised in banks. Livestock distribution fell short of targets. Veterinary farms were incurring losses as the production of eggs and wool declined heavily. As against the requirement of 5,813 veterinary centres, only 2,346 centres were functioning. The hospitals were functioning without doctors. The feed testing laboratory did not have alfa toxin, urea and mineral mixture estimation and automatic analyzer facilities. The milk quality control laboratory and the bio-

security laboratory level II were not established. Shortfall in artificial insemination training to Veterinary Officers and Assistant Veterinary Field Officers ranged between 45 and 72 *per cent.* Unserviceable goods worth ₹ 1.30 crore were lying undisposed of for periods upto 20 years. The Institute of Animal Husbandry and Veterinary Biologicals was operating without a licence since 2002. Human resource management was not satisfactory and there was a shortage of 17 to 41 *per cent.* The Internal Audit Wing was not effective in the department and periodical inspections were not being conducted by the departmental officers regularly.

(Paragraph 3.2)

6. *Audit of Transactions*

Audit of financial transactions in various departments of the Government and their field functionaries revealed instances of losses, wasteful/excess expenditure, avoidable expenditure and other irregularities involving ₹ 34.34 crore.

Some of the important audit findings are given below:-

Failure to observe the codal provisions and Government orders facilitated embezzlement/ misappropriation of ₹ 1.35 crore in the office of the Commissioner, Scheduled Caste Development, Bhopal.

(Paragraph 2.1.1)

Interpolations in the records coupled with lack of supervision led to suspected embezzlement of ₹ 12.32 lakh in the radio diagnosis department of Shyam Shah Medical College, Rewa.

(Paragraph 2.1.2)

In the Pench Diversion Project, Water Resources Department, Chourai, a contractor submitted a fake Fixed Deposit Receipt (FDR) of ₹ 47 lakh toward earnest money deposit for getting a contract valuing ₹ 107 crore. Similarly, in the Pradhan Mantri Gram Sadak Yojana works, release of security deposit against fake FDRs submitted by a contractor in Ashoknagar district and failure to recover other dues of the contractor resulted in a loss of ₹ 1.08 crore.

(Paragraph 2.1.8)

Due to execution of an agreement for higher contract demand in anticipation of Government sanction for air-conditioning and delay in reduction in contract demand apart from non-maintaining of the average monthly power factor, the State Museum at Bhopal incurred avoidable expenditure of ₹ 54.59 lakh on electricity charges.

(Paragraph 2.3.1)

In violation of a Government sanction and an agreement providing for the pumping of dead storage water into canals, 228 million cubic feet water of live storage, capable of normal gravity flow, was pumped into canals, leading to unwarranted payment of ₹ 1.31 crore to a contractor in the Water Resources Department.

(Paragraph 2.3.4)

Irregular refund to a defaulting contractor of a forfeitable amount of ₹ 2.83 crore in the Water Resources Department resulted in a loss to Government.

(Paragraph 2.3.7)

Incorrect selection of a site to establish a diagnostic centre and non-providing of requisite staff in the Public Health and Family Welfare Department resulted in idle expenditure of ₹ 1.98 crore on building and equipment.

(Paragraph 2.4.1)

CHAPTER I
PERFORMANCE AUDIT

Planning, Economics and Statistics Department

1.1 Madhya Pradesh Assembly Constituency Area Development Scheme

Highlights

The Government of Madhya Pradesh introduced the Madhya Pradesh Assembly Constituency Area Development Scheme (MPACADS) in July 1994 under which developmental works were to be taken up in each Assembly constituency area. A performance audit of the scheme covering the period 2005-10 revealed that a large number of works were lying incomplete; asset registers were not maintained; details of completed works transferred to concerned departments/agencies were not available; inspections of works were not carried out regularly and monitoring was inadequate. Monthly income-expenditure statements and progress reports of works were not submitting regularly by the executing agencies.

Some important findings of the performance review are given below:-

The District Planning Officers (DPOs) did not release ₹ 18.60 crore to the implementing agencies. There were delays in release of funds to the executing agencies ranging from 37 to 980 days.

(Paragraphs 1.1.7.2 and 1.1.7.3)

The DPO Bhind irregularly parked ₹ 1.93 crore in a Personal Deposit Account. A total unspent amount of ₹ 96.29 lakh in respect of 668 completed works was lying with the executing agencies.

(Paragraphs 1.1.7.4 and 1.1.7.5)

Out of 68,728 sanctioned works, 55,953 works were completed while 10,522 works remained incomplete, 2,067 works were not taken up and 186 works were cancelled.

(Paragraph 1.1.8.1)

In seven districts, 814 works costing ₹ 13.91 crore were sanctioned with delays ranging from 25 to 431 days.

(Paragraph 1.1.8.2)

In six districts, 111 works costing ₹ one crore could not be started due to selection of disputed sites and the funds were lying with the executing agencies. Completion certificates in respect of 2,828 works costing ₹ 40.63 crore, were awaited from the agencies.

(Paragraphs 1.1.8.4 and 1.1.8.5)

Records pertaining to transfer of assets to concerned departments/ agencies for use were either incomplete or were not made available. The Commissioner did not maintain complete/updated information of works selected under the scheme. Registers of assets were not found maintained in the test-checked districts.

(Paragraph 1.1.9.2)

The nodal agencies failed to monitor the implementation of the scheme by way of inspection of works.

(Paragraph 1.1.10.1)

1.1.1 Introduction

The Madhya Pradesh Assembly Constituency Area Development Scheme (MPACADS) was launched in July 1994, covering all the 231 Assembly constituencies with the objective of taking up developmental works of capital nature on the recommendations of the Members of Legislative Assembly (MLAs) for creation of community assets based on local needs in their respective constituencies.

According to the scheme guidelines, works like construction of rural fair-weather roads, approach roads, internal bituminous roads, footpaths, footbridges, kharanjas in villages, chabutaras, buildings for government aided/unaided educational institutions, bus stops/sheds, public reading rooms, small irrigation facilities, drinking water facilities, crematoria, tubewells, gardens, sports complexes as well as works connected with social forestry, agricultural development, culture etc were required to be taken up under the scheme. The works were to be meant for public purposes and were to be completed in one or at the most two seasons. Purchase of inventory or equipment, repairs and maintenance of existing works, construction of memorials, works of religious nature and acquisition of land or any compensation for land acquired were specifically disallowed under the scheme.

1.1.2 Organisational Set-up

At the State level, the Commissioner, Economic and Statistics (Commissioner) is responsible for implementation and monitoring of the scheme. The District Planning Officers (DPOs) are the nodal officers of the schemes at the district level. The works under the scheme are executed by various implementing agencies such as the Education, Farmers Welfare and Agriculture Development, Housing and Environment, Public Health & Family Welfare, Public Works, Public Health Engineering and Rural Panchayat and Development departments.

1.1.3 Audit Objectives

The objectives of the performance audit were to assess whether:

- the planning process was adequate;

- the funds were being managed economically, effectively and efficiently;
- the works were being sanctioned and executed as per the scheme guidelines and;
- the monitoring mechanism was effective.

1.1.4 Audit Criteria

The main criteria used for the performance audit were:

- Scheme guidelines and instructions issued by the State Government/ Commissioner;
- Madhya Pradesh Treasury Code, Madhya Pradesh Financial Code and Madhya Pradesh Store-Purchase Rules; and
- Provisions of agreements governing execution and maintenance of assets.

1.1.5 Scope and Methodology of Audit

The performance audit of the records of the Commissioner, 12 DPO[1]s **(Appendix-1.1)** selected on the basis of Probability Proportionate to Size Sampling method and 94 executing agencies selected randomly was conducted during April to December 2010 for the period 2005-10. An entry conference was held with the Commissioner on 26 March 2010, wherein the audit objectives of performance audit, criteria, scope and methodology were explained. An exit conference was held with the Principal Secretary, Government of Madhya Pradesh, Planning, Economics and Statistics Department on 4 December 2010. Government's views have been incorporated in the review. Results of test check are included in the succeeding paragraphs.

Audit Findings

1.1.6 Planning

As per Para 3 of the guidelines, the District Collectors (DC) were required to obtain written proposals of works proposed by MLAs or hold meetings in the first quarter of the financial year to identify the works to be taken up and listed together with Centrally Sponsored and Central Sector programmes. The works included in the list were required to be entrusted to executing agencies for execution. Lists of accepted works for execution and rejected proposals were to be sent to the MLAs within 45 days of the meetings. However, it was noticed that during 2005-10, no such meeting was arranged in any of the test-checked districts and works were undertaken on the basis of recommendations of the MLAs.

1 *Balaghat, Betul, Bhind, Burhanpur, Dhar, Gwalior, Jhabua, Khargone, Mandla, Ratlam, Tikamgarh and Umaria.*

1.1.7 Financial Management

1.1.7.1 Funding pattern

The MPACADS is a State funded scheme. The funds for implementation of the scheme are placed at the disposal of the DPOs by the department through the budget. Funds of ₹ 60 lakh during 2005-06, ₹ 80 lakh during 2006-07 and thereafter ₹ 77 lakh, was allocated per year to each MLA for recommending works of capital nature to be executed in his/her Assembly constituency. Funds were released by the DPOs directly to the implementing agencies in instalments. In cases where Gram Panchayats are the implementing agencies, the funds were released through Janpad Panchayats.

1.1.7.2 Allocation of funds and expenditure

Funds amounting to ₹ 151.49 crore were not utilised by agencies.

Out of ₹ 857.01 crore allocated by the Government during 2005-10 for implementation of the scheme, ₹ 838.41 crore was released by the DPOs to the agencies for execution of the works, against which ₹ 686.92 crore were reportedly spent by the agencies as indicated in **Table-1.1**.

Table 1.1: Financial outlay and expenditure incurred under the Scheme

(₹ in crore)

Sl. N0	Year	No of MLAs	Funds provided in the budget	Amount provided by DPOs to implementing agencies	Short released of funds by DPOs	Expenditure reported by implementing agencies	Unutilised amount with implementing agencies
1	2	3	4	5	6	7	8 (5-7)
1	2005-06	231	138.60	137.37	1.23	133.34	04.03
2	2006-07	231	184.80	183.89	0.91	173.65	10.24
3	2007-08	231	177.87	176.94	0.93	161.53	15.41
4	2008-09	231	177.87	173.99	3.88	138.65	35.34
5	2009-10	231	177.87	166.22	11.65	79.75	86.47[2]
		Total	**857.01**	**838.41**	**18.60**	**686.92**	**151.49**

(Source: - Data furnished by the Commissioner)

Thus, out of ₹ 857.01crore provided for developmental works during 2005-10, ₹ 18.60 crore was not released by the DPOs to the implementing agencies and ₹ 151.49 crore remained unutilised with these agencies, depriving the beneficiaries of the intended benefit of the scheme. Year-wise and district-wise position of unutilised amounts is shown in **Appendix-1.2.** The Directorate attributed the short release of ₹ 18.60 crore to receipt of proposals from the MLAs at the fag end of the year.

At the exit conference, the Principal Secretary stated that efforts were being made to utilise the balance amount to complete the works.

2 *Out of 2,749 works sanctioned during 2009-10, 1,676 works were in progress.*

1.1.7.3 Delay in release of funds

Funds were released by Janpad Panchayats with delays ranging from 37 to 980 days.

According to instructions (January 2007) of the Commissioner, funds were to be provided to executing agencies within 15 days after the sanction of works.

Scrutiny of records of Janpad Panchayats of seven districts[3] revealed that the funds were released to Gram Panchayats with delays ranging from 37 to 980 days as shown in **Table-1.2** below.

Table 1. 2: Position of delays in release of funds

(₹ in crore)

Sl. No	Year	No. of works	Period of delay in days	Amount (delayed release)
1	2007-08	115	43 to 980	1.27
2	2008-09	147	44 to 708	1.33
3	2009-10	66	37 to 252	0.64
	Total	**328**	**37 to 980**	**3.24**

(Source: - Data taken from test-checked agencies)

On this being pointed out, the Chief Executive Officers (CEOs) of Janpad Panchayats stated (May to December 2010) that due to non-completion of the formalities by the executing agencies such as submission of agreements, land details, map and technical sanctions of the works, the amounts could not be released in time. During the exit conference, the Principal Secretary stated that the CEOs had been instructed to adhere to the guidelines for timely release of funds in future.

1.1.7.4 Irregular parking of funds in Personal Deposit Account

As per Rule 284 of the Madhya Pradesh Treasury Code (MPTC), funds should not be drawn from the treasury unless required for immediate disbursement. Out of 12 test-checked DPOs, scrutiny of records of the DPO Bhind revealed that there was an opening balance of ₹ 31.58 lakh in the Personal Deposit Account (PDA) as on 1 April 2005. Further, out of ₹ 21.46 crore drawn by the DPO during 2005-10, ₹ 19.85 crore was released to the executing agencies and the remaining ₹ 1.93 crore[4] was deposited in PDA to avoid lapse of budget grant in contravention of provision of MPTC. Year-wise details are shown in **Table-1.3**.

Scheme funds were irregularly parked in Personal Deposit Account.

Table 1.3: Details of amount deposited in PD Account by DPO

(₹ in lakh)

Sl. No	Year	Total allotment of the Year	Amount drawn from Treasury by DPO	Amount released to agencies as per progress reports of DPO	Balance amount kept in PD Account
1	**2**	**3**	**4**	**5**	**6 (4-5)**
1	2005-06	360.00	360.00	347.48	12.52
2	2006-07	480.00	479.47	447.15	32.32
3	2007-08	462.00	462.00	418.37	43.63
4	2008-09	462.00	459.75	387.14	72.61
5	2009-10	385.00	385.00	384.99	0.01
	Total	**2149.00**	**2146.22**	**1985.13**	**161.09**

(Source: - Data made available by DPO Bhind)

3 *Balaghat, Betul, Burhanpur, Dhar, Jhabua, Khargone and Mandla.*

4 *₹ 1.93 crore (Opening Balance ₹ 31.58 lakh + ₹ 161.09 lakh).*

On this being pointed out, the DPO Bhind stated (June and October 2010) that the funds were deposited in the PDA to avoid lapse as the demand for subsequent instalments from the executing agencies were not received. The reply of the DPO was not acceptable as the drawal of funds by the DPO, to avoid lapse of budget was contrary to the above mentioned rule.

1.1.7.5 Non-recovery of balance amount of completed works from executive agencies

Balance amount of ₹ 96.29 lakh in respect of 668 completed works was lying with the executing agencies.

As per instructions issued (March 2006) by the Commissioner, balance amounts, if any, lying with executing agencies were required to be refunded and deposited into the Government account so as to make the funds available for utilisation on other works.

Test check of records of selected districts revealed that the balance amount of ₹ 96.29 lakh in respect of 668 works, completed during 2005-10, was lying (December-2010) with the executing agencies which was not refunded into the Government account. **Table-1.4** below indicates year-wise and district-wise position of balances:

Table 1.4: Unspent balances of completed works

(₹ In lakh)

Sl. No.	Districts	2005-06		2006-07		2007-08		2008-09		2009-10		Grand Total	
		No. of works completed	Balance Amount	No. of works completed	Balance Amount	No. of works completed	Balance Amount	No. of works completed	Balance Amount.	No. of works completed	Balance Amount	No. of works completed	Balance Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Balaghat	24	1.50	33	2.18	18	1.06	17	0.34	0	0	92	5.08
2	Betul	46	3.36	64	5.90	44	2.29	23	1.09	0	0	177	12.64
3	Bhind	48	2.39	54	2.23	37	1.54	31	0.46	0	0	170	6.62
4	Burhanpur	0	0	0	0	15	7.38	69	44.99	02	0.09	86	52.46
5	Dhar	07	1.77	03	2.26	21	3.78	10	2.74	0	0	41	10.55
6	Khargone	10	0.83	06	0.52	12	1.65	02	0.15	0	0	30	3.15
7	Mandla	1	0.03	0	0	01	0.20	0	0	01	0.53	3	0.76
8	Ratlam	09	1.20	07	0.20	05	0.33	0	0	0	0	21	1.73
9	Tikamgarh	05	0.08	27	1.41	09	0.93	04	0.01	0	0	45	2.43
10	Umaria	01	0.68	0	0	01	0.01	01	0.18	0	0	03	0.87
	Total	**151**	**11.84**	**194**	**14.70**	**163**	**19.17**	**157**	**49.96**	**03**	**0.62**	**668**	**96.29**

(Source:-Data made available by work executing agencies)

On this being pointed out, the DPOs stated (April to December 2010) that the instructions had been issued from time to time to the executing agencies for depositing the unspent balances. Further action was being taken for recovering the balances. Had the funds been refunded in time, these could have been utilised for execution of other works. During the exit conference, the Principal Secretary stated that the DPOs had been instructed to recover the balance amounts.

1.1.7.6 Non-deposit of interest to Government account

Paragraph 3.7 of the guidelines of the scheme provides that the interest earned on deposits of MPACADS funds should be remitted into the Government account.

In selected districts, an amount of ₹ 21.67 lakh earned as interest by 22 Janpad Panchayats/Nagar Palikas during the period 2005-10, was not remitted into the Government account and the amount was lying with the agencies. **Table-1.5** below gives year-wise and district-wise position of interest earned:

Table 1. 5: Non-depositing of interest into the Government account

(₹ In lakh)

Sl. No	Districts	2005-06	2006-07	2007-08	2008-09	2009-10	Grand Total
1	Balaghat	0.06	1.20	1.54	2.84	0.67	6.31
2	Betul	0.20	0.30	0.20	0.18	0	0.88
3	Bhuranpur	0	0	0	0	2.21	2.21
4	Dhar	0.05	0.42	0.15	0.37	0	0.99
5	Jhabua	0.06	0.36	0.49	0.82	0.18	1.91
6	Khargone	0.75	1.40	2.46	3.11	0	7.72
7	Ratlam	0	0	0.20	0.71	0.74	1.65
	Total	**1.12**	**3.68**	**5.04**	**8.03**	**3.80**	**21.67**

(Source: - Data made available by executive agencies)

On this being pointed out, the Principal Secretary stated that the DPOs had been instructed to deposit the interest earned on scheme funds into the Government account.

1.1.8 Execution of Works

1.1.8.1 Position of works under the scheme

The position of works recommended by MLAs, sanctioned by the DPOs and executed by implementing agencies during 2005-10 in the State, was as given in **Table – 1.6** below:

Table 1.6: Physical progress of the works at the State level

Sl. No	Year	Physical Progress of works					
		No. of proposals received from MLAs	No of works sanctioned by DPOs	No. of works completed with percentage in bracket	No. of works incomplete	No. of works not started	No. of works cancelled
1	2005-06	13733	12135	11810 (97.32)	275	13	37
2	2006-07	16179	14903	14257 (95.66)	567	58	21
3	2007-08	16164	14807	13207 (89.19)	1373	199	28
4	2008-09	16747	15328	12067 (78.72)	2928	253	80
5	2009-10	12258	11555	4612 (39.91)	5379	1544	20
	Total	**75081**	**68728**	**55953 (81.41)**	**10522**	**2067**	**186**

(Source: -Data made available by Directorate)

Scrutiny of records of 12 selected districts[5] revealed that out of 16,855 proposals received during 2005-10 from the MLAs, 15,598 works were sanctioned. It was further noticed that out of the sanctioned works, only 12,711 works (81 *per cent*) could be completed till December 2010 and 2,887 works as discussed in subsequent paragraphs were incomplete/cancelled/not started though funds were available with the executing agencies.

5 *Balaghat, Betul, Bhind, Burhanpur, Dhar, Gwalior, Jhabua, Khargone, Mandla, Ratlam, Tikamgarh and Umaria.*

1.1.8.2 Delay in sanctioning the works

According to the instructions (January 2007) of the Commissioner, administrative sanctions of works recommended by MLAs under the scheme were to be issued within 30 days of the receipt of the proposals.

Issuance of sanctions of 814 works were delayed by 25 to 431 days.

Out of 12 test-checked DPOs, scrutiny of the records in seven districts[6] revealed that issuance of administrative sanctions for 814 works costing ₹ 13.91 crore were delayed from 25 to 431 days as detailed in **Table-1.7**.

Table 1.7: Delayed released of sanctions

(₹ in crore)

S.No	Year	No. of works	Cost of works	Period of delay in days
1	2007-08	261	4.01	32 to 431
2	2008-09	152	2.14	30 to 277
3	2009-10	401	7.76	25 to 198
	Total	**814**	**13.91**	**25 to 431**

(Source: - Data taken from test-checked agencies of districts)

On this being pointed out, the DPOs stated (June to December 2010) that due to delayed submission of land details, maps and technical sanctions of works by the executing agencies, the administrative sanctions could not be issued in time. During the exit conference, the Principal Secretary stated that the DPOs had been instructed to avoid such delays in future.

1.1.8.3 Non-completion of sanctioned works within the stipulated period

Despite availability of funds, 717 works costing ₹ 10.62 crore remained incomplete.

The works sanctioned under the scheme were required to be completed within one or at the most two seasons. Test check of records of the selected districts revealed that in 11 districts[7], the works sanctioned under the scheme as shown in the **Table-1.8** spilled over for years/seasons together as of November 2010, despite availability of funds.

Table 1. 8: Position of incomplete works

(₹ In crore)

Sl. No.	Year	No. of works sanctioned	No. of works incomplete	Amount released in respect of incomplete works	Expenditure on incomplete works
1	2005-06	2899	24	0.38	0.18
2	2006-07	3568	91	0.95	0.52
3	2007-08	3132	209	3.14	1.14
4	2008-09	3250	393	6.15	2.61
	Total	**12849**	**717**	**10.62**	**4.45**

(Source: - Data furnished by DPOs)

Audit observed that despite availability of funds, 717 works remained incomplete without any plausible reasons. Besides the above, out of 2,749 works sanctioned during 2009-10, 1,676 works were in progress. Details of 381 works sanctioned

6 *Burhanpur, Dhar, Jhabua , Khargone, Ratlam, Tikamgarh and Umaria.*
7 *Balaghat, Betul, Bhind, Burhanpur, Dhar, Gwalior, Jhabua, Khargone, Ratlam, Tikamgarh and Umaria.*

during 2005-10 were not made available by the DPOs Burhanpur (234 works) and Mandla (147 works). On this being pointed out, the DPOs stated (April to December 2010) that the works remained incomplete due to lack of interest amongst the executing agencies and that instructions had been issued for expediting completion of sanctioned works. During the exit conference, the Principal Secretary stated that the DPOs had been instructed to complete all the works by 31 December 2010.

1.1.8.4 Non-commencement/Cancellation of works

As per the instructions (November 2002) of the Commissioner, Collectors were required to review cases of disputed sites of works and get the works started. Otherwise, the works were required to be cancelled.

In six districts, 111 works could not be started due to land disputes.

In six districts[8], 111 works costing ₹ one crore as shown below in **Table-1.9** could not be commenced as there were disputes with regard to titles of land. Neither were these works cancelled nor were the amounts paid to agencies for executing these works recovered.

Table 1.9: Position of non-commencement of works

(₹ In lakh)

Sl. No	Year	No. of works not started	No. of works cancelled	Amount released	Reasons
1	2005-06	08	Nil	05.62	Disputed land
2	2006-07	28	01	15.99	Disputed land
3	2007-08	28	01	26.90	Disputed land
4	2008-09	47	Nil	51.60	Disputed land
	Total	**111**	**02**	**100.11**	

(Source: - Data furnished by DPOs)

During the exit conference, the Principal Secretary stated that the DPOs had been instructed to sanction the works after the verifying the title of land.

1.1.8.5 Non-submission of Completion Certificates by the agencies

As per the instructions (July 1996) of the Commissioner, all the DPOs were required to obtain completion certificates (CCs) from the agencies immediately after the completion of the works.

Completion certificates in respect of 2,828 works costing ₹ 40.63 crore were not obtained from executing agencies.

Test check of records of seven selected districts[9] revealed that out of 6,597 works reported by the DPOs to the Commissioner as completed during 2005-10, CCs in respect of 2,828 works costing ₹ 40.63 crore as shown in **Table-1.10** were not obtained from the executing agencies due to which the assets created could neither be accounted for nor transferred to local bodies/departments for their maintenance.

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8 *Betul 23 works (₹ 17.74 lakh), Bhind 35 works (₹ 43.93 lakh), Burhanpur 02 works (₹ 2.80 lakh), Dhar 05 works (₹ 6.30 lakh), Mandla 14 works (₹ 11.36 lakh) and Tikamgarh 32 works (₹ 17.98 lakh).*

9 *Balaghat, Jhabua , Khargone, Mandla, Ratlam, Tikamgarh and Umaria.*

Table 1.10: Non-submission of Completion Certificates by Agencies

(₹ in crore)

Sl. No.	Year	No. of works completed under the schemes	No. of works for which CC not received	Cost of works for which CC not received
1	2005-06	1461	428	5.67
2	2006-07	1731	535	7.49
3	2007-08	1444	571	9.52
4	2008-09	1494	938	12.57
5	2009-10	467	356	5.38
	Total	**6597**	**2828**	**40.63**

(Source: - Progress reports of DPOs)

On this being pointed out, the DPOs stated (April to December 2010) that instructions had been issued to executing agencies to furnish the CCs, emphasising the need to furnish the CCs in due time. During the exit conference, the Principal Secretary stated that instructions had been issued to call for the CCs in respect of complete works.

1.1.8.6 Irregular payment of supervision charges

According to instructions issued (August 1999) by the Commissioner, no supervision/contingent charges were chargeable on the works executed by the agencies under the scheme.

Executing agencies paid supervision charges in contravention of instructions.

Scrutiny of records of three districts revealed that supervision/contingent charges amounting to ₹ 6.56 lakh for 41[10] works were paid to agencies (PWD, MPSEB and Janpad Panchayats) in contravention of standing instructions.

On this being pointed out, the DPOs stated (March to December 2010) that the cases would be reviewed and appropriate action for the recovery would be taken. During the exit conference, the Principal Secretary stated that instructions had been issued to recover the amount paid as supervision charges from executing agencies.

1.1.9 Asset Management

1.1.9.1 Non-maintenance of the information of works

Para 4.3 of the scheme guidelines stipulates that the Commissioner should have up to date information of works completed under the scheme. Further, according to the instructions issued (April 1996) by the Commissioner, a complete data base was required to be prepared in respect of completed works under the schemes in National Informatics Centre (NIC) at the district level.

10 Balaghat 12 works (₹`1.92 lakh), Burhanpur 23 works (₹`4.46 lakh) and Jhabua 06 works (₹ 0.18 lakh).

Non-maintenance of the information of works.

Scrutiny of records of the Commissioner, for the year 2005-10, revealed non-maintenance of such information by the Commissioner. Further, test check of records of 12 districts[11] revealed that the required data base was not prepared even at the district level.

On this being pointed out, the Commissioner stated (March 2010) that it was not possible to have consolidated information for all constituencies at State level. The reply is not acceptable as it was contrary to the guidelines.

The preparation of a data base is a vital requirement in respect of the completed works in districts to apprise the public of the works done in their districts. Due to non-maintenance of the data base, the public was largely unaware of works done under the scheme in their districts.

At the exit conference, the Principal Secretary stated that the DPOs had been instructed to maintain a database at the district level.

1.1.9.2 Assets created under the scheme were neither recorded nor verifiable

Assets registers/records of assets transferred were not maintained.

As per the circular issued (July 2003) by the Commissioner, the assets created under the scheme, were required to be recorded in a separate asset register and the assets were to be handed over to the concerned department/agency for use.

During test check of records in the 12 selected districts[12], it was noticed that the records of assets transferred were not available with the DPOs. Similarly registers of assets were not maintained by the DPOs in nine districts[13] and were incomplete in three districts[14].

The Principal Secretary during exit conference stated that the DPOs had been instructed to maintain asset registers and transfer the created assets.

1.1.10 Monitoring

1.1.10.1 Lack of monitoring

Para 4 of the scheme guidelines provide that the DPO is responsible for overall co-ordination and supervision of the works at the district level and is required to inspect at least 10 *per cent* of the works executed within his jurisdiction under the scheme.

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11 *Balaghat, Betul, Bhind, Burhanpur, Dhar, Gwalior, Jhabua, Khargone, Mandla, Ratlam, Tikamgarh and Umaria.*

12 *Balaghat, Betul, Bhind, Burhanpur, Dhar, Gwalior, Jhabua, Khargone, Mandla, Ratlam, Tikamgarh and Umaria.*

13 *Bhind, Burhanpur, Dhar, Gwalior, Jhabua, Khargone, Ratlam, Tikamgarh, Umaria.*

14 *Balaghat, Betul and Mandla.*

Scrutiny of records of selected districts[15] revealed that no records were maintained in support of the inspections actually conducted and the works visited by the DPOs.

On this being pointed out, the DPOs stated (June to December 2010) that monitoring could not be done as desired in the guidelines due to inadequate staff. At the exit conference, the Principal Secretary stated that efforts were being made to fill up vacant posts and the DPOs had been instructed to ensure proper monitoring in future.

1.1.10.2 Non-holding quarterly meeting at District level

As per the instructions issued (April 1996) by the Commissioner, it was obligatory for the District Collector to hold quarterly meetings with MLAs and executing officers to apprise the MLAs, of progress of the works taken up under the scheme.

During the scrutiny of the records of 12 districts[16], it was revealed that no such meetings were held during 2005-10.

On being pointed out, the DPOs (June to December 2010) assured that they would hold the quarterly meeting regularly in future. At the exit conference, the Principal Secretary stated that instructions had been reiterated to conduct regular meetings.

1.1.10.3 Progress reports submitted by DPOs without obtaining expenditure statements from agencies

As per the instructions (April 1996) of the Commissioner, the monthly income-expenditure statements and progress reports were required to be obtained by the DPOs from the executing agencies for the funds released to them for onward submission to the Commissioner.

Scrutiny of records of 12 selected districts[17] revealed that none of the 94 executing agencies submitted regularly monthly income-expenditure statements and the progress reports to the DPOs.

On this being pointed out, the Principal Secretary stated that the DPOs had been instructed to obtain monthly income and expenditure statements from the executing agencies in future.

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15 *Balaghat, Betul, Bhind, Burhanpur, Dhar, Gwalior,Jhabua, Khargone, Mandla, Ratlam, Tikamgarh and Umaria.*

16 *Balaghat, Betul, Bhind, Burhanpur, Dhar, Gwalior, Jhabua, Khargone, Mandla, Ratlam, Tikamgarh and Umaria.*

17 *Balaghat, Betul, Bhind, Burhanpur, Dhar, Gwalior Jhabua, Khargone, Mandla, Ratlam, Tikamgarh and Umaria.*

1.1.11 Conclusion

The works were undertaken without any planning for implementation of the scheme. Funds available under the scheme were not fully utilised. There were cases of short/delayed release of funds, parking of funds in personal deposit account and non-recovery of balances from executing agencies. There were delays in sanctioning and completion of works. Completion certificates were wanting in about 43 *per cent* works. Asset registers were not maintained. There was lack of monitoring through inspection of works.

1.1.12 Recommendations

- Periodic evaluations should be conducted to assess the actual utility and public benefits being derived out of the works sanctioned so as to facilitate MLAs in selecting works as per the felt needs of their constituencies.
- Asset registers should be maintained so as to enable the verification of assets created under the scheme. Suitable arrangements should be devised to ensure the transfer of assets to user departments and maintenance of the assets created.
- A system of online tracking and monitoring of execution of works should be devised for timely action against delays in execution and completion of works.

Water Resources Department

1.2 Construction of Bansagar Project Unit-II Canals

Highlights

Construction of Unit-I head work of Bansagar project, taken up (1978) at a cost of ₹ 91.31crore, was completed (2006) at a cost of ₹1,251 crore. Construction of a 1463.27 km network and 3,351 structures of Bansagar Project Unit-II Canal were taken up (1979) at a cost of ₹10.06 crore for completion by 1987. After spending ₹961.01 crore upto March 2010, only 911.51 km canal network and 1,857 structures were completed. Against a target of 1,23,634 hectares, irrigation potential of only 81,701 hectares was developed. The actual irrigation potential utilised was as low as 4.19 per cent to 15.67 per cent of the proposed irrigation potential.

Some important findings of performance audit of Unit-II canal works are given below:

The estimates and designs of excavation and structures were prepared without proper survey. Variations in quantities led to an extra expenditure of ₹ 13.32 crore. Funds amounting to ₹ 43.82 crore provided for construction of the Bansagar canal network were diverted and utilised for construction of Lift Irrigation Schemes (LISs) and Magardaha canal of Budwa minor tank.

(Paragraphs 1.2.6.2 and 1.2.7.1)

Construction of the Mahidalkalan distributory and the Navbasta distributory was badly delayed. Absence of co-ordination with the Uttar Pradesh Irrigation Department led to an avoidable expenditure of ₹ 6.67 crore and blockage of Government money of ₹ 4.02 crore. A cement manufacturing company was given an undue advantage of ₹ 7.23 crore.

(Paragraphs 1.2.8.3, 1.2.8.4 and 1.2. 8.5)

Mild steel (MS) pipe aqueducts constructed at a cost of ₹ 5.67 crore were not capable of passing the designed discharge. Earthwork costing ₹ 53.17 lakh and a cement concrete toe wall worth ₹ 3.17 crore were below specifications.

(Paragraphs 1.2.8.6, 1.2.8.7 and 1.2. 8.8)

Purchase of MS footbridges and MS signboards through an unauthorised agency led to an extra cost of ₹ 2.47 crore and MS footbridges worth ₹ 19.46 crore were purchased without proper design. There was an excess purchase of 1,317 footbridges, out of which 593 footbridges were not installed.

(Paragraphs 1.2.8.10 and 1.2. 8.11)

Contrary to the codal requirements, the work of design, supply, fabrication and erection of VT pumps, LISs worth ₹ 50.15 crore and MS pipe rising main and aqueducts of ₹ 57.69 crore was entrusted to suppliers through Madhya Pradesh Laghu Udyog Nigam without inviting open tenders. Purchase of MS pipes at a higher rate resulted in extra cost of ₹ 16.21 crore.

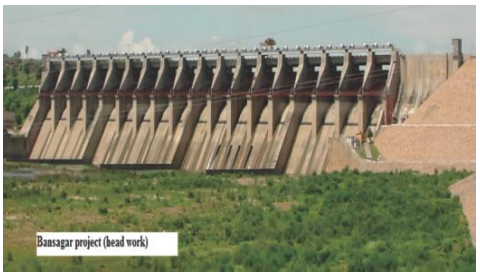
(Paragraph 1.2.8.9)

Performance security of ₹ 2.10 crore and security deposit of ₹ 1.19 crore were released in contravention of the provisions of an agreement. Improper contract management led to an excess payment of ₹ 6.11 crore on account of inadmissible payment for drawing and design and incorrect application of rates for extra quantities.

(Paragraphs 1.2.9.1, 1.2.9.2 and 1.2.9.3)

1.2.1 Introduction

The Bansagar multipurpose project on the river Sone is an inter-State project of Bihar, Madhya Pradesh (MP) and Uttar Pradesh (UP). The project envisaged creation of an irrigation potential of 2.49 lakh hectares (ha) with 125 *per cent* irrigation intensity in MP, 1.50 lakh ha in UP and stabilizing the irrigation requirements of 94000 ha of the old Sone canal system of Bihar. The project also envisaged hydro-power generation of 425 megawatt for MP. Unit-I of the project comprising construction of the headwork was started in 1978 at a cost of ₹ 91.31 crore and was completed in September 2006 at a cost of ₹ 1,251 crore. Construction of the canal system under Unit-II of the project in each State was the responsibility of that State.



Construction of Bansagar Project Unit-II Canals in MP was taken up in 1979 at a cost of ₹ 10.06 crore and was still in progress as of March 2010, after spending ₹ 961.01 crore. The canal system comprised seven canals including two lift irrigation schemes (LIS). It covered an irrigable command area (ICA) of 1,99,487 ha. The Unit-II canals included construction of 445.52 km long main canal, the distributaries and the minors of each canal. The canal network at a glance is given in **Table 1.11.**

Table No 1.11 : Network of canals in Banasagar

Sl. No	Name of main canal	Length in km	Offtake point	Irrigation area in hectare		Irrigation potential as proposed in hectare
				Through canal	Through ground water	
	Common Water Carrier (CWC) 30.37 km[18]		From head work	-	-	-
1.	Right bank canal	32.20	From right bank of dam	4047	1600	7059
2.	Bhitari canal	13.20	From saddle dam	2184	1500	4605
3.	Sihawal canal	75.27	22 km of CWC	21714	17800	49392
4.	Keoti canal	90.00	28.96 km of CWC	36422	8000	55527
5.	Purwa canal	128.89	37.30 km of CWC	59267	8000	84084
6.	Teonthar LIS	40.96	Right bank of Tons river	11330	4400	19662
7.	Gurh-Mauganj LIS	65.00	4.13 km of Keoti canal	19723	3500	29029
	Total	**445.52**		**154687**	**44800**	**249358**

Source: Detailed project report

18 *CWC was constructed by the MPSEB only for carriage of water and not for irrigation and is at disposal of MPSEB.*

1.2.2 Organisational Setup

The Water Resources Department (WRD) of the State is headed by the Principal Secretary. The Engineer-in-Chief (E-in-C) is the apex level field officer. For the Bansagar project, he is assisted by one Chief Engineer (CE), Ganga Basin, Rewa and two Superintending Engineers (SEs), Bansagar Canal Circle and Masonry Dam Circle, who are responsible for overall planning, implementation and supervision of works. At the field level, six Executive Engineers (EEs) are responsible for the execution of works under the direction and control of the CE and the SEs. The organogram of the department is given in **Appendix 1.3.**

1.2.3 Audit objectives

The performance audit was conducted to assess whether:

- the project was planned appropriately;
- the financial management and the utilisation of funds were proper and effective;
- the execution of the project was carried out economically and efficiently;
- the project works were executed as per plan, standard design and specifications and were completed within the stipulated time frame and
- the monitoring system was adequate and effective.

1.2.4 Audit criteria

The audit findings were based on the following criteria:

- Provisions of the Works Department Manual and orders/ instructions issued by the Government and the Central Water Commission.
- Approved designs and irrigation specifications issued by the Government for construction of canals.
- Standard codes of Bureau of Indian Standards.

1.2.5 Scope of audit and methodology

The scope of the performance audit was restricted to the construction of Unit-II canals of the Bansagar project. The period of audit coverage was from 2005-06 to 2009-10. Records of the offices of the E-in-C, CE, SE and all the divisions were reviewed between July and October 2010 to the extent the records made available by the department. Some records like supply orders and vouchers for purchases, measurement books, cash books etc for the period 2005-06 to 2007-08 had been seized by the Economic Offences Wing (EOW) and the Lokayukt, Government of Madhya Pradesh.

An entry conference was held (April 2010) with the Principal Secretary and other officials of the WRD and the exit conference was held (December 2010) with the

Additional Secretary and other officials of the WRD. The views of the department have been incorporated in the review at appropriate places.

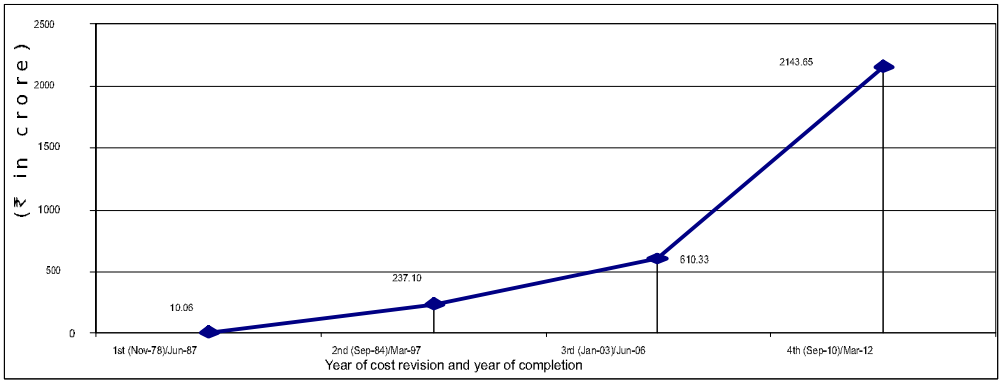
Audit acknowledges the co-operation given by WRD during the course of performance audit.

1.2.6 Audit findings

1.2.6.1 Planning

The scope of the Bansagar canal (Unit-II) was limited to providing water to the agricultural fields (2.49 lakh ha) through main canals, distributory canals and minor canals. The project approved (1978) at ₹ 10.06 crore by the Government was to be completed by June 1987. However, it got clearance from the Planning Commission in November 2001 for ₹ 344.66 crore at the 1991 price level. Revision in cost from time to time and shifting of target dates of completion are shown in graph below:

Graph showing revision of cost and target for completion of the Bansagar project Unit-II canal



(Source: Detailed project reports and para 1.1 of Civil Audit Report No 1 for the year ended 31 March 1989.)

1.2.6.2 Deficiency in the planning process

According to paragraphs 2.025 and 2.017 of the Works Department (WD) Manual, estimates for works were required to be prepared on the basis of detailed surveys and trial pits to determine, as accurately as possible, the quantities of various items of work to be executed. Para 2.028 of the WD Manual further provided that the officer according the technical sanction to an estimate was responsible for ensuring the soundness of design, by incorporating all the items.

During the course of audit, instances of defective estimates, estimation of disproportionate inputs, execution of works beyond the scope of Administrative Approval (AA) etc were noticed which are discussed in the succeeding paragraphs:

Improper estimation led to extra expenditure of ₹ 6.77 crore.

- In the work of construction of packages KCP-3, PCP-6, PCP-10 and PCP 11-A, the estimates for excavation in canals were prepared without proper survey and as a result, the quantities of various types of strata vis-à-vis the estimated quantities abnormally varied as detailed in **Appendix 1.4.** Consequently, the department had to incur (August 2007 to June 2010) extra expenditure of ₹ 6.77 crore in four cases for execution of the excess quantities.

Defective estimation resulted in extra expenditure of ₹ 6.55 crore.

- Construction of the distributaries and the minors between km 32.95 to km 41.41 and 238 structures[19] (package KCP-9) of Keoti Main Canal was taken up (December 2006) at a cost of ₹ 6.92 crore. The detailed estimates were prepared on the basis of sample design of the structures. Due to defective estimation of cement concrete likely to be consumed in the works, the entire quantity of 22318.48 cu m cement concrete (CC) 1:3:6 was consumed (March 2009) for the construction of 84 structures only. To complete the work, the additional quantities of 34,277.603 cu m CC involving ₹ 6.55 crore were re-estimated. The revised quantities, however, had not been approved by the Government as of July 2010.

  The EE stated (August 2010), that the matter would be investigated and reported to Audit. The reply was awaited as of December 2010.

Overlapping of ICA of 800 ha led to construction of Magardaha canal, leading to diversion of ₹ 5.09 crore.

- Budwa tank, an old minor irrigation tank (outside the scope of Bansagar Project) in Shahdol district was designed for irrigable command area (ICA) of 800 ha. In April 2005, the department noticed that the Right Bank Canal (RBC) system of the Bansagar canals was overlapping[20] the ICA of 600 ha of the Budwa tank. In order to rectify it, the E-in-C, WRD transferred (April 2005) the Budwa tank to the Bansagar project. The CE, Bansagar provided (2009) ₹ 10.50 crore in the revised administrative approval of the Bansagar canal for construction of the eight km Magardaha canal at Budwa tank to restore ICA of 600 ha and expenditure of ₹ 5.09 crore was incurred up to 2009 for the construction of Magardaha canal. This resulted in diversion of ₹ 5.09 crore in the construction of Magardaha canal from the funds earmarked for the Bansagar canal.

  The EE, Rockfill Dam Division, Deolond stated (September 2010) that the decision for construction of the Magardaha canal system of Budwa tank was taken by the higher authorities.

1.2.7 Financial management

1.2.7.1 Deficient financial planning

The work on Unit-II of the project, though administratively approved in 1978, started in 1979. However, due to shortage of funds, the project could not make much

19 *Structures like canal head regulators, village roads bridges aqueducts, siphons etc.*
20 *Overlapping of irrigable command area means irrigable command area of one irrigation project also irrigated by another irrigation project.*

progress. During 1996-97, the project, including the head works, was included under the Accelerated Irrigation Benefit Programme (AIBP). In 2003-04, Unit-II canal excluding LIS was proposed as a separate component under AIBP.

The Central assistance under the scheme was to be given in the form of loan and grant. As per guidelines modified by Government of India (GOI) from time to time, the ratio of share between GOI and the Government during 2005-06 was 2:1, (70 *per cent* was loan and 30 *per cent* was treated as Central assistance (CA)). From 2006-07 onwards, 25 *per cent* of the project cost was provided as CA. The project was approved (2007) by the National Bank for Agriculture and Rural Development (NABARD), for loan under RIDF-XIII at an updated cost of ₹1898.65 crore as on July 2007, excluding the cost of both the LIS. After deducting expenditure already incurred upto March 2007, the remaining cost was ₹ 1324.33 crore. NABARD was to provide loans of₹ 943.58 crore during the year 2007-08 to 2009-10 and the remaining cost of ₹ 331.08 crore (25 *per cent*) was to be met from AIBP funds and the Government (₹ 49.67 crore: five *per cent*).

Expenditure on the project up to 2004-05 was ₹ 353.98 crore. The financial status of the project during the period 2005-10 was as given below:

Table no 1.12: Budget allotment and expenditure

(₹ in crore)

Year	Budget provision	Budget allotment			Expenditure
		Central Share	State Share	Total	
2005-06	82.38	58.73	36.14	94.87	91.32
2006-07	148.98	87.55	50.91	138.46	134.31
2007-08	175.54	42.60	136.69	179.29	177.26
2008-09	178.81	33.49	110.64	144.13	143.48
2009-10	57.04	12.05	48.71	60.76	60.66
Total (2005-2010)	**642.75**	**234.42**	**383.09**	**617.51**	**607.03**

Source: Information provided by E-in-C

Few instances of deficient financial management and diversion of funds are discussed in the succeeding paragraphs:

During 2005-10, the funds allotted were not fully utilised.

- It was observed that an expenditure of ₹ 607.03 crore was incurred against the budget allotment of ₹ 617.51 crore during 2005-10. This indicated that the grants were not fully utilised due to slow progress of works.

Funds provided for construction of canals were utilised for LISs.

- In the AA accorded for the Bansagar canals, the Government directed (2003) that the construction of the Gurh-Mauganj and the Teonthar LIS, (estimated cost of ₹ 155.85 crore) be taken up only after the prior approval of the Government and after ensuring the availability of funds for maintenance of the LISs and electricity. Construction of these LISs was excluded from the scope of works under AIBP (2003-04) and NABARD loan 2007-08.

  However, contrary to these requirements, the Government permitted (November 2007) the department to take up the work for both the LISs

without ensuring the availability of funds for their maintenance. Consequently, an amount of ₹ 38.73 crore[21] was utilised for the construction of the LISs (2008 to 2010) from CA and the NABARD loan as no specific allotment of funds were available for these LISs.

The CE stated (September 2010) that the expenditure was incurred after obtaining approval of the Government. The reply is not acceptable because the work was taken up from the funds provided for construction of canals.

1.2.8 Project execution

For efficient and cost-effective execution of works relating to the project, specific targets and milestones were prescribed for execution and creation of the specified irrigation potential to avoid delay and ensure timely accrual of the intended benefits. The works were to be executed as per the provisions of the Madhya Pradesh Works Department Manual and the specifications issued by the E-in-C.

Instances of deficiencies and departure from the provision of the Manual and specifications are discussed below:

1.2.8.1 Non-achievement of targets

In order to complete the works of the main canals and the distribution system excluding the Gurh-Mauganj and the Teonthar LIS by June 2009, the Unit II canal project was divided into three phases (Phase –I by June 2005, Phase II-A by June 2008 and Phase II-B by June 2009). While including the project for the NABARD loan, the date of completion was revised from June 2009 to March 2010. The lengthwise target of each phase was recorded by the department every year. However, it did not record data on the phase-wise targets and achievements. When inquired by Audit, the department provided data on final achievement only (lengthwise) as of March 2010. The lengthwise targets and achievements are given below:

Table No 1.13: Targets and Achievements

Name of canal system	Targeted length of canal system in km	Actual completion by March 2010 (in km)	Percentage of completion
Right Bank Canal	82.74	82.54	99.75
Bhitari Canal	50.00	50.00	100
Sihawal Canal	443.74	355.70	80.16
Keoti Canal	390.91	205.25	52.50
Purwa Canal	495.88	218.47	44.06
Total	**1463.27**	**911.51**	
Nos of structures	**3351**	**1857**	**55.42**

Source: Information provided by CE, Ganga basin, Rewa

21 *Gurh-Mauganj LIS* ₹ *5.10 crore*
Teonthar LIS ₹ *33.63 crore*
Total ₹ *38.73 crore*

Scrutiny in audit revealed that the progress of the three canal systems, namely Sihawal, Keoti and Purwa canals ranged between 44 to 80 *per cent* and the construction of structures remained as 55.42 *per cent* as on 31 March 2010. The slow progress was mainly due to the following reasons:

- In 20 out of 44 cases test checked, the works were awarded as late as 2008-09.
- There were delays in completion of works by the contractors from one year to four and half years with respect to the stipulated dates of completion in 25 out of 44 cases test-checked.
- The works of Purwa and Keoti main canals were taken up in the years 2001 and 2003 respectively. The distributory division assigned with the works of construction of distributories for these canals was established in 2003 but it started the work in 2006.

The CE stated (September 2010) that yearwise targets and achievements were maintained with respect to the quantities of works and not as per the length of canal. He further stated that the work would be completed by June 2012. The reply is not acceptable as the quantities of earthwork already exceeded the estimated quantities. As against the estimated quantities of excavation of 31787.601 thousand cu m, 31966.81 thousand cu m excavation was already executed up to March 2010, while the length of the canal completed upto March 2010 ranged from 44.06 *per cent* (Purwa canal) to 80.16 *per cent* (Sihawal canal). The progress with respect to executed quantities, therefore, did not convey the actual status of completion.

After the entry conference held in April 2010 with the Principal Secretary, WRD, the Government constituted (July 2010) a Review Committee headed by the Additional Secretary, WRD to review the physical status of the project. A gist of some of the important observations of the Review Committee (submitted to the Government in September 2010) relating to sub-standard execution of canal works and works not conforming to the specification and designs are given in **Appendix 1.5.**

1.2.8.2 Non-creation of irrigation potential

As against the targeted irrigation potential of 1,23,634 ha, the potential created up to 2004-05 was 22,432 ha only. Targets and achievements for development of irrigation potential from the various canals during the period of 2005-2010 were as per **Table 1.14.**

Table no. 1.14: Irrigation potential developed and utilised

(Irrigable Command Area in ha)

There was shortfall of 33.92 *per cent* in development of irrigation potential. The actual irrigation ranged from 4.19 *per cent* to 15.67 *per cent.*

Name of canal	Designed irrigation potential (Ha)	Developed irrigation potential up to 2004-05	2005-06 Target Achievement	2006-07 Target Achievement	2007-08 Target Achievement	2008-09 Target Achievement	2009-10 Target Achievement	Total achievement up to March 2010
Right Bank Canal	4047	- 4047	NA	NA	NA	NA	NA	- 4047
Bhitri Canal	2184	- 2184	NA	NA	NA	NA	NA	- 2184
Sihawal Canal	21714	- 9566	11648 1484	10164 2640	7524 2800	4724 750	3974 200	21714 17440
Keoti Canal	36422	- 2536	23338 3500	20038 12695	7343 1463	5880 900	4980 7500	36422 28594
Purwa Canal	59267	- 4099	42276 1499	40777 16750	24027 4840	19187 1200	17987 1049	59267 29437
Total Target Achievement	**123634**	**- 22432**	**77262 6483**	**70979 32085**	**38894 9103**	**29791 2850**	**26941 8749**	**123634 81702**
Percentage achievement		18.14	15.33	45.20	23.40	9.60	32.47	66.08
Cumulative created irrigation potential		22432	28915	61000	70103	72953	81701	
Annual irrigation			**6482**	**9300**	**24221**	**24208**	**18064**	
Percentage of actual irrigation to proposed irrigation[22]			**4.19**	**6.02**	**15.67**	**15.66**	**11.69**	

Source: Information provided by CE, Ganga basin, Rewa

Thus against the target of 1,23,634 ha, the irrigation potential created upto March, 2010 was of 81701 ha (66.08 *per cent*) only, resulting in a shortfall of 41,933 ha (33.92 *per cent*). Similarly, the actual irrigation *vis-à-vis* the proposed irrigation during the above period remained as low as 4.19 *per cent* in 2005-06 and 11.69 *per cent* in 2009-10. The shortfall in extending irrigation to the farmers ranged from 95.81 *per cent* to 84.33 *per cent*. Scrutiny in audit revealed that the shortfall in irrigation was due to (i) construction of the canal in part reaches leaving unconstructed stretches in-between reaches (ii) non-construction of 105 head regulators against a target of 175 and (iii) non-construction of 472.33 km of distributaries and minor canals against a target of 1036.98 km length.

The CE stated (September 2010) that the reply would be submitted after receiving inputs from the division offices. The reply was still awaited (December 2010).

1.2.8.3 Delay due to change of alignment

Construction of Mahidalkalan distributory and Navbasta distributory was delayed and a cement company got undue advantage of ₹ 7.23 crore.

Construction of the Mahidalkalan distributory and the Navbasta distributory was awarded (June 2005 and December 2006) to two different contractors for ₹ 6.76 crore and ₹ 8.92 crore respectively. The contractors were paid (June 2010 and September 2009) ₹ 2.95 crore and ₹ 2.07 crore respectively. An amount of ₹ 1.36 crore and ₹ 2.76 crore was incurred on land acquisition. During construction, it was noticed that a portion of four km (from km 2.40 to km 6.40) of the Mahidalkalan distributory and the Navbasta distributory was aligned on leased land of a lime stone mine of a cement manufacturing company. On the request (March 2007) of the company, the Government decided (August 2008) to divert the alignment of the canals with the condition that the company would bear the total expenditure of the construction on the new alignment as well as the expenditure already incurred by the

22 *Proposed irrigation 123634 ha at 125 per cent irrigation intensity = 154543 ha.*

department on land acquisition and the construction of the canals on the old alignment.

Scrutiny in audit revealed that though a period of two years had passed, an amount of ₹ 2.40 crore[23] and ₹ 4.83 crore[24] incurred on construction and land acquisition had not been demanded from the company and the new alignment of canal was still to be surveyed. Thus not only was the construction of the canal delayed but undue advantage of ₹ 7.23 crore was also extended to the company.

The EEs stated (July and September 2010) that the company had deposited (September 2010) ₹ 8.17 lakh and ₹ 6.58 lakh for the survey work. The survey of Mahidalkalan distributory was pending due to objections by the cultivators and the progress of survey on the new alignment of Navabasta distributory would be intimated. The reply is not acceptable because the expenditure already incurred had not been demanded from the company.

1.2.8.4 Avoidable expenditure due to absence of co-ordination

Absence of co-ordination led to avoidable expenditure of ₹ 6.67 crore.

According to technical circular 70/1 issued by the E-in-C, WRD (June 1980), whenever a contour canal crosses a number of drainages along its course, appropriate drainage crossings have to be provided. It is possible in a few cases, to combine two or more drainages and construct only one crossing. Judicious discretion, based on preliminary technical examination, should be used in deciding whether or not a drainage is to be diverted to the adjoining one.

The Sihawal Main Canal of MP and UP Feeder Canal (UPFC) of UP are contour canals. The UPFC offtakes at km 15.24 of the Sihawal Main Canal and thereafter runs parallel to the Sihawal canal at a distance of 150 m to 200 m at a higher altitude in the Kaimore hills. Construction of the Sihawal canal was partially completed by February 1998 while the work of UPFC was started in 1998. As per the Detailed Project Report, the Government had planned 108 structures like drainage siphon and drainage culverts between km 15.25 to km 75.27 at a cost of ₹ 14.05 crore, out of which ₹ 12.94 crore had already been incurred upto March 2009. The UP Irrigation Department (UPID), constructed only 16 big structures on UPFC but not in the front of the structures of the Sihawal canal. The small structures constructed on the Sihawal canal were not sufficient to pass the heavy discharge of water coming from the big structures of UPFC, without damaging the Sihawal canal. According to the CE Ganga basin, Rewa, (August 2006) the situation required construction of 14 new structures and renovation of four existing structures at an estimated cost of ₹ 5.50 crore. Had the work been planned properly in coordination with UPID keeping in

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23 *Mahidalkalan distributory: ₹ 1.04 crore on construction + ₹ 1.36 crore on land acquisition = ₹ 2.40 crore..*

24 *Navbasta distributory: ₹ 2.76 crore on construction + ₹ 2.03 crore on land acquisition = ₹ 4.83 crore.*

view that the UPFC was situated at the higher level and the water coming from the structures of the UPFC would have ultimately passed through the structures of the Sihawal canal, the expenditure of ₹ 6.67 crore could have been avoided.

The EE stated (September 2010) that construction of new structures was essential to pass the discharge coming from the structures of the UPFC and the work was done as per the instructions of the higher authorities. The reply is not acceptable because work was not properly planned as per the provisions of technical circulars and the plan of UPFC and the department failed to coordinate with UPID.

1.2.8.5 Blockage of funds due to non-construction of head regulator of a distributory

Construction of Shikarganj distributory, pending decision of outlet, led to blockage of ₹ 4.02 crore.

The Detailed Project Report of 1999 provided for construction of the 4.68 km long Shikarganj distributory at km 0.21 of the Sihawal Main Canal for creating an irrigable command area (ICA) of 2762 ha. The work was awarded (March 2001) to a contractor. At the time of the layout, it was noticed by the department that the ground level in the approved estimates differed from the initial ground levels. Therefore, the efficiency and the utility of the distributory became disputable. It was, therefore, decided (April 2002) to construct another 13.30 km long distributory No. 2 from km 10.80 of common water carrier (CWC) for ICA of 1454 ha by reducing ICA of the earlier distributory to 1170 ha. Pending a decision on the construction of the head regulator of distributory No. 2, the work was awarded (December, 2002) to a contractor who had been paid ₹ 4.02 crore (August, 2008). Permission to construct a head regulator at km 10.80 of the CWC was requested (January 2005) from the MPSEB since the CWC was under their control. Being an inter-State matter, MPSEB required (February 2005) permission from the Bansagar Control Board. No action had been initiated by the CE, Ganga basin from the Control Board as of September 2010 to seek the requisite permission. Thus the expenditure (₹ 4.02 crore) incurred on construction of the Shikarganj distributory No.2, without constructing the head regulator resulted in blockage of Government money.

The EE stated (September 2010) that the construction of Shikarganj distributory No.2 was in progress and water at the head of the canal would be provided by the siphon system. The reply is not acceptable because there was no correspondence with the MPSEB regarding construction of the siphon except the head regulator and permission for the siphon at CWC had not been obtained from MPSEB and the Control Board.

1.2.8.6 Purchase of inappropriate Mild Steel pipes

Purchase of MS pipes not conforming to the requirement rendered expenditure of ₹ 5.67 crore unfruitful.

(i) The CE, Ganga Basin, Rewa approved (July 2007) an estimate for construction of an MS pipe aqueduct at km 60.06 of the Keoti Main Canal for ₹ 2.32 crore. The estimate provided use of MS pipes of 1,800 mm dia in the thickness of 10 mm in two rows. The canal was having discharge of 5.122 cumecs and bed slope of 1 in 6,000 but while calculating the discharge, the department adopted (July 2007) a steeper slope of 1 in 1500 to match the

design discharge from the two pipes. Payment of ₹ 96.09 lakh was made (February 2007) for the purchase.

Scrutiny in audit revealed that on the basis of the bed slope of the canal 1 in 6000 the MS pipe aqueduct in two rows of 1800 mm dia was capable of passing discharge of 2.75 cumecs only. Thus the purchase of pipe 1800 mm dia at the cost of ₹ 96.09 lakh was unfruitful.

(ii) The CE approved (January and July 2007) construction of MS pipe aqueducts of 2,000 mm dia, 10 mm thick in two rows, at km 112.50 and km 113.16 km of Purwa Main Canal having discharge of 5.309 cumecs at bed slope of 1 in 5,500. However, the department prepared the design by adopting the steeper slope of 1 in 1,500 to match the design discharge.

Scrutiny in audit revealed that on the basis of bed slope of the canal 1 in 5,500, the MS pipe aqueduct in two rows of 2,000 mm dia was capable of passing discharge of 3.812 cumecs only. Thus the amount of ₹ 4.71 crore incurred (March 2007 to March 2010) on procurement of MS pipes was unfruitful. Further, the Chief Technical Examiner (CTE) observed (April 2010) that the MS pipes supplied for aqueduct at km 113.16 got deformed and were getting rusted because the pipes were not coated with quality paints.

The EE stated (July 2010) that the canal was in the tail area where the supply of water was automatically reduced and the canal bed level (CBL) so reduced would be maintained because reduction in CBL would range upto 30 cm only. The reply is not relevant because the section of canal was approved for discharge of 5.309 cumecs and reduction in the canal bed level would ultimately reduce the Irrigable Command Area (ICA).

1.2.8.7 Non-execution of works as per specification

Earthwork of ₹ 53.17 lakh was done without proper compaction.

According to the irrigation specifications forming part of the agreement, earthwork for canal embankment is required to be executed layer by layer in 15 cm thickness, compacted at optimum moisture content to the maximum dry density. As per the Unified schedule of rates (USR), a deduction of 10 *per cent* should be made from the compacted quantity of earthwork on account of shrinkage allowance before making payment for compacted earthwork. Further, the USR also provides that if the item of earthwork is neither rolled nor watered, a deduction of 20 *per cent* is to be made from the executed quantity of earthwork

As per the item of earthwork mentioned in the agreement for the construction of the package PCP-13A-I, the quantity of earthwork 386704.61 cu m executed and paid (June 2010) was required to be compacted to 90 *per cent*. Scrutiny in audit revealed that the quantity of 106339.64 cu m earthwork was paid after deduction of 20 *per cent* shrinkage allowance instead of 10 *per cent*. Deduction of 20 *per cent* shrinkage allowance indicated that the earthwork was done without rolling and watering, which was an essential part of the complete earthwork. Thus the earthwork done without watering and compaction amounting to ₹ 53.17 lakh at ₹ 50 per cu m was substandard.

The EE, Distibutory Division, Rewa stated (August 2010) that deduction of 20 *per cent* was made from the executed quantity to restrict the quantities. The reply is not acceptable because as per the Unified Schedule of Rates, the deduction of 20 *per cent* from contractor's payment was to be made from earthwork 'neither rolled nor watered'. Thus the deduction of 20 *per cent* from the executed quantity signified that the earthwork was neither rolled nor watered.

1.2.8.8 Construction of sub-standard cement concrete toe wall

The UPFC offtakes from km 15.24 in the left side of the Sihawal canal of MP and aligns parallel at a distance of 150 m to 200 m from each other at a higher level in the Kaimore hills. The works of UPFC started in 1998 and were in progress. The excavation of the Sihawal Canal was taken up in 2002. During construction, the executing agency of UPFC placed the excavated material at its right bank which fell into the Sihawal Canal and damaged the canal. As a protection, the UPID constructed a stone masonry toe wall at km 7.60 to km 8.60 of the UPFC (km 22 and km 23 of the Sihawal canal).



View of stone masonry toe wall of UPFC.

As the one km long toe wall constructed by UPID was not sufficiently protecting the Sihawal Canal of MP (being constructed alongside at a lower level), the CE, Bansagar approved (September 2006) an estimate of ₹ 19.58 crore for the construction of a 14.1 km long and one to five metre high cement concrete (CC) reinforced toe wall (between km 15.24 and km 75.27) at the left bank of the Sihawal Canal to protect it from the slippages of UPFC. The work was awarded (2007-08) to a contractor for ₹ 18.20 crore who completed (June 2010) the work for 8.50 km only and was paid (June 2010) an amount of ₹ 15.04 crore.

Execution of substandard cement concrete toe wall amounting to ₹ 3.17 crore.

Audit scrutiny (July 2010) of the records revealed that for construction of the CC toe wall at km 15.24 to km 75.27 of the Sihawal Main Canal, the contractor was to provide CC 1:2:4 by using 40 mm metal (40 *per cent*), 20 mm metal (35 *per cent*) and 10 mm metal (25 *per cent*). The required compressive strength of the concrete at 28 days was 150 kg per sq cm. Audit scrutiny revealed that as per results of the quality control tests conducted by the Assistant Research Officer, Quality Control unit at km 42.8 to km 43.3, the contractor had used oversized metal up to 80 mm in concrete. The compressive strength of the concrete (at km 20.285 to km 21.5, km 25 and km 42.8 to 43.3) was as low as 107 kg per sq cm to 145 kg per sq cm. The metal used in concrete was absorbing water more than the prescribed limit of one *per cent*. The EE also had observed (April to September 2009) that the metal contained dust. The work of ₹ 3.17 crore executed on above location was therefore, substandard.

The EE stated (August 2010) that for oversize metal, penalty has been imposed on the contractor. The reply is not acceptable because the details of penalty actually recovered were not mentioned in the bill. The EE did not offer any comments for less strength of cement concrete.

1.2.8.9 Award of a composite work at higher rate without inviting tenders

Though MPLUN was an indenting agency for purchases, work of LISs, amounting to ₹ 50.15 crore was awarded through MPLUN without inviting open tenders.

Paragraph 2.077 of the WD Manual required that for each work amounting to ₹ two lakh and above, the department should invite tenders in a transparent manner through publicity in newspapers to get reasonable rates. As per the MP Stores Purchase Rules, the Madhya Pradesh Laghu Udyog Nigam (MPLUN), was an indenting agency, only for supply of the reserved items of stores specified in the MP Stores Purchase Rules. However, in case the department required an item of a particular specification suiting to their requirements, the MPLUN, was to invite tenders accordingly. The respective purchasing department was to nominate their representatives in MPLUN for opening the tenders and finalisation of the rates. Construction works and erection of new mechanical works did not come under the purview of purchases.

Contrary to these codal requirements, the contract for works of design, supply, installation, erection and commissioning of VT pumps and rising main of MS pipes for Gurh-Mauganj LIS and Teonthar LIS and MS pipe aqueduct at various canals was given to the suppliers through MPLUN at higher rates without inviting open tenders in the following cases:

- The CE, Ganga basin, Rewa approved (November 2007) an estimate at ₹ 6.25 crore for supply of VT pumps and motors, including all accessories for Gurh-Mauganj LIS including installation work. Lump sum tenders for planning, design, engineering, manufacturing, supply etc. for VT pumps and motors, including all accessories, were invited (February 2008) and submitted to the Government. The Principal Secretary, WRD directed (September 2008) the CE, to get the work done through some other method instead of lump sum tender and returned the tenders (price bid) unopened. At the instructions of CE, the SE placed (January 2009) an indent to MPLUN to get the work done at their rate contract. MPLUN issued (May 2009) a direct supply order for ₹ 26.22 crore for one job of 'design, supply instalation, erection, commissioning, operation and maintenance, design of VT pumps, motors and associated electrical equipments' to a firm of Indore on lump sum basis. Thus the work was awarded at higher rate of ₹ 19.96 crore in comparison with the estimated rates without inviting tenders by the department and without any justification of rates prevailing as on date or the rates available in the rate list of the original manufacturer.

- The item of VT pumps was not a reserve item[25] for purchase through the MPLUN. The SE directed (June, 2009) the EE to execute the supplementary

25 *As per MP stores purchase rules some of the items are reserved for purchase through MPLUN only, such items are reserved items.*

agreement for lump-sum tender document. The EE did not, however, execute the agreement and intimated (July and August 2009), that the work was of mechanical nature and it could be done by the Electrical and Mechanical Department. He also mentioned that the tender invited by MPLUN was incomplete as it did not contain any prequalification bid, scope of work and mode of payment. The firm supplied only the drawing and design for the LIS. As against the payment of 10 *per cent* (₹ 2.62 crore) for drawing and design, the EE, without executing the agreement, paid (August 2009) ₹ 28 lakh to the firm.

- The CE, Ganga basin, Rewa also approved (April 2008) an estimate of ₹ 7.35 crore for procurement and fixing of seven VT pumps, each of 1050 horse power, for pump house of Teonther LIS. The Government approved (July 2008) a tender programme without mentioning the type of tenders to be invited for. However, the SE placed (January 2009) an indent to MPLUN for the 'design, supply, installation, erection, commissioning, operation and maintenance of VT pumps and motors and associated electric equipments' work. MPLUN issued (May 2009) a supply order to the same firm of Indore for the work on lump sum basis at ₹ 23.93 crore. As against the admissible payment of 10 *per cent* (₹ 2.39 crore) for drawing and design, payment of ₹ 1.20 crore was made (June to August 2009) on account of drawing and design. Thus, the work was awarded at a higher rate of ₹ 16.58 crore in comparison with the estimated rates without inviting tenders and without justification of rates.

The EE, Keoti canal division, Rewa stated (July, 2010) that the supply of VT pumps through MPLUN was decided by the CE Ganga Basin, Rewa but it was not approved by the Government. MPLUN also, in a hearing (July 2010) before the MP Lokayukt, denied any responsibility regarding the tender. According to the CE, the then CE and EE of the Light Machinery Tube well and Gate division, Rewa had attended (May 2009) the meeting at MPLUN but no records pertaining to evaluation of tender were made available to Audit.

Mild steel pipes for LISs and aqueduct purchased at higher rates without inviting open tenders resulted in an extra cost of ₹ 16.21 crore.

- The SE, Bansagar Canal circle, Rewa placed an indent on MPLUN for supply, drawing, design, fabrication and erection of MS pipes made of MS plate (reserve item) for use in the rising main of the Teonthar LIS, the Gurh-Mauganj LIS, seven super passages and aqueducts at various canals. Accordingly, MPLUN placed (March 2007 to August 2008) supply orders for ₹ 57.69 crore to a supplier of Indore and another supplier of Nagpur for supply of MS pipes of various diametres and MS bolts as shown in **Appendix 1.6.** As per the condition imposed by MPLUN, the supplementary agreements were executed with the supplier by the respective EEs on item rate basis. Payment of ₹ 39.77 crore was made to the supplier between June 2007 and March 2010. Thus the work amounting to ₹ 57.69 crore was awarded without inviting tenders.

The rates of MPLUN for MS pipes included 10 *per cent* for drawing and design, 15 *per cent* for erection charges and 75 *per cent* for the cost of MS plates. Analysis of the rates on the base rates of SAIL[26] for MS plates at ₹ 31.50 per kg and adding 74 *per cent*[27] for other charges revealed that the rates per kg of MS pipe worked out to ₹ 55 per kg and the cost of one metre worked out to ₹ 8,246 (750 mm dia) to ₹ 27,200 per metre (2000 mm dia).

Thus the pipes were purchased at abnormally high rates, resulting in extra cost of ₹ 16.21 crore as shown in **Table 1.15** below:

Table no 1.15- Statement of higher rates of MS pipes

Sl. No.	Name of work	Internal diametre of pipe in mm	Weight per metre	Quantity supplied metre	MPLUN rate per metre	Rates per metre at ₹ 55 per kg	Extra cost (₹ in lakh) {(6)-(7)}*(5)
1.	Teonthar LIS	1000	198.77	1060	**20599**	**10932**	102.47
		1600	396.82	5460	**41196**	**21825**	1057.65
2.	Gurh Mauganj LIS	1200	237.85	1178.13	**24719**	**13082**	137.09
3.	seven super passages at Keoti Main Canal	1700	421.54	230.79	**42089**	**23185**	43.62
4.	MS pipe aqueduct at km 113.16 Purwa Main Canal	2000	494.55	514.45	**49516**	**27200**	114.80
5.	MS pipe aqueduct at km 112.35 Purwa Main Canal	2000	494.55	278.68	**51497**	**27200**	67.71
6.	MS pipe aqueduct at km 112.50 Purwa Main Canal	2000	494.55	278.60	**49516**	**27200**	62.17
7	Shikarganj Distributory	750	149.93	392.525	**14854**	**8246**	25.93
8	Tail minor of Shikarganj Distributory	900	178.98	121.11	**17826**	**9844**	9.66
						Total	**1621.10**

During the exit conference, the E-in-C stated (December 2010) that the rate analysis were being examined and some departmental action was being taken on the irregularities noticed in the purchases.

1.2.8.10 Irregular purchase of MS footbridges and MS signboards

MS footbridge for Teonthar LIS and MS signboards were purchased through MPCCF at higher rates resulting in extra cost of ₹ 2.47 crore.

➢ According to Rule 14 of the MP Stores Purchase Rules, the MP State Co-operative Consumer Federation (MPCCF) is an indenting agency for supply of small items of office use only like stationery articles.

Contrary to the above provisions, the CE approved (April 2008) an estimate of ₹ 2.38 crore for providing an MS footbridge at ₹ 11,336 per metre for accessibility of jackwell point of the Teonthar LIS during rains as well as for the inspection of the rising main. The SE, while in camp at Bhopal, issued (January 2009), a supply order to MPCCF for supply of MS footbridge without inviting tenders. MPCCF placed (February 2009) a supply order

26 *Steel Authority of India Limited.*

27 *Excise duty- 16 per cent, Drawing and design (as per agreement) -10 per cent, Fabrication (adopted by the department) – 15 per cent, erection (as per agreement) – 15 per cent, transportation (as per rates of supplier) – 5 per cent and profit and sundries (as per USR) -13 per cent = 74 per cent.*

with an Indore based firm for supply and erection of the 1.25 m wide MS footbridge at ₹ 24,450 per metre and five *per cent* of cost of material for transportation. The firm supplied 1,998 metre long footbridge for which payment of 75 *per cent* (excluding erection and fabrication) amounting to ₹ 3.66 crore was made (March 2009).

It was observed that at the same time, MPLUN supplied (2008-09) 1.33 m wide footbridges at ₹ 15,800 per metre. Adding erection charges of 15 *per cent* as per the supplier's rate, the rate of one metre footbridge worked out ₹ 18,170. Thus the purchase was made at much higher rates, even higher than the MPLUN rates, involving an extra cost of ₹ 1.25 crore[28].

The EE, Purwa Canal Division, Rewa stated (July 2010) that the payment to the firm was made as per orders issued by the SE. The reply is not acceptable because MPCCF was not the authorised agency for purchase of footbridges. Also, the purchases were made without inviting tenders.

- The CE permitted (January and June 2009) purchase of 'high intensity encapsulated lens type sheeting cantilever signboards'. At the same time, the SE placed supply orders to MPCCF for supply of the 109[29] signboards, each measuring three sq m at the rate of ₹ 1.45 lakh at a cost of ₹ 1.58 crore. Scrutiny in audit revealed that as per the Schedule of Rates (SOR) of NH effective from April 2009, the rates of these signboards were included at ₹ 12,923 per sq m. After deducting 13.87 *per cent* of the prevailing market rates as per the accepted tender, the rate of one signboard worked out to ₹ 33,392. Thus the purchase was made at higher rates, involving extra cost of ₹ 1.22 crore.

  The EE, Bansagar Distributory Division, Rewa stated (August 2010) that the purchase was sanctioned by the SE and the payment was made accordingly.

The reply is not acceptable because MPCCF is not the authorised agency for purchase of footbridges. Also, the purchases were made without inviting tenders.

1.2.8.11 Unwarranted purchase of MS footbridges

Instead of constructing RCC footbridges over canals, MS footbridges were purchased at ₹ 19.46 crore.



A mild steel footbridge installed over Sihawal canal

Technical circular 70/1 issued (June 1980) by E-in-C, WRD prescribes construction of footbridges in reinforced cement concrete (RCC). It further provides that there should be a minimum distance of three km between two footbridges. The WRD specification also prescribes that the footbridges for canal crossing should be constructed in

28 *1998 (24450-18170)= ₹ 1.25 crore.*

29 *Distributory canal division Rewa- 50, Lower Sihawal canal division Churhat- 24, Purwa division 2 Satna- 20 and Upper Purwa canal division Rewa- 15 = 109 nos.*

RCC with width of 1.50 m and the design load for footbridge should be for a live load of 500 kg per sqm but the estimates were approved without any design.

In violation of the technical circular, the SE issued supply orders to the MPLUN during 2005-06 to 2007-08 for supply of MS footbridges through various firms of Gwalior and Chhattarpur of 10 metre, eight metre and six metre lengths at the rate of ₹ 1,42,000, ₹ 99,756 and ₹ 65,870 respectively, although 'footbridge' did not constitute a reserved item of MPLUN. The firms supplied 1,648 MS footbridges costing ₹ 19.46 crore, as shown in **Appendix1.7**.

The width of the above 1,648 footbridges was only 1.33 m (against 1.50 m width prescribed in the specification). The MS footbridges were placed on the canal banks with a single support of vertical MS column without any abutment on both the sides. Thus the footbridges purchased by the department were not conforming to the canal specifications and became vulnerable to collapse or accident. The RCC footbridges prescribed by the E-in-C had several advantages and were also cost-effective *vis-a-vis* MS footbridges as shown below:

Sl no.	RCC footbridges	MS footbridges
1	More durable	Less durable
2	Resistant to rust	Not resistant to rust and requires regular painting and maintenance
3.	More resistant to damage and cannot be pilfered	Prone to damage and pilferage
4.	Cost effective, (₹ 6011 per metre with width 1.33 m)	Expensive, (cost ranged from ₹ 10,978 to ₹ 14,200 per metre with width 1.33 m)
5.	Strongly built and safe	Loosely laid on the canal and highly unsafe.

There was excess purchase of 1,317 footbridges, out of which 593 footbridges were not installed.

Audit also noticed that out of 1,463 km length of canal works taken up for execution, only 991.51 km of canals was partially completed. As per the norms fixed by the E-in-C (vide TC 70/1 of 1980), only 331 footbridges were required to be installed at a distance of three km from each other. However 1,317 MS footbridges were purchased in excess of requirement. Further, out of 1,648 mild steel footbridges procured, 593 footbridges[30] were still to be installed.

The EE, Distributory Division, Rewa stated (July 2010) that the footbridges were purchased as per the sanction of the competent authority and the remaining footbridges would be installed after completion of the civil work. The reply is not acceptable because the proposals were prepared by the EEs themselves in violation of the technical circular and norms and without rate analysis which were subsequently approved by the SE and CE.

30 *Distributory canal division Rewa- 484, Keoti canal division Rewa- 24, Upper Purwa canal division Rewa- 27 and Purwa division 2 Satna- 58 = 593 nos.*

1.2.8.12 Purchase of MS railings at higher rates

Purchase of MS railings of different specification led to extra expenditure of ₹ 28.20 lakh.



View of MS Railings

The Unified Schedule of Rates (USR) 2007 of WRD provided for fixing in position one metre high pipe railing with three rows of 40 mm dia GI pipe at ₹ 777 per metre.

Contrary to these requirements, the Lower Sihawal division, Churhat purchased (January 2008) MS angle iron railings through MPLUN at the rate of ₹ 3,280 per metre. Adding 15.97 *per cent* above the prevailing rates, the rate of one metre railing worked out to ₹ 901.10.[31] Thus the purchase of 1,185 metre angle iron railing resulted in extra cost of ₹ 28.20 lakh {1185*(3280-901.10)}.

The EE Lower Sihawal division, Churhat stated (August 2010) that the purchase was made as per the orders of the CE. The reply is not acceptable as the purchase was made at higher rates.

1.2.9 Contract management

For construction and other works awarded to contractors, execution and payments were to be governed by the provisions in the agreements, provisions of the MP Works Department Manual as well as related instructions issued from time to time by the higher authorities. Security deposit and performance security deposit were required to be obtained from the contractors in the manner prescribed in the agreement or rules.

Instances of violation of agreement provisions and provisions of the Manual leading to inadmissible payments are discussed in the succeeding paragraph.

1.2.9.1 Undue benefit to the contractor

Release of performance security amounting to ₹ 2.10 crore and security deposit worth ₹ 1.19 crore resulted in loss of ₹ 1.60 crore.

- According to clauses 2.8, 4.2.1 and 4.3 of the agreement, the contractor whose tender was to be accepted was required, within 30 days of receiving the letter of acceptance or before entering the agreement, to furnish an initial performance security deposit equal to five *per cent* of the contract value. In addition, deduction for security deposit was to be made from the running bills equal to five *per cent* of each bill. However, the contractor was authorised to get the security deposit converted into interest-bearing securities. The validity of the performance security was up to 30 months beyond the due date of completion of works. The security deposit was to be refunded after the expiry of 12 months of issue of the final completion certificate. During the construction, the contractors demanded (2005) the release of performance security on the grounds that as per Government orders (May 2003) the provision for five *per cent* performance security was applicable on percentage rate tenders only. The E-in-C decided (January 2006) to release the performance security and accordingly, an amount of ₹ 2.10 crore (shown

31 ₹ *777 + 15.97 per cent =* ₹ *901.10 per metre.*

in **Appendix 1.8**) was released between January and November 2006. Similarly, an amount of ₹ 1.19 crore (as shown in **Appendix 1.9**) deducted on account of the security deposits and converted into fixed deposit receipts (FDRs)/ term deposit receipts (TDRs) of various banks was also released by the EE to the contractors.

The action of the E-in-C was incorrect because the Government, in its orders of May 2003, had made only a clarification in the percentage rate tender according to which the security deposit of five *per cent* was revised to 10 *per cent* (performance security five *per cent* and security deposit to be deducted from bills five *per cent*). As regards the item rate tenders, the provision for total deduction of 10 *per cent* already existed.

It was further seen that the contract of one package (KCP-3) was rescinded (June 2010) at the risk and cost of the contractor, forfeiting his performance security and security deposit as per agreement. However, both the deposits had already been released. Thus premature release of performance security and security deposit resulted in loss of ₹ 1.60 crore to the Government as shown in item one of **Appendices 1.8** and **1.9**.

The EE, Keoti Canal division, Rewa stated (July 2010) that the concerned contractors would be asked to return the security deposits which were irregularly released to them. The CE Ganga Basin stated (December 2010) that a show cause notice was being served to the EE and DAO and SAC.

Performance security of ₹ 5.74 crore was not obtained.

- Contrary to the provisions of the agreement in 31 cases of construction of the Sihawal Canal, Keoti Canal, Purwa Canal and their distributories amounting to ₹ 133.40 crore, performance security amounting to ₹ 5.74 crore was not obtained from the contractor before signing (2006-07 to 2009-10) the agreement. The contractors failed to achieve the work within the the stipulated date (December 2007 to June 2010) and thus the performance of the agreements was not secured.

  The EE Lower Sihawal division, Churhat stated (September 2010) that as per the E-in-C's orders, no performance security was required on item rate contracts. The reply is not acceptable in view of the condition existing in the agreement.

1.2.9.2 Excess payment to the contractor for drawing and design

Non-reduction of rates for mechanical works and inadmissible payment for drawing and design of civil work led to excess payment of ₹ 4.35 crore.

Providing laying of the rising main of MS pipe of the Teonthar LIS was given (July 2008) to a supplier of Indore. The contract included mechanical works of ₹ 27.44 crore on item rate basis and ₹ nine crore for civil works on lump sum basis. As per the agreement, the rates of mechanical works were inclusive of 10 *per cent* for drawing and design of mechanical work only, payable on submission and approval of drawing and design. The department, however, paid (August 2008 to March 2009) an amount of ₹ 3.64 crore (₹ 2.74 crore for mechanical works and ₹ 90 lakh for civil works) for drawing and design.

Scrutiny in audit revealed that as per the agreement, no payment for drawing and design was payable on civil work. Therefore, payment of drawing and design of civil work resulted in excess payment of ₹ 90 lakh to the supplier.

Further, the rates of pipes also included 10 *per cent* for drawing and designs which were already paid (August 2008 and March 2009) to the supplier separately. Therefore, the rates had to be reduced by 10 *per cent*, which was not done. Thus non-reduction of the rates of pipes by 10 *per cent* resulted in excess payment to the supplier of ₹ 2.74 crore.

The EE stated (August 2010) that the agency had submitted drawings and designs for which payment of 10 *per cent* was made. The reply was not acceptable because as per the agreement, the payment for drawings and designs was not admissible for civil works.

- Against the indent of SE, Bansagar Canal Circle, Rewa, MPLUN issued (March 2007 to April 2008) supply orders to a supplier of Nagpur for design, supply and erection of MS pipes in seven super passages of Keoti and Purwa canals and two MS pipe aqueducts on minors on the Shikarganj distributory. As per the supply order, the firm was responsible for preparation of drawings and designs and their approval from the department. The rates in the supply order included 10 *per cent* for drawings and designs.

  Scrutiny in audit revealed that the drawings and designs for the work were prepared by the department. Therefore, the rates were required to be reduced by 10 *per cent.* However, payment of ₹ 7.13 crore was made to the supplier between June 2007 and March 2010, without reducing the rates by 10 *per cent.* Non-reduction of rates thus resulted in excess payment of ₹ 71.32 lakh for work not done.

  The EE, Distributory Division, Rewa stated (August 2010) that after verification of the facts, the amount would be recovered from the supplier. Audit, however, found (July 2010) that no amount against the firm was payable with the division to recover the excess payment.

1.2.9.3 Excess payment to the contractor due to incorrect application of rates

Incorrect application of rates for extra quantities resulted in excess payment of ₹ 1.76 crore.

Construction of the Purwa Main Canal from km 46.17 to km 68.22 (package PCP-10), estimated to cost ₹ 12.79 crore and km 68.22 to km 84 (package PCP-11A) estimated to cost ₹ 21.08 crore was given (2004-05 and 2006-07) to two different contractors. Their running bills for ₹ 16.49 crore and ₹ 20.67 crore were paid in March 2009 and June 2010 respectively. During execution, the estimated quantity of excavation in hard rock in the first case and soft rock and disintegrated rock in the second case were exceeded by 50190.63 *per cent* and 202.32 *per cent* respectively. As per the agreement, the rates for quantities in excess of 10 *per cent* were payable at the estimated rates of the accepted tenders based on USR 2003, plus or minus the percentage of the accepted tender. Accordingly, the admissible rates for the above items worked out to ₹ 155.97 per cu m and ₹ 69.48 per cu m respectively.

Contrary to the agreement, the CE proposed (December 2007 and March 2009) for the approval of E-in-C, the rates of ₹ 200 and ₹ 107.64 per cu m based on USR 2007, and directed (January 2009 and March 2009) the EE to make 75 *per cent* payment at the rates admissible as per agreement. The CE also permitted (March 2009) the payment of 75 *per cent* quantities of hard rock only in the case of package PCP-10. The E-in-C did not approve the rates as he was not satisfied with the reasons for variation and accordingly, returned (April 2010) the cases undecided.

The EE however, paid (March 2009 and June 2010) ₹ 3.93[32] crore at full recommended rates. The payable amount at 75 *per cent* of the admissible rates worked out to ₹ 2.17 crore[33]. Thus incorrect application of rates resulted in excess payment of ₹ 1.76 crore.

The EE, Purwa Canal Division, Satna stated (September 2010) that payment for only 75 *per cent* of excess quantities had been made. The reply was not acceptable because the CE had permitted (January 2009 and March 2009) payment at the rate of only 75 *per cent* of the admissible rates in respect of excess quantities and not at full rates. Further, in the case of package PCP-10 the CE had restricted the payment of 75 *per cent* of quantities only to be paid at 75 *per cent* of the admissible rates.

1.2.10 Monitoring and Quality Control

The CE, Bansagar Project and E-in-C, WRD were responsible for monitoring the progress of the project. They were not only responsible to ensure that the various works of the project were executed as per the specified time schedule and sanctioned cost but also to ensure the quality of execution by conducting the prescribed quality tests at prescribed frequencies.

Instances of deficient monitoring and quality control were noticed in audit as discussed below:

- Records pertaining to monitoring of quantities (for length of canal) and quality of work during the period of 2005-10 were not maintained. Although there were instances of large variations in the quantities of excavations and cement concrete works, the required length of canal was not achieved. The quality of work done in various cases was also found substandard and canal specifications were not followed in the execution of works. As instructed by the Principal Secretary, WRD, the Additional Secretary, WRD started monitoring the progress of work from July 2010 onwards.

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32 *Package PCP-10-110397.39 cu m X ₹ 200 =₹ 220.79 lakh*
Package PCP-11A- 122502.12 cu m X ₹ 100.4=₹1 22.99 lakh
45828.84 cu m X ₹ 107.64=₹49.33 lakh
Total 1683330.96 cu m = ₹ 393.11 lakh (say ₹ 3.93 crore)

33 *Package PCP-10- 110397.39 cu m X ₹ 155.97 X 75 per cent =₹ 129.14 lakh*
Package PCP-11A- 168330.96 cu m X ₹ 69.48X75 per cent =₹ 87.72 lakh
Total =₹ 216.86 lakh (say ₹ 2.17 crore)

- The USR of the WR department required that compressive strength of cement concrete should be tested at the frequency of four tests per 50 cu m of concrete and thereafter, one test per 50 cu m of concrete. Accordingly, for 8908.75 cu m of CC 1:3:6 and 6749.679 cu m of CC 1:2:4 executed under the packages KCP-4 and PCP-2 of the Keoti canal division, Rewa and Purwa canal division, Rewa respectively, against the requirement of 323 nos. of tests, only 98 tests were conducted. Thus the quality control tests were not done at the required frequencies to ensure the quality of works.

  The EE stated (July 2010) that the quality control unit would be requested to carry out frequent tests.

1.2.11 Conclusion

During the construction of Bansagar Project (Unit-II) for the period of 2005-06 to 2009-10, inadequate survey led to large variations in quantities put to tender. Though the Water Resources Department had no financial constraints, the canal construction work was not completed within the stipulated date due to slow progress. Funds were diverted for works which were outside the scope of the project. Irrigation potential actually utilised was far beyond the irrigation potential created. Project execution lacked synchronised execution of different project components like construction of canals without head regulators and construction in patches with substantial gaps. During the last three years, the department gave more emphasis on purchases than on actual execution. Contract management at the field level was defective and as a result, the specified progress was not achieved. Excess payments to contractors were noticed. For construction of civil works, lump-sum contracts were used instead of item rates, leading to payments at inflated rates. Performance securities /security deposits were frequently released before completion of the works. The quality of work was not monitored properly. Technical specifications for construction of the canals were also not followed.

1.2.12 Recommendations

- Government should make effective rules regarding proper surveys and estimates so as to avoid discrepancies between estimated quantities and actual quantities.
- Funds should be utilised as per the Plans.
- The works should be strictly executed according to the Water Resources Department's specifications and purchases should also be regulated accordingly.
- Rules governing contract management should be followed strictly so as to avoid excess payments/ undue benefit to the contractors.
- Monitoring and quality control system should be strengthened.

Water Resources Department

1.3 Madhya Pradesh Water Sector Restructuring Project

Highlights

The Madhya Pradesh Water Sector Restructuring Project (MPWSRP) was proposed (May 2004) by the Water Resources Department (WRD), Government of Madhya Pradesh with an integrated vision for water sector development and its management, associating line departments viz. Agriculture, Horticulture, Livestock and Fisheries departments and various institutions. WRD received a loan of ₹ 1,919 crore from the World Bank towards MPWSRP. The progress of project implementation, physical as well as financial, was very slow. There were cases of delayed engagement of consultants, deficient implementation of the IT system, poor financial management, non-achievement of targeted irrigation potential, non-recovery of liquidated damages and advances, time and cost overruns and undue benefits to contractors.

Some important findings of the performance audit of MPWSRP are given below:

Delays in engagement of consultants ranging from 13 to 44 months and delays in delivery of services ranging from 15 to 35 months were the prime reasons for delays in implementation of the entire project.

(Paragraph 1.3.6.1)

The progress during the years 2005-06, 2006-07 and 2007-08 was very slow. Out of the project cost of ₹ 1,919 crore, only ₹ 688.25 crore (38 *per cent*) was utilised in five years against the project period of six years. Non-utilisation of funds led to avoidable liability of commitment charges of ₹ 8.26 crore.

(Paragraphs 1.3.7.2 and 1.3.7.3)

Against the targeted irrigation potential of 6.20 lakh hectares, only 0.69 lakh hectares was created.

(Paragraph 1.3.8.2)

Non-conducting of core tests of cement concrete lining rendered payment of ₹ 26.65 crore, in four schemes, irregular.

(Paragraph 1.3.9.2)

Irregular award of work costing ₹ 23.73 crore without invitation of open tenders resulted in extra cost of ₹ one crore.

(Paragraph 1.3.9.3)

Additional security deposit of ₹ 57.51 crore against 15 unbalanced bids was not obtained and liquidated damages of ₹ 20.93 crore were also not recovered.

(Paragraphs 1.3.10.1 and 1.3.10.3)

Irregular rejection of tenders in the first call resulted not only in non-procurement of World Bank loan of ₹ 28 crore but also in cost overrun by ₹ 4.61 crore.

(Paragraph1.3.10.8)

1.3.1 Introduction

The Madhya Pradesh Water Sector Restructuring Project (MPWSRP) was taken up by the Water Resources Department (WRD), Government of Madhya Pradesh (Government) with assistance from the World Bank (WB) in 2004 and with a target of completion of March 2011.

WRD received (2004) a loan of ₹ 1,919 crore from the WB towards MPWSRP with an integrated vision for water sector development and its management, associating line departments[34] and various institutions[35] in the modernisation plan.

Five river basins[36] of Madhya Pradesh were selected for MPWSRP due to their contiguity, high incidence of poverty, varied water management challenges and presence of ageing irrigation schemes. The project was aimed at modernising the existing irrigation and drainage assets in these basins covering about 6.20 lakh hectares spread area. It included 654 (revised as 505 in 2009) schemes consisting of five major, 33 medium and 616 minor schemes. A map showing the Project Basins in which MPWSRP is being executed is given in **Appendix 1.10.**

1.3.2 Organisational set up

The Principal Secretary and the Secretary WRD are the administrative heads of the department at the Government level. The overall planning, coordination, procurement, implementation, financial control, monitoring and evaluation of MPWSRP are done by the Project Director (PD), World Bank Project (WBP). Chief Engineers (CEs), Superintending Engineers (SEs) and Executive Engineers (EEs) of the concerned divisions of WRD assist him to implement the project. Apart from that, the EEs are assisted by the line departments and other institutions. An Empowered Committee (EC) headed by the Chief Secretary was formed in March 2005, to review the progress of the MPWSRP at the apex level. The organogram of the department is given in **Appendix 1.11.**

34 *Line departments include Agriculture, Horticulture, Livestock and Fisheries departments.*

35 *Jawahar Lal Nehru Krishi Vishwa Vidayalya (JNKVV), Water User Associations (WUAs), Academy of Administration Bhopal, Water and Land Management Institute (WALMI), Universities and other training institutions.*

36 *Chambal Betwa (CB), Narmada Tapti (NT) , Dhasan Ken (DK), Yamuna Sindh, Tons and Wainganga Basin. The last was added with effect from March 2008.*

1.3.3 Audit Objectives

The performance audit was conducted with a view to ascertain whether:

- the planning was appropriate and in accordance with the World Bank guidelines;
- adequate funds were available on time and were properly utilised;
- the execution of the project was carried out economically and efficiently;
- the project was completed within the stipulated time and improved water resource management and irrigation service delivery; and
- an effective monitoring mechanism as well as a proper internal control system were in place.

1.3.4 Audit criteria

The audit findings were based on the following criteria:

- Terms and conditions of the loan agreement with the WB.
- Madhya Pradesh Works Department Manual and irrigation specifications issued by the Government.
- Contract documents, rules and orders issued by the Government.
- Indian Standard (IS) codes of practice, issued by Bureau of Indian Standards.

1.3.5 Scope and Methodology of Audit

The performance audit of the records of the project for the period from 2005-06 to 2009-10 was conducted during May to September 2010 and covered samples of three major, four medium and six minor schemes being executed in 12 WRD divisions[37] (out of 43 divisions) under two controlling offices[38]. The schemes were selected using the stratified random sampling method. Details of sample selection are indicated in **Appendix- 1.12.**

An entry conference was held in April 2010 with the Principal Secretary, WRD and Project Director (PD), WBP followed by an exit conference with the Additional Secretary, WRD and the PD, WBP in December 2010.

Audit acknowledges the co-operation given by WRD during the course of performance audit.

37 *SAS Vidisha, WRD Sheopur, WRD Dabra, WRD Joura, WRD Morena, WRD Sabalgarh, Dam safety Gwalior, WRD Bhopal, WRD Ganjbasoda, WRD Nasrullaganj, WRD Sehore,, BVPP Bhopal.*

38 *CE, Yamuna Basin, Gwalior and CE, Chambal Betwa Basin, Bhopal.*

Audit Findings

1.3.6 Planning

MPWSRP was aimed at restructuring and modernising the existing irrigation schemes, assets and integration of line departments in the modernisation plan. Special thrust was given to institutional strengthening of WRD to equip the project with modern appropriate tools (through computerisations and communication infrastructure i.e. LAN/WAN, decision support system etc.) and to have an effective institutional coordination mechanism. As per the conditions of loan of the WB, WRD prepared a Project Implementation Plan (PIP) and Project Appraisal Document (PAD) in 2004, which enshrined different strategies and milestones for appointment of consultants and formation of key covenants for implementation of the MPWSRP.

Instances of non-adherence to the PIP leading to serious delays in engagement of consultancy services and non-formation of two important key covenants noticed in audit are discussed in the succeeding paragraphs:

1.3.6.1 Delay in engaging consultants

Delay in engagement of the consultants followed by consequential delay in deliverables by the consultants delayed the implementation of the project.

One of the vital components of the PIP was to engage consultants for implementation of the entire project. The PIP envisaged engagement of 15 key consultants, who would have a direct bearing on the successful implementation of the project. Consultants were required to be engaged at the initial stage of the project as the work of the consultants would ultimately support reforms in the WRD. Details regarding the engagement of the consultants and their present status are shown in **Appendix 1.13.**

Audit found (August 2010) that:

- some of the works like topographic and cadastral survey, preparation of the detailed project report {termed as Scheme Modernisation Plan, (SMP)} etc which were required to be done at the very beginning of the project actually started after delays of about 20 to 34 months;
- 10 consultants were engaged after delays ranging from 13 to 44 months with reference to the milestones specified in the PIP;
- four consultants delayed delivery of the services for periods ranging from 15 to 35 months *vis-à-vis* the milestones specified in the PIP. One consultant was terminated by WBP.

Delays in deliverables (like survey and preparation of SMPs) and under-performance by the consultants affected the overall performance of the project. Delay in one deliverable induced delay in other activities as these were interrelated and resulted in the overall delays in the implementation of the project.

During the exit conference, the PD, WBP stated (December 2010) that due to multi-stage evaluation by the WB, the entire process took a long time. He also stated that WRD had no experience in implementing WBP. Therefore, the delay was beyond control due to adherence to the WB procurement process and its conditions.

- three important consultants for 'Technical Examination of Works', 'Internal Audit' and 'Monitoring and Learning activity', required to be engaged during the first 18 months (December 2005) from implementation of the project had still not been engaged (December 2010). Engagement of two consultants for 'Research Programmes on Reservoir Fish Production Enhancement' and 'Improved Supplementary Feeds and Feedings' was deferred by the WB.

Due to non-engagement of consultants for 'Technical Examination of Works' and 'Monitoring and Learning Activity', the quality issues remained unassured and continuous assessment of the efficiency and impact of the project in achieving the desired objectives was not done.

The PD, WBP stated (December 2010) during the exit conference that the engagement of consultants for 'Technical Examination of works' and 'Monitoring and Learning activity' were in the final stage. The WB process took a long time in deciding terms of references which culminated in the overall delay.

The reply is not acceptable as the engagement of consultants at the end of the project period would not serve the purpose.

- the agreements did not provide penalty for delay in delivery of services and under-performance by consultants to ensure strict adherence of the prescribed time schedule.

The department stated (December 2010) that it was binding on WRD to adhere to the WB approved documents, where there was no such penalty clause.

The reply is not acceptable as due to non-inclusion of the penalty clause for under-performance, strict adherence of the prescribed time schedule could not be ensured. This also contributed to time over-runs and cost over-runs of the project.

1.3.6.2 Non-formation of key covenants

As per the conditions of the Project Appraisal Document (PAD), WRD had to establish 14 key covenants[39] by December 2005. Audit found (August 2010) that the department has formed (December 2005) 12 key covenants while the two key covenants given below had not yet been formed.

- the State Water Tariff Regulatory Commission (SWTRC),
- the installation and testing of computer systems and communication infrastructure (WAN/LAN) for both data and voice

39 *Key covenants refer to formation of the 14 formal arrangements with specific milestone for execution of the projects.*

The department stated (December 2010) that SWTRC was to be formed by a legislation of the State Assembly and Wide Area Network (WAN) was suspended to avoid duplication as the State was developing the State Wide Area Network (SWAN).

1.3.7 Financial Management

As per the PIP, the objective of the financial management system was to enhance the accountability of the project management system, provide reliable and timely financial information, timely preparation and submission of Statements of Expenditure (SOEs) and Financial Monitoring Reports (FMRs). Proper allotment and expenditure by WRD and other departments was necessary to avoid under-utilisation of funds and payment of interest on unspent amounts.

1.3.7.1 Fund flow

The flow of funds through the WB loan is based on eligible expenditure that qualifies for reimbursement. The project receives the funds from the WB through Government of India (GOI) which is subsequently disbursed to various implementing agencies (IAs). The basis of reimbursement from the WB is the SOEs that are prepared and submitted on a monthly basis by the WBP. The loan of ₹ 1919 crore for the project was approved by the WB in 2004 which was to be repaid in 20 years. The loan agreement included penalty (termed as commitment charge) for under-utilisation of the loan.

A few instances of deficiencies in management of funds are discussed below:

1.3.7.2 Short utilisation of funds

Only 38.45 *per cent* of the project cost was utilised in five years against the project period of six years.

Allotment of funds and expenditure on the project for the last five years ending March 2010 revealed that as against the committed distribution of funds of ₹ 1789.98 crore, the department incurred an expenditure of only ₹ 688.25 crore as shown in **Table No.1.16.**

Table No. 1.16: Year-wise allotment and expenditure

(₹ in crore)

Financial Year	Committed distribution of funds	Original allotment	Revised allotment	Expenditure	Under utilisation of fund against revised allotment	Short utilisation of commitment charges	Percentage of utilisation of funds against the committed distribution of funds	Commitment charge leviable as per section 2.05 of the Loan Agreement (3/4 th of one *per cent* per annum)
1	2	3	4	5	6 (4 *minus* 5)	7 (2 *minus* 5)	*8 (5/2*100)*	9 (0.75 *per cent* of 7)
2005-06	154.76	125.00	60.96	15.67	45.29	139.09	10.12	1.04
2006-07	306.61	147.49	50.85	50.38	0.47	256.23	16.43	1.92
2007-08	366.93	300.93	130.93	120.39	10.54	246.54	32.81	1.85
2008-09	484.76	350.05	269.05	239.81	29.24	244.95	49.47	1.84
2009-10	476.92	350.00	347.42	262.00	85.42	214.92	54.94	1.61
	1789.98	**1273.47**	**859.21**	**688.25**	**170.96**	**1101.73**	**38.45**	**8.26**
2010-11	128.60							
Grand Total	**1918.58**							

(Source: - Information provided by PD, WBP)

Audit found that:

- the expenditure incurred against the committed distribution of funds for the last five year was only 38.45 *per cent;*
- the original allotments were reduced in all the five years due to non-finalisation of various schemes. Even the revised allotments were not utilised (2005-06 to 2009-10), resulting in an under-utilisation of ₹ 170.96 crore; and
- non-engagement of key consultants and non-implementation of the management information system were the main reasons for slow spending in the first two years. In the succeeding three years, it was due to slow processing of SMPs, delays in tendering and awarding of civil works and non-execution/delayed execution of rehabilitation works.

1.3.7.3 Avoidable liabilities towards commitment charges

As per Section 2.05 of Article-II of the loan agreement with the WB, the borrower was to pay a commitment charge at three fourth of one *per cent* per annum on the principal amount of the loan not withdrawn as per the agreed schedule.

Avoidable liability for payment of commitment charges of ₹ 8.26 crore was created due to non-utilisation of loan.

Scrutiny of allotments and expenditure for the last five years revealed that the total expenditure was as low as 38.45 *per cent* of the committed distribution of funds. This demonstrated poor financial management on the part of the WBP, leading to accumulation of avoidable liability of payment of commitment charges of ₹ 8.26 crore as shown in **Table No. 1.16.**

The department stated (December 2010) that delay in clearance of SMPs by the WB was the biggest bottleneck in ensuring timely utilisation of funds.

1.3.7.4 Under-utilisation of funds by the line departments

In five years, only 50 *per cent* expenditure was incurred by the line departments.

Scrutiny of allotment and expenditure for the last five years revealed under-utilisation of funds (approximately 50 *per cent*) by the line departments which defeated the process of integration of the line departments into the modernisation plan. The expenditure incurred against the committed distribution of funds for the last five years was as low as 7.3 *per cent* in the year 2005-06 to 74.95 *per cent* in the year 2008-09.

The Deputy Director (Agriculture) stated in May 2010 that due to non-fixation of targets for the year 2009-10 and non-receipt of allotments in time, the funds could not be utilised. The Deputy Director(s), Veterinary and Fisheries stated (May 2010) that the allotted funds remained unutilised due to shortage of staff and non-receipt of sanctions from the higher authorities.

The department further stated (December 2010) that the line departments had requested WBP for a revised financial disbursement system for better utilisation of funds.

1.3.8 Project implementation

Under MPWSRP, 654 irrigation schemes were taken up for modernisation and rehabilitation. The project envisaged asset modernisation, improving service delivery and drainage assets, creation and utilisation of irrigation potential, integration of line departments into the modernisation plan and institutional strengthening of selected river basins.

1.3.8.1 Shortfall in achieving the targets

As per the PIP, WRD identified (2004) 654 schemes (five major, 33 medium and 616 minor schemes) for the modernisation work. During 2009 it was revised to 505 (five major, 27 medium and 473 minor) schemes. The year-wise target and schemes actually taken up, are shown in **Table No 1.17**.

Table No. 1.17:-Year-wise break up of Targets and Schemes taken up

Name of basin	Year 1 (2005-06)		Year 2 (2006-07)		Year 3 (2007-08)		Year 4 (2008-09)		Year 5 (2009-10)		Year 6 (2010-11)		Total	
	T	TU	T	TU	T	TU	T	TU	T	TU	T	TU	T	TU
Betwa	150	-	51	-	33	14	12	36	02	08	02	-	250	58
Chambal	93	-	24	03	12	08	08	06	-	01	01	-	138	18
Sindh	23	-	13	-	13	02	03	01	-	01	01	-	53	04
Ken	62	-	32	-	22	01	-	-	01	04	01	-	118	05
Tons	44	-	26	02	18	01	06	-	01	12	-	-	95	15
	372	**-**	**146**	**05**	**98**	**26**	**29**	**43**	**04**	**26**	**05**	**-**	**654**	**100**

Targets (T); Taken up (TU)
(Source: Project Implementation Plan and Information provided by PD, WBP)

Audit found that:

Only 100 schemes (15 *per cent*) were taken up in five years against the project period of six years.

- only four *per cent* of the total schemes were initiated in the first three years and overall 15 *per cent* was taken up in five years (2005-2010);
- one hundred and forty nine schemes were dropped by WRD in 2009, being found unfeasible;
- till March 2010, WRD could prepare and submit SMPs of 213 schemes to the WB, out of which only 179 schemes were cleared;
- out of the 179 schemes cleared by the WB, the department had taken up only 100 schemes (three major, 13 medium and 84 minor) as on March 2010;
- eighteen schemes[40] (two medium and 16 minor) were terminated after incurring an expenditure of ₹ 4.60 crore; and.

Only nine schemes were completed in five years against the project period of six years.

- physical achievement (March 2010) was less than the target, as only nine schemes (one major and eight minors) were completed (March 2010).

40 *Medium schemes:- Sakarra and Kerwan*
Minor schemes:- Devendra Nagar, Brijpur, Amkhera, Nandgaon, Bhirata, Matagaon, Jeron, Jhinjhan, Dhubela, Gakariya, Panwari, Bandha, Phutwari, Kamodpura, Sidha Sagar and Tigoda

Out of three major schemes covered under sample selection, only the Harsi project covering CCA of 68392 ha in Gwalior district was completed (March 2009).



Harsi Main canal

The status of the remaining two is discussed below:

- Chambal Right Main Canal (CRMC), having length of 169 km, covering CCA of 1,86,000 ha in Sheopur, Morena and Bhind districts remained incomplete (53 *per cent*) as on March 2010 due to slow progress of the contractors and non-adherence to the milestones by the department,



Chambal Right Main Canal

- the restructuring of Samrat Ashok Sagar, covering CCA of 27,924 ha in Vidisha and Bhopal districts was taken up (February 2010) and only 13 *per cent* work was completed (March 2010),
- the work of distribution network of the major (except Harsi project) and medium schemes was not taken up (March 2010),
- against the targeted 27 medium schemes, only 13 schemes covering CCA of 46,076 ha were taken up (March 2010). Out of 13 schemes, 11 schemes remained incomplete (March 2010), and
- against the 473 minor schemes targeted, only 84 schemes were taken up (March 2010). Out of these, only eight schemes were completed.

The department stated (December 2010) that the delay was unavoidable due to involvement of many departments and interdependence of different consultants in the formulation of a single contract. The department also stated that though the number of schemes initiated in the first three years at six *per cent* appeared to have low value, the area covered by these schemes was more than 50 *per cent* of the target area of the project.

The reply is not acceptable as the schemes taken up covering more than 50 *per cent* of the area were still not completed (December 2010).

1.3.8.2 Non-creation of irrigation potential

Against the targeted irrigation potential of 6.20 lakh ha, only 0.69 lakh ha (11 *per cent*) was created in five years.

Prior to taking up the MPWSRP in 2004, there was a substantial gap between the irrigation potential created and utilised (70 *per cent* in minor, 50 *per cent* in medium and 40 *per cent* in major) due to several factors viz. degraded condition of dams and canals, poor irrigation management and water service delivery, low water use efficiency due to wastage at the field level and re-allocation of stored water for drinking purposes. The project was taken up to correct this situation and improve the performance of the irrigation system in the state.

Audit, however, found that (March 2010) as against the targeted irrigation potential (IP) of 6.20 lakh ha, IP of 69,286 ha (major 68,392 ha, minor 894 ha) i.e. 11.17 *per cent* had only been created. Thus, after incurring 38 *per cent* expenditure, the ultimate objective of the project remained unachieved.

The department stated (December 2010) that the irrigation potential remained unutilised due to low rainfall and non-completion of the projects.

1.3.8.3 Non-integration of line department

One of the objectives of the project was to integrate the line departments into the modernisation plan. Line departments were required to be strengthened for optimal productivity in the concerned areas viz cropping, fisheries development, livestock management, horticulture development, training and development of the user and user participation in the modernisation plan.

The WB reported (May 2010) on poor integration of the line departments into the modernisation plan. Audit also found that the management of the line departments was not fully aware of the component and scope of the project.

The department stated (December 2010) that it was known to the WB and the respective line departments that their capacity of handling such a major project was inadequate.

1.3.8.4 Deficient implementation of Information Technology System

The Project Appraisal Document (PAD) envisaged that during the first 18 months of the project (i.e. within December 2005) contracts for procurement of the computer peripherals should be finalised under the International Competitive Bidding (ICB) procedure. It also emphasised that the department should complete instalation and testing of a computer system and communication infrastructure (LAN/WAN) conforming to the technical specifications approved by the WB.

Audit observed that procurement was done in the year 2007-08 after a delay of two years and LAN was installed in the year 2010 after a delay of five years.

The department stated (December 2010) that the delay was unavoidable as the first call agreement could not be drawn due to internal problems which were beyond its control.

(i) Non-computerisation of Financial Management System

The work of development of a Computerised Financial Management System was required to be completed by October 2007. However, the consultant for the computerisation was engaged as late as in March 2006. Consequently, the work of development of the computerised Financial Management System remained incomplete as on September 2010. The achievement was 60 *per cent* only, after incurring an expenditure of ₹ 57.04 lakh.

The department stated (December 2010) that due to the complex nature of the financial management system in the department and other reasons like changes and modification in the budgeting and payment procedure, the completion of the work got delayed.

(ii) Non-implementation of basic training in computer use

Non-synchronisation of different tasks affected the implementation of the Management Information System.

A consultant for basic training in computer use was engaged in December 2008, after a delay of 30 months. However as of September 2010, only 2000 employees were trained against the target of 5000 employees. The achievement was 40 *per cent* only after incurring an expenditure of ₹ 96.40 lakh. This resulted in idle outlay and delayed one of the important components of the project.

The department stated (December 2010) that 3300 training courses had been completed and a revised schedule was given by the consultant as the assignment was to be completed by May 2011.

The reply is not acceptable because implementation of IT system is one of the key components of the project. As per the PAD, several tasks like procurement of hardware/software, implementation of CFMS and basic training in computer were required to be synchronised by December 2005, which could not be achieved due to the backlog in basic computer training. Therefore, the implementation of the IT system at the end of the project period would not serve the purpose.

1.3.9 Project execution

As MPWSRP was executed with the help of the WB loan, utmost care was required to be taken for the preparation of estimates to avoid any financial burden on the project. Audit observed that the same was not taken care of, as enumerated in the succeeding paragraphs:

1.3.9.1 Extra cost due to unwarranted execution of Cohesive Non Swelling Soil (CNS)

According to a technical circular (No. 17/DS of BODHI)[41] and specifications appended with the agreement, if swelling pressure of the sub grade (soil) was found

41 *Bureau of Design for Hydel Irrigation Projects, WRD.*

Extra cost was incurred due to unwarranted execution of Cohesive Non Swelling Soil.

below 50 kN/M^2 (0.5 kg/cm^2), reinforcement of the sub grade by "Cohesive Non Swelling Soil (CNS)[42]" was not required.

During test check of the three major projects, audit found that, swelling pressure in the reaches 0 to 21 km of the Chambal Right Main Canal (CRMC) was upto 40 kN/M^2 (maximum) but the contractor laid 2.45 lakh cu m of CNS between the reaches of 11.81 to 18 km and was paid at the rate ₹ 200 per cu m although this work was unwarranted and nothing was payable as the swelling pressure was within the permissible limit. This resulted in an extra cost of ₹ 4.90 crore (244966.7 cu m at the rate of ₹ 200 per cu m).

During the exit conference, the PD, WBP stated (December 2010) that the second test of the samples taken before execution of the work had confirmed the necessity of CNS in selected reaches.

The reply is not acceptable as the department failed to produce the subsequent test reports (December 2010) confirming the necessity of CNS in the selected reaches where swelling pressure of sub-grade was below 50 k N/M^2.

1.3.9.2 Irregular payments for non-conducting core test

Quality aspects of the work remained unassured due to non-conducting of core tests.

As per the agreement (clause 14, of chapter III, specification for canal lining,) conducting core tests[43] was mandatory to evaluate the quality, density, thickness of the concrete lining laid in the respective reaches. It was also stipulated in the clause 16 that the running payments were required to be made at 80 *per cent* of the accepted unit rate and the final payment at 100 *per cent* rate to be made after receipt of test results of the core.

During test check of two major, one medium and one minor scheme, Audit found that full rates for cement concrete lining were paid without conducting core tests. Thus the quality of the work remained unassured and the payment of ₹ 26.65 crore (as detailed in the **Appendix 1.14**), therefore, became irregular. The WB had also observed (January 2010) that the contractors failed to conduct the mandatory core tests and payments at the full rate had created a liability for the Government. Audit also observed that quality aspects of the rehabilitation work (of the identified old projects) remained unassured due to non-engagement (December 2010) of the consultant for 'Technical Examination of the Works'.

The department stated (December 2010) that the contractors were advised to perform core tests failing which, the requisite cost adjustments would be done from the running bills or securities with the department.

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42 *CNS (Cohesive Non Swelling Soil) material is like moorum to prevent the swelling property of the sub grade.*

43 *Term core tests used for sample testing of cement concrete lining by taking piece from lining work after 28 days for checking thickness, density, strength and quality of the lining.*

1.3.9.3 *Deviation from the original plan resulted in irregular award of work*

Irregular award of work without invitation of tender.

As per the instructions of the MPWD Manual, proper planning and correct estimation are the prerequisites of any project before floating of the NIT. It also stipulates (para 2.075 b) that the tender must be invited for any work proposed to be given on contract. The work of cement concrete lining in additional 11 km of the Chambal Lower Main Canal (CLMC) was not in the original scope of the work. Audit found that:

- the additional work of lining in other reaches (of 11 km) of CLMC, km 0 to 50, costing ₹ 23.73 crore, was additionally sanctioned and awarded to the existing agency by WRD in January 2010,
- payment for additional work of lining in 11 km of CLMC was sanctioned at higher rates, resulting in an extra cost of ₹ one crore to the work as shown in the **Appendix 1.15.**

The department stated (December 2010) that as per the requirement of the site, the additional work was included in the original work and was subsequently awarded to the same contractor, anticipating higher rates in the tender process. The reply is not acceptable as awarding of the work to the same contractor with such a large magnitude (71 *per cent*) was against the provisions of the MPWD manual and for which fresh tenders should have been invited.

1.3.9.4 Non-revision of contract cost resulted in extra cost

A contract for preparation of SMPs at a cost of ₹ 13.50 crore was awarded (January 2008) to a consultant after a delay of 34 months. It was found that out of the total 654 SMPs, 167 SMPs had already been prepared by the WRD and 149 schemes (LIS and other minor) were dropped by WRD prior to the awarding of the work. Therefore, the consultant was to prepare only 338 SMPs i.e. 52 *per cent* of the total SMPs. The consultant had actually delivered only 33 *per cent* of the services and was paid ₹ 6.01 crore, as of June 2010. Thus due to non-revision of the contract cost, the department had to pay an extra cost of ₹ 3.07 crore (i.e. cost of 149 schemes) to the consultancy service.

The department stated (December 2010) that 149 schemes were dropped as they were found unfeasible due to hydrological and catchments issues. The preparation of SMPs was planned to be done by the consultant. The process of appointment of consultants in accordance with the WB procurement method was a lengthy process. Therefore, WRD prepared 167 SMPs with its limited capacity. All these SMPs were however, approved by the WB subject to review by the consultant.

The reply is not acceptable because the SMPs prepared by the department were routed through the consultant for getting NOC from the WB. The requisite cost adjustment of 149 SMPs of the dropped schemes was not done by the department.

1.3.9.5 Non-conducting training programme and technology transfer

Agreement (clause 13 of The Appendix A) between the consultant and WRD provided training and technology transfer as a routine activity throughout the duration of the consultancy period to enable the MPWRD and other staff members involved in the project to learn and replicate the result for future projects. Audit found that though the cost of providing training ₹ 2.70 crore was included in the contracts, the training had not been conducted (August 2010) by three consultants[44] even after the lapse of more than five years. Due to the non-responsive attitude of these consultants and lack of control and monitoring by the WBP, the desired benefits (training for 2289 slots) of the schemes were foregone.

The department stated (December 2010) that training within the State and the country was conducted but the same could not be conducted abroad. Cost adjustment would be done in case of non-conducting the training requisites.

The reply is not acceptable because merely adjusting cost for training and technology transfer at the end of the project period would not serve the purpose as the intended benefits of the training and technology transfer to the MPWRD and other staff was not taken into account.

1.3.10 Contract Management

As per the lending policy of the WB, the contracts were executed as per the terms and conditions laid down in respect of the National Competitive Bidding (NCB) and International Competitive Bidding (ICB) approved by the WB. The NCB and ICB were introduced for this project with some special conditions viz. insurance coverage, depositing bank guarantee (BG) in advance towards security for unbalanced bids, imposing penalty for not achieving the specified milestones, payment of machinery advance and retention of all security deposits of the project till completion.

During the course of audit, several inconsistencies, lapses and breach of contract conditions were noticed by Audit. Some of these cases are enumerated in the subsequent paragraphs:

Department accepted short additional security deposit for unbalanced bids.

1.3.10.1 Undue financial benefit to the contractor

As per clause 29.5 of the agreements, in the case of unbalanced bids[45], the contractor was required to deposit additional security sufficient to protect the employer against

44

Name of consultants	*No. of Slots*	*Amount*
M/s CES New Delhi	*2175*	₹ *206 lakh*
M/s Theovel Bangalore	*30*	₹ *30 lakh*
M/s DHV BV	*84*	₹ *34.50 lakh*
	2289	₹ *270.50 lakh*

45 *Unbalanced bids are bids where itemwise rates quoted by contractors are very high as compared to estimated rates.*

financial loss in the event of default. This amount of deposit was required to be over and above the normal performance security of five *per cent* of total contract value.

During test check of three major, three medium and five minor schemes, Audit observed that while evaluating 15 qualified bids, the EC had determined the bids as unbalanced to the tune of ₹ 57.51 crore. Accordingly, additional security deposit of ₹ 57.51 crore was required to be submitted by the bidders. The contractors had, however, submitted additional security of only ₹ 2.72 crore, resulting in short receipt of security of ₹ 54.79 crore for the unbalanced bids as shown in the **Appendix- 1.16.**

The department stated (December 2010) that bank guarantee for five *per cent* of the total unbalanced amount was obtained from the contractors as per standard practice. If the department attempted to secure 100 *per cent* of the unbalanced bid amount from the contractors, they would eventually start quoting higher rates, thus escalating the contract cost.

The reply is not acceptable as bank guarantees for the total amounts of the unbalanced bids were required to be obtained to secure the risk of the employer as per the agreement.

1.3.10.2 Short/non-coverage of insurance

The works were not insured as required under clause 13 of the agreements.

According to clause 13 of the conditions of the contract, the contractor was required to provide an insurance cover, from the date of commencement of the contract to the end of defect liability period[46] for the amounts specified in the contract for covering various hazards.

During test check of three major, three medium and five minor schemes, Audit found that in 14 agreements, despite contractual requirement of payment of insurance premium to the extent of ₹ 3.75 crore, insurance premium of only ₹ 0.07 crore was paid by three contractors and 11 contractors failed to submit any insurance coverage. This resulted in undue benefit of ₹ 3.68 crore to the contractors as shown in the **Appendix- 1.17.**

The department stated (December 2010) that the contractors were asked to submit the insurance cover else recoveries were to be made. The reply did not explain the reasons why contractors were given undue financial benefit and the recoveries were not effected *suo-motto*. Neither the insurance coverage for ₹ 3.68 crore was furnished by the contractor nor was the amount recovered.

1.3.10.3 Non-recovery of liquidated damages

Liquidated damages of ₹ 20.93 crore for non-achievement of targets.

Clause 49.1 of the agreement provided that in the event of failure to achieve the specified progress, the contractor was liable to pay liquidated damages to the employer at a daily rate specified in the contract data. Each contract specified different rates.

46 *Defect liability period is a period of one year from the date of completion of the work during which the contractor shall rectify at his cost all defects noticed by the employer during this period.*

During test check of two major, two medium and one unclassified[47] schemes audit found that in nine agreements, the contractors failed to achieve the desired targets. Liquidated damages of ₹ 27.41 crore were recoverable from those contractors but only ₹ 6.48 crore was withheld from their bills. This resulted in non-recovery of liquidated damages of ₹ 20.93 crore as detailed in the **Appendix – 1.18.**

The department stated (December 2010) that liquidated damages would be recovered from the contractors who failed to achieve the desired targets.

1.3.10.4 Excess payment due to use of PPC cement

Excess payment of ₹ 3.01 crore due to use of PPC instead of OPC in the lining work against the specification.

Irrigation specifications appended to the agreement, forms part of the agreement. Clause 9 of Chapter III of the specifications provided that 'Ordinary Portland Cement' (OPC) 43 grade should be used in the canal lining work.

During test check of three major schemes, audit found that in six agreements, mixed design for cement concrete lining were prepared by using 'PozzolonaPortland Cement' (PPC) instead of OPC 43 grade. PPC was cheaper by ₹ 200 per metric tonne as compared to OPC 43 grade. While making the payments for work done, the rate difference recoverable from the contractors was not recovered .This resulted in excess payment of ₹ 3.01 crore to the contractors as detailed in the **Appendix- 1.19.**

The department stated (December 2010) that cement of any grade could be used in canal lining as per chapter II A of the specifications for canal lining. The reply is not acceptable because chapter II A of the specifications was a general provision for concrete mix ingredients, while chapter IV of the specifications for canal lining clearly specified use of OPC-43 grade cement in lining work.

1.3.10.5 Irregular sanction of additional work

Additional work was sanctioned by CE in contravention of the provisions of the agreement.

According to the agreement, the employer (i.e the Chief Engineer) was empowered to allow variations upto one *per cent* of the contract price at a time, subject to a maximum of 10 *per cent* in the aggregate. Variations in excess of these quantities were required to be sanctioned by the PD (WBP).

Audit found that in the restructuring work of Harsi main canal, Dabra,(probable cost of ₹ 57.42 crore), additional quantities for the extra reaches beyond the purview of agreement costing ₹ 11.90 crore(20.72 *per cent*) was sanctioned by the Chief Engineer, Yamuna Basin, Gwalior (July 2009 and March 2010) without the approval of the WB. This resulted in an irregular payment of ₹ 11.90 crore.

The department stated (December 2010) that the amount was sanctioned by the CE, Yamuna Basin, Gwalior. The reply is not acceptable as the sanction of the CE was beyond the provisions of the agreement and the sanction of the entire amount of ₹ 11.90 crore came within the purview of the Government. Moreover, the copy of the sanction order was not produced to Audit.

47 *Water quality enhancement of SwarnaRekha river (Dam safety Division Gwalior).*

1.3.10.6 Irregular refund and conversion of retention money

Premature refund/ conversion of retention money before completion of work.

Clause 48 of the agreement provided that retention money[48] (security deposit), was to be deducted and retained till completion of the whole work. On completion of the whole work, only half of the total amount retained, qualified for the refund to the contractor and the balance amount was payable after the expiry of the defect liability period of one year, subject to the condition that the engineer certified that all defects notified to the contractor had been corrected. The contractor had an option to substitute the retention money with a bank guarantee on completion of the whole work but before completion of the defect liability period.

Test check of three major schemes revealed that in violation of the agreed terms and conditions of the agreement the retention money of ₹ 60.86 lakh was irregularly refunded to the contractor[49] after completion of merely 43 *per cent* of the work.

Similarly in two cases[50] of WR Harsi division, Dabra, the retention money of ₹1.97 crore, which was to be retained in cash deposit, was substituted by fixed deposit receipts (FDR), though there was no provision in the agreement for such substitution. This action not only contravened the explicit provision of the agreement but also was against the financial interest of the Government.

The department stated (December 2010) that ₹ 30 lakh had been recovered and the balance amount would be recovered from the running bills.

1.3.10.7 Irregular payment of escalation for the bitumen component

Irregular payment of escalation for the bitumen component beyond the scope of work.

Out of the total 14 works test-checked, Audit found that though bituminous work was not in the scope of work of the two agreements[51], an amount of ₹ 25.84 lakh was paid to the contractor towards price adjustment for the bitumen component.

The department reportedly recovered the amount of ₹ 4.42 lakh related to the work of Swarna Rekha River and assured (December 2010) that the bitumen component for the Ambah Branch Canal work would be adjusted from the next escalation bills.

1.3.10.8 Irregular rejection of tenders in the first call

Rejection of tenders in first call led to Mis-procurement of World Bank loan and cost over run.

Bids for the 'Work of Resectioning and strengthening of Chambal Lower Main Canal (CLMC) from km. 0.00 to 50.00-Slice No.3', were invited (December 2006) by the CE, Yamuna Basin, Gwalior with an estimated cost of ₹ 28.14 crore. Bids were opened on 22 August 2007 and the four bidders submitted their offers as detailed in **Table No. 1.18.**

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48 *At the rate of six per cent of the gross amount of each running account bill, subject to a maximum of the five per cent of the contract amount*

49 *Agreement No.25/07-08 vide voucher no. 4 dated 04 september.2009, CRMC 60-93, EE WRD Sheopur.*

50

Agreement No	Amount of Retention Money converted into FDR
01/2007-08	₹ 55,74,800
04/2007-08	₹ 1,40,80,000
Total	₹ 1,96,54,800

51

Ambah branch canal	₹ 21,41,415
Swarna Rekha river	₹ 4,42,667
Total	₹ 25,84,082

Table No. 1.18: Details of bidding

(₹ in crore)

Sl. No	Name of the Bidder	Estimated cost	Rates offered by the bidder	Percentage above to the USR (1 July 2007)	Remark
1	A	28.14	29.89	6.22	**Bidder A** participated in both the bids i.e. slice 3 and 4[52] as a lowest bidder. Therefore, the offer of **Bidder A** for slice **3** was not considered.
2	B	28.14	32.42	15.24	
3	C	28.14	32.71	16.63	
4	D	28.14	35.94	27.73	

The lowest tender of **'A'**, which was 6.22 *per cent* above the estimated cost was rejected as per the tendering criteria because '**A**' had already been awarded the work of slice No. 4. The offer of the second lowest bidder '**B**' was 15.24 *per cent* above the estimated cost. When the WB was apprised (18 October 2007) of the high rates, it had intimated (5 November 2007) that the rates of the **'B'** were reasonable and instructed the project authorities to resolve the issue. The WB also stated (19 May 2008) that if the bid of the lowest eligible bidder could not be sanctioned, this would be declared as 'mis-procurement' of loan and it would consequently entail cancellation or reduction of the loan of US $ seven million (Approx ₹ 28 crore).

However, the bid of **'B'** was finally rejected (10 July 2008) by the CE on the plea that the rates were on the higher side as compared to the prevailing rates (i.e. 9.16 *per cent* above). WRD decided that the work of Chambal Lower Main Canal would be executed from the State share of MPWSRP. Therefore, tenders were re-invited (11 July 2008) by the CE, Gwalior and the lowest offer of contractor 'E' (17.73 *per cent* above Unified Schedule of Rates) was accepted by the Empowered Committee (8 October 2008).

Thus the reason of 'high rates', given by the EC for rejection of the lowest bid of 'B' was incorrect. The irregular rejection of the tender in the first call and the acceptance of the costlier tender in the subsequent call not only deprived the project of the WB loan of ₹ 28 crore but also resulted in extra cost of ₹ 0.70 crore[53].

The department stated (December 2010) that work could not be allotted to the successful bidder because the bidder refused to extend the validity of offer. Therefore, the work was got executed from the State share of MPWSRP. The reply is not acceptable as the WB had clearly instructed to resolve the issue (accept the eligible tender) even though the department rejected the tender.

Similarly, in the case of the composite work of 'Restructuring and Modernisation work of Intkhedi Tank, Chanched Barrage, Parwalia Tank and Kadampur Tank', the bid of the lowest eligible bidder at a cost of ₹ 1.75 crore was rejected by the E-in-C, WRD (March 2007) being on the higher side. Subsequently, after re-tendering, the bid of another contractor at the cost of ₹ 5.65 crore was sanctioned (February 2010) by the PD, WBP. Thus due to delay in award of work for three years , the cost

52 *Morena Branch canal, WRD Joura.*
53 *(17.73 per cent minus 15.24 per cent of ₹ 28.14 crore).*

increased from ₹1.75 crore to ₹ 5.66 crore, resulting in time overrun by three years and cost overrun by ₹ 3.91 crore.

The EE, WRD, Bhopal stated (August 2010) that the cost had increased due to revision of the USR. The reply was not tenable as the increase in the cost was mainly due to delay of three years in the awarding of the work.

1.3.10.9 Irregular award of work in contravention of contractual provisions

Breach of contract due to delayed submission of performance security.

Clause 29.5 and 34.1 of the agreement for the work of 'Modernisation of Swarna Rekha River, Gwalior' provided that the successful bidder should deliver a performance security in any of the forms for an amount equivalent to five *per cent* of the contract price plus the additional security for the unbalanced bids to the employer within 21 days of the receipt of the letter of acceptance. Failure of the successful bidder to comply with the requirements of sub-clause 34.1 would constitute a breach of contract, which might be a cause for annulment of the letter of acceptance and forfeiture of the bid security. The employer would award the contract to the next bidder.

Audit observed that the bid of the lowest contractor for 'Modernisation of Swarnarekha river, Gwalior' was accepted on 25 February 2008 by the EC and was communicated to the contractor on 27 February 2008. However the agreement was executed on 31 March 2008 by the contractor after a lapse of 33 days. After entering into the contract, the contractor had submitted a fixed deposit receipt of ₹ 1.26 crore which was short by ₹ 0.73 crore. After several reminders, the contractor finally submitted a bank guarantee of ₹ 1.99 crore towards the performance security on 28 April 2008. Delayed submission of performance security constituted a breach of contract. This resulted in non-forfeiture of bid security of ₹ 63.10 lakh and irregular award of work amounting to ₹ 37.84 crore.

The department accepted (December 2010) the delay in submission of the performance security by the contractor, which constituted the breach of contract.

1.3.10.10 Loss due to non-recovery from the defaulting contractor

Loss due to non-recovery from the defaulting contractors.

The work of 'Restructuring and modernisation of main canal of Kerwan medium irrigation project under WRD, Bhopal' was awarded (November 2008) to a contractor, with an estimated cost of ₹ 2.65 crore and with a stipulation to complete the work within 18 months (May 2010). The progress of the work was very slow and therefore, it was terminated (April 2009) by the EE, WRD, Bhopal.

Recovery of ₹ 81.62 lakh from the defaulting contractor on account of liquidated damages (₹ 26.5 lakh), mobilisation advance (₹ 16.43 lakh) and other recoveries (₹ 38.69 lakh) as per the terms of contract (clause 59.1and 60.1) was not made by the CE (July 2010). Performance security of ₹ 37.10 lakh was only forfeited. This resulted in short recovery of an amount of ₹ 44.52 lakh from the contractor.

The department stated (December 2010) that as per the instructions of the Government, the E-in-C, WRD assured (April 2010) to recover the remaining amount from the ongoing work of the same contractor under his jurisdiction. Action on recovery was awaited (December 2010).

1.3.11 Monitoring and Internal Control

As per the PIP, an effective monitoring and learning system containing indicators and benchmarks for achievement of project objectives should be implemented during the early stage of the project. The following deficiencies were noticed in monitoring and the evaluation system:

- As per Project Approval Document, the consultant for undertaking the work of 'Monitoring and Learning activity' was to be engaged by December 2005. However, it had not been engaged as of December 2010.
- As per the orders (July 2010), of the PD, WBP counterpart teams consisting of departmental officials were formed (September 2010) to monitor different tasks performed by the consultants on a weekly basis. Formation of the teams for monitoring and evaluation at end of the project period would not serve the purpose.
- Implementation of the IT system was delayed by five years which substantially impeded the monitoring mechanism,
- The WB Mission conducted (November 2009) a comprehensive study including site inspection of the ongoing works under the project. The initiatives taken by the project authorities were assessed by the WB as 'moderately unsatisfactory'. The gist of key findings of WB Mission against different components of execution is shown in **Appendix 1.20.**
- The department stated (December 2010) that monthly review meetings on physical and financial progress were being regularly organised by the PD, WBP through video-conferencing.

1.3.12 Conclusion

About 83 *per cent* of the project time was over but the department failed to implement the project in a timebound manner. Irrigation potential of only 69,286 ha (11.17 *per cent*) had been created (March 2010) as against the targeted irrigation potential of 6.20 lakh ha due to non-completion of the schemes. After incurring expenditure of only ₹ 688.25 crore (38 *per cent*) against the project cost of ₹ 1919 crore, only nine schemes (one major and eight minor) out of 654 schemes were completed. Delay in the engagement of consultants and deliverables adversely affected the completion of the project. Contract documents were not prepared with due care and faulty clauses entailed risk of financial loss and contractual/legal complications. There were cases of non-recovery of liquidated damages and additional security deposits providing undue benefits to the contractors etc.

Deficient internal control, inadequate monitoring and unsatisfactory performance of the line departments in the modernisation plan further aggravated the issue.

1.3.13 Recommendations

- A penal clause should be included in the agreement for under-performance or delayed performance by the consultants to ensure that the consultants adhere to the guidelines and policy directives.
- Steps should be taken to ensure strict adherence to the prescribed schedule to avoid time and cost overruns, and payment of commitment charges.
- Conditions of the agreements should be adhered to and steps should be taken to avoid legal complications.
- Proper steps for internal control and monitoring of the project should be taken up.

CHAPTER II

Audit of Transactions

2.1 Fraud/Embezzlement/Losses

Scheduled Tribes and Scheduled Castes Welfare Department

2.1.1 Suspected embezzlement/ misappropriation of Government money

Failure to observe the codal provisions and Government orders facilitated embezzlement/ misappropriation of ₹ 1.35 crore in the office of the Commissioner, Scheduled Caste Development, Bhopal.

The Madhya Pradesh Treasury Code, Volume I provides that all money transactions should be entered in the cash book as soon as they occur and got attested by the officer in charge of the cash book in token of check. To prevent fraudulent drawals from the treasury, the Government had issued (December 2000) further orders that a list of all cheques drawn during the month should be sent by the Treasury Officer to the Drawing and Disbursing Officer (DDO) by the 10th of the following month and the DDO after recording the certificate of verification, should return the list to the Treasury Officer by the 20th of the same month. Further, the Finance Department had issued (November 2003) instructions that bills in respect of payments to semi/non-government institutions should be endorsed in their favour so that cheques could be issued by the treasury officer in favour of concerned institutions.

During audit scrutiny (April 2010) of the records and cash book of the Commissioner, Scheduled Castes Development, it was noticed that three drawals amounting to ₹ 1.22 crore were neither entered into the bill register nor in the cash book. Further examination (April 2010) of vouchers received in the Accountant General (Accounts & Entitlement)'s office showed double drawal of ₹ 80 lakh in one case against a sanction issued in December 2009.

On this being pointed out (June 2010), the Commissioner, confirmed (July 2010) the double drawal of ₹ 80 lakh and informed Audit of similar double drawals of ₹ 42 lakh (₹ 29,42,885 + ₹ 12,51,300) in two other cases for which sanctions were issued in May 2009. Details of drawals made from the treasury are shown in Table 2.1.

Table 2.1: Details of drawal of ₹ 2.44 crore

Sl. No.	Sanction No. and date	Bill No. and date	Treasury Voucher No. and date	Cheque No. and date issued by the Treasury	Amount (₹)
1.	No. Shiksha - 3/2009 - 10/8635 Dated 15 December 2009	351 16 December 2009	62 07 January 2010	285064/ 07 January 2010	80,00,000
2	No. Shiksha - 3/2009 - 10/8635 Dated 15 December 2009	493 26 March 2010	402 31 March 2010	297911/ 31 March 2010	80,00,000
3	No.Shiksha-4/2008-09/808 Dated 1 May 2009	61 11 May 2009	72 18 May 2009	248943/ 18 May 2009	29,42,885
4	No.Shiksha-4/Prashikchan /2008 - 09/828 Dated 4 May 2009	51 04 May 2009	139 29 June 2009	257823/ 29 June 2009	29,42,885
5	No.Shiksha-4/2009-10/800 Dated 1 May 2009	56 11 May 2009	67 18 May 2009	248938/ 18 May 2009	12,51,300
6	No.Shiksha-4/Prakshikchan/2008-09/860 Dated 7 May 2009	88 04 June 2009	168 31 July 2009	262067/ 31 July 2009	12,51,300
				Total	2,43,88,370
				Say	₹ 2.44 crore

The Commissioner further stated that a proposal had been submitted (June 2010) to the Government for referring the case to the Economic Offences Investigation Bureau which was still under consideration (September 2010). The cashier and two DDOs had been placed under suspension.

The modus operandi adopted in these cases involved tampering with the despatch number and date of sanctions (in two cases involving ₹ 29,42,885 and ₹ 12,51,300) and change of minor head of account (in one case involving ₹ 80,00,000). Further, out of the total drawal of ₹ 2.44 crore, payment of ₹ 1.09 crore (₹ 80,00,000 + ₹ 29,42,885) was made to eligible grantees and for the remaining amount of ₹ 1.35 crore, bankers cheques were got prepared in favour of unconcerned parties. Had the bills for payments of semi/non-government organisations been endorsed by the DDO in favour of these organisations, there would have been no scope for getting banker's cheques in favour of the unconcerned parties.

Thus, non-adherence to codal provisions and related government instructions facilitated embezzlement/ misappropriation of ₹ 1.35 crore.

The matter was referred (June 2010) to the Government. The Principal Secretary, while confirming (October 2010) the embezzlement, informed that the concerned officers/officials had been placed under suspension and departmental inquiries were being conducted against them.

Medical Education Department

2.1.2 Embezzlement of user charges

Interpolations in the records coupled with lack of supervision led to embezzlement of ₹ 12.32 lakh in the radio diagnosis department of Shyam Shah Medical College, Rewa.

Shyam Shah Medical College, Rewa, an autonomous society, collects user charges for the services provided to patients and deposits the money in a bank account of the society. According to Rule 53 of the Madhya Pradesh Treasury Code, where the details of cash transactions are also recorded in separate revenue registers, the entries in such registers should be tallied with the entries in the cash book by a responsible official who should record a certificate to this effect in the relevant revenue registers.

Scrutiny (April 2010) of records of the radio diagnosis department of the Medical College, for the period from January 2004 to December 2009 and further information collected (August 2010) revealed several interpolations/overwriting and cuttings on carbon copies of receipts issued to patients for collecting user charges of radio diagnosis. Though the medical college collected ₹ 25.68 lakh from users during January 2004 to March 2008, the amounts of receipts collected was shown as ₹ 23.40 lakh only, out of which an amount of ₹ 10.04 lakh had not been remitted to the Accounts Section as shown in Appendix 2.1. Also, the officer responsible did not tally the total amount of the receipt book with the money receipt register and recorded certificates.

Thus, failure of the department in proper maintenance of accounts of user charges/ timely remittance into the society accounts and non-checking of receipt books with the register by superiors of the department led to embezzlement of ₹ 12.32 lakh.

On this being pointed out (August 2010), the Director Medical Education intimated (November 2010) that the matter was got investigated (August 2010) by the Dean of the medical college, through a five-member committee and a chargesheet against the delinquent official was under process. The delinquent official reportedly deposited ₹ 2.50 lakh in the accounts of autonomous society and gave his consent for recovery of the remaining amount.

The matter was referred to the Government (August 2010). Their reply had not been received (November 2010).

Animal Husbandry Department

2.1.3 Loss due to non-providing of training to beneficiaries

Due to lack of proper training to beneficiaries about reporting of deaths of cows, the Government was put to a loss of ₹ 75.74 lakh.

Under the Integrated Tribal Dairy Development Project (ITDDP), Chhindwara of the Madhya Pradesh, State Cooperative Dairy Federation, Bhopal, establishment of 350 small dairy units in 17 villages was contemplated (May 2005). Special Central assistance of ₹0.72 lakh was admissible to per unit BPL beneficiaries belonging to Scheduled Tribes (₹ 50,000 for providing three milch cows; ₹10,000 for construction of a cattle shed; ₹ 10,000 for cattle feed for the first 90 days and ₹ 2,200 for training to beneficiary). Beneficiaries interested in dairy business were to be selected by *Gram Sabhas* and for establishment of the dairy units, availability of sufficient space and drinking water for cows was to be ensured. The selected beneficiaries were required to be trained by the *Dugdh Sangh*[1].

Test check (February 2010) of the records of the Deputy Director, Veterinary Services, Chhindwara (DDVS) and further information collected (June and September 2010) from DDVS, Chhindwara and Project Officer, ITDDP, Chhindwara revealed that 1,050 cows were provided to beneficiaries in 17 villages during 2006-10. Of these, 489 cows purchased at a cost of ₹81.50 lakh died. Insurance claims for 284 cows only were submitted to the insurance company, out of which, only 66 claims amounting to ₹5.76 lakh had been partly admitted so far by the insurance company. In the remaining cases, the claims could not be lodged with the insurance company as the beneficiaries failed to report the deaths of cows to veterinary officials, along with death certificates of the cows and *panchnamas*[2].

On this being pointed out in audit, the DDVS attributed (February 2010) the large scale death of cows to shortage of cattle feed and lack of proper care. Further, the Project Officer, ITDDP Chindwara replied (June 2010) that inadequate veterinary services including insemination of cows and insufficient feed as well as improper care by beneficiaries led to the high rate of mortality. The replies of the DDVS and the Project Officer, ITDDP Chindwara were not acceptable as failure of beneficiaries in reporting death of cows to veterinary officials with required documents indicated that the *Dugdh Sangh* failed to train the beneficiaries about the procedure to be followed after deaths of cows.

1 *Madhya Pradesh State Cooperative Dairy Federation Limited, an organisation which promotes production, procurement, processing, manufacturing and marketing of milk and milk products.*

2 *An on spot investigation report prepared by a group of persons explaining factual position.*

Thus, the lackadaisical approach of the department and the *Dugdh Sangh* in making beneficiaries aware of the procedure for properly reporting of death of cows led to loss of ₹ 75.74[3] lakh to the Government.

The matter was referred to the Government (April 2010). The Principal Secretary intimated (November 2010) that a high level committee had been constituted and the investigation by the committee was in process.

Higher Education Department

2.1.4 Loss due to non-recovery of fees as per the revised fee structure

Non-recovery of fees of the Master of Business Administration Course (Distance Education) as per the revised fee structure led to loss of ₹ 70.36 lakh to Devi Ahilya University, Indore.

The Executive Council of the Devi Ahilya University, Indore revised the fee structure in May 2006 and July 2007 for students enrolled in courses run by the university during the academic sessions 2006-07 and 2007-08 respectively. The fee structure for the Master of Business Administration (Distance Education) course during the academic sessions 2006-08 was as indicated in **Table No 2.2** below.

Table No 2.2 : Details of the fee structure

Sl. No	Academic session	Academic fee (Per Annum) (₹)	Development /maintenance fee (Per Annum) (₹)	Other miscellaneous fee (Per Annum) (₹)	Total (₹)
1.	2006-07	14,000	2,000	2,000	18,000
2.	2007-08	14,000	2,000	2,000	18,000

Scrutiny (April 2010) of the records and further information collected (August and September 2010) from university revealed that out of the above fee structure, development / maintenance fees and other miscellaneous fees were not collected from the students enrolled during academic sessions 2006-07 and 2007-08. This resulted in a loss of ₹ 70.36 lakh to the university as detailed in **Table No 2.3** below:-

Table No 2.3 : Details of loss to the university

(₹ In lakh)

Sl. No	Academic session	Number of students	Semester	Development and maintenance fee @ ₹ 2000 per annum	Other Miscellaneous fee @ ₹ 2000 per annum	Total
1	2006-07	795	1st	15.90	15.90	31.80
2	2007-08	653	1st	13.06	13.06	26.12
		311	3rd	6.22	6.22	12.44
					Total	70.36

3 Cost of 489 cows @₹ 50,000 for three cows = ₹ 81.50 lakh – insurance claims admitted ₹ 5.76 lakh.

On this being pointed out (April 2010) in audit, the Director, Distance Education stated (August 2010) that the revised fee structure order for charging the development/ maintenance fees and other miscellaneous fees from the students, had not been received in the directorate of distance education of the university.

The reply is not acceptable because the fee structure was sent to all the Head of Departments/ Directors of the university in May 2006 and July 2007. Thus, non-collection of fees as per the revised fee structure led to a loss of ₹ 70.36 lakh to the university.

The matter was reported to the Government (June 2010). Their reply had not been received (November 2010).

Labour Department

2.1.5 Loss due to non-recovery of cess

Due to failure of the Labour Department to implement the provisions of the Building and Other Construction Workers Welfare Cess Rules, the Building and Other Construction Workers Welfare Board suffered a loss of ₹ 45.17 lakh and the beneficiaries were deprived of the intended benefits to that extent.

In exercise of the powers conferred under the Building and Other Construction Workers Welfare Cess Act, 1996, the Central Government framed the Building and Other Construction Workers Welfare Cess Rules, 1998. According to Rules 3 to 5 of the Rules, an employer was required to deduct cess at the notified rates from the bills paid for construction works and transfer the proceeds to the 'Building and Other Construction Workers Welfare Board' constituted by the Government. The GOI had notified (September 1996) the rate of cess as one *per cent* of the cost of work with effect from 26 September 1996. Further, Rule 6 required every employer to furnish the information to the Assessing Officer within 30 days of commencement of the work or payment of cess as the case may be. The Government nominated (February 2001 and June 2003) designated officers of the Labour Department as Cess Collectors and Assessing Officers for the purpose of implementation of the provisions of the Act, 1996.

Test check (January 2009) of records of the Director, Atal Bihari Vajpayee Indian Institute of Information Technology and Management (ABV-IIITM), Gwalior (a Government of India Autonomous Body) revealed that the institute had appointed (March 2000) Educational Consultants India Limited (Ed.CIL) as the Project Manager Agency for carrying out the construction works of the institute. The institute had paid ₹ 52.64 crore to the contractors for carrying out the construction works during 2005-06 to 2007-08 through Ed.CIL but failed to submit information to Labour Department and recover ₹ 52.64 lakh from the contractors. Ed.CIL, however, deposited (March 2009) ₹ 7.47 lakh only with the Labour Department

from the other funds of the institute. The Assistant Commissioner, Labour Department, Gwalior had also issued (July 2005) a notice to the institute regarding non-submission of information and non-payment of cess but did not pursue the case any further. Thus, non-observance of the prescribed procedure for deducting the amount of welfare cess from the running account bills of the contractors led to a loss of ₹ 45.17 lakh to the Board and undue benefit of ₹ 52.64 lakh to the contractors. The beneficiaries were deprived of the intended benefits to that extent.

On being pointed out (January 2009), the Director ABV-IIITM, Gwalior stated (July 2010) that Ed.CIL was responsible for making the payment of cess. The reply is not convincing as clause 6.3.4 of the agreement between Ed.CIL and the institute required Ed.CIL to make deductions from contractors' payments under intimation to the Institute. In cases of failure to deduct the cess, the Institute was required to pursue Ed.CIL for deduction of cess. The Assistant Commissioner, Labour Department, Gwalior stated (August 2010) that due to non-receipt of information about construction works from the institute, the assessment of cess could not be made and assured action on the notice issued in July 2005. He also stated that efforts would be made to obtain the information and assess the cess in future. The reply of the Assistant Commissioner, Labour Department was not convincing as he failed to implement the provisions of the Act and could not impose recovery action even after lapse of five years on the notice issued to the institute.

The matter was referred (August 2010) to the Government. Their reply had not been received (November 2010).

Public Health and Family Welfare Department

2.1.6 Loss due to non-consumption of medicines before expiry date

Non-observance of instructions regarding consumption/distribution of excess medicines and medicines which had short shelf life left led to loss of ₹ 56.26 lakh on expired medicines.

The Government of Madhya Pradesh, Public Health and Family Welfare Department approved (June 2006)[4] a New Drug Policy (NDP), under which medicines up to 80 *per cent* of the total requirement were required to be procured centrally by the Director Health Services (DHS) for the entire State and consigned to 27 district level medical stores managed by private companies. The annual requirement of essential medicines listed for District/Civil Hospitals, Community Health Centres/Primary Health Centres, etc was to be assessed for first year on the basis of last three years' budgets and expenditure and in subsequent years, on the basis of the previous year's consumption and actual requirement of the departments. The DHS was required to

4 *New drug policy approved by Government of Madhya Pradesh Public Health and Family Welfare Department vide their order No./F-12-66/2000/seventeen/med-3 date 6th June 2006.*

place the supply orders with the firms quarterly. The health units in the districts were to lift the medicines according to their requirement from their respective district level medical stores. The Government decided (May 2009) to close the district level medical stores managed by private companies with effect from 1 June 2009. Consequently, the DHS instructed (May 2009) the private companies to hand over the possession and records of these stores to the Chief Medical and Health Officers (CMHOs) of the concerning districts along with the balance stock of medicines. The DHS also instructed (January to April 2009) all Joint Directors, Health Services (JDHS), CMHOs and Civil Surgeons (CS) to arrange redistribution of excess medicines and the medicines with short shelf life left to needy health units so that the medicines could be utilised before the expiry dates.

Test check (August 2009 to February 2010) of the records of CMHO Harda, Indore, Sehore and Surgical Specialist Nehru Hospital, Burhanpur and further information collected (July 2010) from these units and DHS Bhopal revealed that the balance stock of medicines was transferred by the district level stores to the CMHOs concerned, in compliance of the instructions (May 2009). The medicines transferred included medicines costing ₹ 27.49[5] lakh which had already expired and the medicines costing ₹ 28.77[6] lakh which expired between July 2009 and June 2010.

On this being pointed out in audit, the CMHOs, Harda, Indore, Sehore and Surgical Specialist Nehru Hospital, Burhanpur stated (August 2009 to July 2010) that medicines with short shelf life left were received in huge quantities and hence, could not be distributed before their expiry dates.

The replies of CMHOs indicate that the instructions (January - April 2009) issued by the DHS to utilise the medicines before their expiry date were not followed as the JDHS, CMHOs etc failed to identify the health units requiring such medicines.

Had the instructions been followed, non-utilisation of the medicines before the expiry dates could have been avoided. Thus, the lackadaisical approach of the department not only led to loss of ₹ 56.26 lakh due to non-utilisation of medicines before their expiry date but also deprived needy patients at other places.

The matter was referred (March 2010) to the Government. Their reply had not been received (November 2010).

5 *Surgical Specialist Nehru Hospital, Burhanpur-₹ 0.24 lakh, CMHO Harda-₹ 2.78 lakh, CMHO Indore-₹ 22.85 lakh and CMHO Sehore-₹ 1.62 lakh*

6 *Surgical Specialist Nehru Hospital, Burhanpur-₹ 3.32 lakh, CMHO Harda-₹ 23.52 lakh, and CMHO Sehore-₹ 1.93 lakh*

Urban Administration and Development Department

2.1.7 Loss due to insolvency of bank

Loss of scheme funds of ₹ 30.98 lakh due to insolvency of a bank resulting in non-implementation of schemes.

According to instructions issued by the Government from time to time, scheme funds received were to be kept in nationalised banks only. Further in a scheme review meeting held (May 1998) under the chairmanship of Secretary, Urban Welfare Department, it was reiterated that money belonging to schemes should not be credited to any co-operative or rural banks.

Scrutiny (September 2007) of records revealed that the Nagar Nigam, Burhanpur deposited (upto September 2004) funds pertaining to various Central schemes and Nigam funds in the Citizen Co-operative Bank, Burhanpur. Since functioning of the Citizen Co-operative Bank was found unreliable and doubtful, the Reserve Bank of India had precluded the bank with effect from 15th January 2005 from carrying out banking business. As a result, the banking transactions of the Citizen Co-operative Bank, Burhanpur were stopped and ₹ 30.98 lakh (scheme funds ₹ 22.48 lakh[7] and Nigam fund ₹ 8.50 lakh) lying deposited in bank could not be withdrawn for the purposes for which funds were meant.

RBI cancelled (May 2009) the licence granted to the bank for carrying on banking business, *inter alia,* on the ground that the bank was not in a position to pay its depositors in full. As such, recovery of the funds, partly or fully, became doubtful.

Thus, non-observance of departmental instructions regarding depositing scheme funds in nationalised banks led to a loss of ₹ 30.98 lakh and also in non-implementation of schemes, depriving the beneficiaries of intended benefits.

The Commissioner, while accepting (August and December 2010) the fact that scheme funds were required to be deposited in nationalised banks, stated that since accounts already existed in the Citizen Co-operative bank, the funds were deposited in those bank accounts. He also accepted the fact that due to the ban imposed by RBI on the Citizen Co-operative Bank on conducting banking business, the money could not be withdrawn, as a result of which the implementation of Government schemes was badly affected.

The matter was reported (July 2010) to the Government. Their reply had not been received (November 2010).

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7 *National Slum Development Programme ₹ 13.81 lakh, Mid-day-meal programme ₹ 4.95 lakh and Swarn Jayanti Shahari Rojgar ₹ 3.72 lakh.*

Water Resources Department and Panchayat and Rural Development Department

2.1.8 Submission of fake fixed deposit receipts by the contractors

Work costing ₹ 107 crore was awarded to an ineligible contractor in Pench Diversion Project, Chourai by accepting a fake FDR of ₹ 47 lakh towards earnest money deposit. Similarly, loss of ₹ 1.08 crore in Pradhan Mantri Gram Sadak Yojana works executed in Ashoknagar district by release of security deposit against fake FDR submitted by a contractor was noticed.

For construction of an earthen dam in RD 0 m to RD 1400 m and RD 1800 m to 6376 m of Pench Diversion Project, Chourai in district Chhindwada, tenders were invited (August 2008) by the Executive Engineer (EE). The value of work put to tender was ₹ 92.99 crore and the lowest tender of a contractor for ₹ 106.87 crore {evaluated at 14.92 *per cent* above Unified Schedule of Rates (USR) -2007} was accepted (September 2008) by the Government. The work order, stipulating completion period of 24 months including the rainy season, was issued by the EE in October 2008. The work was in progress and the 10th running account bill of ₹ 9.48 crore had been paid to the contractor in May 2010. As per a condition of the Notice Inviting Tenders, fixed deposit receipts (FDR) issued by nationalised banks/scheduled banks payable at Chhindwara were only acceptable as earnest money deposit (EMD). Further, as per the tender processing criteria, the department was required to verify the authenticity of FDRs from the issuing banks before acceptance of FDR.

Audit scrutiny (May 2010) revealed that the contractor had submitted an FDR (No. 1804013 dated 27 August 2008) of ₹ 47 lakh purported to be issued by the HDFC Bank, Bhopal in place of Chhindwara. This was overlooked by the EE.Further, the EE requested (11 September 2008) the bank which had issued the FDR, to verify the authenticity of the FDR. The EE, without waiting for the confirmation from the FDR issuing bank, recommended (May 2008) the tender which was eventually accepted (September 2008) by the Government. Scrutiny further revealed that the contractor managed to get the said FDR replaced by another FDR (No. 29312) dated 20 January 2010 amounting to ₹47 lakh by the EE. In response to the audit observation (May 2010), the EE again requested (20 May 2010) the bank to confirm the genuineness of the FDR No. 1804013. The bank intimated (22 May 2010) that the said FDR was fake and not issued by them.

On this being pointed out (May 2010) in audit, the EE replied that the FDR had been replaced by another FDR on the request of the contractor. He further stated (July 2010) that the contractor had admitted (July 2010) to have submitted a fake FDR of ₹ 47 lakh and the contract had been rescinded (July 2010). The contractor was blacklisted (April 2010) and an FIR was lodged (November 2010) against him at Chourai Police Station.

Audit, however, noticed that no departmental action had been initiated against the officer responsible for not verifying the genuineness of the FDR before acceptance of tender.

Thus due to acceptance a fake FDR, work costing ₹ 107 crore was awarded to an ineligible contractor.

Similarly, the work of construction of six rural roads under the Pradhan Mantri Gram Sadak Yojana (PMGSY) package No. 4752 in Ashoknagar district was awarded (October 2006) to a contractor at a contract amount of ₹ 4.83 crore on the item rate tender. The work order was issued in October 2006, stipulating a completion period of 12 months including the rainy season. The contractor commenced the work on 5 October 2006 and an aggregate payment of ₹ 2.68 crore was made to him as of January 2009 for executing approximately 50 *per cent* work. The contract was terminated (March 2009) by the General Manager (GM) Project Implementation Unit (PIU), Ashoknagar under clause 52.1 of the General Conditions of Contract on account of fundamental breach of contract (slow progress of work etc) by the contractor.

As required under the provisions of the contract, after signing the agreement, the contractor deposited initial performance security amounting to ₹ 69.70 lakh through four FDRs (No. 886846 and 886847 dated 5 October 2006, 539983 dated 17 October 2006, 539997 dated 18 November 2006 , for ₹ six lakh, ₹ 18.21 lakh, ₹ 24 lakh and ₹ 21.50 lakh respectively). The GM, on the contractor's request (26 March 2007), replaced two FDRs (No 886846 and 886847 amounting to ₹ 24.20 lakh) with a fresh FDR (No. 643535 dated 26 March 2007) for ₹. 24.20 lakh.

Audit observed (April 2010) that the GM, PIU had requested (October/November 2006 and March 2007) the Central Bank of India, Sheopurkalan branch (Bank) for verification of genuineness of FDRs No. 643535 of ₹ 24.20 lakh, No. 539983 of ₹ 24 lakh and No. 539997 of ₹ 21.50 lakh without indicating the name of the contractor for the above FDRs. As per a reply furnished (September 2010) to Audit by the Chief General Manager (CGM), Madhya Pradesh Rural Roads Development Authority (MPRRDA), Bhopal, the bank had initially confirmed (October / November 2006 and March 2007) that all the abovementioned FDRs were issued by their branch. When the GM deputed (March 2009) an official to the bank, the bank refused to encash the FDRs and intimated (March 2009) the GM that the FDRs presented to the bank were fake and not issued by them. Thus ₹ 1.08 crore recoverable from the contractor on different counts[8] against the three FDRs amounting to ₹ 69.70 lakh could not be recovered, resulting in a loss to the Government.

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8 *(i) debitable cost towards risk and cost of the contract (20 per cent of cost of balance work♣) ₹. 43,03,873.00*
(ii) Liquidated damage (10 per cent of contract amount) ₹ .48,34,179.00
(iii) Consultancy charges (October 2007 to October 2008) ₹ 6,95,247.00
(iv) Balance Machinery advance ₹. 10,10,000.00
₹. 108,43,299.00

♣ *Balance work = Contract amount ₹ 483,41,792.00 (–) Work done ₹ 268,22,430.00 = ₹ 215,19,363.00*

On this being pointed out in audit, the GM stated (April 2010) that the FDRs were replaced on the request of the contractor and the matter was reported (21 March 2009) to the police for investigation. However, no departmental action was initiated (September 2010) for fixing the responsibility.

Thus due to acceptance of fake FDRs from the contractor, the Government was put to a loss of ₹1.08 crore.

The matter was referred (May and June 2010) to the Government. Their reply had not been received (November 2010).

2.2 Excess/Wasteful/Infructuous/Unfruitful expenditure

Public Health and Family Welfare Department

2.2.1 Irregular purchase and unfruitful expenditure on display medium with mobile charger units

Expenditure of ₹ 71.77 lakh incurred on purchase of display medium with mobile charger units without verification of specification and installation in working condition was rendered unfruitful.

With a view to acquaint the general public with various schemes of health department, display medium with mobile charger units were proposed to be installed at health institutions and public places such as Collectorate, Zila Panchayat, Nagar Nigam, Bus stand etc. in each district in Madhya Pradesh. Accordingly Director State Health Information Education Communication (IEC) Bureau issued (July 2007) purchase orders on Madhya Pradesh Laghu Udyog Nigam (MPLUN) for supply and installation of 940 units (533 units wall mounted and 407 units with floor stands). According to the condition of supply orders, the units were to be demonstrated by MPLUN at IEC Bureau Headquarters before supply to the districts. MPLUN, in turn, issued (July 2007) orders to four suppliers. As per Clauses 8 and 9 of the agreement with the supplier firms, the units were to be installed within 15 days of the supply order at specified places in working condition and in case of their non-working, the suppliers were required to get the units repaired within seven days of complaint.

Test check (July 2008) of records of the Director, IEC Bureau, Bhopal and further information collected (August 2010) from 15 district Chief Medical and Health Officers revealed that 284 units (160 wall mounted and 124 with floor stand) were supplied in these districts during August to October 2007. Out of these, 181 units (100 wall mounted and 81 with floor stands) costing ₹ 71.77 lakh were reported to be not working upto 31 March 2010 as per details given in **Appendix 2.2**. Though MPLUN conducted (October 2007) quality checks of 281 randomly selected pieces at IEC Bureau headquarters in the presence of the officials of the IEC Bureau and

found some deviations in the overall size, outer body and stands of these units, payments were made (August to October 2007) to the suppliers prior to installation of all the units and also before the rectification of defects. Thus purchase of 181 units became irregular and unfruitful.

On this being pointed out in audit, the Director, IEC Bureau stated (July 2008) that the supplier was being asked for installation and repair of the units. Regarding not supplying units as per specifications, the Director stated (August 2010) that information would be furnished after verification of facts.

The reply is not acceptable as the payments were made without verification of quality/installation of all the units in working condition and no efforts were made to get the defective units replaced and other units repaired. Besides, no funds were provided for annual maintenance of these units. Thus, the expenditure of ₹ 71.77 lakh on purchase of these 181 units was rendered unfruitful.

The matter was referred (October 2008) to the Government. Their reply had not been received (November 2010).

Public Works Department

2.2.2 Unauthorised expenditure on additional work

Unauthorised expenditure of ₹61.35 lakh was incurred on a road work without administrative approval and technical sanctions. Later, the work was abandoned for want of funds.

The Works Department Manual (Manual) envisages that before commencement of a work, the officer responsible for executing the work should obtain administrative approval (AA) and technical sanction (TS) of the competent authority. No work should be commenced or liability incurred until the work is approved and funds are available. The Manual further provides inviting of tenders for all works costing above ₹ 15,000, if the works are proposed to be given on contract.

The administrative approval for the construction of the 18 km long Jamna- Bilaw Road including culverts was accorded (September 2006) by the Government and technical sanction was given (October 2006) by the Chief Engineer (CE), PWD, North Zone, Gwalior for ₹ 4.19 crore. The work was awarded (March 2007) to the lowest tenderer, M/s Tomar Builders & contractor Private Limited, Gwalior, by the Executive Engineer (EE), PWD Division, Bhind, for ₹ 4.21 crore, with a stipulation to complete the work within 12 months (March 2008) including the rainy season. However, the work was abandoned (June 2007) and ₹ 5.13 crore was paid to the contractor in March 2009.

Audit scrutiny (August 2009) revealed that while the work was in progress, the EE, in violation of the provisions of the Manual, issued (May 2007) an order to the

contractor to execute the additional work of three roads[9] beyond the scope of the existing agreement, with the condition that the payment for the additional roads would be made to him only after receiving sanction of the Government. A proposal for AA and TS for the additional work was sent (September 2007) by the EE but was not approved by the Superintending Engineer (SE), Public Works Circle, Gwalior (March 2010). In the meantime, the AE intimated (August 2008) to the EE that the contractor had executed the additional work of ₹ 61.35 lakh[10] after the lapse of one year. Accordingly, the EE made payment of ₹ 61.35 lakh to the contractor in August 2008 by diverting the funds without completion of the additional road (10 June 2007). This resulted in an unauthorised execution of additional road work of ₹ 61.35 lakh by violating the provisions of the Manual.

On this being pointed out (August 2009) in audit, the Engineer-in-Chief (E-in-C) admitted (September2010), the unauthorised execution and stated that departmental action had been initiated against the delinquent officers.

The matter was reported to the Government (May 2010). Their reply had not been received (November 2010).

2.3 Violation of contractual obligation/ Undue favour to contractors/ Avoidable expenditure

Culture Department

2.3.1 Avoidable expenditure on electricity charges

Due to execution of an agreement for higher contract demand in anticipation of Government sanction for air-conditioning and delay in reduction in contract demand, apart from non-maintaining of the average monthly power factor, the State Museum at Bhopal incurred avoidable expenditure of ₹ 54.59 lakh on electricity charges.

The Deputy Director, State Museum Bhopal signed an agreement in March 2004 with the Madhya Pradesh Electricity Board (Board) for supply of 456 KVA High Tension (HT) power to the State Museum. As per the agreement, the consumer was required to pay for energy charges as per the tariff applicable from time to time. According to the tariff applicable upto 2005-06, the billing demand for the month was to be the actual power consumed during the month or 75 *per cent* of the contract demand or 60 KVA whichever was higher. As per the revised tariff applicable during 2006-07, the billing demand was equal to the contract demand. From 2007-08 onwards, the same was to be the actual power consumption or 90 *per*

9 *(i) Hawaldar Singh Ka Pura to Raja ka Pura (Three km.) (ii) Hawalder Singh Ka pura to Nunhata (One km) and (iii) Bilao to Kishor Singh ka Pura (Two km.) Total = Six km.*

10 *Excavation of 57,973.45 cu.m for ₹29.19 lakh and construction of embankment for ₹ 32.16 lakh.*

cent of the contract demand, whichever was higher. Similarly, the consumer was also required to maintain a minimum average monthly power factor of 90 *per cent* and the failure in maintaining the required power factor would attract levy of additional charges[11] by way of penalty.

A supplementary agreement was made (May 2008) by the curator of the museum with the Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (MPMKVVCL) for reduction in the contract demand with effect from 1 April 2008 for supply of 225 KVA HT power instead of 456 KVA HT power supply.

Scrutiny (November 2009) of the records of the Curator, State Museum, Bhopal and further information collected (February 2010) revealed that during July 2005 to January 2010, the consumption of power as well as the level of power factor was below the agreed norms as shown in the **Appendix 2.3**.

Due to less power consumption, the museum had to pay an additional amount of ₹ 18.19 lakh during the above period towards the difference between the actual power consumed and the actual energy charges, together with an amount of ₹ 36.40 lakh towards penalty for not maintaining the average monthly power factor. This indicated that the revised agreement was also not based on actual past consumption because the penalty was paid even after revision of the agreement. No action was taken to maintain the average monthly power factor.

On this being pointed out, the Curator, State Museum stated (February 2010) that for establishment of a national level museum at Bhopal, a building with 17 corridors, an auditorium, an exhibition hall, a library and a canteen was proposed to be air-conditioned. Since the Government had not accorded the sanction for air-conditioning of corridors, etc, the power could not be consumed as per the contract demand. It was also stated that correspondence would be made with MPMKVVCL for installation of a capacitor for maintaining the monthly power factor and the energy to the extent provided in the agreement, would be consumed when all the 17 corridors were air-conditioned.

The reply is not acceptable inasmuch as the initial agreement was made on the basis of the proposal of air-conditioning without obtaining Government sanction and the museum failed to get the agreement revised promptly without ensuring the required arrangement for maintaining the power factor to the desired level and thus incurred an avoidable expenditure of ₹ 54.59 lakh.

The matter was referred to the Government (March 2010). The Government, in their reply (September 2010) confirmed payment against low power factor adjustment charges and stated that MPMKVVCL had been requested (May 2010) to reassess the electric load of the State museum and the agreement would be revised on receipt of the reassessment report.

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11 If the average monthly power factor of the consumers falls below 90 per cent, the consumer shall, for each one per cent by which his average monthly power factor falls below 90 per cent, in addition pay one per cent on total amount of bill under the head of "Energy Charges."

Medical Education Department

2.3.2 Avoidable expenditure on electricity charges due to non-revision of contracted demand

Failure to utilise power as per contract demand and to maintain the average monthly power factor by Sanjay Gandhi Memorial Hospital Rewa led to avoidable expenditure of ₹3.65 crore.

The Dean, Medical College (DMC), Rewa entered into an agreement with the Madhya Pradesh Electricity Board in September 1998 for supply of 3000 KVA High Tension (HT) power to the Sanjay Gandhi Memorial Hospital (SGMH) Rewa. However, the hospital was commissioned in January 2002 and billing of power supply under this agreement was started from June 2002.

As per the agreement, the consumer was required to pay for energy charges to the Board as per the tariffs applicable from time to time. According to the Boards' tariff applicable up to 2005-06, the billing demand for the month was to be based on the actual power consumed during the month or 75 *per cent* of the contract demand or 60 KVA, whichever was higher. As per the revised tariff applicable during 2006-07, the billing demand was to be equal to the contract demand. From 2007-08 onwards, the same was to be based on the actual power consumption or 90 *per cent* of the contract demand, whichever was higher. The consumer was also required to maintain a minimum average monthly power factor of 90 *per cent.* Failure in maintaining the required power factor would attract levy of additional charge by way of penalty.

Scrutiny (November 2009) of the records of SGMH, Rewa and further information collected (April 2010) revealed that during the period June 2002 to October 2009, the consumption of power was far below the agreed norms due to non-functioning of various equipment/machines because of shortage of requisite staff. SGMH, had therefore, to pay an additional amount of ₹2.86 crore during the above period towards the difference between the actual power consumed and the actual energy charges levied. Further, the average monthly power factor also fell short of the stipulated 90 *per cent* during the above period except for 11 months[12], for which payment of ₹ 78.64 lakh had to be made towards penalty for not maintaining the average monthly power factor as detailed in the **Appendix 2.4**.

12 *September 2002, January, July, August, November -December 2006, January-2007, November and December 2008 and January - February 2009.*

On this being pointed out in audit the Joint Director-cum-Superintendent, SGMH stated (November 2009 and April 2010) that the agreement was made as per the plan of the project. Non-utilisation of power as per the contract demand was due to non-functioning of the Cobalt 60 Tele-therapy unit, the Beki therapy unit, spiral C.T. Scan and colour doppler equipment/machines for want of trained staff and non-operation of the intensive care unit and burns unit. Further, due to non-availability of an anaesthetist, only 10 out of 17 operation theatres could be operationalised. Eight air-conditioners in the Paediatrics department and operation theatres were lying in unserviceable condition.

The reply is not acceptable as no efforts were made during 2002-2009 to get power controllers/capacitors installed and to get the contracted demand revised on the basis of the actual consumption. The unit requested the electricity distribution company to reduce the load in the month of April 2010 only. Thus, the department had to make avoidable payment of ₹.3.65 crore.

The matter was referred (January 2010) to the Government. Their reply had not been received (November 2010).

Narmada Valley Development Department

2.3.3 Excess payment due to determination of incorrect rate for extra item

Determination of incorrect rate of extra item for earthwork in Manjoli Branch Canal of Bargi Diversion Project resulted in excess payment of ₹ 35.25 lakh to a contractor.

The work of 'construction of earthwork, cement concrete lining and inline structures of the Majholi Branch Canal of Bargi Diversion Project in RD km 00.00 to RD km 16.50 and its distributory system' was awarded to a contractor at a contract amount of ₹ 40 crore i.e. 3.914 *per cent* above the Unified Schedule of Rates (USR) - 2003. The agreement was executed and a work order was issued (April 2005) by the Executive Engineer (EE), ND Division No. 8, Sehora which stipulated a completion period of 24 months, including the rainy season. The work was in progress and the 50th running account bill of ₹ 35.10 crore was paid (March 2010) to the contractor.

According to clause 4.3.13.3 (c) of the agreement, the rates for extra items were required to be determined from the rates of similar items in the USR in force on the date of invitation of the tender, after adding or subtracting the overall percentage of the accepted tender, as the case may be.

Audit noticed (October 2009) that as per the sanctioned estimates, 2,78,732 cu m hard soil and hard moorum were to be excavated, of which 2,34,420 cu m was to be utilised for construction of the canal embankment of the *Lamkana* distributory. During execution, the EE noticed (May 2007) that the required quantity of useful soil would not be encountered from the excavation.

Therefore, on the request (May and June 2008) of the Chief Engineer, Upper Narmada Zone, the Collector, Jabalpur allotted (October 2008) a Government quarry located seven km away from the canal site for excavating the required quantity of hard soil and hard moorum. Accordingly, a revised proposal for the extra item of ₹ 2.58 crore for execution of 2,39,749 cu m earthwork as per the dam specification was approved (February 2009) by the Vice Chairman[13], Narmada Valley Development Authority (NVDA).

Scrutiny (October 2009) further revealed that the rate of ₹91.21 per cu m for the extra item of earth work was derived by adopting USR item No. 415 (c) and adding extra for the seven km lead for transportation of earth. However, the USR also contained an item (No. 415 (a) (iii)) which included rate of earthwork with all lead and lift beyond two km for construction of canal embankment as per dam specifications which was payable at the rate of only ₹44.48 per cu m as shown in **Appendix 2.5.**

Thus adoption of the incorrect extra item rate resulted in an excess payment of ₹ 54.82 lakh[14] to the contractor for executing 1, 17,304.92 cu m earth work for the canal embankment.

On this being pointed out (October 2009) in audit, the Member (Finance), NVDA accepted (September 2010) the audit objection and stated that recovery of ₹ 19.57 lakh had been effected. The balance recovery of ₹ 35.25 lakh was awaited in audit (November 2010)

The matter was reported to the Government (June 2010). Their reply had not been received (November 2010).

Water Resources Department

2.3.4 Inadmissible payment

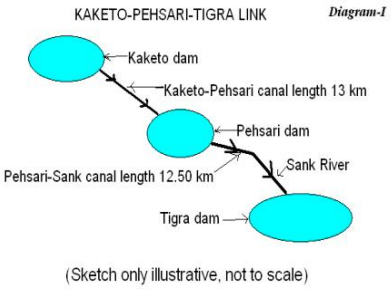
In violation of Government sanction, an amount of ₹ 1.31 crore was paid to a contractor for pumping of 228 million cubic feet of live storage water into canals which could have flown out due to normal gravitational flow.

To meet the shortage of drinking water of Gwalior city during 2007-08, the Commissioner, Relief, Government of Madhya Pradesh, approved (October 2007) an emergency plan of ₹ 13 crore. The plan envisaged pumping the dead storage water of Kaketo and Pehsari (feeder) dams through intermediate canals to the Tigra dam (***Diagram -I***), which was the existing source of drinking water for the city.

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13 *Government, and not Vice Chairman- NVDA, is competent to sanction rates for extra items for amount exceeding ₹ 50 lakh vide GOMP- NVDD order dated 21/12/1995.*

14 *Excess payment for execution up to March 2010 = 117304.92 cu m x (₹ 91.21– ₹ 44.48) ₹ 46.73 per cu m = ₹ 54,81,659 say ₹ 54.82 lakh.*



The lowest tender for the work under the above plan, amounting to ₹ 13.25 crore, was accepted (January 2008) by the Government and the work order was issued (January 2008) by the Executive Engineer (EE), Water Resources Division, Gwalior stipulating completion in five months. The work was completed on 20 June 2008 and final payment of ₹11.50 crore was made to the contractor in July 2008.

The scope of work included the following:-

i. Pumping out of 1260 million cubic feet (mcft) water from the dead storage of Kaketo dam for feeding the Pehsari dam through the Kaketo – Pehsari (KP) canal.

ii. Dismantling of pumping arrangements at Kaketo, installation of the same at Pehsari dam and pumping out 630 mcft water from the dead storage of Pehsari dam for feeding the Tigra dam through the Pehsari-Sank (PS) canal system.

Audit scrutiny (April 2009) of the work revealed following:-

(a) On the date of start of the work i.e. 7 March 2008, the Kaketo dam contained 1624 mcft water storage, which included live storage of 235.82 mcft[15]. This live storage being above the sluice level was not required to be pumped out to the canal head because it was susceptible to natural gravitational flow to the KP canal by opening the canal sluice. Without availing of the facility of opening of the canal sluice to drain the water, the contractor pumped out 235.82 mcft water. The department paid ₹ 1.58 crore to the contractor at the tendered rate of ₹67,000 per mcft for pumping out the live storage of the dam.

(b) After completing the pumping at Kaketo dam on 15 May 2008, the contractor commenced pumping of water at Pehsari dam from 5 June 2008, on which date it contained 1149 mcft water storage, including 156.5 mcft[16] live storage. Audit noticed that despite pumping of 50 mcft of live storage water by contractor, the total storage at Pehsari never reached the dead storage level, indicating that the pumping was not necessary on account of its natural gravitational flow through the canal sluice. Still, the department paid ₹14.99 lakh at agreed rate of ₹ 30,000 per mcft to the contractor for pumping out 50 mcft water into the canal.

Thus the expenditure of ₹ 1.73 crore incurred by the department for pumping out live storage water from both the feeder dams, was inadmissible.

15 *At reduced level (RL) 1108.90 ft storage was 1624 mcft less water at RL 1105.00ft of 1388.18 mcft = 235.82 mcft.*

16 *1149 mcft of storage at RL 1088.95 ft less 992.50 mcft of dead storage at RL 1086.50 ft = 156.5 mcft.*

On this being pointed out (April 2009) by Audit, the Chief Engineer, Yamuna Basin Water Resources Department, Gwalior stated (February 2010) that due to the presence of a three feet high hard rock patch above the designed canal bed level of the KP canal in RD 480 m to RD 780 m, the canal bed level in this section was at RL 1108.90 ft., equivalent to the prevailing live storage level of the dam as on 7 March 2008, thus obstructing the natural gravitational flow of water beyond this reach. Regarding Pehsari dam, it was stated that for water discharge at 200 cusec; 2.5 to 3 feet water head was required. For this purpose, a temporary earthen bund at the canal head was constructed and therefore, natural gravitational flow of water from the reservoir through the canal sluice was not possible.

The reply is not tenable because (i) the Government's approval (January 2008) and the provisions of agreement with the contactor categorically stipulated pumping of only dead storage water into the canals of both the dams. Pumping of live storage was neither envisaged nor sanctioned; (ii) the complex of Kaketo and Pehsari dam and KP and PS lined canals were constructed with the objective of feeding the Tigra Dam through natural flow. (iii) the canal was constructed long back (1987) and was running, and in fact, irrigation of *rabi* crops exceeded the designed potential of 2025 hectares during last three years (2005-06 to 2008-09), which would not have been possible had the canal flow been obstructed by unexcavated rock in the canal bed (iv) there was no mention of existence of any hard rock patch on the canal bed in the proposal sent to Government.

However, even assuming existence of three feet high unexcavated hard rock patch between RD 480 m and 780 m of KP canal, the highest level with hard rock patch at RD 540 m was only 337.113 m, i.e. 1106 ft. but, the corresponding storage at Kaketo dam at that level worked out to 1446 mcft, which still contained 178 mcft of live storage.

Thus, the pumping of at least 228 mcft (178 mcft + 50 mcft) of live storage water amounting to ₹ 1.31 crore was inadmissible.

The matter was referred to the Government (November 2009). Their reply had not been received (November 2010).

2.3.5 Undue financial aid to a contractor

A contractor was paid interest free machinery advance despite the enabling clause in the agreement being deleted, resulting in unauthorised financial aid of ₹7.28 crore to the contractor and loss of interest of ₹94.68 lakh to the Government.

The Executive Engineer (EE), Water Resources Division, Sheopur awarded (November 2007) the work 'Rehabilitation of Chambal Right Bank Main Canal (CRMC) in RD km 0 to km 60' to a contractor for ₹ 145.69 crore at 58.87 *per cent* above the Unified Schedule of Rates-September 2003. The work order was issued in

November 2007 stipulating completion in 36 months, including the rainy season. The work was in progress and payment aggregating ₹ 97.36 crore was made to the contractor as of May 2010.

Para (a) of the sub clause 60.7 of the agreement dealt with advance payments and provided for interest-free mobilisation advance to the contractor equal to five *per cent* of the contract price. Audit noticed (June 2009 and June 2010) that part (b) of the sub-clause, which dealt with interest-free machinery advance against key construction equipment required for the work, was deleted from the agreement.

Scrutiny of records revealed (June 2009) that the contractor was paid interest-free mobilisation advance of ₹ 7.28 crore in December 2007 in conformity with part (a) of sub-clause 60.7 of the agreement. The scrutiny further revealed that the contractor was paid another interest-free advance amounting to ₹ 7.28 crore in March 2008 towards machinery advance although this advance was not permissible as the enabling clause (i.e. part (b)) of the agreement was deleted. This resulted in undue financial aid of ₹ 7.28 crore to the contractor and loss of interest of ₹ 94.68 lakh to the Government (calculated at 7.24 *per cent* per annum i.e. the average borrowing rate of Government) on the unrecovered balance amounts of the machinery advance as shown in **Appendix 2.6**.

On this being pointed out in audit, the Executive Engineer stated (June 2009) that the machinery advance was paid under clause 60.3 of the agreement by obtaining a bank guarantee.

The reply is not relevant because the machinery advance was not payable as the enabling clause was deleted in accordance with a Government order dated 23 October 2002.

Thus the irregular payment of interest-free machinery advance resulted in undue financial aid of ₹ 7.28 crore to the contractor and loss of interest of ₹ 94.68 lakh to the Government.

The matter was reported to the Government in (November 2009). Their reply had not been received (November 2010).

2.3.6 Payment to a contractor on doubtful and incorrect measurements

Recording measurements prior to execution of an agreement; execution of 58,437 cu m within two days and signing of an agreement prior to acceptance of a tender violated the provisions of the Madhya Pradesh Works Department Manual and rendered payment of ₹ 47.75 lakh to a contractor doubtful.

The Madhya Pradesh Works Department Manual (Manual) envisages that after acceptance of a tender by the competent authority, the Executive Engineer (EE) was required to execute an agreement on the prescribed form with the tenderer. The work site was to be handed over and the work order was to be issued to the contractor only

after he had executed the agreement with the department. Further, according to the specifications, earthwork for the dam embankment was required to be executed layer by layer in 15 cm thickness, compacted at optimum moisture content to the maximum dry density. The work was to be executed as per the construction programme submitted by the contractor.

Tenders for construction of an earthen dam of Sagoni tank in Damoh (estimated cost ₹ 2.36 crore) were invited (January 2008) and the lowest offer of contractor 'A' for ₹ 2.40 crore was accepted (12 August 2008) by the Chief Engineer (CE), Dhasan Ken Basin, Sagar. The agreement was executed on 15 December 2008 with the contractor and the work order, stipulating completion of the work within 11 months, was issued on the same day by the EE, Pancham Nagar Project Survey Division, Hatta. As per the agreement, the contractor was to execute, *inter alia,* 1.843 lakh cu m earthwork on the bund (including watering but excluding compaction). The construction programme provided commencement of earthwork from January 2008 and completion by September 2008.

Audit scrutiny (December 2009) revealed that the first running account bill amounting to ₹ 30.79 lakh was paid to the contractor on 16 December 2008 whereas the agreement was signed on 15 December 2008.Audit scrutiny further revealed that the quantity of earthwork and watering as recorded and checked on 20 January 2009 was only 9,308.82 cu m and on 22 January 2009, the quantity of these two items was recorded as 67,746.23 cu m in the measurement book, which was practically impossible to execute as per the specifications, thereby indicating doubtful execution of the quantity of 58,437.41 cu m (67746.23 cu m – 9308.82 cu m). Further, the second running account bill was paid on 23 January 2009 after payment of the third running account bill on 22 January 2009 which was not permissible. Verification of the records of the Electrical and Mechanical formation of the Water Resources Department by Audit showed that compaction of earthwork was carried out from October 2008 and continued till April 2009. Thus, the payment of ₹ 30.79 lakh on measurements of earthwork *prima-facie* appeared fictitious and the possibility of fraud could not be ruled out.

(b) Similarly, construction of another tank viz the Samdhan tank, was awarded (24 January 2009) to the same contractor at a price of ₹ 2.85 crore and a work order, stipulating completion of the work within 11 months, was issued by the EE on 25 January 2009. The work was in progress and payment of ₹ 69.11 lakh had been made to the contractor as of December, 2009.

Scrutiny (December 2009) revealed that the tender was accepted by the Engineer-in-Chief on 24 January 2009 and acceptance was communicated to the EE by the Superintending Engineer (SE) on 4 February 2009. The SE's order dated 4 February 2009 was indicated in the work order issued on 25 January 2009. The work order was, therefore, backdated. Moreover, the EE, in violation of the prescribed procedure, asked the contractor to execute and sign the agreement on 23 January 2009, i.e. on a date prior to the date of acceptance of the tender.

Measurements of various items of work amounting to ₹ 16.96 lakh were recorded within five days of issue of the work order, including on 26 January, which was Republic Day. Execution of the agreement prior to acceptance of the tender and recording measurement on a Gazetted holiday was in violation of the rules.

On this being pointed out (December 2009) in audit, the EE, while admitting the lapses, stated that the work had to be executed in haste in order to meet the target of 100 days in office of the Chief Minister. He further justified the payments stating that the measurements were recorded by the Sub-Engineer and checked by the Assistant Engineer.

The reply failed to explain why the normal system prescribed in the Manual was flouted. The EE also failed to furnish any justification for executing the agreement prior to acceptance of the tender and recording measurement of a massive quantity within a short period.

Thus the violation of the provisions of the Manual rendered execution of works and payment of ₹ 47.75 lakh thereof as doubtful.

The matter was referred to the Government in March 2010. Their reply had not been received (November 2010).

2.3.7 Irregular refund of deposits and payment to a defaulting contractor in violation of contractual provisions

Irregular refund to a defaulting contractor of forfeitable amount of ₹ 2.83 crore resulted in a loss to Government.

The work of construction of the balance earthwork and structures in RD km 0.10 to km 15.10 of the Mahan Main Canal of *Gulab Sagar* (Mahan) Project, estimated at ₹ 12.23 crore, was awarded (8 May 2005) to a contractor on an item rate agreement of ₹ 12.10 crore. The work was stipulated for completion within 18 months (including the rainy season) i.e, on or before 7 November 2006. Despite repeated notices, the contractor could not show proportionate progress. On the request of the contractor, three time extensions upto 30 June 2008 were sanctioned by the Chief Engineer (CE) by reserving the right to recover liquidated damages under clause 4.3.5.2 of the item rate agreement. Despite the time extensions, the contractor failed to complete the work. Ultimately, the EE rescinded (July 2008) the contract at the risk and cost of the contractor. Final payment of ₹ 11.51 crore for the incomplete work was made to the contractor in March 2009.

As per clause 4.3.3.2 of the item rate agreement, on rescission of a contract, all types of security deposit of the contractor available with the division are to be forfeited to the Government and nothing is payable to the contractor until finalisation of his total liabilities. Further as per clause 2.40.2, price adjustment is payable only for the work which is carried out within the stipulated time, including time extensions, due to reasons not attributable to the contractor. No price adjustment is payable if the delay is attributed to the contractor.

Scrutiny (May and October 2009) in audit revealed that on the date of rescission of the contract (July 2008) deposits of the contractor amounting to ₹ 1.59 crore as detailed in **Appendix 2.7** were available with the division. Instead of forfeiting the same, the amount was refunded to the contractor between October 2008 and January 2009 by the succeeding EE. Audit also noticed that the time extensions upto June 2008 were granted due to reasons attributable to the contractor, by reserving the right to levy liquidated damages under clause 4.3.5.2 of the agreement. However, the contractor was paid price escalation of ₹ 29.20 lakh for the period November 2006 to 30 June 2008 as shown in **Appendix 2.8** although price adjustment for the extended period was not admissible.

Further, the last bill of the contractor for ₹ 95.59 lakh was also unauthorisedly paid (March 2009) to him although his liabilities towards the Government on account of completion of the balance work at his risk and cost were still to be settled (June 2010).

Thus the unauthorised financial aid to the contractor resulted in a loss of ₹ 2.83 crore[17].

On this being pointed out (May 2009) in audit, the EE stated that the additional security deposit and other payments were made to the contractor by the former EE but did not elaborate the circumstances under which the forfeitable amounts were released. No specific reply in the matter was given by the department despite eight reminders issued to the Engineer-in-Chief and the Government between March and October 2010.

The matter was referred to the Government (March 2010). Their reply had not been received (November 2010).

2.4 Idle investment/Idle establishment/Blocking of funds/Delay in commissioning equipment/Diversion of funds

Public Health and Family Welfare Department

2.4.1 Idle expenditure on establishment of a diagnostic centre

Wrong selection of a site to establish a diagnostic centre and non-provision of requisite staff resulted in idle expenditure of ₹ 1.98 crore on building and equipment.

The Government of Madhya Pradesh, Public Health and Family Welfare Department accorded (December 2001) administrative sanction of ₹ three crore[18] for establishment of a diagnostic centre at Bhanpura in Mandsaur district out of the XI Finance Commission grants towards upgradation of administration.

17 *Irregular refund of security deposit ₹ 55.92 lakh + irregular refund of additional security deposit ₹ 1.03 crore + irregular payment of price escalation ₹ 29.20 lakh + irregular payment of final bill net ₹ 95.59 lakh = ₹ 2.83 crore.*

18 *₹ 0.47 crore for building and ₹ 2.53 crore for Machinery and equipment.*

Test check (September 2008) of the records of the Chief Medical and Health Officer, Mandsaur and further information collected (June 2010) from the Directorate, Health Services revealed that the District Collector (DC), Mandsaur had informed (July 2004) the Government that Bhanpura was a small place having a population of 16,494 only and was situated at a long distance from the district headquarters as well as other tehsil places of the district. Hence it would not be proper to establish the diagnostic centre at Bhanpura. The DC had recommended the establishment of the diagnostic centre at District Hospital, Mandsaur. The Civil Surgeon-cum- Hospital Superintendent, Mandsaur had also requested (April 2005) the Director, Health Services for transferring the instalation of CT scan Machine to the District Hospital Mandsaur instead of the diagnostic centre at Bhanpura. However, the building for the diagnostic centre was constructed at Bhanpura at a cost of ₹ 48 lakh and 41 pieces of equipment costing ₹ 1.63 crore were purchased (2004-05: ₹ 69.20 lakh and December 2007: ₹ 93.90 lakh) but were not installed for want of a Post-Graduate Medical Officer/Specialist, a Radiologist, a Radiographer, a Pathologist and a Sonologist. The guarantee period of the equipment had also expired.

On this being pointed out in audit, the Chief Medical and Health Officer, Mandsaur stated (September 2008, June and September 2010) that the posting of doctors was to be made at the Government level; the building was being used for outdoor and indoor patients in Civil Hospital, Bhanpura and out of 41 equipment, five pieces of equipment (cost: ₹ 0.90 lakh) were installed in the maternity ward of Civil Hospital, Bhanpura and two pieces of equipment (cost: ₹ 12.10 lakh) were transferred to District Hospital, Mandsaur and the rest of the equipment (cost: ₹ 1.50 crore) was lying unused for want of requisite staff, for which proposals had been sent from time to time, the latest proposal being one sent in May 2010. The reply is not convincing as the building was constructed without properly assessing the feasibility of the diagnostic centre at Bhanpura and the equipment were purchased without even sanctioning the requisite staff.

Thus, the injudicious decision to set up a diagnostic centre at Bhanpura and not provide requisite staff led to idle expenditure of ₹ 1.98 crore on building and equipment.

The matter was referred to the Government (June 2010). Their reply had not been received (November 2010).

Water Resources Department

2.4.2 Idle investment and non-recovery of additional security deposit

Exhibition of inadequate quantities in the agreement as against the technically sanctioned quantities resulted in idle investment of ₹ 81.19 lakh and loss of ₹ 38.26 lakh due to non-retention of additional security deposit of a contractor.

The Madhya Pradesh Works Department Manual (Manual) states that tenders for works should be invited after accord of administrative approval (AA), technical sanction (TS) and sanction to detailed estimates by the competent authorities. The

schedule of quantities in the tender document should truly represent the quantities mentioned in the TS. Further, clause 3.28 of the tender document provides that if the tenderer has quoted disproportionately high rates for some items, or the tender is unbalanced[19], the payment of such items shall be limited to the estimated rates plus or minus the overall percentage. The balance payment of such items shall be retained as additional security deposit, which shall be released only after completion of the entire work. In case of failure on the part of the contractor to complete the work for any reason, the entire additional security deposit shall be forfeited

Technical sanction of ₹ 1.35 crore for construction of the Gawlan high level bridge was accorded (September 2007) by the Superintending Engineer (SE), WR circle, Khargone. The lowest item rate tender of a contractor at ₹ 1.08 crore (i.e, 10.61 *per cent* above unified schedule of rates (USR) - July 2007) was accepted (February 2008) by the Chief Engineer (CE), Narmada Tapti Basin, Indore. The work order issued (February 2008) by the EE, WR Division, Khargone, stipulated 12 months (including the rainy season) for completion of the work. The contractor, however, stopped (November 2008) the work midway after executing a work of ₹ 94.19 lakh. The division made payment of the fourth and final bill of ₹ 81.19 lakh to the contractor in July 2009.

Audit scrutiny (July 2009) revealed that although the TS for the work was for ₹ 1.35 crore, the estimated quantities of some major items of works (viz. quantities of reinforced cement concrete for piers and steel reinforcement) included in the TS were not included fully in the schedule of quantities of the tender document as shown in **Appendix 2.9**. The tenders were invited with the probable amount of contract of only ₹ 98.01 lakh instead of ₹ 1.35 crore. As a result, after providing and laying cement concrete for the foundation and piers upto 'plus 10 *per cent'* of the agreed quantities, the contractor stopped the works and expressed (November 2008) his inability to execute the remaining work at the agreed rates. Thus the quantities put to tender was not commensurate with the estimated requirement of the work, which resulted in incomplete work. As of January 2009, the physical progress of the piers was 50 to 60 *per cent* of the designed height and the subsequent construction of the deck slab and the ridding surface of the bridge was not executed by the contractor. The SE directed (February 2009) the EE to foreclose the contract and release the entire dues of the contractor.

Neither had any departmental investigation been conducted nor had any responsibility been fixed for inviting tenders with the incomplete schedule of quantities. No action was taken (November 2009) to complete the incomplete work.

19 *Unbalanced tender is a tender in which the contractor has quoted disproportionately high rates against some items of work and low rates against some other items of works vis-à-vis the departmental estimated rates.*



Incomplete Gawlan Bridge

On this being pointed out (July 2009) in audit, the EE stated (January 2010) that the SE had approved the quantities in the tender by limiting the scope of work to ₹ 98.01 lakh and also stated that the tender for completion of the balance work remained undecided (July 2009) on the grounds of paucity of funds. The reply is not acceptable because as there was no change in the designed and estimated cost of ₹ 1.35 crore, there was no justification in reducing the scope of work to ₹ 98.01 lakh.

Audit further noticed that the contractor, notwithstanding these contractual provisions, was paid for the unbalanced rates for cement concrete work at the tendered rates without limiting the amount to the estimated rates plus 10.61 *per cent* of the overall tender percentage. As the work was left incomplete, the payments not only resulted in undue financial aid to the contractor but also entailed a loss of ₹ 38.26 lakh to the Government as detailed in **Appendix 2.10**.

On this being pointed out in audit, the EE stated (January 2010) that the recovery on account of unbalanced rates was not effected in anticipation of proper and timely progress of work. The reply is not acceptable as the action of the EE was against the provisions of clause 3.28 of the agreement. Thus exhibition of inadequate quantities in the tender and non-recovery of additional security deposit for unbalanced rates resulted in unfruitful expenditure of ₹ 81.19 lakh on the incomplete structure and a loss of ₹ 38.26 lakh to the Government.

The matter was reported to the Government (December 2009). Their reply had not been received (November 2010).

2.5 Regulatory issues and other points

Forest Department

2.5.1 Non/short realisation of net present value

Net present value amounting ₹ 6.63 crore was short realised from five agencies towards diversion of 528 hectares of forest land for non-forest use.

The Government of Madhya Pradesh, Forest Department had prescribed (September 2008) rates for calculating the net present value (NPV) to be charged from the user agencies for forest land diverted for non-forest use. The rates were in accordance with the type and density of the forest (minimum ₹ 5.80 lakh per hectare and maximum ₹ 9.20 lakh per hectare)[20].

20 *As per guidelines issued vide No 5-1/98-FC (PT-II) dated 18 September 2003 issued by Government of India, Ministry of Environment and Forest.*

Test check of records of six Divisional Forest Officers[21] (DFO) and the Field Director, Panna National Park, (between July and October 2009) revealed that 528.016 hectare of forest land under jurisdiction of six divisions and one national park were diverted for non-forestry use for various projects[22]. However, NPV amounting to ₹ 30.52 crore was realised against the recoverable amount of ₹ 37.15 crore. This resulted in non/short recovery of ₹ 6.63 crore of NPV from the user agencies.

On this being pointed out in audit, the DFOs and the Field Director, Panna National Park, stated (between July and October 2009), that the amount would be recovered from the respective user agencies.

The matter was reported to the Principal Chief Conservator of Forest and the Government (April 2010). The Government replied (October 2010) that the remaining amount would be recovered.

General

2.5.2 Failure to enforce accountability and protect the interests of the Government

[A] Government response on Inspection Reports and Paragraphs

The Principal Accountant General (Civil and Commercial Audit), Madhya Pradesh, Gwalior (PAG) and the Accountant General (Works and Receipt Audit), Madhya Pradesh, Bhopal (AG) conduct periodical audit of the Government departments to test check, *inter-alia*, the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. Irregularities detected during audit are reported through Inspection Reports (IRs) to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies and lapses. As per the Regulations[23] on Audit and Accounts, the Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs, promptly rectify the defects/ omissions and report their compliance to the PAG/AG within four weeks of their receipt. The PAG/AG also brings serious irregularities to the notice of the Heads of Departments. Half-yearly reports of pending IRs and paras are sent to the concerned Principal Secretaries/ Secretaries of the departments to facilitate monitoring of compliance to the audit observations in the pending IRs. Besides, annual public statements regarding pending audit observations are also to be made by the heads of departments.

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21 *DFO (G) East Mandla, Vidisha, Raisen, Rajgarh, North Seoni, Narsinghpur.*

22 *Idea Cellular Ltd. Indore, Mudiya Khera reservoir, National Highway, Rani Avantibai Lodhi Sagar Pariyojna and Mining Project.*

23 *Regulations on Audit and Accounts framed by the Comptroller and Auditor General of India (As notified in the Gazette of India on November 20, 2007).*

A review of the IRs issued by the PAG upto March 2010 pertaining to Civil Departments disclosed that 22,437 paragraphs relating to 9,013 IRs remained outstanding as on 31 August 2010. This included 10,526 paragraphs of 5,112 IRs outstanding for more than five years. The department-wise and year-wise position of outstanding IRs and paragraphs is given in **Appendices 2.11 and 2.12.**

Similarly, review of the IRs issued by the AG upto March 2010 pertaining to Forest, Water Resources, Public Works, Public Health Engineering and other Works departments[24] disclosed that 15,583 paragraphs relating to 4,276 IRs were outstanding to the end of 30 June 2010. This included 6,679 paragraphs of 2,265 IRs outstanding for more than five years. The department-wise position of the outstanding IRs and paragraphs is given in **Appendix 2.13 and Appendix 2.14.**

The heads of offices whose records were audited and the heads of departments did not send any replies to a large number of IRs/paragraphs indicating their failure to initiate action with respect to the defects, omissions and irregularities pointed out in them. The Principal Secretaries/Secretaries of the departments who were informed of the position through half-yearly reports also did not ensure that the concerned offices of the Department take prompt and timely action.

Absence of any action against the defaulting officers facilitated the continuance of irregularities and losses to the Government despite these being pointed out in audit. It is recommended that Government should look into the procedure for fixing responsibility of the officials who failed to take corrective/remedial action on the audit observations and failed to send replies to IRs/paragraphs within a prescribed time. Action should be initiated to recover losses, outstanding advances, over-payments, etc. in a time-bound manner and enforce accountability to ensure proper and timely response to the issues brought out in audit.

[B] Government response on Audit Report paragraphs and reviews

As per instructions issued (November 1998) by the Madhya Pradesh Vidhan Sabha Secretariat, the departments are to intimate the Public Accounts Committee (PAC) and the PAG/AG about the action taken or any action proposed by them in respect of Audit Report paragraphs within three months of presentation of the Audit Report in the State Legislature.

A review of the audit paragraphs pertaining to the Audit Reports (Civil) disclosed that departmental replies on 64 paragraphs pertaining to six Audit Reports were still (August 2010) awaited as per details given in **Appendix-2.15**.

[C] Government response on PAC's recommendations

The Chief Secretary, Government of Madhya Pradesh issued (November 1994) instructions to all the departments to intimate the PAC about the action taken or the action proposed by them in respect of PAC's recommendations within six months of presentation of PAC's report in the State Legislature.

A review of the Action Taken Notes (ATNs) pertaining to departments under the audit jurisdictions of the PAG and AG disclosed that the departments did not furnish ATNs on the PAC recommendations on 624 Audit Report paragraphs upto 31 August 2010. Department-wise and year-wise details are given in **Appendix-2.16.**

24 *Other Works departments include Narmada Valley Development, Housing and Environment, Bhopal Gas Rahat (Relief and Rehabilitation) and Panchayat and Rural Development Department.*

CHAPTER III

Integrated Audit and Chief Controlling Officer based Audit

CHAPTER III

Integrated Audit and Chief Controlling Officer Based Audit

Farmers Welfare and Agriculture Development Department

3.1 Integrated Audit of Farmers Welfare and Agriculture Development Department

Highlights

The Farmers Welfare* and *Agriculture Development Department plays a vital role in the socio-economic development of the State. For increasing production and productivity of major crops, the department implemented various crop development schemes. However, the department failed to achieve the targets of production as envisaged in the Tenth and Eleventh Plans. Budgetary and expenditure controls were weak and deficiencies were noticed in cash management. Field monitoring on demonstrations, distribution of seeds, seed minikits and selection of beneficiaries by district officers were almost absent. Soil surveys were not conducted and soil testing was far below the targets. Performance of quality testing laboratories was poor.

Some of the important audit findings are as follows:

Supplementary provisions of ₹ 42.35 crore obtained during 2005-10 proved unnecessary.

(Paragraph 3.1.7.4)

Scheme funds amounting to ₹ 133.09 crore were lying in the bank accounts at various levels and a total unutilised amount of ₹ 28.15 crore was lying with other agencies/departments.

(Paragraphs 3.1.7.8, 3.1.7.9, 3.1.7.10, 3.1.7.12 and 3.1.7.13)

The department failed to achieve the targets of production of foodgrains set in the Tenth and Eleventh plans.

(Paragraph 3.1.8.1)

Field officers did not ensure that foundation/certified seeds and seed minikits were distributed well before the cut off dates and that the benefits reached the targeted beneficiaries. Adequate attention was not paid to field demonstrations.

(Paragraphs 3.1.8.2, 3.1.8.3, 3.1.8.4, 3.1.9.5 and 3.1.9.6)

Performance of Government agriculture farms was poor and 31 to 49 *per cent* (*Kharif* season) and 37 to 54 *per cent* (*Rabi* season) cultivable area was not utilised.

(Paragraph 3.1.8.5)

Expenditure of ₹ 5.06 crore remained unfruitful on construction of Khet Taals and Balram Taals as the farmers left the works incomplete and did not follow the prescribed standards in construction of Taals.

(Paragraph 3.1.8.6)

Sub-standard seeds, fertilizers and pesticides were sold to cultivators. The prescribed ratio of 4:2:1 in consumption of nitrogen, phosphate and potassium was not maintained.

(Paragraphs 3.1.10.2 and 3.1.10.3)

Soil surveys were not conducted and there were substantial shortfalls in soil testing.

(Paragraphs 3.1.10.4 and 3.1.10.5)

Shortage of technical staff (57 *per cent*) affected the implementation of programme. Poor man-power management led to irregular posting in other department and excess staff over the sanctioned strength.

(Paragraphs 3.1.11.1, 3.1.11.2 and 3.1.11.3)

Internal audit was absent as only 39 offices were covered out of 308 offices by the Director.

(Paragraph 3.1.13.2)

3.1.1 Introduction

The Farmers Welfare and Agriculture Development (FW&AD) Department plays a vital role in the socio-economic development of the State. The objectives of the department are to improve the production and productivity of all crops by means of soil and water management, minor irrigation programmes, farm mechanisation, dissemination of latest technologies among cultivators and ensuring availability of improved/quality inputs. For the purpose, the department implements 14 State Plan and 19 Central sector/Centrally sponsored schemes including schemes under macro-management.

Madhya Pradesh has a geographical area of 307.55 lakh hectares (ha). The agriculture cropped area as on 31 March 2009 was 190.94 lakh ha and the net sown area was 150.44 lakh ha (79 *per cent*) including irrigated area of 65.06 lakh ha (34 *per cent*). The main crops of the State are wheat, paddy, maize, jowar, millets (cereals), gram, arhar, urad, moong (pulses), soyabean, mustard, groundnut (oilseeds), sugarcane, cotton (commercial crops) etc.

3.1.2 Organisational Set-up

The department is headed by a Principal Secretary and has two separate Directorates, viz. (i) Farmers Welfare and Agriculture Development and (ii) Agriculture Engineering at State level. The organogram of the department is given in **Appendix 3.1.**

3.1.3 Audit Objectives

The audit objectives were to assess whether:

- the planning of the department was effective;
- the financial management was efficient, effective and economical;
- the schemes were implemented effectively and quality controls were adequate;
- the human resource management was appropriate in implementation of programmes/activities and inventory controls were adequate; and
- the monitoring mechanism and internal audit were effective.

3.1.4 Audit criteria

Audit findings were benchmarked against the following criteria :

- Provisions of the Madhya Pradesh Treasury Code (MPTC) and the Madhya Pradesh Financial Code (MPFC).
- Targets set in Tenth and Eleventh Five Year Plans/Annual Action Plans.
- Guidelines of State and Centrally Sponsored Schemes and orders/directives issued from time to time by Government of India (GOI) and the State Government (Government).
- Departmental manuals.

3.1.5 Audit Coverage and Methodology

The integrated audit was conducted during February to December 2010 covering the period 2005-10. The records of offices of two directorates and subordinate offices in 13 districts[1] were selected for test check by using the Simple Random Sampling Without Replacement (SRSWOR) method. Entry conferences were held with the Director, FW&AD and Director, Agriculture Engineering in February and July 2010 respectively in which audit objectives, audit criteria and audit coverage were discussed. An exit conference was held on 9th December 2010 with the Principal Secretary to the Government of Madhya Pradesh, FW&AD department. The results of discussion have been incorporated in the Report at appropriate places.

1 Balaghat, Betul, Bhopal, Burhanpur, Chhatarpur, Dindori, Gwalior, Jhabua, Mandsaur,Panna, Ratlam, Shahdol and Shivpuri.

Audit Findings

3.1.6 Planning

The Annual Plan for the State as well as the district level are prepared on the basis of the ceilings of expenditure fixed for the department by the State Planning Commissioner each year. In the State level Annual Plan, the targets for production of major crops are proposed at the directorate level, keeping in view the targets of the Five Year Plans, targets and achievements of production of the previous years and priorities fixed by GOI/Government. However, instead of fixing the targets for districts on the basis of targets projected in the State level Plan, district-wise targets of production were fixed each year in the meetings held at the divisional level under the chairmanship of the Agriculture Production Commissioner before the commencement of the *kharif* and *rabi* seasons, which were actually followed by the districts. As a result, there was considerable mismatch between the targets projected in State level Annual Plan and the targets actually followed by the districts as shown in **Table 3.1** below:

Table 3.1: Variations in Annual Plan targets and targets actually followed

(In lakh tonnes)

Year	Targets for Food grains		Targets for Oilseeds	
	As per State Annual Plan	Actual target followed by districts	As per State Annual Plan	Actual target followed by districts
2005-06	184.50	179.55	61.70	63.85
2006-07	187.53	178.65	68.21	64.26
2007-08	179.72	171.28	67.27	66.48
2008-09	185.28	169.76	70.16	68.84
2009-10	172.97	161.80	70.97	72.80

(Source: Annual Plan and Departmental Figures)

Thus, the targets set in the State level Annual Plan were not being followed strictly and the Annual Plan remained open for modification twice a year.

3.1.7 Financial Management

3.1.7.1 *Budget provision and expenditure*

Details of budget provision and expenditure during the period 2005-10 were as shown in **Table 3.2**.

Table 3.2: Budget provision and expenditure

(₹ in crore)

Year	Budget Provision	Expenditure	Saving (*per cent*)
2005-06	454.36	337.78	116.58 (26)
2006-07	488.88	369.73	119.15 (24)
2007-08	738.87	600.88	137.99 (19)
2008-09	1073.50	646.90	426.60 (40)
2009-10	1056.76	786.75	270.01 (26)

(Source: Detailed Appropriation Accounts)

There were savings ranging from 19 to 40 *per cent* during 2005-10.

Savings of 19 to 40 *per cent* were attributed by the department to non-release of funds by GOI as per budget provision, ban on purchase of machinery and unrealistic budget provision. Non-utilisation of funds of about 40 *per cent* indicated lack of financial management/close monitoring by the directorates.

- In addition, funds were provided by GOI for four off-budgeted schemes and expenditure incurred for the period 2005-10 was as shown in **Table 3.3**.

Table 3.3: GOI releases and expenditure on off-budgeted schemes

(₹ in crore)

Off budget Central assistance worth ₹ 27.69 crore remained unutilised as of March 2010.

Sl. No.	Name of Scheme	Funds provided by GOI	Expenditure	Unspent Amount
1.	Support to State Extension Programme for Extension Reforms (Agricultural Technology Management Agency (project ATMA))	48.39	40.16	8.23
2.	National Food Security Mission (NFSM)	169.84	151.90	17.94
3.	National Bamboo Mission[2]	6.02	5.44	0.58
4.	Agricultural Information System Network (Agrisnet)	8.65	7.71	0.94
	Total	**232.90**	**205.21**	**27.69**

(Source: Data furnished by the Director, FW&AD)

The non-utilisation of funds was attributed by the department to the low purchasing power of Scheduled Caste (SC) and Scheduled Tribe (ST) farmers and non-formation of project management team under National Food Security Mission (NFSM). Under Agricultural Technology Management Agency (ATMA), funds were not utilised due to delayed release of funds by GOI, elections of local bodies, Lok Sabha and State Assembly. Audit also observed that the funds were not released to the districts in time.

3.1.7.2 Budget estimates

Budget estimates were submitted with delays ranging from 30 to 75 days.

Rule 192 of MPFC provides that budget estimates (BEs) should be furnished to the Finance Department (FD) before the dates fixed by the FD through the administrative department. It was, however, noticed that the department sent the BEs to the FD with delays ranging between 30 to 75 days from the dates prescribed by the FD during 2005-10. The Director, FW&AD attributed the delays to late receipt of BEs from the Drawing and Disbursing Officers (DDOs). At the exit conference, the department accepted the audit observation and assured compliance in future.

3.1.7.3 Unrealistic budgeting

The State Budget Manual provides that the BEs should be as close and accurate as possible. Audit observed that during 2005-10, provisions were made on ad hoc basis without proper analysis of the expenditure trend of the previous years as shown in **Table 3.4**.

2 *National Bamboo Mission transferred to Forest Department from 2009-10.*

Table 3.4 : Unrealistic Budgeting

(Figures in ₹)

Grant No.	Heads of Account	2005-06	2006-07	2007-08	2008-09	2009-10
13	2401-103-898 Agriculture deomonstration on seeds farms	55098000	51953000	52659000	55174000	83575000
	2401-0701-4629-local area scheme	200000	200000	200000	100000	100000
	2401-109-894-Information and Broad Casting related to Agriculture Production	3000000	3300000	3400000	2900000	6000000
	4401-103-2981-Seed multiplication and distribution	14300000	14295000	0	0	0
	2401-101-9197-formation and operation of State Bio Certification Laboratory	0	3000000	3300000	3800000	2500000
41	2401-0102-5361-women participation in Agriculture	0	0	1500000	1500000	1500000
	2401-0102-7772-Training cum demonstration programme of farmers	0	0	20000000	20000000	20000000
	2402-101-4254 watershed development dry Agriculture Area	9880000	10081000	10086000	10089000	10331000
64	2401-0102-5361-women participation in Agriculture	0	0	2200000	2000000	2000000
	2401-0103-7772-Training cum demonstration programme of farmers	0	0	35200000	35200000	35200000
	2401-103-2415-5363-Agriculture Research and education	0	0	26700000	26700000	44733000
	2401-103-5358-Grant to Bullock cart	0	0	700000	800000	300000
	2401-789-894-Information and Broad Casting related to Agriculture Production programme	0	0	2000000	2300000	2000000

(Source: Detailed Appropriation Accounts)

Original budget provisions of ₹ 40.78 crore lapsed without utilisation.

The Director, FW&AD noted (March 2010) the point for future compliance. Further, it was noticed that the entire original budget provision of ₹ 40.78[3] crore lapsed under five different schemes without utilisation. Reasons for non-taking up the planned works under these schems were not given. At the exit conference, the department accepted the audit observation and assured preparation of BEs as per provisions of the State Budget Manual.

3.1.7.4 Unnecessary supplementary provisions

Supplementary demands for grants need to be proposed only in case of requirement of additional funds. During 2005-10, supplementary provisions of ₹ 42.35 crore as shown in **Table 3.5** made under different schemes proved unnecessary as the actual expenditure did not exceed the original provisions.

Table 3.5: Non-utilisation of Supplementary Provisions

Supplementary provisions of ₹ 42.35 crore proved unnecessary.

Year	Grant No.	Original provision	Supplementary provision	Expenditure
2005-06	13, 41	199.84	2.90	174.34
2006-07	13,54	83.11	3.22	81.86
2007-08	13, 64	100.15	30.86	94.56
2008-09	64	5.34	4.80	5.34
2009-10	13, 41	6.05	0.57	6.00
Total		**394.49**	**42.35**	**362.10**

(Source: Detailed Appropriation Accounts)

3 *2005-06 (Construction of agriculture building ₹ 0.02 crore), 2006-07 (Local area scheme and National Agriculture Insurance Scheme ₹ 27.97 crore) and 2008-09 (Localy area scheme, Mukhyamantri Mazdoor Suraksha Yojna and National Oilseed Development Project ₹ 12.79 crore.)*

The Director, FW&AD stated that supplementary provisions were made on the basis of demands made by DDOs who subsequently failed to utilise the funds. Thus the supplementary provisions obtained were obviously without estimating the requirements properly. At the exit conference, the department accepted the audit observation and assured strengthening of financial management in future.

3.1.7.5 Injudicious re-appropriation/surrender of funds

Injudicious re-appropriations /surrenders resulted in excess expenditure of ₹ 11.35 crore over remaining budget provisions.

Re-appropriation/surrender was to be made only in cases where savings could be anticipated in any unit. Audit observed that re-appropriations/surrenders were made in excess of available savings leading to injudicious surrender of ₹ 11.35 crore during 2006-10 as shown in **Table 3.6.**

Table 3.6: Re-appropriations/surrenders in excess of savings

(₹ in crore)

Year	Provision	Actual Expenditure	Available Saving	Re-appropriation/ Surrender	Excess Expenditure over residual budget provision
2006-07	232.72	183.92	48.80	52.74	3.94
2007-08	98.10	73.15	24.95	29.69	4.74
2008-09	103.89	82.74	21.15	23.18	2.03
2009-10	78.11	65.13	12.98	13.62	0.64
Total	**512.82**	**404.94**	**107.88**	**119.23**	**11.35**

(Source: Detailed Appropriation Accounts)

This indicated lack of budgetary control. During the exit conference, the department, while accepting the audit observation, assured compliance in future.

3.1.7.6 Excess release of Grant-in-aid

Excess release of grant-in-aid of ₹ 1.42 crore to an autonomous body.

The State Institute of Agriculture Extension and Trainings (SIAET) Barkhedikalan, Bhopal was declared an autonomous body by the Government of Madhya Pradesh during 2007-08 and grant-in-aid was to be paid to the institute for day to day functioning of the institute. Scrutiny of records of the Director, FW&AD revealed that grants-in-aid of ₹ 1.68 crore and ₹ 1.66 crore were paid during 2008-09 and 2009-10 respectively against which the institute incurred expenditure of ₹ 0.75 crore and ₹ 1.17 crore. As per conditions of the sanction order issued (April 2008), utilisation certificates of funds were to be submitted before submission of the next year's estimates. Audit observed that while providing grant-in-aid for the year 2009-10, the unspent balance of 2008-09 was not adjusted. As a result, ₹ 1.42 crore (₹ 0.93 crore for 2008-09 + ₹ 0.49 crore for 2009-10) was lying unspent in the bank account of SIAET. At the exit conference, the department admitted the excess release of grant.

3.1.7.7 Rush of expenditure in the last month of the financial year

As per para 92 of the Budget Manual, rush of expenditure at the fag end of the financial year should be avoided. Expenditure in the last month of the financial year,

however, ranged between 27 and 53 *per cent* during 2005-10 under different schemes as shown in the **Table 3.7.**

Table 3.7: Rush of expenditure in the month of March

(₹ in crore)

Year	Total Expenditure	Expenditure up to February	Expenditure in March (*per cent*)
2005-06	144.75	104.82	39.93 (28)
2006-07	51.79	37.73	14.06 (27)
2007-08	331.18	172.49	158.69 (48)
2008-09	211.18	99.90	111.28 (53)
2009-10	435.52	292.98	142.54 (33)

(Source: Detailed Appropriation Accounts and Monthly Accounts)

The Director stated that the DDOs could not utilise the funds in time due to certain reasons viz. delayed receipt of sanctions and delayed selection of beneficiaries etc. and assured to observe the codal provision in future. The Directorate, FW&AD records also revealed that an amount of ₹ 18.92 crore was drawn from treasury on the last day of financial years 2005-09. This indicates lack of control over expenditure and violation of codal provision. During the exit conference, the department accepted the audit observation and assured compliance of the codal provision in future.

3.1.7.8 Retention of cash balance

Scheme funds amounting ₹ 129.09 crore were kept in bank accounts.

The State Institute of Agriculture Extension and Training (SIAET), Barkhedikalan, Bhopal was nominated by the department to keep the funds released by the GOI pertaining to the off-budget schemes viz. NFSM and ATMA project in the bank account. Audit observed that the Director, FW&AD, in addition to the above two schemes, also deposited the amount of State share and other scheme funds in the account of SIAET and the funds were released through cheques to the districts by SIAET on the basis of sanction orders issued by the Director. At the end of March 2010, ₹112.82 crore (including grant-in-aid and interest of ₹ 3.46 crore) were lying in the bank account of SIAET out of which ₹ 96.45 crore related to Rashtriya Krishi Vikas Yojna (RKVY) was drawn by Director, FW&AD from Treasury during 2007-10. Additional Director, SIAET stated that the funds could not be released to districts as sanction orders were not issued by the Directorate. Keeping of funds of other schemes in the bank account of SIAET was irregular.

In the test-checked districts, scrutiny of cash books for the month of March 2010 revealed that 23 DDOs had unutilised balance of ₹ 16.27 crore in their bank accounts pertaining to NFSM, RKVY, ATMA and other schemes indicating that the respective schemes were not implemented fully as planned. During the exit conference, the department assured to take immediate action for utilisation of funds and stated that instructions would be issued to districts to utilise the funds.

3.1.7.9 *Non-refund of unutilised funds of closed schemes*

Funds worth ₹ four crore of closed schemes were not refunded to the GOI.

Funds provided by GOI were to be utilised for implementation of schemes. In cases of closure of schemes, the unutilised funds were to be refunded to GOI. Test check of records of the Directorate, FW&AD revealed that a huge cash balance of ₹ four crore (including interest of ₹ 1.14 crore) was lying in the bank account pertaining to funds received from the GOI under different schemes (Amritdhara, Utthan Yojna and Command Area Programme) which were closed. The cash balances in the bank account were not shown in the closing balance of the cash book. The Director stated that action for utilisation of funds would be taken up, but did not furnish scheme wise details of unutilised funds. Unutilised funds of closed schemes were to be immediately refunded to GOI which was not done. During the exit conference, the department assured to take action in this regard.

3.1.7.10 Utilisation certificates

Utilisation certificates for ₹ 54.65 crore were awaited.

Under Rashtriya Krishi Vikas Yojna (RKVY), Director, FW&AD paid ₹ 79.28 crore during 2007-10 to the Directorates of other departments (Directorate of Veterinary Services ₹ 42.45 crore, Directorate of Fisheries ₹ 10.60 crore and Directorate of Horticulture and Farm Forestry ₹ 26.23 crore) for implementation of programmes/activities against which expenditure of ₹ 56.45[4] crore had been reported by these Directorates. Utilisation certificate for ₹ 1.80 crore only was submitted by the Directorate of Fisheries and utilisation certificates of ₹ 54.65 crore were still awaited from these Directorates. Director, FW&AD did not intimate the details of action taken by him in this regard. During the exit conference, the department assured to take action in this regard.

3.1.7.11 Cash Management

Codal provisions regarding maintenance of Cash Books and subsidiary records were not observed.

Rule 53 of MPTC envisages that the officer in-charge of the cash book should physically verify the cash balance at the end of each month. Fortnightly verification of drawals made from treasury should be conducted by DDOs with reference to treasury records. Temporary advances paid to officials should be adjusted as soon as possible and in no case should be left unadjusted beyond three months.

Test check of records of 37 DDOs in selected districts and in the Directorates revealed that DDOs disregarded the provisions relating to cash management as discussed below:

- Cash balances in the cash books were not found verified physically regularly at the end of each month by 10 DDOs.
- Fortnightly verifications of drawals with reference to treasury records were not done by 26 DDOs.

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4 *Directorate of Veterinary Service ₹ 30.92 crore, Directorate of Fisheries ₹ 10.01 crore and Directorate of Horticulture and Farm Forestry ₹ 15.52 crore.*

- Temporary advances amounting to ₹ 88.98 lakh for the period 1977-2010 were lying unadjusted as of November 2010, out of which ₹ 1.79 lakh was outstanding for the last 10 to 32 years in the Directorate, FW&AD. DDOs stated that action for adjustment of the advances was under process.

- Reconciliation of balances of cash books with balances of bank pass books was not done by 15 DDOs which resulted in discrepancy of ₹ 5.94 crore between the figures appearing in the cash books and the pass books as of March 2010. Four DDOs did not get the pass books completed from the banks.

- Monthly review of the Bill Register was not done by 19 DDOs and review of the Bill Transit Book twice a week was not done by 22 DDOs as required under Rules 197 and 276 of MPTC respectively.

- Security deposits were not obtained from the cashiers/storekeepers by 17 DDOs as required under provisions of Rule 282 of MPFC.

- Bank draft registers were not found prepared by nine DDOs in the format prescribed in the MPTC.

DDOs accepted the audit observations and assured to follow the codal provisions in future. During the exit conference, the department stated that instructions would be issued to observe the codal provisions.

3.1.7.12 Non-utilisation of funds for media and publicity campaign

Wide publicity of NFSM through print and electronic media and other methods is an important component of the scheme. GOI had fixed component-wise percentage ceilings of expenditure and provided (November 2007) ₹ 3.06 crore for media and publicity campaign. However, in the NFSM review meeting (January 2009) organised under the chairmanship of Principal Secretary, component-wise ceiling for expenditure was changed as shown below:

Publicity Campaign components	**Percentage ceiling of expenditure on different categories as per GOI guidelines**	**Changes made by the department (*per cent*)**
(1) Audio Visual (Radio/TV spot)	55 *per cent*	₹ 0.80 crore (26)
(2) Press Publicity	20 *per cent*	-
(3) Development of creatives	5 *per cent*	₹ 1.77 crore (58)
(4) Printed Literature song, drama, group outdoor publicity etc.	20 *per cent*	₹ 0.49 crore (16)
Total		**₹ 3.06 crore**

It was also decided in the meeting not to give advertisements separately in the print media and to incur expenditure on press publicity as GOI was providing sufficient advertisements through newspapers and magazines.

Funds of ₹ 2.04 crore for media and publiciy campaign were not utilised.

Accordingly, the department released (February 2009) ₹ 0.49 crore to districts for incurring expenditure on organising Kisan Raths/printed literature and the balance amount of ₹ 2.57 crore was transferred to the Madhya Pradesh Krishi Vipanan Sangh (an autonomous body) for publicity, out of which ₹ 52.78 lakh were utilised on TV shows and radio advertisements during the months of January 2009 and March 2010. An amount of ₹ 2.04 crore was still lying with the above agency. At the exit conference, the department assured to utilise the funds by the end of the financial year.

3.1.7.13 Parking of funds with agencies

Funds amounting to ₹ 3.28 crore were parked with Markfed and Beej Nigam.

(i) The department was required to monitor the physical and financial progress of works being executed by the agency for their completion within the stipulated time frame. Scrutiny of records of the Directorate, FW&AD revealed that under the scheme ATMA, ₹ 2.40 crore was approved (September 2009) by GOI under district level innovative activities during 2009-10. The Director, FW&AD paid (September 2009 to March 2010) ₹ 2.40 crore to the Madhya Pradesh State Cooperative Marketing Federation (Markfed) for renovation of 19 district level training centres. Out of these 19 training centres, the works of seven training centres were not started, the works of seven training centres were incomplete and the work of only one training centre, i.e. Betul was completed. The status of four training centres (Ujjain, Sheopur kalan, Indore and Sagar) was not available with the Directorate. Out of ₹ 2.40 crore, only ₹ 0.30 crore was utilised and the remaining amount of ₹ 2.10 crore was outstanding with Markfed. The Director accepted the audit contention and assured to obtain the progress of work from Markfed.

(ii) To ensure availability of seeds of wheat and pulses under NFSM, Director, FW&AD directed (June 2008) the Deputy Directors to make advance payment to Madhya Pradesh Beej Farm Vikas Nigam during 2008-09. Against the advance payment of ₹ 3.69 crore paid to the agency, seeds costing ₹ 1.18 crore were not received in 15 districts.

At the exit conference, the department assured to take action in this regard.

3.1.7.14 Creation of liabilities under different schemes

Bills amounting ₹ 19.74 crore were pending for payment under different schemes.

As per provision contained in Supplementary Rule 283 of MPTC, immediate disbursement should be made to meet all liabilities and current year's liabilities should not be left for payment from subsequent year's allotment. Scrutiny of records of Director, FW&AD revealed that during 2007-09, bills amounting ₹ 27.03 crore were pending for payment under the scheme Integrated Scheme of Oilseed, Pulses, Oilpalm and Maize (ISOPOM). The GOI released (February 2010) ₹ 6.35 crore to the State to meet the previous liabilities. The payment of pending bills of ₹ 8.47 crore (including the State share ₹ 2.12 crore) was made and bills amounting to ₹ 18.56 crore were still pending for payment. The Director attributed this to insufficient release of funds from the GOI against the approved action plan of the scheme during

2007-09. In the test-checked districts, bills amounting to ₹ 1.18 crore under different schemes were kept pending for payment during subsequent year by four DDOs[5]. During the exit conference, the department stated that cases would be examined and adequate provision would be made in the next budget for pending liabilities.

3.1.8 Programme Management

3.1.8.1 Targets and achievements

The Tenth Five Year Plan (2002-07) envisaged to enhance the level of production of foodgrains to 178.50 lakh tonnes, (cereals 139.54 lakh tonnes and pulses 38.96 lakh tonnes) and oilseeds to 60.40 lakh tonnes. Similarly, the objective of the Eleventh Five Year Plan (2007-12) was to increase the production of foodgrains to 204.31 lakh tonnes and oilseeds to 80.32 lakh tonnes. The position of targets and achievements during 2005-06 to 2009-10 was as indicated in **Table 3.8**.

Table No. 3.8: Targets and achievements of production of food grains and oilseeds

(In lakh tonnes)

		Cereals			Pulses			Oilseeds		
Targets set for Tenth Plan				139.54			38.96			60.40
Targets set for Eleventh Plan				159.12			45.19			80.32
	Year	**Target**	**Ach.**	**Shortfall (*per cent*)**	**Target**	**Ach.**	**Shortfall (*per cent*)**	**Target**	**Ach.**	**Shortfall (*per cent*)**
Targets actually set by the department and actual achievement during the Plan period	2005-06	138.50	102.27	36.23 (26)	41.05	32.59	8.46 (21)	63.85	60.54	3.31 (5)
	2006-07	140.88	110.90	29.98 (21)	37.77	33.51	4.26 (11)	64.26	58.51	5.75 (9)
	2007-08	131.78	102.31	29.47 (22)	39.50	26.74	12.76 (32)	66.48	63.32	3.16 (5)
	2008-09	130.15	105.43	24.72 (19)	39.61	36.81	2.80 (7)	68.84	69.78	-
	2009-10	116.97	118.95	-	44.83	45.96	-	72.80	72.15	0.65 (1.00)
Shortfall with reference to targets set in Tenth Plan (2006-07)				28.64 (21 *per cent*)			5.45 (14 *per cent*)			1.89 (3 *per cent*)

(Source: Xth Plan, XIth Plan and Departmental Figures)

Targets of production set for Tenth and Eleventh Plans were not followed and were not found achieved.

The targets actually set by the department were far below the targets envisaged in Tenth and Eleventh Plans. The targets for pulses were lowered during 2006-07 and targets of foodgrains and oilseeds were lowered during the Eleventh Plan.

The Director, FW&AD stated that yearly district-wise targets of production were fixed in the meeting held under the chairmanship of the Agriculture Production Commissioner (APC) at the division level before the commencement of seasons and those targets were followed by the districts.

- Further, the targets set were not found achieved during 2005-10 except the targets of food grains 2009-10 and oilseeds 2008-09 and remained far below the targets set in the Plan documents. The Director, FW&AD stated (August and September 2010) that the targets could not be achieved due to drought, bad monsoon and scanty rains. However, attempts were being made to raise production of cereals, pulses and oilseeds through the implementation of schemes NFSM and ISOPOM during the Eleventh Plan. Apart from the fact

5 *DDA, Bhopal ₹ 8.49 lakh, DDA Burhanpur ₹ 41.15 lakh, DDA Ratlam ₹ 64.42 lakh and Government Agriculture Farm Fanda ₹ 4.00 lakh.*

that the poor monsoons were responsible for low production, the lackadaisical performance in the fields of soil surveys, soil testing, distribution of sub-standard agriculture inputs, lack of assured irrigation facilities and shortage of extension workers meant for implementation of activities/programmes etc discussed in the succeeding paragraphs were also responsible for low production and yield of major crops.

3.1.8.2 Seed production and distribution

Breeder seeds are multiplied into foundation seeds and subsequently into certified seeds. The requirement of breeder seeds was indented by the Director, FW&AD from GOI based on the demand of seed producing agencies and Government agriculture farms.

- The shortfalls during 2005-10 under various schemes in procurement of breeder seeds ranged from five to 93 *per cent*, production of foundation seeds from three to 94 *per cent*, production of certified seeds from six to 99 *per cent* and distribution of certified seeds from seven to 100 *per cent* as given in **Appendix 3.2.** The Director FW&AD attributed the shortfalls to non-availability of seeds, adverse weather conditions and non-conduction of seed production programmes by district level officers. Shortage of seeds, which were a vital input, adversely affected the agricultural production.

Subsidy of ₹ 34.17 lakh was paid on inadmissible seeds.

- Subsidy was admissible on seeds of latest varieties notified within 10 years. It was observed that subsidy of ₹ 34.17 lakh on 6973.13 quintal of seeds was paid by 11 Deputy Directors, Agriculture (DDAs) during 2006-10 under the Integrated Cereal Development Programme (ICDP) on varieties of seeds which were more than 10 years old. DDAs stated that distribution was made on the basis of availability of seeds and demand of farmers. This led to payment of subsidy on inadmissible seeds.

Distribution of seeds to farmers before cut-off dates was not ensured.

- The seed was to be distributed to the beneficiaries before the prescribed dates given for the *Kharif* and *Rabi* seasons. Scrutiny of records by Audit in selected districts revealed that in six districts, 3628.84 quintal seeds were provided to Rural Agricultural Extension Officers (RAEOs) under the schemes Surajdhara, Annapurna and Seed Village scheme with delays ranging between 16 and 69 days during 2008-10. DDAs stated that seed supplying agencies failed to supply the seed in time.

At the exit conference, the department accepted the audit observation and stated that instructions would be issued to DDAs to follow the scheme guidelines.

3.1.8.3 Ineffective crop demonstrations

Demonstrations were not carried out effectively.

Schemes[6] envisaged laying of demonstration plots on the fields of farmers to educate them regarding the use of the latest varieties of seeds and adoption of new technologies for obtaining high yields. The average scheme-wise shortfall in demonstrations ranged between three and 95 *per cent* of the targets during 2005-10 as per details given in **Appendix 3.3**. Audit observed that more than 10 year old variety of seeds was used for demonstration under the scheme ICDP and RKVY. No bond was signed between the selected cultivators and the department before laying demonstrations as specified in the departmental manual. The records showing details of control plots (traditional technique adopted by the farmer) like area, variety and quantity of seed used, manure and micronutrient applied were not found maintained by the extension workers, due to which results of control plots as well as demonstration plots could not be compared. Demonstration registers were not maintained as per instructions contained in the departmental manual. Records pertaining to departmental inspections conducted by the higher officers were not found maintained. The results of demonstrations were not compiled and published by the Directorate. The Director, FW&AD stated that the shortfalls were due to non-conducting of demonstrations by district officers and drought. DDAs assured to follow the procedure to conduct demonstrations in future. The above findings prove the fact that demonstrations were not carried out effectively, which affected production. During the exit conference, the department stated that instructions would be issued to observe the procedure/provisions.

3.1.8.4 Distribution of seed minikits

Seed minikits were meant for introduction and popularisation of latest high yielding varieties of seeds among farmers. New varieties of seeds notified within 10 years were to be used in the minikits. Minikits containing good quality seeds together with seed treating chemicals were to be distributed to identified farmers free of cost. Scrutiny of records of DDAs of selected districts revealed that:-

Minikits were distributed after the cut-off dates and results were not compiled.

- More than 10 year old notified variety of seeds was used in 47,658 minikits distributed under the scheme ISOPOM during 2005-10 in nine[7] test checked districts.
- 1,19,818 minikits were distributed by eight DDAs after the cut off date as these were received in the districts belatedly.

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6 *National Pulse Development Programme, Oilseed Production Programme, Integrated Maize Development Programme, Integrated Cereal Development Programme, Intensive Cotton Development Programme and National Food Security Mission.*

7 *Bhopal 1600, Burhanpur 1800, Dindori 2113, Gwalior 1200, Jhabua 11074, Mandsour 14706, Panna 3900, Shahdol 9164 and Shivpuri 2101.*

- Results of distributed minikits were not found compiled at the district level and were not sent to Directorate due to which, the impact could not be demonstrated to beneficiaries.

- Seed minikits (37,403) under NFSM-wheat/rice were distributed to the farmers after the cut off date during 2007-10 by six DDAs. It was also noticed that the acknowledgements of beneficiaries in respect of 18,513 minikits were not available in the records of four DDAs.

DDAs stated (May-December 2010) that the delays in distribution were due to late supply of minikits by the supplying agencies. The distribution of seed minikits after the cut off date did not serve the intended objective. At the exit conference, the department stated that a request would be made to GOI to ensure timely supply of minikits and instructions would be issued to DDAs to supply minikits before the cut off date to the farmers. The department also assured compliance in future.

3.1.8.5 Farm management

Shortfall of 14 to 50 *per cent* in the production of seeds was noticed in Government farms.

For demonstrating and popularising various improved agricultural practices amongst the farmers and to multiply/supply reliable/improved seeds of various crops to the cultivators, 49 Government agriculture farms were established in the State by the department, of which one farm was non-functional from 2008-09. The Departmental Manual provides that all the agricultural farms of the department should be commercial institutions except those attached to Training Centres.

Details of cultivation and production of the farms given in **Table 3.9** revealed shortfalls in the utilisation of cultivable area ranging from 31 to 49 *per cent* (*kharif*) and 37 to 54 *per cent* (*Rabi*) and achievement of targets of production of seeds ranging from 14 to 50 *per cent* during 2005-06 to 2009-10.

Table 3.9: Position of utilisation of cultivable area and production of seeds

(area in hectare, production in quintal)

Year	No. of Farms	Total area	Cultiva -ble area	Season	Sown area	Percentage of shortfall to cultivable area	Production		Percentage of shortfall
							Target	Achieve-ment	
2005-06	49	2709.79	1777.40	Kharif	902.98	49	11000.00	7030.83	36
				Rabi	1124.22	37	12220.00	10467.32	14
2006-07	49	2709.79	1777.40	Kharif	908.51	49	12000.00	8643.93	28
				Rabi	1058.78	40	14484.00	11110.47	23
2007-08	49	2709.79	1777.40	Kharif	1131.12	36	12165.00	8358.59	31
				Rabi	953.80	46	11484.00	9564.86	17
2008-09	48	2669.85	1742.82	Kharif	1043.95	40	12165.00	9068.35	25
				Rabi	981.45	44	13920.00	8105.46	42
2009-10	48	2669.85	1742.82	Kharif	1193.90	31	13299.00	6643.41	50
				Rabi	808.30	54	13920.00	8576.35	38

(Source: Data provided by Department)

The Director, FW&AD stated that some portion of land could not be utilised due to storage of rain water and some portion was left for production of green compost. No steps were taken by the department to increase the cultivable area of the farms. He attributed low production to lack of irrigation facility, natural calamities, low germination of seeds and scanty rainfall. The reply was not convincing as the cultivable area of the farms available for production was not covered.

- The departmental manual provides that performance of each farm should be reviewed annually at district/division and State level. In case any farm is not found economically beneficial, the department may close such farm forthwith. Records of the seed farms of the State revealed that expenditure of various farms was more than the revenue realised by them and the farms were unproductive and running in losses as shown in **Table 3.10**.

Table 3.10: Excess of expenditure over revenue realised

(₹ in crore)

Year	No. of Farms	Expenditure	Income	Excess of expenditure over income
2005-06	11	1.22	0.86	0.36
2006-07	15	1.06	0.75	0.31
2007-08	10	0.50	0.32	0.18
2008-09	9	0.81	0.64	0.17
2009-10	15	2.07	1.10	0.97
Total	**60**	**5.66**	**3.67**	**1.99**

(Source: Data furnished by the department)

The Director, FW&AD assured that action would be taken against those officers responsible for the losses.

- Annual accounts were not prepared by 15 farms in the test-checked districts during 2005-10 in violation of provisions contained in para 10 (XIV) of the Departmental Manual, Vol-I and II.

- Obsolete/unserviceable agriculture implements were found in farms during 2005-10 and no action was taken to write off/auction.

At the exit conference, the department agreed with the above audit observations and assured to take necessary action.

Cost of seeds worth ₹ 2.67 crore sold on credit was not recovered from various agencies.

- Seed produced was sold to various agencies on credit but sale proceeds of ₹ 2.67 crore (March 2010) were not recovered from these agencies. Similarly, seeds and fertilizers valuing ₹ 1.22 crore were sold to different agencies on credit by 13 farms in test-checked districts but recovery was still to be made. Farm Superintendents stated that action for recovery of outstanding dues was under process. At the exit conference, the department assured to take action to recover the amount.

3.1.8.6 Water resource management-Expenditure on incomplete *Taals (Ponds)*

With a view to conserving rain water in farmers' fields for irrigation purposes, the Khet Taal scheme was launched in 2006-07 by the Government for all categories of farmers. The farmers had to choose any of the three models prescribed in the scheme for which assistance of 50 *per cent* of the cost of ponds, limited to ₹ 16,350 per pond, was to be paid in two instalments to the identified farmers. The first instalment was to be paid after completion of 50 *per cent* of the work and the second instalment after completion of work within three months of getting the first instalment (excluding the rainy season). The construction of inlets and outlets in the ponds was compulsory in the scheme. The scheme was closed from 2008-09. Entries in the measurement book were essential at the time of valuation of work before making payment to the beneficiaries.

Assistance of ₹ 1.05 crore paid on Khet Taals remained unfruitful due to non-completion.

- Scrutiny of records of 11 test-checked Assistant Soil Conservation Officers (ASCOs) revealed that in 1,015 cases, the Taals were not found completed as per the size of the models selected by the farmers to whom the first instalment of ₹ 68.53 lakh was paid. Since the farmers failed to construct the standard size, the minimum water holding capacity of the Taals required for irrigation could not be ensured in the test-checked ASCOs. Thus the objectives of the scheme were not fulfilled.

- Assistance of ₹ 1.31 crore was paid in full by six ASCOs to 982 farmers who had not constructed the inlets and outlets in their ponds.

- During test check of records of six ASCOs, it was noticed that 252 Taals under RKVY for which ₹ 36.40 lakh was paid as first instalment remained incomplete during 2008-09. As a result, the Taals were not constructed up to the standard size and the expenditure incurred remained unfruitful.

The ASCOs stated that farmers did not take interest in completing the work to the standard size. At the exit conference, the department agreed with the audit observations.

The Balram Taal scheme was launched in 2007-08 by the Government to cover more irrigated area than the Khet Tal scheme, through the construction of Taals. The farmers had to choose any of the four models prescribed in the scheme for which assistance of 50 *per cent* (small and marginal farmers), 40 *per cent* (other farmers) and 75 *per cent* (SC/ST farmers) of the cost of ponds limited to ₹ 1,00,000 (SC/ST) and ₹ 80,000 (other farmers) was to be paid in two instalments to selected farmers on the pattern of Khet Taal scheme. The farmers had to follow the standard size, depth and slope of the model as prescribed in the scheme. As per provisions contained in the scheme, the construction of inlets and outlets in the Taals was compulsory for farmers.

- Scrutiny of records of eight ASCOs revealed that in 127 out of 504 cases, the Taals for which first instalment of ₹ 48.35 lakh was paid during 2007-10 were not complete.

Farmers failed to follow the prescribed norms of construction of Balram Taals.

- Scrutiny of records of five test-checked ASCOs revealed that in 223 cases, the inlets and outlets in the ponds were not constructed by the farmers but full assistance of ₹ 1.78 crore was paid to them during 2008-10. It was also noticed that despite the farmers not constructing the Balram Taals as per standard slope, depth and capacity, assistance of ₹ 43.80 lakh was paid to them by four ASCOs.

- It was further noticed that assistance of ₹ 17.98 lakh was paid to 29 farmers by the ASCO, Chhatarpur during 2008-09 but the measurements were not recorded in the measurement book.

On this being pointed out, ASCOs replied that the farmers did not complete the work as per approved specifications (standard size).

No provision was made in both the Khet Taal and Balram Taal schemes to make farmers legally bound to complete the work after getting the first instalments. Consequently, farmers left the work incomplete and the expenditure on the incomplete work remained unfruitful. During the exit conference, the department assured to examine the cases and to take corrective measures.

3.1.8.7 Poor monitoring and non-transfer of Percolation/Minor Irrigation Tanks to user groups

Percolation Tanks/Minor Irrigation Tanks (135) were not handed over to user groups after construction.

As per the instructions issued (December 2000) by the Government, the percolation tanks/minor irrigation tanks (MIT) constructed were to be handed over to the user groups constituted for repair and maintenance of water resources created. ASCOs were to monitor the water level, irrigated area and production before and after creation of water resources. A total of 313 percolation tanks were constructed in 14 ASCOs[8] during 2005-10 at a cost of ₹ 14.47 crore but proper monitoring was not conducted as prescribed in the scheme. Further, in 13 test-checked ASCOs[9], it was noticed that construction works of 135 percolation tanks/MIT costing ₹ 7.26 crore were completed during 2006-10 but were not transferred to users group. The construction works of 69 percolation tanks/MIT costing ₹ 2.52 crore under different schemes sanctioned during 2005-10 was incomplete. The concerned ASCOs stated

8 *Balaghat (₹ 55.00 lakh), Betul (₹61.50 lakh), Bhainsdehi (₹31.39 lakh), Bhopal (₹115.44 lakh), Burhanpur (₹34.76 lakh), Chhatarpur (₹85.62 lakh), Gwalior (₹151.93 lakh), Jaora (₹176.25 lakh), Jobat (₹25.39 lakh), Mandsaur (₹91.22 lakh),Panna (₹366.60 lakh), Ratlam (₹103.91 lakh), Ratlam RVP (₹118.29 lakh), Thandla (₹29.80 lakh).*

9 *Betul (₹38.00 lakh), Bhainsdehi (₹2.35 lakh), Bhopal (₹101.17 lakh), Burhanpur (₹34.76 lakh), Chhatarpur (₹64.90 lakh), Dindori (₹77.18 lakh), Gwalior (₹189.20 lakh), Jaora (₹19.17 lakh), Jobat (₹14.99 lakh), Mandsaur (₹61.47 lakh), Ratlam (₹14.61 lakh), Ratlam RVP (₹93.62 lakh), Thandla (₹14.83 lakh).*

that the water structures would be handed over as soon as possible. At the exit conference, the department assured to examine the cases and to take necessary action in this regard.

3.1.8.8 Utilisation of land and water capacity

The position of the net sown area and irrigated area during the period 2005-09 was as shown in **Table 3.11**.

Table 3.11: Net sown area and irrigated area

(area in lakh hectares)

Year	Net sown area	Area irrigated (percentage of net sown area)
2005-06	150.74	56.82 (37.69)
2006-07	148.38	63.65 (42.90)
2007-08	147.90	64.18 (43.39)
2008-09	150.44	65.06 (43.25)

(Source: Data provided by the Department)

Irrigated area was 38 to 43 *per cent* of net sown area during 2005-09.

The irrigated area was 37.69 to 43.39 *per cent* of the net sown area and there was marginal increase in the irrigated area during 2005-09, in spite of efforts made to enhance irrigation availability as discussed in the preceding paragraphs.

Department failed to maintain the records of functional / non-functional irrigation structures.

Audit observed that assured irrigation potential (AIP) for 1.95 lakh hectare was created by the department during 2005-10, of which 44 *per cent* capacity was created from utilisation of underground water. Assured irrigation potential of 1.08 lakh hectare and 1.64 lakh hectare was created by the department during 2007-08 and 2008-09 respectively but the irrigated area increased only by 0.53 lakh hectare and 0.88 lakh hectare respectively. Records related to actual utilisation of water capacity created under various schemes were not maintained at the Directorate level. The above fact shows that the department failed to assess and monitor whether the irrigation sources were functional or non-functional. At the exit conference, the department accepted the audit observations and stated that action would be taken to keep the records.

3.1.8.9 Non-collection of Farmers' Share

Farmers' share amounting to ₹ 42.95 lakh was not deposited.

Farmers' Welfare Schemes envisaged provision of providing subsidy as assistance in the shape of agricultural inputs and agricultural implements. Farmers were required to bear a part of the cost of such inputs as their share. Accordingly, the department was required to collect the farmer's share simultaneously at the time of providing the said assistance. Scrutiny of records of two (Betul and Dindori) out of 13 DDAs, revealed that farmers' share of ₹42.95 lakh was not found realised and deposited by the Senior Agriculture Development Officers (SADOs). During the exit conference, the department stated that action would be taken to deposit the amount.

3.1.9 Implementation of Schemes

The major schemes reviewed in the performance audit and the laxity found in the implementation of schemes are discussed in the succeeding paragraphs:

3.1.9.1 Support to State Extension Programmes for Extension Reforms Scheme

The scheme 'Support to State Extension Programmes for Extension Reforms' was launched in 2005-06 by GOI to operationalise agricultural extension reforms across the country. The objectives of the scheme were to bring reforms in agricultural extension services, technology dissemination and development in agricultural technology. The resources required for the scheme were to be shared between the Central and the State in the ratio of 90:10. Ten *per cent* of the State's share included contribution of the State, beneficiary contribution and/or the contribution of non-governmental organisation. A cafeteria[10] of activities categorised separately for State and district levels were to be undertaken in the scheme. Expenses on district level activities were not to exceed the ceilings fixed in the cafeteria and10 *per cent* contribution was to be realised from beneficiaries with respect to beneficiary oriented activities at the district level revised subsequently (July 2007) to five *per cent* for SC, ST and women farmers.

Review of implementation of the scheme revealed the following irregularities:

Shortfalls were noticed in implementation of the ATMA project activities.

The targets fixed for various major activities under the ATMA cafeteria could not be achieved as shown in **Appendix 3.4.** The shortfalls under various activities ranged between 26 and 100 *per cent*. The Director, FW&AD attributed the shortfall to elections of Lok Sabha, State Assembly (2008-09) and local bodies elections (2009-10). Scrutiny of records of test-checked DDAs revealed that the non-achievement of targets was due to shortage of staff, frequent revision/late receipt of targets and late/non-release of funds according to targets. At the exit conference, the department accepted the audit observation.

- Expenditure of ₹ 5.35 crore was incurred in excess of ceilings applicable for district level activities at State level. In nine test checked districts[11], expenditure of ₹ 1.27 crore was incurred more than the ceiling by DDAs. During the exit conference, the department stated that instructions would be issued to DDAs to follow the provisions.

Records of category- wise beneficiaries were not maintained and beneficiary contributions were not utilised in the scheme.

- Neither the Directorate nor the DDAs at the district level had information about the beneficiary contributions realised for farmer- oriented activities and complete records of category-wise SC, ST and women beneficiaries and expenditure incurred on them. Beneficiary contribution considered as part of the State share amounting to ₹ 18.12 lakh though realised, was not utilised

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10 *Cafeteria means a document which gives the cost norms and ceilings applicable for each activity under the scheme.*

11 *Balaghat (₹17.12 lakh), Betul (₹13.96 lakh), Bhopal (₹10.36 lakh), Jhabua (₹23.80 lakh), Mandsaur (₹14.17 lakh), Panna (₹12.23 lakh), Ratlam (₹13.84 lakh), Shahdol (₹5.16 lakh) and Shivpuri (₹16.59 lakh).*

and was kept in the bank account in seven test-checked districts. In 11 test-checked districts[12], contributions amounting to ₹ 10.08 lakh calculated at the minimum rate were also not realised from the beneficiaries. At the exit conference, the department stated that beneficiary contribution would be included in the State share from this year.

- The scheme envisaged releasing of funds to non-governmental organisations (NGOs) for their participation in district level activities. Funds amounting to ₹ 9.04 crore were provided to 20 NGOs during 2008-10, out of which 12 NGOs[13] incurred expenditure of ₹ 92.35 lakh more than the funds provided to them and ₹ 63.81 lakh were still available with eight NGOs[14] at the end of March 2010. These funds were not refunded by the NGOs concerned as per the condition of sanction orders. During the exit conference, the department stated that action would be taken for necessary adjustment in the current year.

3.1.9.2 National Food Security Mission

With a view to increase production of rice, wheat and pulses through area expansion and productivity enhancement in a sustainable manner in the identified districts, the National Food Security Mission (NFSM) was launched in 2007-08 in the State. The scheme had three components viz. NFSM-rice, NFSM-wheat and NFSM-pulses. The objectives of the scheme were to restore soil fertility and increase productivity at the individual farm level besides creation of employment opportunities. Under the scheme, nine districts[15] for rice, 30 districts for wheat and 20 districts for pulses were identified. Review of implementation of the scheme revealed the following irregularities:

- A Project Management Team (PMT) consisting of technical experts was to be constituted at the State and the district level for technology transfer and implementation of the Mission. The PMT was required to provide the technical service/advice for which experts (consultants and technical assistants) were to be hired on contract. Against the requirement of 64 consultants and 202 technical assistants, only 23 consultants and 98 technical assistants were working. At the exit conference, the department accepted the audit observation and assured filling up of vaccant posts.

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12 *Balaghat (₹ 1.16 lakh), Betul (₹ 1.10 lakh), Bhopal (₹ 0.85 lakh), Burhanpur (₹ 0.24 lakh), Dindori (₹ 1.73 lakh), Gwalior (₹ 0.20 lakh), Jhabua (₹ 0.76 lakh), Mandsaur (₹ 0.88 lakh), Panna (₹ 0.62 lakh), Shahdol (₹ 0.95 lakh) and Shivpuri (₹ 1.59 lakh).*

13 *ACCESS (₹ 2.75 lakh), BAIF (₹ 9.97 lakh), CARD (₹ 3.03 lakh), DAWAT (₹ 10.65 lakh), GVT (₹ 5.85 lakh), KJEDU(₹ 5.48 lakh), MANTHAN (₹ 3.33 lakh), NICT (₹ 2.92 lakh), NIWCYD (₹ 5.75 lakh), PRADAN (₹ 21.49 lakh), SATPURA (₹ 7.32 lakh), SRIJAN (₹ 13.81 lakh).*

14 *ASA (₹ 3.73 lakh), ISAP (₹ 2.32 lakh), ITC (₹ 31.08 lakh), MCM (₹ 4.17 lakh), MGP (₹ 2.87 lakh), MPRLP (₹ 16.35 lakh), PB (₹ 0.58 lakh), SAMARPAN (₹ 2.71 lakh).*

15 *Anuppur, Damoh, Dindori, Katni, Mandla, Panna, Rewa, Satna, Shahdol.*

Assistance of ₹ 5.08 crore was paid on micronutrients without ensuring the prescribed limit of soil.

- As envisaged in the scheme, assistance for micronutrients was to be provided to those farmers whose soil was deficient and had micronutrient content below the required limit as defined by the All India Soil and Land Use Survey (AISLUS). The District Food Security Mission Executive Committees (DFSMEC) were to finalise the list of beneficiaries in consultation with villages/zila panchayats. In eight test-checked districts[16] during 2007-10, assistance of ₹ 5.08 crore on micronutrients was paid on 116892.62 ha to farmers without ensuring the limit required. The list of beneficiaries was also not found prepared by DFSMEC before payment of assistance. DDAs attributed the shortfall of soil tests to non-availability of micronutrient testing facility in the soil testing labs. During the exit conference, the department accepted the audit observation and stated that instructions would be issued to the Chairmen of DFSMECs to follow the procedure in selection of beneficiaries before making payment.

Assistance of ₹ 4.92 crore was paid on diesel/electric pump sets without ensuring the category of groundwater.

- As per Para 14.5 of the scheme guidelines, assistance for diesel/electric pump sets was to be provided only in those blocks of the districts which were not categorised under dark or brown zone[17] of groundwater as specified by the Central Water Commission. District level committees constituted under the Chairmanship of District Collectors/Chief Executive Officers, Zila Parishads along with representatives of AISLUS and Ground Water Board/Minor Irrigation was to identify the beneficiaries. But no such committee was constituted at the district level for identification of beneficiaries and the districts had no report of Central Water Commisssion categorising the blocks under dark/brown zone. Assistance of ₹ 4.92 crore was paid to 5,017 farmers by eight DDAs[18] for purchase of diesel/electric pump sets without ensuring the category of groundwater during 2007-10. At the exit conference, the department accepted the audit observation and assured compliance of procedure in future.

- Physical verification of implementation of various activities under the scheme was not conducted by different levels of officials at the prescribed percentage fixed (November 2007) by Government. During the exit conference, the department stated that instructions would be issued to DDAs to conduct physical verification as per the guidelines.

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16 *Balaghat (₹ 40.40 lakh), Betul (₹ 28.48 lakh), Chhatarpur (₹ 114.65 lakh), Dindori (₹ 15.28 lakh), Jhabua (₹ 13.61 lakh),Panna (₹ 178.66 lakh), Shahdol (₹ 65.05 lakh) Shivpuri (₹ 51.76 lakh).*

17 *Dark/brown zone means areas where water table is extremely low.*

18 *Balaghat (₹ 61.07 lakh), Betul (₹ 163.86 lakh), Chhatarpur (₹ 63.51 lakh), Dindori (₹ 25.06 lakh), Jhabua (₹ 46.60 lakh), Panna (₹ 47.49 lakh), Shahdol (₹ 5.74 lakh), Shivpuri (₹ 78.86 lakh).*

3.1.9.3 Seed Village Scheme

The Seed Village scheme (a Central sector scheme) was launched in 2005-06 with the objective of enhancing crop production/productivity through distribution of foundation/certified seeds and providing training on seed production and seed technology to selected farmers of identified villages. As per a provision of the scheme, training was to be provided to a group of 50 to 150 farmers for three days. Initially, one day training was to be given to farmers at the time of sowing of seed crops. Subsequently, training for one day was to be organised during flower initiation stage of the seed crop and concluding one day training was to be provided after harvest and at the time of seed processing to impart knowledge on seed cleaning, seed grading, seed storage and packing aspects etc.

Farmers were deprived of training under the scheme.

Scrutiny of records in selected districts revealed that in 10 districts[19], 1454.41 MT seeds of different crops was distributed to 1,03,962 farmers during 2005-10 but the required training was not provided to 45,583 (44 *per cent*) farmers. As a result, the object of imparting training as envisaged in the scheme could not be achieved. At the exit conference, the department stated that training was not provided due to paucity of funds. The reply is not convincing as funds were available in the scheme which were not utilised by the Director, FW&AD.

3.1.9.4 Integrated Cereal Development Programme

Though ICDP was withdrawn, irregular expenditure of ₹ 98.63 lakh was incurred on the scheme.

The Integrated Cereal Development Programme (ICDP) (rice/wheat) was withdrawn in the NFSM-rice and NFSM-wheat identified districts as per the instructions issued by GOI (August 2007) and by the Government (November 2007). Further, the pattern of assistance under various components of ICDP was revised (July 2008) by GOI. Audit, however, noticed that Director, FW&AD during 2008-09, fixed the targets as per the old ICDP pattern and released budget allotment of ₹8.75 crore under ICDP to districts for implementation of the programme. In six test-checked districts, it was noticed that both the components ICDP-wheat/rice and NFSM-wheat/rice were implemented in total disregard of the above instructions. Thus, expenditure of ₹ 98.63 lakh incurred during 2007-09 under ICDP-wheat/rice was irregular. During the exit conference, the department assured to examine the matter and to take necessary action.

3.1.9.5 Integrated Scheme of Oilseed, Pulse, Oilpalm and Maize

As per orders (July and October 2001) of the Government, certified seed was to be distributed at subsidised rates to the beneficiaries selected by RAEOs and approved by the Krishi Sthai Samitis of Janpad Panchayats and sent to cooperative societies for distribution of seeds. After distribution of seeds, lists of farmers with their acknowledgements were to be sent to DDAs by Senior Agriculture Development

19 *Betul (645 farmers), Bhopal (1116 farmers), Burhanpur (635 farmers), Chhatarpur (16146 farmers), Jhabua (4206 farmers), Mandsaur (2480 farmers),Panna (11157 farmers), Ratlam (863 farmers), Shahdol (905 farmers) and Shivpuri (7430 farmers).*

Officers (SADOs) for payment of the subsidy to seed supplying agencies. Test check of records made available to Audit revealed the following deficiencies:

- lists of farmers approved by Janpad Panchayats were not found available at 10 DDAs[20]. Actual dates of distribution of seeds to farmers with their dated acknowledgements were also not kept on record with the result, the distribution of seed actually made to the farmers prior to the sowing season could not be verified. It, therefore, could not be ensured whether the assistance of ₹ 1.78 crore on 6158.70 MT of seed during 2005-10 actually reached the targeted beneficiaries. At the exit conference, the department assured to examine the matter and stated that instructions would be issued to take corrective measures.

- In five DDAs[21], assistance on seed production (Soyabean *Kharif* 2007) was paid to the seed producing agencies at the rate of ₹ 1,000 per quintal in place of ₹ 500 per quintal applicable for *Kharif* 2007. As a result, additional assistance of ₹ 59.14 lakh on 11828.50 quintals of seeds paid to the agencies was irregular. DDA, Bhopal and Ratlam stated that payments were made as grading and packing of seeds were done during 2008. The reply was beside the point as the subsidy was required to have been paid as per the rates applicable for *kharif* 2007.

During the exit conference, the department stated that instructions would be issued to ensure the procurement rate before making payments to seed producing agencies.

3.1.9.6 Surajdhara and Annapurna yojna

The objective of the Surajdhara scheme was to encourage small and marginal farmers of SC/ST to adopt cultivation of high productive crops of oilseeds and pulses. Similarly, the objective of the Annapurna scheme was to encourage the above farmers to adopt high productive cereal crops. As per orders (May and July 2000) of the Government, foundation/certified seeds were to be distributed at subsidised rates to beneficiaries selected by Rural Agricultural Extension Officers (RAEOs) and approved by Janapad Panchayats. The bills showing the actual cost of seeds distributed to farmers were to be verified by the SADOs and sent to DDAs for payment of the assistance to seed supplying agencies. Physical verification of beneficiaries was to be conducted at different levels at prescribed percentages fixed for different officials. A register showing detailed information of farmers was to be maintained by the RAEOs. The Sub-divisional Agriculture Officers, during the time of field inspection, were to give their comments about the implementation of scheme

20 *Betul (₹ 17.96 lakh), Bhopal (₹ 13.24 lakh), Burhanpur (₹ 3.40 lakh), Chhatarpur (₹ 14.07 lakh), Dindori (₹ 1.77 lakh), Gwalior (₹ 4.62 lakh), Mandsaur (₹ 45.19 lakh),Panna (₹ 39.12 lakh) Ratlam (₹ 28.51 lakh) and Shahdol (₹ 10.19 lakh).*

21 *Bhopal (₹ 4.46 lakh), Burhanpur (₹ 5.28 lakh), Panna (₹ 13.34 lakh), Ratlam (₹ 7.80 lakh) and Shahdol (₹ 28.26 lakh).*

on the register and were to send evaluation reports to DDA for sending the reconciled report to Director, FW&AD. Test check of records of 12 DDAs made available to Audit revealed the following:

DDAs failed to ensure payment of subsidy of ₹ 5.98 crore on seeds to beneficiaries.

- The dates of distribution of seeds to farmers and their dated acknowledgements were not available in the records and dates of receipt were not recorded in the seed distribution lists. The lists of selected beneficiaries and approved lists of farmers by Janpad Panchayat were not available with the SADOs/DDAs. Physical verification reports by different level of officials were also not available in the records. It, therefore, could not be ensured whether the subsidy of ₹ 5.98 crore on 2464.29 MT on the seeds actually reached the beneficiaries during 2005-10.

- Inspections were not carried out by Sub-divisional Agriculture Officers and the evaluation reports were also not sent to DDAs.

During the exit conference, the department assured to examine the cases and stated that instructions would be issued to take corrective measures as envisaged in the scheme.

3.1.10 Quality Control

3.1.10.1 Quality Control of Agricultural Inputs

To ensure availability of good quality inputs (seeds, fertilizers and pesticides) government established one seed laboratory (Gwalior), four fertilizer laboratories[22] and one pesticide laboratory (Jabalpur) in the State under the Seed Act 1966, Fertilizer Control Order 1985 and Pesticide Act respectively. GOI issued (August 2007) the recommendations of the National Conference of Agriculture for *kharif* campaign 2007 in which it was directed to strengthen the seed testing system in the State by using modern technology and by establishing one seed-testing laboratory in each district. Audit, however, observed that only one seed-testing laboratory was being run by the department. The Government nominated SADOs as inspectors to ensure the enforcement of provisions prescribed by GOI under these Acts and orders on seeds, fertilizers and pesticides. As per targets fixed, inspectors were required to take samples of seeds (27500), fertilizers (33300) and pesticides (7500) during 2005-10. Against these targets, 19896 samples of seeds, 24,681 samples of fertilizers and 5650 samples of pesticides were drawn by the inspectors, resulting in shortfall of targets by 28 *per cent* (seeds) and 26 *per cent* (fertilizers) and 25 *per cent* (pesticides) as shown in **Appendix 3.5**. Apart from the shortfall, 14 to 37 *per cent* seed samples and 13 to 21 *per cent* fertilizer samples were found substandard as the samples did not conform to the permissible standards. No pesticide samples were drawn in the district Dindori during 2005-10. At the exit conference, the department agreed with

22 *Bhopal, Gwalior, Indore and Jabalpur.*

the audit observation and stated that instructions would be issued to DDAs to ensure achieving of the targets and to take action against the officials responsible for shortfall.

3.1.10.2 Use of sub-standard agricultural inputs

Sub-standard seeds, fertilizers and pesticides were sold to cultivators.

In order to increase the agricultural production and productivity, it was important to ensure that the necessary inputs available for distribution were of better quality. During test check of records of 13 DDAs, it was noticed that samples of inputs pertaining to the period 2005-10 were sent to laboratories for testing which were subsequently found sub-standard (seed :30329.43 quintals and 290 bags, fertilizer: 10774.23 tonnes and 7488 bags and pesticides: 1303.50 litre and 399.70 kg) as shown in **Appendix 3.6.** The DDAs issued orders to stop distribution of inputs whose samples were found sub-standard and SADOs were instructed to report the status after conducting physical verification. However, the requisite reports from the SADOs were not received. Thus the "stop the sale[23]" orders were not found implemented. The purpose of collection and analysis of samples of inputs for distribution of quality inputs to farmers could not be fulfilled. During the exit conference, the department agreed with the audit observation and assured to take action against the officials responsible for distribution of substandard inputs.

3.1.10.3 Non-maintenance of nitrogen, phosphate and potassium ratio

Department failed to maintain N, P, K ratio in the fertilizers provided to cultivators.

One of the targets of the Eleventh five year Plan was to give special emphasis on balanced use of nitrogen (N), phosphate (P) and potassium (K) fertilizers to achieve the consumption ratio of 4:2:1 by the terminal year. Scrutiny of records of Director, FW&AD revealed that the ratio of consumption of N, P and K during 2007-10 was 11:6:1, 9:6:1 and 10:6:1 respectively and was not in consonance with the target of the Eleventh Plan. It was observed that potassium was being used less (63 *per cent*) while phosphate was used excessively (11 *per cent*). The Director attributed the shortfall to less supply of fertilizers by GOI. The reply is not convincing as adequate attention was not given by the department for balanced application of fertilizer as a result of which, the envisaged consumption ratio could not maintained. At the exit conference, the department assured to maintain the prescribed ratio in future.

3.1.10.4 Soil survey units

No soil survey was conducted during 2005-10.

As per the provisions envisaged in the Departmental Manual, soil survey units were to conduct surveys and compile their findings and results of soil survey annually. These compiled findings were required to be apprised to the Director, FW&AD with special reference to unwarranted transformations and changes being noticed in the soil series of the State for initiating suitable preventive and remedial action. Eight soil survey units[24] were established by the department to provide facilities for soil

23 *An order issued by the DDA imposing ban on the storage and sale of agricultural inputs found substandard in the laboratory testing.*

24 *Betul, Damoh, Gwalior, Indore, Jabalpur, Jhabua, Sidhi, Tikamgarh..*

survey. Scrutiny of records of Directorate, FW&AD revealed that the soil surveys were not conducted during 2005-10 as the department had not fixed any targets for conducting soil surveys. The Director had issued (January 2001) instructions for these units to conduct soil testing in addition to soil survey. It was also noticed that targets for soil testing fixed for these units were not achieved and the shortfall ranged from 44 to 65 *per cent*. As these units were not conducting soil surveys, the objective of establishing these units could not be fulfilled. No soil testing was done by soil survey unit, Betul during 2006-09 but expenditure of ₹ 62.33 lakh was incurred on pay and allowances. Soil testing was also not conducted in Jhabua and Sidhi units (2007-08).

Director, FW&AD stated that the Irrigation Department did not provide budget allotment for soil survey units from 2000-01. As a result, these units failed to conduct soil surveys and soil testing work assigned to them. Audit observed that this fact was not brought to the notice of Government. At the exit conference, the department assured to take necessary action.

3.1.10.5 Soil testing laboratory

Targets of soil testing were not achieved.

Sixteen soil testing labs were run by the department to carry out soil analysis. Audit, however, observed shortfalls in collection of samples ranging between 30 to 48 *per cent* during 2005-10. Four out of 16 soil testing labs in the State were test-checked during the performance audit. It was noticed that each laboratory was to cover two or more districts. The targets for drawing soil samples were fixed district-wise by the Directorate and block-wise by the DDAs but there were shortfalls in collection of samples ranging between 16 and 64 *per cent* in the selected districts. The year-wise targets, achievement and shortfalls in the testing laboratories during 2005-10 are detailed in **Appendix 3.7**. The shortfalls were attributed by the Assistant Soil Testing Officers (ASTOs) to non-collection of soil samples by the extension workers as per the targets fixed for the districts by Directorate, non-availability of budget allotment and non-availability of micro testing facilities in the laboratories. Director, FW&AD assured to post trained staff and to install modern equipments in the laboratories.

3.1.11 Human Resource Management

3.1.11.1 Sanctioned strength and men-in-position

Acute shortage of staff was noticed in the department.

The Directorate, FW&AD did not have the detailed position of staff deployed in its field units. Against the overall sanctioned strength of 14,218 employees, there were 10,863 men-in-position under Directorate, FW&AD. Out of total shortage of 3,355, shortage of technical staff was 1917 (DDA-9, ADA-244, SADO-187, ADO-463 and RAEO-1014). Against the sanctioned strength of 1,142, there were 801 men-in-position under the Directorate, Agriculture Engineering. Sanctioned strength and men-in-position of the department as on March 2010 is shown in **Appendix 3.8.** Director, FW&AD replied that the posts of DDAs had been filled up and action to fill up the vacant post of other staff was under process. At the exit conference, the department agreed to fill up the vacant posts.

3.1.11.2 Improper deployment of staff

Improper deployment of staff.

The department had fixed (June 2007) office wise/cadre wise posts by deducting 30 *per cent* posts pertaining to subordinate offices including the Directorate. Accordingly, the excess staff was to be transferred so as to make the deployment logical. Scrutiny of records of 10 out of 13 test-checked districts revealed that the excess staff were working in various offices and redeployment had not been made by the department. The expenditure on pay and allowances incurred on 124 excess staff was ₹ 3.49 crore during 2007-10 as shown in **Appendix 3.9**. District officers stated that action would be taken as per instructions of the Directorate. The assessment of man-power requirement and deployment was not rationale.

3.1.11.3 Irregular attachment of staff

Irregular expenditure of ₹ 89.61 lakh was incurred on the staff attached to other departments.

Government in the General Administration Department issued (January 2000) instructions for termination of the practice of attachment of staff. Scrutiny of records of seven out of 13 districts revealed that 19 officials were attached to other departments in nine offices[25]. Expenditure on pay and allowance incurred on these staff amounted to ₹ 89.61 lakh. Their continued attachment for long periods called for reassessment of staff requirement in the aforesaid offices. At the exit conference, the department assured to issue instructions in this regard.

3.1.11.4 Performance of training centres

Training centres were under utilised and failed to achieve the targets.

Agriculture Extension Training Centres were established in 19 districts for imparting training to extension staff and farmers. During 2005-10, 16,398 staff were provided training against the target of 18,554 and 1,20,118 farmers were provided training against the target of 1,28,292 by 18 out of 19 training centres. In the seven training centres[26] of selected districts, it was noticed that (of the total 265 working days in a year) the centres remained idle for the periods ranging from 16 days (Naugaon during 2007-08) to 265 days (Betul Bazar during 2005-06). The shortfall in imparting training to staff ranged between eight and 41 *per cent* and to farmers between 11 and 47 *per cent*. At the exit conference, the department accepted the audit observation.

3.1.12 Inventory Control

Rule 121 and 122 of MPFC Vol-I provide procedure of receipt and issue of stores. Scrutiny of records in three test checked units[27] revealed that store items were issued without obtaining any indents and acknowledgements. The dates of receipt and issue

25 *DDA Burhanpur (1, ₹ 6.13 lakh), Gwalior (2, ₹ 7.66 lakh), Shivpuri (2, ₹ 8.37 lakh), ASCO Betul (1, ₹ 1.20 lakh), Gwalior (1, ₹ 1.82 lakh), Jhabua (1, ₹ 2.20 lakh), DDA Panna (9, ₹ 47.54 lakh), ASCO Panna (1, ₹ 11.84 lakh) and Ratlam (1, ₹ 2.85 lakh.)*

26 *Antari (Gwalior), Betul, Dindori, Naugaon (Chhatarpur), Jaora (Ratlam), Shivpuri, Varaseoni (Balaghat).*

27 *DDA Balaghat, Bhopal and Burhanpur.*

were generally not recorded. In the absence of proper entries in the stock registers, the period and quantity of actual receipt and issue of items could not be verified in audit.

Non-conducting of physical verification and ineffective inventory control.

- Rules 133, 134 and 135 of MPFC Vol-I prescribe the procedure for physical verification of stores once in a year. It was noticed that annual physical verification of stores was not conducted in 26 out of 37 test-checked offices.
- Stores accounts were not prepared by 32 DDOs and no action was taken by 16 offices to write off/auction of unserviceable items.
- Dead stock items and other articles worth ₹ 2.67 lakh pertaining to a closed (December 2005) unit i.e. Denida Project, Petalabad (Jhabua district) transferred to DDA, Burhanpur were not found in the stock register of the office.

At the exit conference, the department assured to observe the provisions.

3.1.13 Monitoring, vigilance and evaluation

3.1.13.1 Non-revision/updation of manual

The Department of Agriculture was reorganised in January 1965 and the Manual of the department was published in 1981. The departmental Manual was required to be revised once in every five years by way of amendments, additions and deletions as per provision contained in Para 3 XII (87) and 19(X) 768 of manual. Despite changes in the procedure of implementation of various schemes/activities, organisational structure, establishment and introduction of new schemes, the Manual had not been revised/updated. At the exit conference, the department assured to update the manual.

3.1.13.2 Internal audit

Internal audit wing was deficient.

Internal Audit (IA) examines and evaluates compliance to departmental rules and procedures and statutory provision so as to provide independent assurance to the management at senior levels on the adequacy of the internal control framework in the department and its implementation thereof. A separate Internal Audit Wing was formed under the supervision of Joint Director (Finance) comprising two Audit Officers and 28 other staff but only two auditors were found working. The roster of internal audit was not prepared during 2005-06 to 2007-08 and periodicity was not fixed for conducting the audit. No audit was conducted during 2005-06. During 2006-10, out of 308 offices, 39 offices were audited and compliance report of only 2 offices was received so far. Since all the units could not be covered during the year, there was a necessity for defining parameters regarding selection of unbiased sample on the basis of risk perception. Director, FW&AD stated that units were not covered due to shortage of staff. Internal audit wing was not formed by the Director, Agriculture Engineering. At the exit conference, the department agreed with the audit observation.

3.1.13.3 Departmental inspections

Departmental inspections were not conducted.

Periodic inspections by departmental officers are an important and effective tool with the management to ensure proper functioning of the schemes in the department. No inspection was conducted by the Director, FW&AD during 2005-06 and 2007-09. Out of 24 offices, only five inspections were carried out during 2006-07 and 2009-10 as per the roster of inspection. Out of 456 inspections prescribed in the roster for the Additional Directors/Joint Directors, only 73 (16 *per cent*) inspections were carried out during 2005-10. Non-conducting of inspections was attributed by Director, FW&AD to rush of work. Inspections were essential to check and improve the working of department.

Rule 291 of MPTC-vol-I provides that every DDO should make the monthly inspection of account of his office and report be submitted to higher authorities. But, the DDOs did not carry out the regular inspection. At the exit conference, the department agreed with the audit observation and assured compliance in future.

3.1.13.4 Concurrent evaluation

Evaluation was not done under National Food Security Mission.

The National Food Security Mission scheme envisaged baseline surveys and concurrent evaluation by the Economics and Statistics Department. Similarly, a State level monitoring committee under the chairmanship of the State Mission Director, FW&AD with members from the line departments, State Agricultural Universities, lead banks and the Indian Council of Agriculture Research was to be formed and the State Economics and Statistics Department was to prepare the prescribed format for data collection pertaining to different parameters of the Mission for monitoring. It was observed that neither the survey and concurrent evaluation was done nor was the committee formed. The formats for data collection were also not prepared.

The Director, FW&AD replied that the work was under process and the report was yet to be received from the concerned department.

3.1.13.5 District Level Monitoring Committees

District Level Monitoring Committees were inactive.

- Under the National Agriculture Insurance Scheme guidelines (1999), District level monitoring committees (under the chairmanship of Collector) were required to meet fortnightly for effective monitoring and coordination among different departments on proper implementation of the Crop Insurance Scheme. It was noticed that the meetings were not held accordingly in the test-checked districts. The DDA, Dindori did not provide information regarding the meetings held.

- A district level committee was to be formed under the Chairmanship of Joint Director, Agriculture for successful implementation of the National Project on Management of Swasthya Health and Fertility. The committee was to meet once in every month and submit the reply to Director, FW&AD. In the test-checked districts, it was noticed that the meetings were not held accordingly.

3.1.13.6 Departmental enquiry and Legal cell in the directorate

Although a departmental enquiry cell was functioning at the Directorate FW&AD level, 233 cases pertaining to period 2005-10 were pending as of March 2010, 53 court cases were pending for which first replies were still to be submitted by the department. The reason for non-submission of first replies was not furnished to Audit. Thirteen pension cases and one family pension case and 224 appointment cases on compassionate grounds were also pending at the Directorate FW&AD level during 2005-10. Four public complaints received during 2008-10 and 14 cases pertaining to economic offence wing and vigilance department were pending. The reasons for pendency were not furnished to audit.

3.1.13.7 Response to audit

The Principal Accountant General (Civil and Commercial) Madhya Pradesh conducts statutory audit of the department and its subordinate offices. The shortcomings are brought to notice through Inspection Reports (IRs). As of September 2010, 1306 paragraphs of 533 IRs issued up to March 2010 were pending for settlement. Of these, 126 paragraphs of 71 IRs were outstanding for more than 10 years. This showed lack of response to control mechanisms prescribed for close monitoring and timely action on audit objections. During the exit conference, the department agreed to take action to settle the outstanding paragraphs.

3.1.14 Conclusion

Plans for production set in the Annual Plans were not followed. Budgetary and expenditure controls were weak as reflected from excess provisions of funds made in both the original and supplementary budgets, rush of expenditure at the close of the financial year and underutilisation of Central assistance. The targets set in the Tenth and Eleventh Five Year Plans for production of cereals, oilseeds and pulses were not achieved. The object of establishing government farms was not achieved due to underutilisation of cultivable lands, low production and excess expenditure over revenue earned. The performance of quality testing laboratories, soil surveys, soil testing and training was far below the targets. There was no scientific assessment of manpower requirement and deployment. Internal audit was inadequate and ineffective. Monitoring was unsatisfactory as prescribed departmental inspections were not conducted and district level committees were not functional.

3.1.15 Recommendations

- Targets for production should be in consonance with the targets fixed in the Annual Plan.
- Budgetary and financial control should be improved to ensure preparation of realistic budget estimates linked to programme implementation.

- The department should draw up a strategy to increase the crop area and foodgrain production and strengthening soil survey and soil testing mechanism.
- Efforts should be made for timely storage and distribution of quality agricultural inputs to the farmers.
- Functioning of Government agriculture farms should be reviewed and strengthened to make them commercially viable.
- The department should maintain detailed records of beneficiaries in order to verify the correctness of selection and passing on of actual benefits.
- Cadre review should be conducted in order to ensure availability of prescribed staff in various cadres and offices.
- The monitoring mechanism should be strengthened at various levels to ensure achievement of the objectives of the department.

The department agreed with the recommendations in the exit conference.

Animal Husbandry Department

3.2 Chief Controlling Officer based Audit of Animal Husbandry Department

Highlights

The Animal Husbandry Department is responsible for all-round development of livestock wealth in the State. The Director, Veterinary Services is the Chief Controlling Officer (CCO) of the department. CCO based audit of the department revealed inadequate planning, unnecessary augmentation of supplementary provisions, drawal of funds in anticipation of requirement and diversion of funds. There was shortfall in artificial insemination, calving and distribution of livestock. Veterinary farms were running in losses. The department did not achieve its objectives fully due to shortfalls in infrastructure, human resources and inadequate internal control.

Some of the important findings noticed during audit are as follows:

The Annual Plans were prepared on ad hoc basis. The financial management lacked foresight leading to unnecessary supplementary provisions, surrenders, parking of funds, diversion of funds and rush of expenditure in the month of March.

(Paragraphs 3.2.6.1, 3.2.7.1, 3.2.7.2, 3.2.7.3 and 3.2.7.4)

The achievement of artificial insemination fell short by 13 to 18 *per cent* while calving through artificial insemination fell short by eight to 23 *per cent*. Veterinary farms incurred losses of ₹ 14.22 crore during 2007-10. Livestock distribution fell short of targets. Production of eggs and wool declined heavily.

(Paragraphs 3.2.8.2, 3.2.8.4, 3.2.8.6 and 3.2.8.7)

As against the requirement of 5,813 veterinary centres, only 2,346 centres existed. Out of 4,582 institutions, 1,180 institutions were functioning without their own buildings. A total of 147 hospitals were functioning without Veterinary Assistant Surgeons.

(Paragraphs 3.2.9.1, 3.2.9.2 and 3.2.9.3)

The Milk Quality Control laboratory was not established and the State Disease Diagnostic laboratory was not upgraded.

(Paragraphs 3.2.10.1 and 3.2.10.3)

There was shortage of veterinary staff ranging between 17 to 41 *per cent* and shortfall between 45 to 72 *per cent* in imparting training to Veterinary Assistant Surgeons and Assistant Veterinary Field Officers regarding artificial insemination.

(Paragraphs 3.2.11.1 and 3.2.11.4)

Stores and stock accounts were not prepared by 25 out of 30 test- checked units. Hence, annual physical verification was not possible. Unserviceable items worth ₹ 1.30 crore were lying undisposed of for periods upto 20 years.

(Paragraphs 3.2.12.1 and 3.2.12.2)

Vaccines were being produced by the Institute of Animal Health and Veterinary Biologicals, without licences since 2002. Vaccines costing ₹ 1.78 crore were not preserved at the required temperatures.

(Paragraphs 3.2.12.4 and 3.2.12.6)

3.2.1 Introduction

The Animal Husbandry Department (Department) is responsible for all-round development of livestock wealth in the State. The Director, Veterinary Services (Director) is the Chief Controlling Officer (CCO) in the department and is responsible for planning the annual activities of the department for implementation of various schemes and programmes through appropriate controls, monitoring and evaluations. The main objectives of the department are to provide:

- Disease-free, low cost and nutritious animal protein for the human population through animal health care and breed improvement;
- Protection to the human population from zoonotic diseases through curative as well as prophylactic measures;
- Employment opportunities to weaker sections of the society through extension services.

Major components of the departmental activities consist of animal health care, breed improvement, preservation and development of superior indigenous germ plasm, management of veterinary centres and animal care including control of animal diseases, management of laboratory services and employment generation through investment in animal husbandry.

The department is also responsible for enforcement of provisions of seven State and four Central Acts, orders and rules framed thereunder. (Details in **Appendix-3.10)**. According to the Animal Census 2007, the total livestock, poultry and other animal population in the State was 4.89 crore. This included 2.19 crore cattle, 91.29 lakh buffaloes, 3.90 lakh sheep, 90.14 lakh goats, 0.27 lakh horses, 73.84 lakh poultry and 10.21 lakh other animals. The department implemented 39 schemes (32 State Schemes, five Centrally Sponsored Schemes (CSS) and two Central Sector Schemes (CS). One CSS was fully funded by Government of India (GOI) and two CSSs were funded on 50:50 basis by the GOI and the Government. Cost sharing of two CSSs were 75:25 and 80:20 between GOI and Government. Two CSs were also fully funded by the GOI. (Details in **Appendix-3.11).**

3.2.2 Organisational Set-up

The department is headed by the Principal Secretary at the State level and is responsible for implementation of Government policies/programmes/ schemes. Overall financial /administrative/ technical control is vested with the Director Veterinary Services (Director) as field officer. The Director is assisted by Joint Directors (JDs) and Deputy Directors (DDs) at headquarters and nine JDs at the divisional level. At the district level, animal health is taken care of by 50 DDs, who are assisted by Veterinary Assistant Surgeons (VASs) posted in Veterinary Hospitals (608). The VAS also look after 2,236 Artificial Insemination (AI) centres, 22 Disease Investigation Laboratories (DILs), 26 Mobile Units (MUs) and 26 Ambulatory Clinics (ACs) and are assisted by Assistant Veterinary Field Officers (AVFOs) posted in these units.

3.2.3 Audit Objectives

The audit objectives were to ascertain whether the:

- planning and programme management were efficient and effective;
- budgetary control and financial management were adequate;
- effective schemes/projects were implemented timely and monitored properly;
- human resources management and review of staff requirements were proper;
- internal controls, monitoring and evaluation of schemes/programmes were adequate.

3.2.4 Audit Criteria

The audit criteria included the following:

- Departmental manuals for planning and implementation of schemes/programmes;
- Budget Manual, Madhya Pradesh Financial Code (MPFC) and Madhya Pradesh Treasury Code (MPTC);
- Government rules, notifications, guidelines and instructions issued by the State and Central Government;
- Procedures prescribed for monitoring and evaluation of schemes.

3.2.5 Scope and Methodology of Audit

Out of 103 Drawing and Disbursing Officers (DDOs) in the department, records of 30 DDOs including the Director, Veterinary Services, Director, Institute of Animal Health and Veterinary Biologicals (IAHVB), five Joint Directors (JDs), 20 Deputy

Directors (DDs) including their field formations, two Government farms and one training centre involving 20 districts were test-checked in audit carried out between April to December 2010. (Details thereof in **Appendix-3.12).** Units were selected by adopting the Simple Random Sample Without Replacement (SRSWOR) method. An entry conference was held with the Director, Animal Husbandry Department on 30 April 2010, wherein the objectives, criteria and scopes of audit were discussed. The exit conference was held on 10 December 2010 with the Principal Secretary and the replies of the department have been incorporated at appropriate places.

Audit Observations

3.2.6 Planning

3.2.6.1 Planning

The plans were prepared on ad hoc basis without assessment of available resources and actual requirements.

The department was required to prepare a Perspective Plan (Five Year Plan) for achieving its mandate. Further, the Perspective Plan was to be broken into actionable Annual Plans by fixing suitable targets for each year. Action Plans for each year were to be prepared by the Directorate, consolidating district level Plans to enable interventions in the veterinary sector.

Scrutiny of records of the Directorate and selected units revealed that the Action Plans were prepared on ad hoc basis without analysing reasons for shortfalls in achievement of targets and assessment of scheme-wise/ component-wise needs vis-à-vis available resources, infrastructure and other facilities.

A comprehensive database in respect of requirement of manpower, materials and survey of schemes was also not available in the department to facilitate preparation of the Perspective and Annual Plans.

The Director stated (August 2010) that Annual and Five Year Action Plans were prepared and approved by the District Planning Committee (DPC) and the State Planning Committee (SPC). However, the surveys and assessments of shortfalls in veterinary fields at the block and villages level were not done by the department before preparation of Annual and Five Year Plans.

The reply is not acceptable as the Plans were based on ad hoc increases in previous targets without assessment of the actual requirements from the grass root level and the resources available. The survey reports and comprehensive data base were also not available for the preparation of Plans.

3.2.6.2 State Livestock Breeding Policy

Numbers of animals declined by 16 to 87 *per cent* among various species.

The State Livestock Breeding Policy for Cattle and Buffalo envisaged that exotic breed levels should be maintained at the level of 50 *per cent* in general. The breeding policy also envisaged genetic upgradation of indigenous cattle and buffalos and increase in production of milk and other livestock produce. Artificial Insemination (AI) and Natural Insemination (NI) were the main activity to achieve breed improvement in the State.

As per the 17th Animal Census of 2003, there were 3.17 lakh cross-breed cattle (1.68 *per cent* of total 1.89 crore cattle) which increased to 4.75 lakh (2.17 *per cent*) of the total 2.19 crore cattle population in the State (18th Animal Census 2007).

The position of cross-breed buffalos was not made available by the department. The department had also not provided data of breed improvement in case of sheep and goats. There was a 16 to 87 *per cent* decline in numbers noticed in animals during 18th Animal Census as detailed in **Table 3.12** below.

Table 3.12: Status of Livestock and Poultry and other Animals

S.N.	Category	As per 17th census (2003)	As per 18th census (2007)	Percentage
	Livestock			
1	Cow	18912611	21915438	+15.88
2	Buffalo	7575299	9129152	+20.5
3	Sheep	546366	389863	-28.6
4	Goat	8141983	9013687	+10.7
5	Horse	31613	26648	-15.7
6	Mule	4167	543	-87.0
7	Ass	38714	20199	-48.0
8	Camel	8161	5456	-33.1
9	Pig	358085	192766	-46.17
	Total Livestock	**35616999**	**40693752**	**+14.25**
	Poultry and other animals			
10	Dog	1522848	791356	-48.03
11	Rabbit	13919	10712	-23.0
12	Poultry	11704725	7384318	-37.0
	Grand Total	**48858491**	**48880138**	

(Source: - Administrative Report of the Department)

On this being pointed out, the Director stated (August 2010) that the decline was due to lukewarm interest shown by the animals' owners in animal breeding.

3.2.7 Financial Management

The position of budget provision, expenditure and savings during year 2007-10 was as shown in **Table 3.13**.

Table 3.13: Financial position

(₹ in crore)

Year	REVENUE						CAPITAL					
	Budget Provision				Expen-diture	Saving *(Per cent)*	Budget Provision				Expen-diture	Saving *(Per cent)*
	Original	Supple m-entary	Surre-nder	Total			Original	Supple m-entary	Surre-nder	Total		
2007-08	246.82	37.62	45.76	238.68	216.76	21.92 (9)	0.44	8.15	0.11	8.48	8.48	0.00
2008-09	298.13	9.06	0.00	307.19	255.17	52.02 (17)	0.90	-	-	0.90	0.86	0.04 (4)
2009-10	319.87	18.76	0.00	338.63	311.84	26.79 (8)	0.45	-	-	0.45	0.43	0.02 (4)
Total	**864.82**	**65.44**	**45.76**	**884.50**	**783.77**	**100.73**	**1.79**	**8.15**	**0.11**	**9.83**	**9.77**	**0.06**

(**Source: - Appropriation Account**)

The main reason for non-utilisation of funds was release of funds at the fag end of the financial year, non-receipt of Central shares in Central schemes and shortage of manpower.

Defeciencies noticed in financial management are discussed below:

3.2.7.1 Budgetary Control

Scrutiny of procedures followed in preparation of budget estimates, budget provision and expenditure as per Appropriation Accounts for the years 2007-10 revealed that:

Augmentation of supplementary grant proved unnecessary as the expenditure was less than the original budget provision.

(i) the demands for budget estimates were prepared on ad hoc basis without estimating the accurate requirements;

(ii) against available savings of ₹ 146.66 crore during 2007-10, ₹ 45.87 crore was surrendered on the last day of the financial year (2007-08) and savings of ₹100.79 crore were allowed to lapse;

(iii) since the actual expenditure of ₹ 783.77 crore under the revenue section was less than the original budget provision of ₹ 864.82 crore, the supplementary provision of ₹ 65.44 crore proved unnecessary.

Scheme-wise budget provisions and expenditure as shown in **Appendix-3.13** revealed as under:

- there were many schemes with savings of more than ₹ one crore and nine to 89 *per cent* of the total provision under grant nos 14 and 41;
- there were two cases in which reduction in the original budget provision through re-appropriation, resulted in excess expenditure under grant no 14;
- in three cases, there was no expenditure made against allotments of ₹ 15.35 crore under grant no 14 during 2009-10. Thus the provisions made in the budget were unnecessary.

The Principal Secretary, during the exit conference, stated that for effective financial control, a software called 'Integrated financial management information system' was under preparation.

3.2.7.2 Parking of funds in Personal Deposit and Civil Deposit account

An amount of ₹ 60.18 crore was drawn without immediate requirement and parked in Personal Deposit / Civil Deposit account.

Subsidiary Rule 284 of MPTC prohibits drawal of funds from the treasury unless required for immediate disbursement. It was noticed that contrary to the above rule, Central assistance of ₹ 60.18 crore (₹ 46.78 crore by the Director and ₹ 13.40 crore by the Director, Institute of Animal Health and Veterinary Biologicals, Indore) under various schemes was drawn from the treasury during 2007-10 without immediate requirement and kept in the Personal Deposit (PD)/Civil Deposit (CD) account. Balances lying in these accounts as on 31 March 2010 pertaining to year 2007-10 were as detailed in **Appendix – 3.14 .**

On this being pointed out, the Director stated (August 2010) that the funds were drawn and deposited in PD/CD accounts to avoid lapse of budget grants and efforts were being made for its utilisation. The reply indicates that the funds were drawn without any immediate requirement in contravention of the provisions of Rule 284 of MPTC. The Principal Secretary, during the exit conference, stated that consultant advice was necessary in planning of IAHVB works.

3.2.7.3 Diversion of funds

An amount of ₹ 5.28 crore was sanctioned (March 2009) by GOI under the Rashtriya Krishi Vikas Yojna (RKVY) scheme for maintenance of cold chain/expansion of immunisation. The Director procured cryocanes[28] costing ₹1.17 crore for preservation/transportation of frozen semen for artificial insemination from the above sanction. Cryocanes had no correlation with maintenance of cold chain/expansion of immunisation.

On this being pointed out, the Director admitted (August 2010) that cryocanes were procured for making semen available to districts. The reply was not acceptable as cryocane was not a device prescribed for transportation of vaccines.

3.2.7.4 Rush of Expenditure

Expenditure in the last month of the financial year ranged between 14 to 19 *per cent.*

As per Rules 56 (3) and 69 of GFRs, expenditure should uniformly be spent throughout the year as far as possible. Rush of expenditure at the close of financial year is prone to the risk of Government not getting proper value for money as the expenditure taking place without due diligence and care. Appropriation audit revealed that during 2007-10, the percentage of expenditure in the month of March remained between 14 and 19 *per cent* as shown in **Table 3.14**.

28 *Cryocane: A container of Liquid Nitrogen for transporting semen.*

Table 3.14: Status of flow of expenditure

(₹ in crore)

Year	Total Expenditure	In 1st Quarter (Apr to Jun)	In 2nd Quarter (Jul to Sep)	In 3rd Quarter (Oct to Dec)	In 4th Quarter (Jan to Mar)	Expenditure in the month of March *(per cent)*
2007-08	225.24	43.36	42.17	52.64	87.04	42.50 (19)
2008-09	256.03	49.57	54.05	70.19	82.24	40.70 (16)
2009-10	312.27	57.44	63.97	86.58	104.27	44.25 (14)

(Source: - Appropriation Account)

Rush of expenditure at the fag end of financial year was indicative of weak internal control over implementation of programmes and improper financial management within the department. The test-checked units assured to make efforts to avoid rush of expenditure.

3.2.7.5 Non-reconciliation of Expenditure

Monthly reconciliation of departmental expenditure was not done by DDOs.

To enable the Controlling Officers to exercise proper control over expenditure, standing instructions of the Government provided that the departmental figures of expenditure should be reconciled periodically with those recorded in the books of the Accountant General (Accounts and Entitlements) {AG (A&E)} before the close of the accounts for the years.

Scrutiny of records of the Directorate revealed that there were differences in the figures of expenditure as shown in **Table 3.15** below.

Table 3.15: Non-reconciliation of expenditure figures

(₹ in crore)

Year	Expenditure booked by Accountant General (A&E)	As shown by the Department	Difference
2007-08	225.24	248.11	+ 22.87
2008-09	256.03	251.34	- 4.69
2009-10	312.27	301.41	- 10.86

(Source: -Appropriation Account and expenditure given by the department)

The Director stated (August 2010) that reconciliation had been done. The fact, however, remains that the differences in the figures of department and AG (A&E) indicate that either the reconciliation was not done or corrective action was not taken by the department before the close of accounts by AG (A&E). At the exit conference, the Principal Secretary stated that corrective action would be taken on priority.

3.2.7.6 Deficiency in maintenance of Expenditure Control Registers

As per Subsidiary Rule 297 of MPTC, expenditure control registers were required to be maintained by Budget Controlling Officers (BCO) and subordinate offices were required to send Monthly Expenditure Statements (MES) to BCOs. Test check revealed that expenditure control registers were not being maintained in the proper form. Monthly expenditure was recorded without mentioning the sub-head and

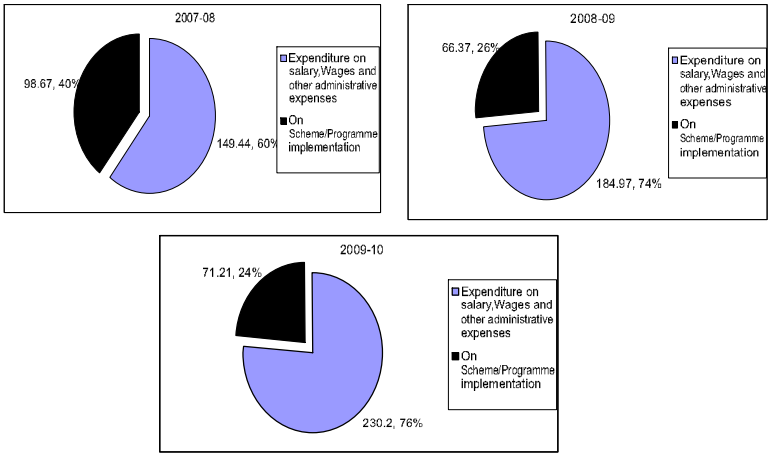
scheme-wise allocation of funds, making it difficult to monitor the excesses/savings under each sub-head. During the exit conference, it was assured that the codal provision would be followed strictly.

3.2.7.7 Establishment and other expenditure cost

Despite shortage of staff, the establishment cost gradually increased from 60 to 76 *per cent.*

The department had not fixed any norms for expenditure on administration and programme implementation. The administrative expenses increased from 60 to 76 *per cent* of the total expenditure during 2007-10, despite the shortage of 1550 (14 *per cent*) staff at various levels, resulting in non-availability of sufficient resources for implementation of various programmes/schemes. **Chart-3.16** shows the comparison of administrative expenditure and expenditure on implementation of schemes/ programme during 2007-10.

Chart 3.16: Status of Establishment and other expenditure cost



(Source: - Data provided by the Director)

The department did not conduct any review to assess the actual requirement of staff in order to bring down the expenditure on establishment.

3.2.7.8 Creation of liabilities for next financial year

Rule 14 of MPFC, provides that liabilities should be cleared within the same financial year. Scrutiny of records of test-checked units revealed that travelling allowance bills and medical bills of ₹ 70.33 lakh[29] were pending for the last three to four years for payment.

On this being pointed out, the DDs stated (May 2010) that the pendency was due to inadequate budget provisions. The reply indicates ad hoc assessment of budget requirements.

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29 Balaghat– ₹ 6.40 lakh, Bhopal (Directorate)- ₹ 0.31 lakh, Bhopal (DE)- ₹ 4.30 lakh, Chhatarpur- ₹ 1.10 lakh, Chhindwada- ₹ 1.87 lakh, Chhindwada (GPF)- ₹ 17.38 lakh, Gwalior- ₹ 0.86 lakh, Hoshangabad- ₹ 3.12 lakh, Indore (IAHVB)– ₹ 3.28 lakh, Jabalpur- ₹0.27 lakh, Jhabua- ₹ 21.69 lakh Khandwa- ₹ 1.14 lakh, Mandla- ₹ 1.18 lakh, Narsinghpur- ₹ 0.78 lakh, Shivpuri- ₹ 1.26 lakh, Tikamgarh- ₹ 3.25 lakh and Umaria- ₹ 2.14 lakh.

3.2.7.9 Handling of Cash, Stores by officials without security deposit

Rule 282 of MPFC provides that officials handling cash/stores were required to deposit security. Records of 30 test-checked units revealed that 16[30] officials handling cash and 20[31] officials handling stores had not deposited security.

On this being pointed out, the DDs stated (July 2010) that the required security would be got deposited shortly.

3.2.7.10 Unadjusted temporary advances

Temporary advances of ₹ 38.65 lakh remained unadjusted from six months to 30 years.

According to Rule 53(IV) of MPTC, temporary advances should not be allowed to remain unadjusted for more than three months. Scrutiny of records in test-checked units revealed that in 13 units, temporary advances of ₹ 38.65 lakh[32] were pending for adjustment for periods ranging from six months to 30 years. The DDs stated (May 2010) that efforts were being made to adjust temporary advances.

Further scrutiny of cash books of the DDs Narsinghpur and Hoshangabad, revealed that amounts of ₹ 4.11 lakh and ₹ 0.07 lakh respectively were being shown as advances in the cash book of DDs from 1989 and 1979 respectively due to non-availability of details of advances and persons to whom these advances were paid.

During the exit conference, the department assured to take necessary action for adjustment of advances.

3.2.7.11 Defective maintenance of Cash Book

Subsidiary Rule 53 of MPTC, provides that fortnightly verification of drawals is to be conducted with reference to treasury voucher slips. Temporary advances are required to be recorded with red ink and not to be accounted for as final payments. At the end of each month, the DDO is required to verify cash under his dated signature and the analysis of cash is to be recorded in the cash book. Daily totals of cash book are required to be checked by a person other than the writer of cash book and each DDO is required to maintain a cash book in the form MPTC-5. Every transaction as soon as it occurs is required to be entered in the cash book and got attested by the competent authority.

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30 *Bhopal (DE), Chhindwada, Guna, Gwalior, Indore, Jabalpur, Mandla (AITI), Mandla, Narsinghpur, Ratlam, Rewa, Sagar (JD), Sehore, Shahdol, Shivpuri and Umaria.*

31 *Bhopal (DE), Chhindwada, Chhindwada (GPF), Guna, Gwalior, Indore (IAHVB), Indore, Jabalpur, Jhabua, Mandla (AITI), Mandla, Narsinghpur, Ratlam, Rewa, Sagar (JD), Sagar, Sehore, Shahdol, Shivpuri and Umaria.*

32 *Balaghat– ₹1.12 lakh, Bhopal (Directorate)– ₹0.13 lakh, Chhatarpur- ₹1.11 lakh, Dhar– ₹18.53 lakh, Hoshangabad– ₹ 0.07 lakh, Jabalpur– ₹ 0.15 lakh, Mandla– ₹ 4.15 lakh, Narsinghpur– ₹ 0.26 lakh, Sagar– ₹8.39 lakh, Seoni– ₹0.97 lakh, Shahdol– ₹3.18 lakh, Tikamgarh– ₹0.45 lakh and Umaria– ₹0.14 lakh.*

Scrutiny of records revealed that fortnightly verification of drawals had not been done in 14[33] of the selected units. The analysis of cash balances at the end of each month were not worked out by the DDOs. Details of cash books were not being regularly checked by persons other than the writers of the cash books.

An amount of ₹ 48.16 lakh was not entered in the main cash book.

Further scrutiny of records of four test-checked units revealed that ₹ 48.16 lakh[34] received for implementation of schemes was entered in the subsidiary cash book instead of the main government cash book maintained in form MPTC-5. Audit further observed that Principal, AITI Mandla opened a current account instead of a savings account in a bank and deposited ₹ 11.56 lakh of various schemes. This resulted in loss of interest of ₹ 2.96 lakh upto March 2010.

On this being pointed out, the DDs replied (May 2010) that subsidiary cash books would be merged in the Government cash books. However, action had not being taken upto November 2010.

3.2.7.12 Defects in maintenance of Bill Register

According to Subsidiary Rule 197 of MPTC, the bill register should be reviewed monthly by DDO and results recorded in it. Monthly abstracts should be prepared at the end of the month giving details of bills submitted to the treasury, the total numbers of bills passed, the total numbers of cancelled bills, bills pending etc.

Scrutiny of bill registers in 13[35] test-checked units revealed that neither was the review of bill registers conducted by DDOs nor were abstracts prepared. DDOs assured (May to September 2010) its compliance in future.

3.2.8 Programme management

3.2.8.1 Non-conducting of inspection of bulls

The Madhya Pradesh Livestock Improvement Act 1950 (MPLSIA) stipulated that no person was to keep in his possession any bull without marks for reproduction purpose. The Veterinary Officer (VO) was responsible for inspection of bulls in the area under jurisdiction. He was either to mark the bulls for reproduction purpose or order their castration.

Audit observed that compliance of the provisions of MPLSIA was not on record in any test-checked unit as records related to inspection of bulls and marking of bulls were not maintained in the veterinary units of the districts. During the exit conference, the department assured to take action for implementation of the Acts and Rules.

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33 *Bhopal (DE), Chhatarpur, Guna, Hoshangabad, Indore (IAHVB), Indore, Jabalpur, Jhabua, Mandla (AITI), Narsinghpur, Ratlam, Sagar (JD), Shivpuri and Tikamgarh.*

34 *Hoshangabad– ₹11.05 lakh, Indore- ₹6.21 lakh, Mandla- ₹19.34 lakh and Mandla(AITI)- ₹11.56 lakh.*

35 *Bhopal (Directorate), Guna, Gwalior, Indore, Jabalpur, Mandla (AITI), Narsinghpur, Ratlam, Sagar (JD), Shahdol, Shivpuri, Ujjain, and Umaria.*

3.2.8.2 Artificial and Natural Insemination

Shortfall in Artificial Insemination was 13 to 18 *per cent* and in calving through Artificial insemination was eight to 23 *per cent.*

Government of India formulated (2000-01) a scheme viz. 'National project for cattle and buffalo breeding' which was to be implemented in two phases (First phase 2000-06 and second phase 2007-12). The main objective of the scheme was to cover 100 *per cent* breedable cattle and buffalo population by the end of the second phase by systematically organising artificial insemination (AI) and natural insemination (NI) services. The breedable population of 1.21 crore (as per Animal Census 2007) of the State was to be covered for insemination in the ratio of AI 60 *per cent* and NI 40 *per cent*.

The position of departmental targets and achievement of AI and NI and calving in the State during 2007-10 is shown in **Table 3.17** below:

Table 3.17: Targets and Achievements of AI, NI and Calving

(Figure in lakh)

Particular	2007-08			2008-09			2009-10		
	T	A	S *(per cent)*	T	A	S *(per cent)*	T	A	S *(per cent)*
AI	8.61	7.48	1.13 (13)	9.59	7.82	1.77 (18)	10.36	8.49	1.87 (18)
Calving through AI	2.71	2.08	0.63 (23)	2.54	2.18	0.36 (14)	2.66	2.46	0.20 (8)
NI	NA	0.68	-	NA	1.63	-	NA	1.97	-
Calving through NI	-	0.33	-	-	0.60	-	-	0.87	-

(Source: - Data provided by the Directorate)

T=Target, A=Achievement, S=Shortfall, NA = Not Available

Scrutiny of records revealed that:

- out of total funds of ₹ 19.64 crore available with the Directorate, under the 'National Project for Cattle and Buffalo Breeding', an amount of ₹ 2.16 crore was not utilised upto March 2010.
- in the test-checked units, the average shortfall in AI was 22, 23 and 24 *per cent* in 2007-08, 2008-09 and 2009-10 respectively.

On this being pointed out, the Director stated (August 2010) that shortage of staff, short supply of Liquid Nitrogen (LN_2) and animal diseases were the reasons for shortfalls in AI and NI. The reply indicates that the department failed to resolve the constraints to achieve the targets. During the exit conference, the Principal Secretary informed that AIs are also done by NGOs and Milk Federation.

3.2.8.3 Unfruitful expenditure in Nandishala Scheme

With a view to provide natural insemination to the breedable population in remote rural areas of the State, the Nandishala scheme was launched in February 2006. Under the scheme, high grade indigenous species of cow bulls like Shahiwal,

Thaparkar, Geer, Malwi, Nimadi were to be supplied to beneficiaries on subsidy basis from the Government including nutritional food for the first sixty days.

Scrutiny of records related to the scheme revealed that from February 2006 to March 2010, only 5,966 (94 *per cent*) bulls were provided against the target of 6,329 bulls. Of these, only 1,719 and 2,029 bulls were available for providing natural services during 2008-09 and 2009-10 respectively and efforts, if any, made to obtain their services were not on record. Hence, the proportionate expenditure by way of subsidy amounting to ₹ 4.71 crore on procurement of 3,937 bulls was rendered unfruitful. During 2008-09 and 2009-10, average NI per bull per year was 34 against 100 per bull per year specified in the scheme while the calf production was 13 calves per bull during 2008-09 and 15 per bull during 2009-10 against the target of 60 calves per bull per year.

It was stated (September 2010) by DDs that the information regarding these bulls was being collected.

3.2.8.4 Government veterinary farms

The farms incurred losses ranging from ₹ 4.07 crore to ₹ 5.59 crore.

For improving species of domestic animals like cattle, buffalo and goats, the Government had established 12 veterinary farms in the State to produce upgraded hybrid animals for supply to beneficiaries on rates fixed by the Government. Farms were provided with the required infrastructure, qualified manpower and animals of exotic genus. Scrutiny of records revealed that in spite of sufficient infrastructure and manpower, these farms were running in losses. Details of 11 farms were as given in **Table 3.18** below.

Table 3.18: Uneconomic operation of Farms

(₹ in lakh)

Name of Farm[36]	2007-08			2008-09			2009-10		
	Exp.	Income	Loss	Exp.	Income	Loss	Exp.	Income	Loss
Balaghat (CBF)	36.02	7.43	28.59	36.78	9.29	27.49	54.54	8.27	46.27
Bhopal (CBF)	131.11	30.40	100.71	128.99	24.07	104.92	186.98	21.58	165.40
Chhindwara (CBF)	62.92	2.87	60.05	60.90	1.89	59.01	40.93	2.78	38.15
Gwalior (GBF)	9.46	2.17	7.29	10.93	1.23	9.70	13.96	1.90	12.06
Jabalpur (BRF)	14.65	0.01	14.64	17.12	1.24	15.88	25.41	0.36	25.05
Mandsour (SBF)	25.22	0.20	25.02	36.42	0.13	36.29	39.47	0.05	39.42
Sagar (CBF)	46.95	21.75	25.20	67.21	31.47	35.74	59.75	36.07	23.68
Shajapur (CBF)	41.50	11.06	30.44	45.15	14.25	30.90	57.86	15.49	42.37
Shivpuri (SBF)	48.29	0.08	48.21	54.84	0.46	54.38	70.80	0.84	69.96
Tikamgarh (CBF)	20.84	3.06	17.78	31.25	6.86	24.39	38.49	8.56	29.93
Tikamgarh (SBF)	49.47	0.38	49.09	57.29	0.08	57.21	66.73	0.31	66.42
Total	**486.43**	**79.41**	**407.02**	**546.88**	**90.97**	**455.91**	**654.92**	**96.21**	**558.71**

(Source: - Data provided by the Directorate)

The reasons for annual losses ranging from ₹ 4.07 crore to ₹ 5.59 crore were delayed replacements of animals, non-maintenance of ratios of productive and non-productive animals and non-preparation of schedule of farm operations.

36 *CBF – Cattle Breeding Farm, GBF – Goat Breeding Farm, BRF – Bull Rearing Farm, SBF – Sheep Breeding Farm.*

On this being pointed out, the DDs stated (May 2010) that the object of the farms was not to earn profit but to produce high breed animals. The reply is not convincing as the farms were equipped with required infrastructure facilities and adequate manpower to run the farms on no profit no loss basis. During the exit conference, the Principal Secretary stated that price fixation of farm products was not linked to cost of production.

3.2.8.5 Non-recovery of Artificial Insemination fee at enhance rates

Loss of ₹ 1.70 crore due to non-collection of Artificial Insemination fees at prescribed rates.

Government fixed (January 2005) AI fee of ₹ 30 per AI for urban areas and ₹ 20 per AI for rural areas. In the test-checked units, it was found that AI fees were not charged at the prescribed rates. Instead, the districts were charging fees at different rates, which resulted in a loss of revenue amounting to ₹ 1.70 crore[37] during 2007-10.

At the exit conference, the Principal Secretary assured that fees would strictly be charged as per the prescribed rates.

3.2.8.6 Beneficiary-oriented Schemes

Beneficiary-oriented schemes viz. Mass Poultry Production Programme (Backyard) and distribution of bulls, goats, milch animals etc. and setting up of dairy and poultry units at small scales on subsidy basis were being implemented for generating employment among weaker sections of the society. Subsidy plus beneficiaries shares were deposited with various agencies like the Madhya Pradesh Pashudhan evam Kukkut Vikas Nigam (MPPKVN) and Government Poultry Farm (GPF) for supply of animals. Scrutiny of records revealed that out of ₹ 28.94 crore alloted during 2007-10 for implementation of these scheme, ₹ 2.85 crore was surrendered. Targets for seven activities were reduced in 2009-10 (**Appendix-3.15)** for which no reasons were available on record. Shortfall in achieving the distribution of livestock under the beneficiary schemes was six to 23 *per cent* during 2007-10. Significant shortfall of 99 *per cent* in the backyard scheme during 2009-10 was not analysed by the department.

In the backyard scheme, 99 *per cent* shortfall was noticed.

In the test-checked units, it was observed that animals were not supplied under these schemes up to July 2010 and an amount of ₹ 55.07 lakh[38] was lying idle with MPPKVN/GPF. Out of the subsidy amount of ₹ 1.79 crore provided for distribution of goat and milch cattle during 2008-10, ₹ 48.60 lakh[39] was lying unutilised in banks.

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37 *Balaghat- ₹5.58 lakh, Betul- ₹11.19 lakh, Chhatarpur- ₹7.09 lakh, Chhindwada- ₹7.02 lakh, Dhar- ₹9.24 lakh, Guna- ₹1.65 lakh, Gwalior- ₹4.89 lakh, Hoshangabad- ₹6.02 lakh, Indore- ₹15.04 lakh, Jabalpur- ₹14.49 lakh, Jhabua- ₹9.87 lakh, Khandwa- ₹5.03 lakh, Mandla- ₹8.42 lakh, Narsinghpur- ₹8.71 lakh, Ratlam- ₹6.66 lakh, Sagar- ₹9.87 lakh, Sehore- ₹8.22 lakh, Shivpuri- ₹5.69 lakh, Tikamgarh- ₹7.56 lakh, Ujjain- ₹15.77 lakh and Umaria- ₹2.09 lakh.*

38 *Balaghat– ₹0.78 lakh, Dhar– ₹6.63 lakh, Guna– ₹2.52 lakh, Hoshangabad– ₹2.16 lakh, Jabalpur– ₹2.23 lakh, Khandwa– ₹2.40 lakh, Mandla– ₹18.12 lakh, Narsinghpur– ₹2.57 lakh, Ratlam– ₹1.92 lakh, Sagar– ₹1.33 lakh, Seoni– ₹3.45 lakh, Shahdol– ₹2.02 lakh, Shivpuri–₹0.83 lakh, Tikamgarh–₹2.02 lakh and Umaria–₹6.09 lakh.*

39 *Dhar- ₹ 9.57 lakh, Guna- ₹ 4.39 lakh, Jabalpur- ₹ 13.28 lakh, Khandwa- ₹ 0.87 lakh, Shivpuri- ₹ 11.06 lakh and Tikamgarh- ₹ 9.43 lakh.*

On this being pointed out, the Director stated (August 2010) that the above targets were fixed on the recommendation of the District Planning Committees and the State Planning Committee.

The reply is not convincing as suo-moto reduction of targets approved by DPC and SPC indicated lack of accountability and poor implementation of schemes.

3.2.8.7 Production of Animal Produce

The position of production in respect of four main livestock products in the State was as given in **Table 3.19** below:

Table 3.19: Shortfall in Production

Particular	2007-08		2008-09		2009-10	
	T	A	T	A	T	A
Milk Production (000 metric tonne)	6644	6572.4	6895	6854.8	7240	7166.9
Eggs Production (in lakh)	9574	9747	10816	6714.8	12006	6814.2
Wool Production (000 kg)	443	401	403	380.9	404	369.2
Meat Production (000 tonne)	21.5	20.6	23.3	34.2	37.2	36

(Source: - Data provided by the Directorate) T=Target, A=Achievement

In the test-checked districts, egg production (17 districts) and wool production (six districts) declined during 2008-09.

In the test-checked districts, the production of milk declined in eight districts, ranging from four to 20 *per cent* during 2008-09, egg production declined in 17 districts ranging from nine to 63 *per cent* and wool production declined in six districts ranging from eight to 100 *per cent* during 2008-09. District-wise data for 2009-10 was not available in the Directorate. The Director stated (August 2010) that shortfall in the production of eggs was due to the impact of bird flu in the State. Shortfall in wool production was due to reduction in the number of sheep in the State and the fact that sheep-owners were not taking interest in sheep-rearing.

The reply is not acceptable as the department neither furnished any documentary evidence of incidence of bird flu nor any departmental/State Disease Diagnostic Laboratory (SDDL) report of such incidence was on record of test-checked units. The department did not conduct any survey to assess the reasons for sheep-owners not taking interest in sheep-rearing. Thus, the department failed to take remedial measures to encourage sheep-rearing and increase in wool production.

3.2.8.8 Non-examination of agriculture cattle for slaughter

Compliance of the Acts and Rules were not found in test-checked units.

According to the Agriculture Cattle Preservation Act 1959 (ACPA) a Veterinary Officer (VO) was required to be posted for examination of agricultural cattle before slaughter. A register in form C was to be maintained by him showing details of cattle examined and certificates under the provisions laid down in the Act was to be issued by him. However, VOs were neither posted for implementation of ACPA nor were registers maintained in form C.

3.2.9 Capacity building

3.2.9.1 Shortage of Veterinary Centres

Shortage of 3467 veterinary centres and 9868 artificial insemination centres were found in the State.

As per the recommendations of the National Agriculture Council (NAC), one veterinary centre (either veterinary hospital or dispensary) was required for 7000 livestock population. Similarly, one AI centre was required for one thousand livestock breedable population. Scrutiny of records revealed that against the requirement of 5,813 veterinary centres for the existing 4.07 crore livestock population in the State, 2,346 veterinary centres (608 hospitals and 1,738 dispensaries) were functioning. Thus, 3,467 veterinary centres were short in the State. Similarly, against the requirement of 12,104 AI centres for 1.21 crore breedable population, only 2,236 AI centres (18 *per cent*) were functioning.

Shortage of veterinary centres and AI centres adversely affected breed improvement and the productivity of animals.

3.2.9.2 Inadequate physical infrastructure for Veterinary Services

1180 veterinary institutions were functioning without their own buildings.

Greater access and proper implementation of various services cannot be ensured without sufficient infrastructure. Scrutiny of records of the Directorate revealed that out of total 4,582 institutions, 1,180 (26 *per cent*) institutions were functioning without their own buildings. In the test-checked units, 572 veterinary institutions were functioning without their own buildings, 325 units were without electricity and 311 were without cold chain facilities.

On this being pointed out, the Director/DDs stated (August 2010) that efforts were being made to increase the infrastructure.

3.2.9.3 Hospital and Dispensaries functioning without VASs and AVFOs

147 hospitals were running without VAS.

With a view to provide veterinary care to animals, veterinary hospitals and dispensaries were established. According to the staff pattern, one Veterinary Assistant Surgeon (VAS) for each hospital and one Assistant Veterinary Field Officer (AVFO) for each dispensary along with para-veterinary staff were sanctioned for providing veterinary care in health institutions. Scrutiny of records revealed that 147 hospitals were functioning without VAS in the State. Out of 20 test-checked districts, in the 11 districts, 64 hospitals and 141 dispensaries were functioning without VASs and AVFOs for one to 14 years. **(Appendix-3.16)**

On this being pointed out, the Director/DDs stated (August 2010) that VASs and AVFOs of neighbour hospitals were diverted for providing treatment at the vaccant hospitals and dispensaries and action for posting of VASs/AVFOs was being initiated. During the exit conference, the Principal Secretary intimated that recruitment of 89 personnel was under process.

3.2.9.4 Irregular expenditure under Rashtriya Krishi Vikas Yojna

The State Level Sanctioning Committee (SLSC) constituted (July 2008) under the chairmanship of the Chief Secretary to consider the departmental project report under the State Agriculture Plan (SAP) for Rashtriya Krishi Vikas Yojna (RKVY) instructed (July 2008) that activities such as purchase of vehicles, posting of permanent staff, construction of permanent structures and large buildings were not permissible under RKVY.

Scrutiny of records revealed that the Director purchased (December 2008) three Mahindra Bolero vehicles (₹ 12.87 lakh) and two tractors (₹ 8.91 lakh) despite prohibition by SLSC and these were allotted to farms. Thus there was an irregular expenditure of ₹ 21.78 lakh.

Expenditure of ₹ 12.78 crore was incurred against the instructions of the State Level Sanctioning Committee.

Scrutiny also revealed that funds amounting to ₹ 12.35 crore were released (November 2008 to August 2009) for construction of a State level training centre at Bhopal and cattle sheds in veterinary farms. The construction work of the training centre was still incomplete (August 2010) and furniture, laptops and computers worth ₹ 21.90 lakh were purchased during 2008-09 and were lying unused in the directorate. Thus release of ₹ 12.35 crore was irregular.

The above facts indicate that the expenditure of ₹ 12.78 crore was incurred without observing the instructions of SLSC. During the exit conference, the department assured to get sanction from SLSC.

3.2.10 Quality Control

3.2.10.1 Milk and Milk Products Quality Control Laboratory

A mention was made in para 5.1.8.5 of the Audit Report of 2005-06 that out of an amount of ₹ 32.90 lakh released by GOI in October 2001 for establishment of a Quality Control Laboratory (QCL) at Bhopal, an amount of ₹ 8.04 lakh was spent on purchase of laboratory items. An amount of ₹ 24.86 lakh was refunded to GOI in March 2007 due to non-revalidation of sanction. In addition to this, an amount of ₹ 35 lakh was received in 2009-10 from GOI which also could not be utilised till October 2010 due to non-construction of QCL building. Thus, the QCL was not established despite availability of funds. The expenditure of ₹ 8.04 lakh on purchase of laboratory items also remained unfruitful as these items could not be installed due to non-establishment of QCL. During the exit conference, the Principal Secretary stated that survey was being conducted to finalise the design of the QCL.

3.2.10.2 Upgradation of Feed Testing Laboratory

Feed testing laboratory was not upgraded despite availability of funds.

Estimation of urea, alfa toxin and minerals in animal feed is essential because these components increase the crude protein percentage in livestock/poultry feed which causes poor health status and death of animals. A feed testing laboratory was established in 1972-73 at Bhopal. The laboratory had analysis facility of only crude protein, crude fibre, crude fat and percentage of insoluble minerals like calcium and

phosphorus. In view of the above, an amount of ₹ 53.66 lakh (urea estimation: ₹ 4.27 lakh, alfa toxin estimation: ₹ 22.13 lakh, mineral mixture: ₹ 2.26 lakh and automatic analyzer: ₹ 25 lakh) was sanctioned during 2008-09 under RKVY scheme for upgradation of the feed testing laboratory. The sanctioned amount was not utilised up to March 2010 and was parked in PD account.

On this being pointed out, the Director stated (August 2010) that the process of upgradation work was in progress and would be completed shortly.

3.2.10.3 Upgradation of State Disease Diagnostic Laboratory

Government of India sanctioned and provided (2008-09) an amount of ₹ 22 lakh for upgradation of the State Disease Diagnostic Laboratory (SDDL) Bhopal as a Bio Security Laboratory (BSL) level II under the World Bank assisted project Preparedness Control and Containment of Avian Influenza.

Scrutiny of records of the Directorate revealed that ₹ 9.50 lakh was released in January 2010 (₹ eight lakh to the Public Works Department (PWD) for modification of laboratory building and ₹ 1.50 lakh to SDDL Bhopal). Out of ₹ 12.50 lakh released in February 2008 for laboratory equipment, the Director purchased office equipment such as laptops, UPS etc. worth ₹ 2.59 lakh and the remaining amount of ₹ 9.91 lakh was deposited in a PD account. Thus upgradation of laboratory could not be done.

On this being pointed out, the Director stated (August 2010) that the equipment would be purchased after approval of tender.

3.2.10.4 Control of animal diseases

Inspite of over-achievement of vaccination targets, incidence of outbreaks of disease was high.

Government of India approved a programme of Assistance to the State for Control of Animal Diseases (ASCAD) on 75:25 sharing basis between the Central and the State government for controlling and preventing the outbreak of epidemic diseases and contagious diseases by vaccination.

Scrutiny of records revealed that despite over-achievement of targets of vaccination of Foot and Mouth Disease (FMD), Haemorrhagic Septicaemia (HS) Black Quarter (BQ), Pestis des Petits the Ruminants (PPR) vaccines (State level), the incidence of outbreaks of disease remained high in the State in respect of HS, BQ and FMD as shown in **Table 3.20** below.

Table 3.20 : Status of Outbreaks

Year	Number of Outbreaks	Name of vaccines			
		HS	BQ	FMD	SF (Swine flu)
2007-08	66	30	6	23	7
2008-09	98	32	10	52	4
2009-10	95	44	10	26	15

(Source: - Data provided by SDDL)

In 19 out of 20 test-checked districts, (except Khandwa) the district authorities were unaware about the outbreaks and the number of animals affected in their jurisdiction. This indicates that the vaccination was ineffective. This could be due to non-maintenance of cold chain during transportation and preservation of vaccines. The matter was informed to the Director (August 2010) but their reply was awaited.

3.2.10.5 Non-establishment of quarantine stations

The Central Province Cattle Disease Act 1934 (CPCDA)/ The Prevention and Control of Infectious and Contagious Diseases in Animals Act, 2009 required establishment of a quarantine station at the entryway of the State/districts. The VO was to be posted for checking migratory cattle to check the contagious diseases. He was empowered to detain cattle for vaccination etc. or allow them to pass out from quarantine check post and issued permits under Section 7 of the Act. However, quarantine stations were not established in any of the test-checked units in the State under CPCDA.

3.2.11 Human Resource Management

3.2.11.1 Inadequate Human Resource Management

The department had not assessed category-wise requirement of manpower and well-defined work norms. Category-wise position of staff in the State as on 31 December 2009 was as given in **Table 3.21** below:

Table 3.21: Position of Human Resources

S.No	Category	Sanctioned Strength	Working Strength	Shortage *(Per cent)*
1	1st Class	76	45	31 (41)
2	2nd Class	1350	1004	346 (26)
3	3rd Class	6512	5425	1087 (17)
4	4th Class	2919	2833	86 (3)
	Total	**10857**	**9307**	**1550 (14)**

(Source: - Data provided by the Directorate)

Acute shortage of veterinary staff was noticed in the department.

Against the overall sanctioned strength of 10857, only 9307 persons were in position as on December 2009. In spite of shortage of staff in the cadre of DDs (43 *per cent)*, VASs (25 *per cent)* and AVFO (18 *per cent),* 35 VASs were on deputation to other departments, which adversely affected the services for animal health care and breed improvement.

The Director attributed (January 2010) the vacancies mainly to ban on appointments and informed that proposals had been sent to the Government for repatriating employees on deputation.

3.2.11.2 Irregular expenditure on staff of cattle breeding farm

The Government cattle breeding farm at Kiratpur, district Hoshangabad was handed over (1995) to Madhya Pradesh Pashudhan evam Kukkut Vikas Nigam (MPPKVN). According to conditions of the transfer, the pay and allowances of staff working in the farm were to be paid from the Animal Husbandry Department only up to 2000.

Scrutiny of records of the DD concerned revealed that payment of the salary of four staff members continued to be paid from the Animal Husbandry Department even after 2000. This resulted in irregular expenditure of ₹ 43.93 lakh on the staff of the farm.

On this being point out, the DD replied (June 2010) that the matter had been reported to the Director and his orders were awaited.

3.2.11.3 Irregular expenditure on Pay and Allowances of attached staff

Expenditure of ₹ 3.38 crore was incurred on staff working in other departments.

According to instructions issued (25 August 2000) by the General Administration Department (GAD), attachment of employees was to be stopped with immediate effect and all employees on deputation were required to be repatriated to their parent department.

During the course of audit of selected districts, it was observed that 69 employees were still attached to other offices like Zila Panchayat, Janpad Panchayat, Collectorate etc and their pay and allowances were debited to the Animal Husbandry Department. Thus, expenditure of ₹ 3.38 crore[40] on pay and allowances of attached employees was irregular.

On this being pointed out, the DDs stated (July 2010) that action would be taken in this respect.

3.2.11.4 Shortfall in Artificial Insemination training

During 2007-10, 45 to 72 *per cent* shortfall was noticed in artificial insemination training.

An AI training centre at Mandla was established to provide training on AI, technical training to VASs and AVFOs, refresher course for former trainees and basic training for intended rural persons.

Scrutiny of records of the training centre revealed that against the target of 890, only 375 (42 *per cent*) persons were trained during the year 2007-10. Details of training conducted are given in **Table 3.22**.

Table 3.22: Status of AI Training

Year	Target	Achievement	Shortfall (*per cent*)	Total Expenditure (₹ in lakh)	Proportionate expenditure of shortfall (₹ in lakh)
2007-08	340	186	154 (45)	22.72	10.22
2008-09	285	114	171 (60)	27.73	16.63
2009-10	265	75	190 (72)	33.60	24.19
Total	**890**	**375**	**515 (58)**	**84.05**	**51.04**

(Source:- Records of AITI, Mandla)

Seventy five to 186 trainers were imparted training during the year 2007-10. The shortfall ranged between 45 to 72 *per cent.*

The DD replied (May 2010) that the districts did not send VASs, AVFOs and *Gau-sevaks* for training.

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40 *Balaghat (4 employees) ₹ 17.89 lakh, Chhatarpur (3) ₹ 23.13 lakh, Chhindwada (6) ₹ 32.49 lakh, Dhar (2) ₹ 4.13 lakh, Guna (9) ₹ 21.29 lakh, Hoshangabad (4) ₹ 18.36 lakh, Jabalpur – (4) ₹ 9.69 lakh, Jhabua (3) ₹ 20.83 lakh, Mandla (4) ₹ 32.85 lakh, Narsinghpur (6) ₹ 43.54 lakh, Rewa (1) ₹ 5.19 lakh, Seoni (5) ₹ 30.11 lakh, Shahdol (3) ₹ 25.34 lakh, Shivpuri (3) ₹ 20.67 lakh and Tikamgarh (12) ₹ 32.57 lakh.*

3.2.12 Stores and Material Management

3.2.12.1 Non-preparation of Stores and Stock accounts

Out of 30 test-checked units 25 units were not preparing stores and stock accounts.

Rules 124 to 126 of MPFC provide that stores and stock accounts should be prepared annually by each office dealing with purchase and issue of medicines, equipment and machineries. Physical verification of stores should also be conducted annually and the store-keeper should be trained in the inventory control mechanism. Test check of records of the Directorate and selected units revealed that stores and stock accounts were prepared only in five units viz. Balaghat, Betul, Chhatarpur, Hoshangabad and Indore (IAHVB) out of the 30 test-checked units.

DDs of the other units stated (July 2010) that stores and stock accounts would be prepared in future.

3.2.12.2 Disposal of unserviceable items

Unserviceable items worth ₹ 1.30 crore were lying undisposed off for periods up to 20 years.

According to Rule 141 of MPFC, unserviceable items should be identified during annual physical verification and disposed off through auction etc. and should be finally written off from the stores accounts.

Scrutiny of records in selected units revealed that unserviceable items such as Nitrogen plant, Crayocanes, Tractors, Vehicles etc. valuing ₹ 1.30 crore[41] were lying in the stores for periods up to 20 years.

The Director/DDs stated (June 2010) that the disposal was pending due to fixing of higher prices than fixed by the department for auction. Efforts made to revise the prices were also not available on record.

3.2.12.3 Lack of quality assurance of medicines

Medicines were used without ascertaining their quality.

Medicines required in the department were being purchased from firms after inviting tenders and supplied to the veterinary centres for utilisation. There was no system in place for checking of medicines before use and therefore, no quality checks were applied before use of the medicines. All the medicines purchased were being consumed without ascertaining their quality.

During the exit conference, the department assured to take necessary action for quality control of medicines.

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41 *Balaghat– ₹ 3.49 lakh, Bhopal (DE)- ₹ 74.72 lakh, Chhatarpur- ₹ 16.37 lakh, Chhindwada– ₹ 13.54 lakh, Chhindwada (GPF)– ₹ 0.21 lakh, Hoshangabad– ₹ 0.35 lakh, Jabalpur- ₹ 0.18 lakh, Khandwa– ₹ 16.81 lakh, Mandla– ₹ 0.17 lakh, Narsinghpur– ₹ 1.57 lakh, Sagar– ₹ 0.09 lakh, Sehore– ₹ 0.91 lakh, Seoni– ₹ 0.12 lakh, Tikamgarh– ₹ 0.32 lakh and Umaria- ₹ 1.04 lakh.*

3.2.12.4 Production of vaccines without renewal of drug manufacturing licence

The Institute of Animal Health and Veterinary Biologicals (IAHVB) was established with the objective of large scale production of veterinary biological and other ancillary preparations as per prescribed standards. For this, the institute required a drug manufacturing licence which was to be renewed from the Controller, Food and Drugs (CFD).

Vaccines were produced without renewal of licence since 2002.

During scrutiny of records, it was observed that renewal of the drugs licence of this institute was pending from 2002 due to non-compliance of requirements as per the current Good Manufacturing Practices (cGMP), Rules. As reported (February 2003) by CFD, the institute was engaged in manufacturing various vaccines without valid required licences.

Government sanctioned (2007-08) an amount of ₹ 10 crore (₹ eight crore for construction and ₹ two crore for purchase of machines and equipment) for implementation of cGMP norms. No upgradation work was taken up and the funds were deposited in PD accounts. On this being pointed out, the Director stated (September 2010) that modernisation of the institute as per requirement of cGMP would be completed after appointing a consultant at the Government level.

3.2.12.5 Use of animal feed without testing

Animal feed valuing ₹ 90.78 lakh was used without testing against the instructions of the Director.

According to instructions issued by the Director, Veterinary Services and also by Feed Analysis Laboratory (FAL) Bhopal, feed of all the batch numbers purchased by the institutions was to be got analysed from the feed testing laboratory. Feed, the sample of which was found sub-standard was not to be used for animals.

Scrutiny of records of DDs revealed that feed valuing ₹ 90.78 lakh[42] purchased under various departmental schemes was utilised without getting sample tested in any Government laboratory and no collateral study was found in the department on the effect of this feed.

On this being pointed out, the Director and DDs stated (September 2010) that the feed was purchased from Government undertakings/firms and hence was not tested. The reply is not acceptable because samples of all the feed purchased were required to be tested.

42 *Balaghat– ₹ 29.02 lakh, Chhatarpur- ₹ 2.04 lakh, Gwalior– ₹ 4.74 lakh, Dhar– ₹ 4.08 lakh, Hoshangabad– ₹ 4.92 lakh, Indore– (IAHVB) ₹ 4.11 lakh, Indore–₹ 4.27 lakh, Khandwa– ₹ 13.50 lakh, Mandla– ₹ 5.80 lakh, Narsinghpur– ₹ 8.91 lakh, Shahdol– ₹ 1.26 lakh, Shivpuri– ₹ 1.72 lakh, Tikamgarh– ₹ 1.58 lakh and Umaria– ₹ 4.83 lakh.*

3.2.12.6 Preservation and transportation of vaccines at higher temperature

Vaccines of ₹ 1.78 crore were transported at atmospheric temperature against instructions.

It was provided in the brochure designed by the Director, IAHVB Indore that while supplying vaccines, they were required to be preserved between temperatures of 2ºC to 8ºC.

Scrutiny of records of test-checked units revealed that vaccines costing ₹ 1.78 crore[43] were not preserved at the required temperatures to save their potency due to non-availability of deep freezers, refrigerator van (used for maintaining cold chain). Thus, their storage and transportation at atmospheric temperature would have been adverse effect on their potency.

On this being pointed out, the DDs replied (May to September 2010) that the vaccines were stored in cool places and utilised without testing due to lack of testing facilities. The reply is not tenable as storage at atmospheric temperature was bound to affect the potency of the vaccines.

3.2.12.7 Excess expenditure due to wastage of Straws

Straw were required for AI and Liquid Nitrogen (LN_2) was required for preservation of straws. One straw dose was sufficient for one AI.

Six to 19 *per cent* straw doses were wasted during the process of artificial insemination.

Scrutiny of records of test-checked DDs revealed that six to 19 *per cent* straw doses were wasted during the process of AI due to non-availability of trained staff and equipment, resulting in extra expenditure of ₹ 23.45 lakh (₹ 11.26 lakh on the cost of straws and ₹ 12.19 lakh on cost of proportionate LN_2) showing unit to unit variations in wastage of straws. Further, it was found that the department had not conducted any study to fix the norms of wastage of straws during the process of AI. Similarly, in the test-checked units, variations were found in the cost of preservation of straws ranging from ₹ 7.75 to ₹ 21.88 per straw dose. (**Appendix –3.17).**

On this being pointed out, the DDs replied (June 2010) that this wastage was procedural. In the exit conference, the Principal Secretary stated that a committee would be constituted to study and suggest the norms of wastage of straws.

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43 *Balaghat– ₹ 14.97 lakh, Betul– ₹ 19.87 lakh, Chhatarpur- ₹ 11.17 lakh, Dhar– ₹ 23.64 lakh, Guna–₹ 3.91 lakh, Hoshangabad–₹ 5.52 lakh, Indore–₹ 5.01 lakh, Jabalpur- ₹ 7.90 lakh, Jhabua– ₹ 14.94 lakh, Khandwa– ₹ 10.39 lakh, Mandla– ₹ 8.55 lakh, Narsinghpur–₹ 10.12 lakh, Ratlam–₹ 5.79 lakh, Sehore–₹ 3.67 lakh, Shivpuri– ₹ 7.26 lakh, Tikamgarh–₹ 12.5 lakh, Ujjain–₹ 9.05 lakh and Umaria ₹ 4.12 lakh.*

3.2.13 Internal Controls

Internal audit is an important tool for the Management to ascertain the accuracy and effectiveness of the internal control mechanism.

3.2.13.1 Departmental Manuals

No Departmental Manual was available in the Directorate as well as in the test-checked units. The Directorate stated (January 2010) that the work of updation of manual was in progress. The old manual was not shown to Audit.

3.2.13.2 Internal Audit Wing

An Internal Audit Wing (IAW) had been set up at the Directorate level. There were no manuals/codes governing internal audit. In the IAW, out of 18 sanctioned posts, only three men (one Audit Officer and two Sub Auditors) were in position (August 2010).

Only seven units were audited by the IAW during 2007-08 to 2009-10 against the targeted 75 units (25 units per year). Thus, internal audit was not effective in the department.

3.2.13.3 Status of Information technology in the department

Computerisation with internet facilities was made available from the Directorate to the district headquarters. A departmental website (www.mpdah.gov.in) was created under the directions of the State Government and was being utilised for publishing departmental orders, circulars and other important information. Establishment of a local area network (LAN) at the Directorate level was not done. In the absence of LAN and requisite software, the computers could not be used for sharing of IT resources such as hardware and internet facilities. On this being pointed out, the Director stated (August 2010) that efforts were being made for establishment of networking in the department.

3.2.14 Monitoring

There was no centralised database of schemes and programmes for monitoring. As a result, monitoring at the CCO/ Director level was on ad hoc basis.

3.2.14.1 Department Inspection

Periodical inspections by departmental officers are important and effective tools to ensure proper functioning of the schemes in the department. As per the instructions issued by the director in August 1999, all Divisional JDs and DDs are required to

submit annual inspection programme together with inspection roster and checklist to the Directorate. Earlier instructions issued in January 1991 prescribed annual visit to farms, veterinary hospitals, AI centres and training centres by JDs and DDs. During test check, no details of departmental inspections were made available by the JDs/DDs except for the JD, Gwalior division. Shortfall in inspection at the level of the Director during 2007-10 was 53 to 87 *per cent.* Further, inspection reports, if any, and their compliance were not available in any test-checked unit except Gwalior.

Subsidiary Rule 291 of MPTC, stipulates that every JD/DD should undertake monthly inspection of accounts of his office as a DDO and submit the report to his higher authority. However, none of the JDs/DDs carried out regular inspections.

3.2.14.2 Departmental enquiry/Public complaints/Court cases

The General Administration Department prescribed time limits for various departmental proceedings (1997), but there were 30 cases (1994-2010) pending in the department, out of which in 10 cases, enquiry officers had not been appointed upto October 2010. Reasons for delay in completion of departmental enquiries were not intimated to Audit.

A public complaint cell was functioning at the Directorate level. One JD and two other members are working in the cell. The cell did not maintain basic records like complaint receipt register and disposal of these complaints.

Although a legal cell was functioning at the directorate level, 58 cases were pending for which first replies were still to be submitted by the department. Further, court orders were received in 200 cases of which compliance of court orders was pending in 125 cases. Reasons for non-compliance were not furnished to Audit.

3.2.14.3 Outstanding observations of previous audits

There were 238 Inspection Reports containing 691 paras pending for disposal.

As per Regulations on Audit and Accounts framed by the Comptroller and Auditor General of India (as notified in the Gazette of India on November 20, 2007) Heads of Offices and next higher authorities are required to comply with the observations contained in the Inspection Reports (IRs), rectify the defects/omissions promptly and report their compliance to the Principal Accountant General. However, as on June 2010, 238 IRs involving 691 paras, were pending as detailed in **Table 3.23** below:

Table 3.23: Status of Pending paras

Period	No. of IRs	No. of paragraphs
Up to 2004-05	135	235
2005-06	14	54
2006-07	22	91
2007-08	16	77
2008-09	24	135
2009-10	27	99
Total	**238**	**691**

(Source: - Records of PAG (Audit)

Lack of response to audit observations depicted lack of a proper accountability mechanism on the part of the department.

3.2.15 Conclusion

Survey reports and a comprehensive database were not available for planning. Assessment of the performance of the department revealed that budgetary control was inadequate, leading to unwarranted supplementary provisions and non-surrender of savings. Targets set for artificial insemination and natural insemination were not achieved. Shortfalls in production of eggs and wool were noticed. Livestock and veterinary farms were incurring losses. The district authorities of test-checked districts were not aware of the outbreaks of diseases and the number of animals affected by them. Assessment of requirement of human resources and proper placement of available manpower was not carried out. No quality assurance measures were adopted by the department in respect of medicines, vaccines and feed.

3.2.16 Recommendations

- Databases of livestock should be maintained in order to prepare accurate Annual Plans.
- Budgetary controls should be enforced more effectively.
- Efforts should be made to make all livestock breeding/veterinary farms economically viable.
- Infrastructural facilities such as buildings for veterinary centres and laboratories with vaccines and semen storage equipment should be strengthened.
- Quality testing laboratories should be established /upgraded on priority basis.

- Efforts should be made for timely dissemination of incidence of outbreaks of diseases by the State Disease Diagnostic Laboratory in order to control diseases.
- Shortage of veterinary staff should be addressed on priority basis.
- The monitoring mechanism should be made more effective and the Internal Audit Wing should be strengthened by deploying adequate staff.

Gwalior
The

(B.R. KHAIRNAR)
Principal Accountant General
(Civil and Commercial Audit)
Madhya Pradesh

Countersigned

New Delhi
The

(VINOD RAI)
Comptroller and Auditor General of India

Appendix-1.1
(Reference: Paragraph 1.1.5, Page 3)
List of selected districts and executing agencies

S. No.	Districts	Executing Agencies					
		A	Govt. Department	B	Rural Department	C	Urban Department
1	**Balaghat**	1	Public Works Department	1	Janpad Panchayat,Balaghat	1	Nagar Palika, Balaghat
		2	Rural Engineering Services	2	Janpad Panchayat,Lanji	2	Nagar Palika, Malazkhand
		3	Water resources Department	3	Janpad Panchayat,Kirnapur	3	Zila Panchayat, Balaghat
		4	M.P. State Electricity Board	4	Janpad Panchayat,Paraswada		
		5	Forest Department	5	Janpad Panchayat,Baihar		
				6	Janpad Panchayat,Waraseoni		
				7	Janpad Panchayat, Katangi		
				8	Janpad Panchayat, Khairlanji		
2	**Betul**	6	Public Works Department	9	Janpad Panchayat, Betul	4	Nagar Palika, Betul
		7	Rural Engineering Services	10	Janpad Panchayat,Amla	5	Nagar Palika, Betul Bazar
		8	Water resources Department	11	Janpad Panchayat, Multai		
		9	M.P. State Electricity Board	12	Janpad Panchayat, Ghoradongari		
				13	Janpad Panchayat, Shapur		
3	**Bhind**	10	Water resources Department				
4	**Burhanpur**	11	Rural Engineering Services	14	Janpad Panchayat, Khaknar	6	Nagar Palika Nigam, Burhanpur
		12	M.P. State Electricity Board	15	Janpad Panchayat,Burhanpur	7	Nagar Panchayat, Shahpur
						8	Nagar Panch ayat, Nepanagar
5	**Dhar**	13	Rural Engineering Services	16	Janpad Panchayat, Dhar	9	Nagar Palika, Dhar
		14	Water resources Department	17	Janpad Panchayat, Manawar		
		15	Asstt. Commissioner Tribal	18	Janpad Panchayat, Tirla		
		16	M.P. State Electricity Board	19	Janpad Panchayat,Badnawar		
				20	Janpad Panchayat,Nalcha		
				21	Janpad Panchayat, Kukshi		
				22	Janpad Panchayat,Bagh		
				23	Janpad Panchayat Nisarpur		
6	**Gwalior**	17	Public Works Department No 1				
		18	Public Works Department No. 2				

S. No.	Districts		Executing Agencies				
		A	Govt. Department	B	Rural Department	C	Urban Department
		19	Rural Engineering Services				
7	**Jhabua**	20	Public Works Department	24	Janpad Panchayat,Jhabua	10	Nagar Palika, Jhabua
		21	Rural Engineering Services	25	Janpad Panchayat, Rama		
		22	Water resources Department	26	Janpad Panchayat, Ranapur		
		23	M.P. State Electricity Board	27	Janpad Panchayat, Thandla		
				28	Janpad Panchayat, Petlawad		
8	**Khargone**	24	Public Works Department	29	Janpad Panchayat, Khargone	11	Nagar Palika, Khargone
		25	Rural Engineering Services	30	Janpad Panchayat, Jiranya	12	Nagar Palika, Mheshwar
		26	Water resources Department	31	Janpad Panchayat,Maheshwar		
		27	M.P. State Electricity Board	32	Janpad Panchayat, Badwah		
				33	Janpad Panchayat, Kasrawad		
				34	Janpad Panchayat,Segaon		
9	**Mandla**	28	Public Works Department	35	Janpad Panchayat, Mandla	13	Nagar Palika, Mandla
		29	Rural Engineering Services	36	Janpad Panchayat,Nainpur		
		30	Water resources Department	37	Janpad Panchayat,Niwas		
				38	Janpad Panchayat, Mohgaon		
10	**Ratlam**	31	Public Works Department	39	Janpad Panchayat,Ratlam	14	Nagar Palika Nigam, Ratlam
		32	Forest Department	40	Janpad Panchayat, Sailana	15	Nagar Palika, Namli
				41	Janpad Panchayat, Jaora	16	Nagar Palika, Badwah
				42	Janpad Panchayat, Alot		
11	**Tikamgarh**						
12	**Umariya**	33	Public Works Department			17	Nagar Palika, Umariya
		34	Rural Engineering Services				
		35	Water resources Department				

Appendix –1.2
(Reference: Paragraph 1.1.7.2, Page 4)

Details of unutilised amounts with agencies

(₹ in Lakh)

Year	Sl no	Name of District	Unutilised amount retained with agencies			
			Sanctioned amount	Amount given to agency	Actual expenditure	Difference
1	2	3	4	5	6	7
2005-06	1	Annuppur	179.88	179.88	176.00	3.88
	2	Ashoknagar	168.55	168.55	143.49	25.06
	3	Balaghat	480.00	480.00	460.54	19.46
	4	Betul	360.00	360.00	357.43	2.57
	5	Bhind	360.00	346.64	345.14	1.50
	6	Burhanpur	180.00	180.00	166.14	13.86
	7	Chhatarpur	300.00	300.00	295.37	4.63
	8	Chhindwara	480.00	480.00	479.00	1.00
	9	Damoh	240.00	240.00	239.50	0.50
	10	Dewas	300.00	300.00	293.56	6.44
	11	Dhar	360.00	360.00	354.00	6.00
	12	Dindori	180.00	180.00	163.78	16.22
	13	Guna	180.00	180.00	178.86	1.14
	14	Hoshangabad	240.00	240.00	220.49	19.51
	15	Indore	480.00	480.00	432.84	47.16
	16	Jabalpur	600.00	600.00	596.35	3.65
	17	Katni	240.00	240.00	216.00	24.00
	18	Khandwa	240.00	240.00	220.10	19.90
	19	Khargone	360.00	359.58	358.58	1.00
	20	Mandla	240.00	240.00	230.10	9.90
	21	Mandsaur	240.00	240.00	238.39	1.61
	22	Narsinghpur	240.00	240.00	224.98	15.02
	23	Neemuch	180.00	180.00	176.00	4.00
	24	Panna	180.00	179.45	134.20	45.25
	25	Raisen	240.00	164.82	137.50	27.32
	26	Rajgarh	299.99	299.99	291.57	8.42
	27	Ratlam	300.00	300.00	295.53	4.47
	28	Rewa	420.00	420.00	418.08	1.92
	29	Sagar	480.00	480.00	476.50	3.50
	30	Satna	420.00	419.99	415.56	4.43
	31	Sehore	239.99	239.99	237.99	2.00
	32	Seoni	300.00	300.00	287.25	12.75
	33	Shajapur	300.00	300.00	298.50	1.50
	34	Shivpuri	300.00	300.00	277.45	22.55
	35	Tikamgarh	240.00	239.92	226.95	12.97
	36	Ujjain	420.00	420.00	417.00	3.00
	37	Vidisha	300.00	300.00	295.00	5.00
		Total	**11268.41**	**11178.81**	**10775.72**	**403.09**

1	2	3	4	5	6	7
2006-07	1	Annuppur	239.76	239.61	235.00	4.61
	2	Ashoknagar	220.00	220.00	213.23	6.77
	3	Badwani	318.61	318.61	311.61	7.00
	4	Balaghat	639.97	639.97	602.87	37.10
	5	Betul	479.96	479.96	471.49	8.47
	6	Bhind	479.99	447.15	424.45	22.70
	7	Bhopal	320.00	320.00	312.35	7.65
	8	Burhanpur	240.00	240.00	109.80	130.20
	9	Chhatarpur	400.00	399.89	386.26	13.63
	10	Chhindwara	640.24	640.00	634.10	5.90
	12	Damoh	320.00	315.05	311.05	4.00
	13	Dewas	400.00	400.00	395.74	4.26
	14	Dhar	480.00	480.00	466.00	14.00
	15	Dindori	240.00	240.00	210.75	29.25
	16	Guna	240.00	240.00	225.70	14.30
	17	Gwalior	479.96	479.96	447.05	32.91
	18	Hoshangabad	319.98	319.96	300.84	19.12
	19	Indore	640.00	640.00	638.00	2.00
	20	Jabalpur	799.97	799.97	776.47	23.50
	21	Katni	320.00	320.00	317.50	2.50
	22	Khandwa	320.00	320.00	283.20	36.80
	23	Khargone	480.00	480.00	455.63	24.37
	24	Mandla	320.00	320.00	296.85	23.15
	25	Mandsaur	319.84	320.00	315.53	4.47
	26	Morena	480.00	451.33	450.17	1.16
	27	Narsinghpur	320.00	320.00	291.50	28.50
	28	Neemuch	239.93	239.93	153.00	86.93
	29	Panna	239.98	238.70	184.75	53.95
	30	Raisen	320.00	320.00	279.00	41.00
	31	Rajgarh	400.00	400.00	389.62	10.38
	32	Ratlam	400.00	400.00	388.38	11.62
	33	Rewa	560.00	560.00	555.51	4.49
	34	Sagar	639.97	639.77	583.00	56.77
	35	Satna	559.99	559.99	558.50	1.49
	36	Sehore	319.99	319.99	318.84	1.15
	37	Seoni	400.00	400.00	368.65	31.35
	38	Shahdol	239.88	239.86	238.65	1.21
	39	Shajapur	400.00	400.00	394.85	5.15
	40	Sheopur	160.00	159.96	129.92	30.04
	41	Shivpuri	400.00	400.00	297.50	102.50
	42	Sidhi	479.95	479.20	431.09	48.11
	43	Tikamgarh	319.86	319.86	290.47	29.39
		Total	**16537.83**	**16468.72**	**15444.87**	**1023.85**

1	2	3	4	5	6	7
2007-08	1	Annuppur	230.97	230.97	195.50	35.47
	2	Ashoknagar	219.70	219.70	178.83	40.87
	3	Badwani	308.00	308.00	275.00	33.00
	4	Balaghat	616.00	616.00	572.41	43.59
	5	Betul	461.61	461.59	431.54	30.05
	6	Bhind	462.00	415.32	386.15	29.17
	7	Bhopal	308.00	308.00	304.35	3.65
	8	Burhanpur	231.00	231.00	124.71	106.29
	9	Chhatarpur	385.00	385.00	346.55	38.45
	10	Chhindwara	616.00	616.00	570.30	45.70
	11	Damoh	308.00	308.00	277.00	31.00
	12	Dewas	385.00	385.00	370.22	14.78
	13	Dhar	461.98	461.98	415.00	46.98
	14	Dindori	231.00	231.00	168.51	62.49
	15	Guna	231.00	231.00	197.53	33.47
	16	Gwalior	462.00	462.00	460.00	2.00
	17	Harda	153.78	153.78	150.84	2.94
	18	Hoshangabad	308.00	307.88	298.26	9.62
	19	Indore	584.42	584.42	582.22	2.20
	20	Jabalpur	769.99	769.99	738.92	31.07
	21	Jhabua	385.00	385.00	360.00	25.00
	22	Khandwa	307.93	307.93	268.65	39.28
	23	Khargone	461.98	461.98	436.90	25.08
	24	Mandla	307.93	307.93	247.50	60.43
	25	Mandsaur	308.00	308.00	303.44	4.56
	26	Morena	462.00	461.70	419.23	42.47
	27	Narsinghpur	308.00	308.00	280.46	27.54
	28	Neemuch	231.00	231.00	206.00	25.00
	29	Panna	229.88	229.88	194.72	35.16
	30	Raisen	307.96	307.96	255.46	52.50
	31	Rajgarh	385.00	385.00	347.84	37.16
	32	Ratlam	385.00	385.00	322.87	62.13
	33	Rewa	539.00	539.00	528.15	10.85
	34	Sagar	616.00	615.68	544.00	71.68
	35	Satna	539.00	539.00	536.00	3.00
	36	Sehore	308.00	308.00	288.03	19.97
	37	Seoni	385.00	385.00	309.35	75.65
	38	Shahdol	231.13	230.86	230.45	0.41
	39	Shajapur	385.00	385.00	352.80	32.20
	40	Sheopur	153.92	153.92	83.46	70.46
	41	Shivpuri	385.00	385.00	266.39	118.61
	42	Tikamgarh	308.00	308.00	286.35	21.65
	43	Ujjain	539.00	539.00	528.11	10.89
	44	Umaria	154.00	154.00	134.44	19.56
	45	Vidisha	384.95	384.95	377.40	7.55
		Total	**16741.13**	**16693.42**	**15151.84**	**1541.58**

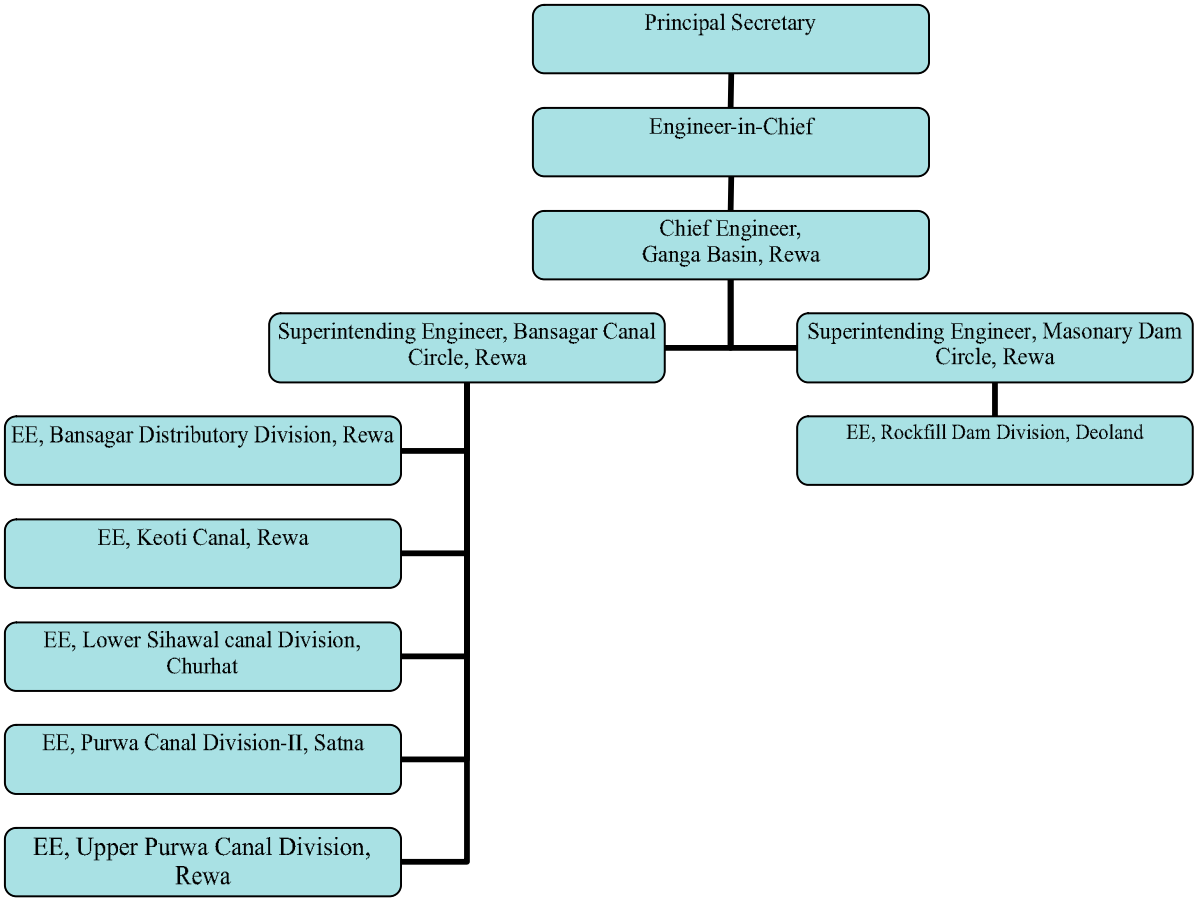
1	2	3	4	5	6	7
2008-09	1	Annuppur	230.98	230.99	184.51	46.48
	2	Ashoknagar	230.05	229.97	156.13	73.84
	3	Badwani	305.84	205.00	140.00	65.00
	4	Balaghat	616.00	616.00	286.72	329.28
	5	Betul	461.87	461.83	396.34	65.49
	6	Bhind	461.89	379.94	320.65	59.29
	7	Bhopal	308.00	308.00	302.20	5.80
	8	Burhanpur	230.85	184.67	109.70	74.97
	9	Chhatarpur	384.41	384.39	295.42	88.97
	10	Chhindwara	616.00	616.00	520.80	95.20
	11	Damoh	308.00	308.00	254.00	54.00
	12	Dewas	385.00	385.00	328.82	56.18
	13	Dhar	457.78	457.78	398.00	59.78
	14	Dindori	229.00	229.90	201.85	28.05
	15	Guna	231.00	231.00	146.76	84.24
	16	Gwalior	461.93	461.93	436.61	25.32
	17	Harda	153.92	153.89	85.00	68.89
	18	Hoshangabad	307.69	307.46	244.99	62.47
	19	Indore	615.90	615.94	606.43	9.51
	20	Jabalpur	769.98	769.98	612.50	157.48
	21	Jhabua	385.00	385.00	287.00	98.00
	22	Katni	307.09	307.09	286.60	20.49
	23	Khandwa	307.86	307.86	238.10	69.76
	24	Khargone	462.00	462.00	396.26	65.74
	25	Mandla	308.00	308.00	194.00	114.00
	26	Mandsaur	308.00	308.00	298.70	9.30
	27	Morena	455.43	423.53	404.18	19.35
	28	Narsinghpur	307.09	307.09	280.78	26.31
	29	Neemuch	222.00	222.00	132.55	89.45
	30	Panna	227.52	227.31	199.46	27.85
	31	Raisen	305.21	305.21	192.30	112.91
	32	Rajgarh	382.27	382.27	0.00	382.27
	33	Ratlam	385.00	385.00	299.97	85.03
	34	Rewa	539.00	490.27	441.87	48.40
	35	Sagar	615.70	613.63	411.00	202.63
	36	Satna	538.30	538.31	496.10	42.21
	37	Seoni	385.00	385.00	211.03	173.97
	38	Shahdol	230.71	230.11	227.97	2.14
	39	Shajapur	385.00	385.00	313.60	71.40
	40	Sheopur	154.00	153.62	105.51	48.11
	41	Shivpuri	384.70	384.60	269.90	114.70
	42	Sidhi	461.38	461.38	403.27	58.11
	43	Tikamgarh	307.67	307.67	232.50	75.17
	44	Ujjain	539.00	539.00	524.46	14.54
	45	Umaria	154.00	154.00	110.18	43.82
	46	Vidisha	384.48	384.48	377.20	7.28
		Total	**17207.50**	**16895.10**	**13361.92**	**3533.18**

1	2	3	4	5	6	7
2009-10	1	Annuppur	231.00	231.00	111.26	119.74
	2	Ashoknagar	229.98	229.98	36.92	193.06
	3	Badwani	307.65	307.65	135.00	172.65
	4	Balaghat	462.00	462.00	105.20	356.80
	5	Betul	384.82	384.83	194.82	190.01
	6	Bhind	384.99	384.99	52.71	332.28
	7	Bhopal	539.00	539.00	160.33	378.67
	8	Burhanpur	153.78	153.78	20.25	133.53
	9	Chhatarpur	462.00	462.00	197.46	264.54
	10	Chhindwara	541.09	539.00	330.30	208.70
	11	Damoh	308.00	308.00	99.72	208.28
	12	Dewas	308.00	308.00	152.96	155.04
	13	Dhar	539.00	539.00	221.50	317.50
	14	Dindori	153.90	153.90	85.38	68.52
	15	Guna	308.00	308.00	146.43	161.57
	16	Gwalior	462.00	462.00	392.87	69.13
	17	Harda	154.00	154.00	70.00	84.00
	18	Hoshangabad	307.81	307.81	20.33	287.48
	19	Indore	693.00	693.00	545.02	147.98
	20	Jabalpur	692.74	692.74	326.50	366.24
	21	Jhabua	231.00	231.00	140.55	90.45
	22	Katni	307.98	307.98	135.00	172.98
	23	Khandwa	308.00	308.00	131.61	176.39
	24	Khargone	422.97	422.97	230.85	192.12
	25	Mandla	231.00	231.00	104.10	126.90
	26	Mandsaur	308.00	308.00	221.61	86.39
	27	Morena	466.16	427.08	308.80	118.28
	28	Narsinghpur	308.00	308.00	230.20	77.80
	29	Neemuch	230.98	230.98	105.00	125.98
	30	Panna	231.00	231.00	159.97	71.03
	31	Raisen	306.00	306.00	122.00	184.00
	32	Rajgarh	384.95	384.95	117.85	267.10
	33	Ratlam	385.00	385.00	230.00	155.00
	34	Rewa	157.80	93.81	0.00	93.81
	35	Sagar	616.00	615.87	305.00	310.87
	36	Satna	537.97	537.97	316.75	221.22
	37	Sehore	308.00	308.00	208.00	100.00
	38	Seoni	308.00	308.00	145.37	162.63
	39	Shahdol	231.46	230.68	218.00	12.68
	40	Shajapur	212.60	117.28	65.45	51.83
	41	Sheopur	154.00	90.80	32.56	58.24
	42	Shivpuri	384.99	384.84	108.13	276.71
	43	Sidhi	307.78	307.78	38.21	269.57
	44	Singhrouli	231.00	231.00	31.00	200.00
	45	Tikamgarh	384.31	384.31	63.90	320.41
	46	Ujjain	539.00	539.00	272.82	266.18
	47	Umaria	154.00	154.00	108.60	45.40
	48	Vidisha	385.00	385.00	187.50	197.50
		Total	**16655.71**	**16390.98**	**7743.79**	**8647.19**
		Grand total	**78410.58**	**77627.03**	**62478.14**	**15148.89**

Appendix-1.3

(Reference: Paragraph 1.2.2, Page 16)

Organogram of BanSagar Project



Appendix 1.4

(Reference: Paragraph 1.2.6.2, Page 18)

Statement showing extra cost due to incorrect preparation of estimates

(Amount in ₹)

Sl No	Package no/ Agreement No	Admissible payment as per agreement				Payment as per actual				
		Item	Quantity	Rate per cum	Amount	Vr. No/ Date	Quantity	Rate per cum	Amount	Amount of extra Burdon
	KCP-3/ 02DL/2003-04	Soil	892027	28.5	25422770	07-08-2007	948130	28.5	27021705	
		DR/SR	95287	45	4287915	(i)	104815.70	45	4716707	
						(ii)	305733.579	100.41	30698709	
		HR	99732	70	6981240		17250	70	1207500	
		Total	**1084046**		**36691925**		**1375929.279**		**63644621**	**26952696**
	PCP-11 A/ 02/2006-07	Soil	449788	34	15292792	13 DL 21-06-10	311122.9	34	10578180.1	
		DR/SR	87526.67	65	5689234		96279.34	65	6258157.1	
							122502.1	100.4	12299212.8	
							45828.84	107.6	4931183.18	
		HR	8466.305	1	8466.305		0			
		Total	**545781**		**20990492**				**34066733.2**	**13076241.37**
	PCP-10/ 06/2004-05	Soil	469260	37	17362620	134DL 31-03-09	516186	37	19098882	
							30082.39	21.41	644063.97	
		DR/SR	307475	53	16296175		327615.2	53	17363605.6	
		HR	220	200	44000		242	200	48400	
							110397.4	200	22079478	
		Total	**776955**		**33702795**				**59234429.6**	**25531634.57**
	PCP-6/ 09/2004-05	Soil	270072	30	8102160	34DL 30-06-10	171045.2	30	5131354.5	
		DR/SR	104469	52	5432388		141448.6	52	7355324.6	
							26532.63	43.27	1148066.9	
		HR	73859	150	11078850		87473.97	150	13121094.8	
							6230.165	5.43	33829.796	
		Total	**448400**		**24613398**				**26789670.5**	**2176272.546**
									Grand Total	**67736844.486**
									Say	**₹ 6.77 crore**

Appendix 1.5
(Reference: Paragraph 1.2.8.1, Page 21)

Summary of some important observations of the review committee

Sihawal Main Canal (Length 75.27 km): The work between km 15.24 to km 22.49 was incomplete and less than the designed section, yet the bills of the contractors were finalised for which a departmental enquiry be instituted with in a by the CE. The work between km 22 to km 75 was not found as per specifications. The substandard work should be rejected and balance work of this group was to be completed at the risk and cost of the contractor.

Keoti Main Canal (Length 90 km): The canal between km 0 to km 8.20 was complete. The work between km 8.20 to km 32.75 was incomplete and the tenders for leftover work were to be invited at the risk and cost of the contractor. The work between km 32.75 to km 61.62 was not as per design. The work between km 61.62 to km 90 was in progress.

Purwa Main Canal (Length 128.28 km): The work from km 13 to km 46.17 and km 68.22 to km 84 was below specifications and was not as per design section. From km 84 to km 122 the work was in progress and for the work of km 122 to km 128 tenders were yet to be invited.

Appendix 1.6
(Reference: Paragraph 1.2.8.9, Page 28)

Statement showing extra cost in purchase of mild steel pipes

(₹ in lakh)

Sl no	Name of work	SE indent no	MPLUN order no/ Amount	Item of supplies	Unit	Quantity	MPLUN Rate	Date of supplies	Quantity supplied	Weight per meter of pipe (kg)	Rate of one meter pipe ₹55 per kg	Extra cost
1.	Construction of hi-tech MS pipe rising main including supply, manufacturing, drawing and design for Teonthar LIS	3382 07-07-08 01/08-09	EMS /0013/1/ 2008-09 22-07-08 **₹ 2744**	MS pipe 1000 mm 8 mm thick MS pipe 1600 mm 10 mm thick MS nuts	Meter Meter Kg	1060 5460 12600	20599 41196 79	January 09 to March 09	1060 5460	198.77 396.82	10932 21825	102.47 1057.65
2.	Construction of hi-tech MS pipe rising main including supply, manufacturing, drawing and design for Gurh Mauganj LIS	635 18-01-08 04/2008-09	EMS /001193/20 08-09 15-07-08 **₹ 1720**	MS pipe 1200 mm 8 mm thick MS nuts	Meter Kg	6160 1350	24719 79	NA	1178.13 (MB no 469)	237.85	13082	137.09
3.	Supply, design, drawing fabrication, erection and commissioning of MS pipes for seven super passages at keoti main canal	2508 03-08-07 Agt 01/07-08	C706926 16-08-07 **₹ 98.36**	MS pipe 1700 mm 10 mm thick MS nuts	Meter Kg	210 758	42089 76	March 2008	230.79	421.54 --	23185	43.62
4.	Supply, design, drawing fabrication, erection and commissioning of MS pipe aqueduct at km 113.16 Purwa main canal	Agt 01/06-07 31-01-07	C646852 22-03-07 **₹ 537.87**	MS pipe 2000 mm 10 mm thick MS column MS nuts	Meter Kg Kg	500 280308 7426	49516 78 76	06/2007 to 04/2009	514.45	494.55 --	27200	114.80
5.	Supply, design, drawing fabrication, erection and commissioning of MS pipe aqueduct at km 112.35 Purwa main canal	Agt 03/07-08 941/ 28-01-08	002204 28-01-08 **₹ 275.03**	MS pipe 2000 mm 10 mm thick MS column MS nuts	Meter Kg Kg	277 114940 9894	51497 81 79	03/2009 to 03/2010	278.68	494.55 --	27200	67.71
6.	Supply, design, drawing fabrication, erection and commissioning of MS pipe aqueduct at km 112.50 Purwa main canal	Agt 02/07-08 2532/ 04-08-07	C709358 07-11-07 **₹ 265.83**	MS pipe 2000 mm 10 mm thick MS column MS nuts	Meter Kg Kg	275 116756 8994	49516 78 76	02/2009 to 03/2010	278.60	494.55 --	27200	62.17
7	Supply, design, drawing fabrication, erection and commissioning of MS pipe aqueduct at chain 76 patna minor canal (Shikarganj Dist)	SE-2139 29-06-07	C706928 16-08-07 **₹ 95.53**	MS pipe 750 mm 8 mm thick MS column MS nuts	Meter Kg Kg	390 28528 1110	14854 78 76	March 2008	392.525 -- --	179.93 --	8246	25.93
8	Supply, design, drawing fabrication, erection and commissioning of MS pipe aqueduct at chain 110 tail minor of shikarganj Dist.	SE-2137 29-06-07	C706927 16-08-08 **₹ 32.09**	MS pipe 900 mm 8 mm thick MS column MS nuts	Meter Kg Kg	120 7259 372	17826 78 76	March 2008	121.11 -- --	178.98 --	9844	9.66
			₹ 5768.71								**Total**	**1621.10**
											Say	**₹ 16.21 crore**

Appendix 1.7

(Reference: Paragraph 1.2.8.11, Page 31)

Statement showing purchase of mild steel footbridges

(₹ in lakh)

Name of division	Span of footbridge	Nos	Length in meter	Amount paid
Keoti Canal Dn Rewa	10 m to 40 m	116	1566	
	8 m	133	1064	
	6 m	33	198	
	Total	**282**	**2828**	**381.30**
Purwa Canal Dn Rewa	10 m to 30 m	51	788	
	8 m	65	520	
	6 m	41	246	
	Total	**157**	**1416**	**209.65**
Distributory Dn Rewa	10 m to 16 m	345	4268	
	8 m	237	1896	
	6 m	82	492	
	Total	**664**	**6656**	**802.72**
Lower sihawal canal Dn Churhat	10 m to 24 m	56	898	
	8 m	53	424	
	6 m	227	1362	
	Total	**336**	**2684**	**269.86**
Rockfill dam dn Deolond	10 m	01	30	
	8 m	11	88	
	6 m	27	162	
	Total	**39**	**280**	**32.68**
Purwa Dn 2 Satna	10 m	56	588	
	8 m	66	510	
	6 m	48	263	
	Total	**170**	**1361**	**249.45**
Grand Total		**1648**	**15225**	**1945.66**
				Say ₹ 19.46 crore

Appendix 1.8

(Reference: Paragraph 1.2.9.1, Page 33)

Sl. No.	Name of division	Package no/ Agreement No	Contract Amount (₹ in lakh)	Earnest money (EM) and performance security deposit (PSD) released			Date of release
				Details of EM/ PSD number and date	Name of Bank	Amount in ₹	
1	Keoti Canal Dn.Rewa	KCP-3/	1908.43	EM FDR No. 0499678 dated 09-07-03	OBC Arera colony Bhopal	500000	28-11-06
		02DL/2003-04		PSD FDR No. 1757069 dated 31-12-03	SB of Indore Hoshangabad road Bhopal	2562000	15-04-06
				PSD FDR No. 1757014 dated 26-11-03	SB of Indore Hoshangabad road Bhopal	2350000	15-04-06
				PSD FDR No. 1756994 dated 20-11-03	SB of Indore Hoshangabad road Bhopal	2500000	15-04-06
					Subtotal	**7912000**	
		KCP-4/	796.92	PSD FDR No. 2505968 dated 15-10-04	SB of Indore Rewa	500000	11-02-06
		03DL/2004-05		PSD FDR No. 2505969 dated 15-10-04	SB of Indore Rewa	500000	11-02-06
				PSD FDR No. 2505970 dated 15-10-04	SB of Indore Rewa	500000	11-02-06
				PSD FDR No. 2505971 dated 15-10-04	SB of Indore Rewa	500000	11-02-06
				PSD FDR No. 2505972 dated 15-10-04	SB of Indore Rewa	500000	11-02-06
				PSD FDR No. 2505973 dated 15-10-04	SB of Indore Rewa	500000	11-02-06
				PSD FDR No. 2505974 dated 15-10-04	SB of Indore Rewa	494587	11-02-06
					Subtotal	**3494587**	
		KCP-5/	902.52	PSD FDR No. 0600732 dated 02-02-05	Centurian Bank Bhopal	680000	15-04-06
		04DL/2004-05		PSD FDR No. 0600746 dated 04-02-05	Centurian Bank Bhopal	1320000	15-04-06
				PSD FDR No. 0600768 dated 08-02-05	Centurian Bank Bhopal	1000000	15-04-06
				PSD FDR No. 0600796 dated 11-02-05	Centurian Bank Bhopal	1015000	15-04-06
					Subtotal	**4015000**	
		KCP-6/	466.26	PSD FDR No. 338891 dated 20-11-05	Central Bank of India Jabalpur	625000	03-06-06
		01DL/2005-06		PSD FDR No. 338892 dated 29-11-05	Central Bank of India Jabalpur	1166000	03-06-06
					Subtotal	**1791000**	
		KCP-7/	816.19	PSD FDR No. 0717474 dated 18-01-06	Centurian Bank Bhopal	1500000	15-04-06
		02DL/2005-06		PSD FDR No. 0717491 dated 19-01-06	Centurian Bank Bhopal	1585000	15-04-06
				PSD FDR No. 389502 dated 16-03-05	OBC Arera colony Bhopal	715000	27-01-06
					Subtotal	**3800000**	
		Total	**4890.32**			**21012587**	
						Say	**₹ 2.10 crore**

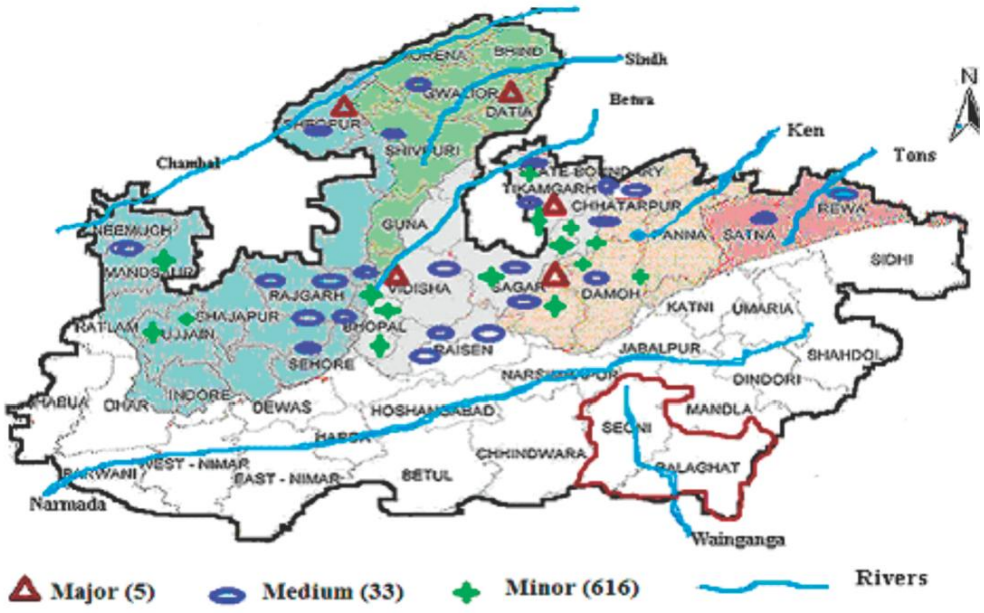
Appendix 1.9
(Reference: Paragraph 1.2.9.1, Page 33)

Statement showing conversion of security deposit

Sl. No.	Name of division	Package no/ Agreement No	Contract Amount (₹ in lakh)	Particulars of conversion of security deposit			Amount in ₹	Remarks
				CE order date	FDR No and Date	Name of Bank		
1	Keoti Canal Dn.Rewa	KCP-3/ 02DL/2003-04	1908.43	20-01-05	DU-436976 dated 01-08-05	Oriental Bank of Commerce Rewa	2625932	Returned to contractor
				13-09-05	DV-675555 dated 05-12-05	Oriental Bank of Commerce Rewa	2300000	Returned to contractor
				13-09-05	DV-675568 dated 08-12-05	Oriental Bank of Commerce Rewa	2053000	Returned to contractor
				02-09-06	MPL-802399 dated 09-10-06	Oriental Bank of Commerce Rewa	1094533	Not found on records
						Sub Total	**8073465**	
		KCP-4/ 03DL/2004-05	796.92	27-02-06	2838502 dated 31-03-05	SB of Indore Rewa	200000	Not found on records
				27-02-06	2838503 dated 31-03-05	SB of Indore Rewa	126000	Not found on records
				27-02-06	3082207 dated 31-03-06	SB of Indore Rewa	827640	Not found on records
				27-02-06	2838193 dated 13-01-05	SB of Indore Rewa	466700	Not found on records
				27-02-06	2838359 dated 28-02-05	SB of Indore Rewa	196500	Not found on records
						Sub Total	**1816840**	
		KCP-5/ 04DL/2004-05	902.52	11-09-06	TDR 802398 dated 09-10-06	Oriental Bank of Commerce Rewa	1138162	Released to contractor date not mentioned on the register
						Sub Total	**1138162**	
		KCP-7/ 02DL/2005-06	816.19		802400 dated 09-10-06	Oriental Bank of Commerce Rewa	859796	Released to contractor date not mentioned on the register
						Sub Total	**859796**	
		Total	**4424.06**				**11888263**	
							Say	**₹ 1.19 crore**

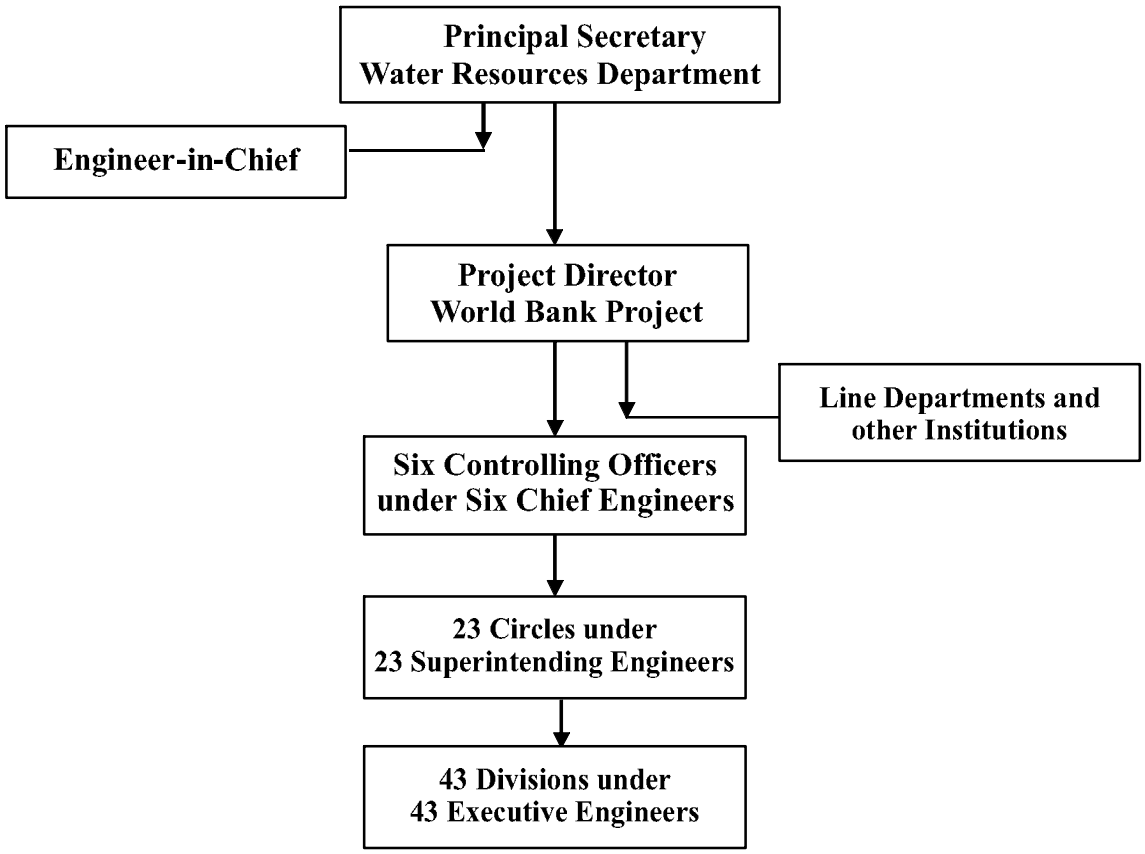
Appendix-1.10
(Reference: Paragraph 1.3.1, Page 38)

Map showing Project Basins under Madhya Pradesh Water Sector Restructuring Project



Appendix-1.11
(Reference: Paragraph 1.3.2, Page 38)

Organogram of Madhya Pradesh Water Sector Restructuring Project



Appendix-1.12
(Reference: Paragraph1.3.5, Page 39)

Statement showing details of selection of basins and divisions

1 **Basis of selection of Basins: -** Two basins (strata) viz Yamuna and Chambal , out of the five river basins were selected due to high risk factor and these basins covers three major projects.

2. **Basis of selection of Divisions:-**As per stratified random sampling Random number were selected

61424	20419	86546	00517
90222	27993	04952	66762
50349	71146	97668	86523
85676	10005	08216	25906
02429	19761	15370	43882
90519	61988	40164	15815
20631	88967	19660	89624
89990	78733	16447	27932

- **Selection of Random Number:-** first digit viz 6,9,5,8,2,7,of the columns number one and two

- **Selection of Divisions:-** Corresponding Units with reference to the random numbers and taking in to account the risk factors/expenditure/schemes being executed, selected from the list of units under each strata as detailed below

SL No	Name of Division	Basin	2005-06	2006-07	2007-08	2008-09	2009-10	Total
1	2	3	4	5	6	7	8	9
1.	WRD Gwalior	**Yamuna**	1331078	641041	2840281	1618271	26515288	32945959
2.	**WRD Morena**		1012000	3976000	87475000	407495090	384769000	**884727090**
3.	WRD Shivpuri		3816329	1175866	3950878	8829623	25266879	43039575
4.	WRD Bhind		0	2311300	714000	3457330	3457864	9940494
5.	**Dam Safety Division Gwalior**		0	0	951804	150876043	97811011	**249638858**
6.	**WRD Jaura**		0	480000	16456861	154257255	134352000	**305066116**
7.	**WRD Sabalgagh**		665899	1927418	34443515	93896218	334497423	**465430473**
8.	**WRD Sheopur**		4520862	1919509	205782036	414713514	625282600	**1252218521**
9.	**WRD Dabra**		37019000	272066000	457142469	243127877	374869000	**1384224346**
10.	WRD Gohad		0	249900	714000	2930730	2803805	6498435
1	WRD Raghogarh	Chambal Betwa	0	0	75600	75200	75600	226400

1	2	3	4	5	6	7	8	9
2	SAS 2 Vidisha		0	2843000	4880237	427255	56254000	64404492
3	WRD Guna		0	9205	19993	807709	904000	1740907
4	WRD Raisen		0	1275903	2124187	3185065	17953343	24538498
5	WRD Sehore		0	191440	501638	839349	4897158	6429585
6	WRD Ganjbasoda		86393	2590206	16139441	1289590	6408670	26514300
7	EE Kolar Canal Nasrullaganj		5066146	3422486	34385316	65475362	42472195	150821505
8	EE BVPP		61236285	28752957	212751589	651968816	126697388	1081407035
9	WRD Bhopal		6043041	2543583	9972288	13081587	9942244	41582743
10	WRD Rajgarh		0	0	302000	337900	822400	1462300
11	WRD Vidisha		173000	0	389508	19311829	2410200	22284537
12	WRD Asoknagar		1222500	2152400	5219445	37650448	57989636	104234429
13	WRD Narsinghgarhs		0	1201105	390808	575400	575400	2742713
14	Administrator PICU		9268997	10661395	9801992	11222523	153343747	194298654
15	Hydrometrology		115876	0	347402	215971	140273	819522
1	WRD Ujjain	Narmada	549970	6083686	10456102	5442576	27286003	49818337
2	WRD Neemuch		0	203000	1698196	10753585	37421106	50075887
3	WRD Gandhisagar		0	0	97360	46280	46000	189640
4	WRD Mandsur		0	377131	732519	341069	683696	2134415
5	WRD Dhar		0	1056784	544331	117608	209778	1928501
6	WRD Dewas		0	71925	202590	437899	1137089	1849503
7	WRD Shajapur		0	336803	468626	3949712	2306651	7061792
8	WRD Indore		25000	1714045	423148	9181	674846	2846220
1	WRD Dn1 Sagar	Dhasan Ken	2362408	5242036	6930117	2487484	1888517	18910562
2	WRD Dn1 Sagar		4214299	2784396	3406218	11853329	8233000	30491242
3	WRD Damoh		3883000	3239000	7942549	5432932	13654000	34151481
4	WRD Katni		0	1921368	3268612	4946436	11842049	21978465
5	WRD Tikamgarh		2312327	5377265	10294508	15310066	30697700	63991866
6	WRD Panna		3190709	9847037	13429263	4376846	1955938	32799793
7	WRD Nowgaon		1997000	5001292	20731651	5359526	7099306	40188775
8	WRD Pachamnagar		1262000	834000	4281900	5270426	4438389	16086715
1	WRD Rewa	Ganga	0	9080228	29953080	66587578	60389497	166010383
2	WRD Satna		4530302	5882835	4518879	8204464	14600356	37736836
Total 43 divisions								

Appendix 1.13
(Reference: Paragraph 1.3.6.1, Page 40)

[A] Statement showing delay in engagement of consultants

Sl. N.	Name of Agency	Name of Work	Contract Amount (INR Rs. In lakh)	Procure-ment Process Initiated	Date of engage-Ment	Time taken in agency fixation (months)	Period of Contract	Progress		Completion date/Extension of work since	Delay in service delivery (Months)
								Physical *(per cent)*	Financial (₹ in lakh)		
1	M/s Theovel Surveys	Topographic and Cadastral Survey	1388.30	20.04.04	15.12.05	20	30.03.2010 (24 months)	85	1056.6	14/12/2007 Extended upto 30/03/2010	30
2	Consultancy Engineering Servivces	Scheme Productivity Improvement	1349.66	10.03.05	11.01.08	34	10.01.2011 (36 months)	33	600.52	10-01-2011	-
3	JPS Associates (P) Ltd.	Development of Computerized Financial Management System	84.29	10.03.06	24.04.07	13	30.06.2009 (12 months)	60	57.04	23/10/2007 Extended upto 30/06/2010	32
4	DHI Water & Environment	Basic Training in Computer Use	362.13	09.06.06	04.12.08	30	03.06.2011 (24 months)	36	96.4	03-06-2011	-
5	Tech Mahindra Ltd.	Enterprise Information Management System	1500.47	10.03.05	12.08.08	41	11.08.2011 (36 months)	30	300.0	11-08-2011	-
6	SMEC India Pvt. Ltd.	Sindh Basin Water Quality Enhancement Project	140.39	23.01.06	15.10.08	33	15.06.2009 (12 months)	60	84.58	14/06/2009 Extended up to 30/06/2010	12
7	Dolphin Technology	Sustinable Basin Planning and Decision Support System (Sindh & Tons) In MP	599.30	10.03.05	07.11.08	44	06.05.2011 (30 months)	10	59.9	Terminated by PD WBP	-
8	SMEC International	Capacity Building for Water Users Associations	1636.50	10.03.05	29.03.07	24	28.03.2010 (36 months)	60	1036.18	28-03-2011	-
9	M/s DHV BV	Institutional Strengthening	712.06	10.03.05	11.01.08	34	15.01.2011 (36 months)	40	233.7	15-01-2011	-
10	M/s JPS Associates (P) Ltd.	Study Related to Assessment of Tourism Potential of Water Reservoirs in MP	115.17	06.12.05	11.01.08	25	10.01.2009 (6 months)	40	29.47	10/01/2009 Extended up to 30/06/2010	18

[B] Statement showing non-fixation of agency

S.N.	Name of Work	Status	Basic Cost in Rs. Lakhs	Revised Cost in Lakhs	Consultancy Period in months	Procurement Process Initiated	Agency Fixed Remark
1	Consultancy for Monitoring and Learning	Not fixed	300	1389		17.3.05	
2	Consultancy for Technical Examination of works	Not fixed	200	1460		10.03.05 re invited in May 2009	Rejected & to be re invited+
3	Consultancy for Research Programme on Reservoir Fish Production Enhancement	Not fixed	180	394			First call was terminated due to non responsive financial bid/ In pipeline. 3 more months are required to complete process
4	Consultancy for Research Programme on Improved Supplementary Feeds and Feedings	Not fixed	77	328			Yet to be initiated
5	Internal Auditor	Not fixed	0	101			Yet to be initiated

Appendix1.14

(Reference: Paragraph 1.3.9.2, Page 48)

Statement showing irregular payment for non-conducting of core tests

S. No.	Name of work	Agmt. No. Time & Document Type	RA Bill No. & voucher & Date	Amount Paid (upto date) (₹)	Full rate of lining (per cum) (₹)	80% rate of lining (per cum) (₹)	Difference in rates (per cum) (₹)	Quantity executed (in cum)	Irregular payment (₹)
1.	Water quality enhancement of swarnrekha River Gwalior	14/07.08 24 M NCB	49th 144 dt. 30.6.10	299614747.	3840	3072	758	19027.91	1,44,23,156
2.	Rehabilitation of Chambal Right Main Canal (CRMC) Km. 93-169	07/08-09 36 M ICB	17th 57/ 27.6.2010	1793,34,387	3100	2480	620	32735.01	2,02,95,706
3.	Rehabilitation of Ambah Branch canal (ABC) (Km. 0-143)	01/07-08 36 M ICB	34th 25/ 24.6.10	94,3499,970	4140	3312	828	131121.158	10,85,68,318
4.	Rehabilitation of Morena Branch Canal (MBC) (KM 0 to 36.10)	01/07-08 36m NCB	23rd 10/ 26.6.2010	30.19 crore	3645	2916	729	52284.19	3,81,15,174 (-) 2,00,000 3,79,15,174
5	CRMC Sheopur 60-93	25/2007-08 36 Months NCB	24th 08/20.05.2010	238625935	2960	2368	592	34684.40	2,05,33,164
6	D-9A, DH4 B & its minors (15)	01/2007-08 16 month NCB	14th RA 79/25.02.2009	10.23 crore	3000	2400	600	12976.50	77,85,900
7	D-15A to D17 (6) A -D & its minors	4/2007-08 24 month NCB	20th 10/4/10	30.84 crore.	3000	2400	600	19374.835	1,16,24,901
8	HMC 0-65	10/2005-06 16 month ICB	16/22.03.2006		2970	2376	594	75132.88	4,46,28,634
9	Kaithan Medium	02/2006-07 10 month NCB	21/31.08.2009 Final	26738370	2312.67	1850.14	462.53	1603.62	741729
									₹ 26,65,16,682

Appendix 1.15
(Reference: Paragraph 1.3.9.3, Page 49)

Statement showing extra cost due to irregular award of work

Sl. No.	Item	Quantity	Rate paid (₹)	Tendered Rate (₹)	Difference (₹)	Amount (₹)
1	Excavation	402578.20 cum	44.31/cum	36.00	8.31	3345425
2	Watering & Compaction	270672.90 cum	20.98/cum	12.60	8.38	2268239
3	Mechanized Trimming	333557.50 sqm	9.78/sqm	11.70	(-) 1.92	(-) 640430
4	Panel Joints	235416 meter	89.74/m	36.00	53.74	12651256
5	Precast Porous Concrete	31.31 cum	181.01	12.60	168.41	5273
6	CC 10 cm lining	43507.14 cum	3875.36/ cum	4050.00	(-)174.64	(-) 7598086
Total						**₹ 1,00,31,677**

Appendix 1.16
(Reference: Paragraph 1.3.10.1, Page 51)

Statement showing short receipts of performance security for unbalanced bids

S. No.	Name of work	Contract cost (in crore) tender%	Agmt. No. Time & Document Type	Amount of unbalanced bid to be submitted (₹)	Amount submitted for unbalanced bid (₹)	Short submission (₹)
1.	Water quality enhancement of swarn Rekha River Gwalior	37.84 (+) 19.25%	14/07.08 24 M NCB	20848100	1042405	19805695
2.	Rehabilitation of Chambal Right Main Canal (CRMC) Km. 93-169	63.94 (+) 8.85%	07/08-09 36 M ICB	36545000	1827260	34717740
3	Paronch dam and canal system Shivpuri	4.05 (-) 10.27%	02/08-09 24 M NCB	14640000	732000	13908000
4	Samrat Ashok Sagar Vidisha	40.91 (-) 7.6%	01/2009-10 28 M NCB	80146909	4007000	76139909
5	Kerwan Project Bhopal	3.71 (+) 39.98%	10/07-08 18 M NCB	1888674	0	1888674
6	Entkhedi,Parwalia, Kadampura tank & chanched Barrage	5.66 (+) 13.44%	18/2009-10 NCB	4150000	362000	3788000
7	CRMC Sheopur 0-60	145.69 (+) 58.88	15/2007-08 36 month ICB	226537974	9700000	216837974
8	CRMC Sheopur 60-93	52.99 (-) 3.73%	25/2007-08 36 Months NCB	28253757	1412688	26841069
9	D-9A, D-14 B & its minors (15)	10.65 (+) 32.26	01/2007-08 16 month NCB	6951000	350000	6601000
10	D-34 (A) and its minors	17.22 (-) 6.3%	3/2007-08 24 month NCB	27562495	1389000	26173495
11	D-15A to D17 (6) A-D & its minors	31-85 (+) 2.46%	4/2007-08 24 month NCB	34500000	1725000	32775000
12	Rehabilitation of Ambah Branch canal (ABC) (Km. 0-143)	86.71 (+) 9.15%	01/07-08 36 M ICB	65730673	3288000	62442673
13	Rehabilitation of Morena Branch Canal (MBC) (KM 0 to 36.10)	29.43 (+) 59.99%	01/07-08 36m NCB	23642998	1185200	22457798
14	Doraha tank Sehore	4.43 (-) 9.96%	91/2009-10 24 month NCB	1836810	95090	1741720
15	Jojan tank Vidisha	4.18	07/2008-09 NCB	1825460	91273	1734187
				₹ 575059850	**₹27206916**	**₹ 547852934**

Appendix 1.17
(Reference: Paragraph 1.3.10.2, Page 51)

Short/non-coverage of insurance

S. No.	Name of work	Type of project	Agmt. No. Time & Document Type	Work order No. & Date	Premium deductible (₹ lakh)	Insurance coverage provided (₹ lakh)	Non coverage/ Short coverage (₹ lakh)
1.	Water Quality Enhancement of Swarn Rekha River Gwalior		14/07.08 24 M NCB	1098/SAC 31.3.08	19.50	1.17	18.33
2.	Rehabilitation of Chambal Right Main Canal (CRMC) Km. 93-169	Major	07/08-09 36 M ICB	572/SAC 11.3.2008	41.00	-	41.00
3.	Rehabilitation of Ambah Branch canal (ABC) (Km. 0-143)	Major	01/07-08 36 M ICB	3795/SAC 22.12.07	50.00	-	50.00
4.	Rehabilitation of Morena Branch Canal (MBC) (KM 0 to 36.10)	Major	01/07-08 36m NCB	114/SAC 5.01.2008	25.00	-	25.00
5.	Paronch dam and canal system Shivpuri	Medium	02/08-09 24 M NCB	4536/SAC 27.9.08	9.70	-	9.70
6	Samrat Ashok Sagar Vidish	Major	01/2009-10 28 M NCB	553/SAC 15.02.2010	101.40	5.24	96.16
7	Entkhedi,Parwalia, Kadampura tank & chanched Barrage	Minor	NCB		11.96	-	11.96
8	Doraha tank Sehore	Medium	91/2009-10 24 M NCB	492/01.02.2010	11.45	-	11.45
09	Jojan tank Vidisha	Minor	07/2008-09 NCB		8.20	0.60	7.60
10	CRMC Sheopur 60-93	Major	25/2007-08 36 M NCB	842/08.03.2008	41.00	-	41.00
11	D-9A, DH4 B & its minors (15)	Major	01/2007-08 16 M NCB	282/31.07.2007	8.50	-	8.50
12	D-34 (1) and its minors	Major	3/2007-08 24 M NCB	538 dt. 8.2.08	11.4	-	11.40
13	D-15A to D17 (6) A-D & its minors	Major	4/2007-08 24 M NCB	540 dt. 8.2.08	16.20	-	16.20
14	HMC 0-65	Major	10/2005-06 16 M ICB	16/22.03.2006	20.00	-	20.00
					₹375.31	**₹ 7.01**	**₹368.30**

Appendix 1.18

(Reference: Paragraph 1.3.10.3, Page 52)

Statement showing non-imposition of liquidated damages

Name of work	Contract cost (in crore) tender%	Agreement No. Time	Work order No. & Date	RA Bill No. & voucher & Date	Amount Paid (upto date)	Mile stone not achieved	Delay in days	LD per days (₹)	Amount of LD (in ₹)	Amount Recovered on account of LD (in ₹)	Amount of LD to be recovered (in ₹)
Water quality enhancement of swarn Rekha River Gwalior	37.84 (+) 19.25%	14/07.08 24 M	1098/SAC 31.3.08	49th 144 30.6.10	299614747	II III	243 90	52583/- 105116/-	1,27,77,669 95,70,106	11,00,000	2,12,47,775
(CRMC) Km. 93-169	63.94 (+) 8.85%	07/08-09 36 M	572/SAC 11.3.2008	17th 57/ 27.6.2010	17,93,34,387	I(11/03/09 to 30/09/10) II(11/03/10to30/09/10)	569 204	88150/- 88150/-	5,01,57,300 2,39,70,000	1,85,65,000	5,55,62,300
CRMC Sheopur 0-60	145.69 (+) 58.88	15/2007-08 36 month	3858/15.11.2007	32nd RA 10/25.05.2010	99,02,13,125	I (15/11/08 to 17/05/09) II (15/11/09 to 30/09/10)	183 319	1,60,000 1,60,000	2,92,80,000 5,10,40,000	4,26,63,000	3,76,57,000
CRMC Sheopur 60-93	52.99 (-) 3.73%	25/2007-08 36 Months	842/08.03.2008	24th 08/20.05.2010	238625935	I (07/03/09 to 31.01.10) II (07/03/10 to 30/09/10)	330 207	82500 110200	2,72,25,000 2,28,11,400	24,24,000	4,76,12,400
D-9A, DH4 B & its minors (15)	10.65 (+) 32.26	01/2007-08 16 month	282/31.07.2007	14th RA 79/25.02.2009	10.23 crore	II (upto 30.06.09)	242	10000	2420000	0	2420000
D-34 (1) and its minors	17.22 (-) 6.3%	3/2007-08 24 month	538 dt. 8.2.08	24th 26/21.5.10	17,52,760.00	II III	245 113	30000 60000	73,50,000 67,80,000	0 0	1,41,30,000
D-15A to D17 (6) A-D & its minors	31.85 (+) 2.46%	4/2007-08 24 month	540 dt. 8.2.08	20th 10/4/10	30.84 crore.	-	143	156000	2,23,08,000	0	2,23,08,000
D 1 to D-8		02/2007-08 18 months	4961/24.12.2007	16th & Final 49/29.05.2010	8.68 crore	I II	272 99	15000 15000	40,80,000 14,85,000	0	55,65,000
Kaithan Medium		02/2006-07 10 month		21/31.08.2009 Final	26738370	Not achieved	-	0.50% per day of the value of delayed work	28,29,600	0	2829600
									₹27,40,84,075	**₹ 6,47,52,000**	**₹ 20,93,32,075**

Appendix 1.19
(Reference: Paragraph 1.3.10.4, Page 52)

Statement showing excess payment for use of PPC instead of OPC-43 grade cement

S. No.	Name of work	Agmt. No. Time & Document Type	RA Bill No. & voucher & Date	Amount Paid (upto date) (In ₹)	Qty of lining (In cum)	Qty of cement In MT	Rate difference in OPC & PPC (In ₹)	Amount recoverable (In ₹)
1.	Water quality enhancement of swarn Rekha River Gwalior	14/07.08 24 M NCB	49th 144/30.6.10	299614747.	19027.901	5708.373	@ 200/PMT	1141675
2.	Rehabilitation of Ambah Branch canal (ABC) (Km. 0-143)	01/07-08 36 M ICB	34th 25/24.6.10	94,3499,970	131121.158	39336.347	@ 200/PMT	7873269
3.	Rehabilitation of Morena Branch Canal (MBC) (KM 0 to 36.10)	01/07-08 36m NCB	23rd 10/26.6.2010	30.19 crore	52284.19	15685.257	@ 200/PMT	3137051
4	CRMC Sheopur 0-60	15/2007-08 36 month ICB	32nd RA 10/25.05.2010	99,02,13125	155919.334	76775.80	@ 200/PMT	15355160
5	CRMC Sheopur 60-93	25/2007-08 36 Months NCB	24th 08/20.05.2010	238625935	34684.4	9607.58	@ 200/PMT	1921516
6	D-34 (1) and its minors	3/2007-08 24 month NCB	24th 26/21.5.10	17,52,760.00	11386.987	3222.52	@ 200/PMT	644504
								₹ 3,00,73,175

Appendix 1.20
(Reference: Paragraph 1.3.11, Page 56)

Observations of the World Bank team on implementation of MPWSRP

Project Component	Key findings in brief	Ratings by the WB
Project management	Lack of due diligence in Management of contracts for Civil Works.	Moderately Unsatisfactory
Asset Modernisation	Performance of consultants continuously unsatisfactory despite several reminders to improve performance.	Unsatisfactory
Quality of SMP	The SMP did not matched with expectations envisaged in the project design and obligation of contract.	Unsatisfactory
Contract Management	Performance of WRD and WBP officers in monitoring the component progress continuously unsatisfactory	Unsatisfactory
Quality of Construction	Construction	Unsatisfactory

Appendix 2.1
(Reference: Paragraph 2.1.2, Page 61)

Statement of receipts of radio-diagnosis department for the period January 2004 to March 2008
(Amount in ₹)

Year	Receipt Books Amount	Amount changed by over writing	Total Amount to be credited	Amount Credited (as per audit report/annual accounts)	Amount not credited
2003-04 (January 2004 to March 2004)	108620	--	108620	77720	30900
2004-05	717250	112830	604420	152540	451880
2005-06	708540	97430	611110	192330	418780
2006-07	435430	17740	417690	321645	96045
2007-08	598270	40	598230	591590	6640
Total	**25,68,110**	**2,28,040**	**23,40,070**	**13,35,825**	**10,04,245**

Appendix 2.2
(Reference: Paragraph 2.2.1, Page 70)

Statement showing the status of display medium with mobile charger units as on March 2010

S.No	Name of the District	No. of units supplied		No. of units installed		No. of working units		No. of non-working units and reason for non-working								Total No of non-working units	
		WM	WFS	WM	WFS	WM	WFS	Uninstalled		Defective		Not operated		Units gone out of order during the warranty period			
								WM	WFS	WM	WFS	WM	WFS	WM	WFS	WM	WFS
1	Bhopal	17	21	17	21	Nil	Nil	Nil	Nil	-	-	17	21	-	-	17	21
2	Burhanpur	09	08	09	08	Nil	Nil	Nil	Nil	09	08	-	-	-	-	09	08
3	Chhatarpur	10	07	10	07	10	07	Nil	Nil	-	-	-	-	-	-	Nil	Nil
4	Damoh	11	07	09	07	09	07	02	Nil	-	-	-	-	-	-	02	Nil
5	Gwalior	13	13	05	06	05	06	08	07	-	-	-	-	-	-	08	07
6	Khandwa	11	06	11	06	03	03	Nil	Nil	-	-	-	-	08	03	08	03
7	Mandla	13	07	13	07	10	07	Nil	Nil	-	-	-	-	03	-	03	Nil
8	Morena	10	10	06	10	Nil	Nil	04	Nil	-	-	06	10	-	-	10	10
9	Raisen	12	08	03	06	Nil	Nil	09	02	-	-	03	06	-	-	12	08
10	Sehore	08	11	08	11	Nil	Nil	Nil	Nil	-	11	-	-	08	-	08	11
11	Shahdol	09	08	09	08	09	08	Nil	Nil	-	-	-	-	-	-	Nil	Nil
12	Sheopur	05	03	05	02	Nil	Nil	Nil	01	-	-	05	02	-	-	05	03
13	Shivpuri	09	06	09	06	09	06	Nil	Nil	-	-	-	-	-	-	Nil	Nil
14	Seoni	13	06	12	06	Nil	Nil	01	Nil	-	-	12	06	-	-	13	06
15	Umariya	07	06	02	02	02	02	05	04	-	-	-	-	-	-	05	04
Total		**157**	**127**	**128**	**113**	**57**	**46**	**29**	**14**	**09**	**19**	**43**	**45**	**19**	**03**	**100**	**81**

Appendix 2.3
(Reference: Paragraph 2.3.1, Page 73)

Avoidable payment on low power factor penalty and extra demand charges ₹ 54.59 lakh

(Amount in ₹)

Month/Year	Contract demand KVA	Maximum demand Recorded KVA	Billing demand KVA	Difference between maximum demand and Billing demand KVA	Paid Rupees per KVA	Excess Payment (₹)	Average Monthly Power factor percent	Low power factor percent	Low Power factor adjustment Charges (₹)
1	2	3	4	5	6	7(5x6)	8	9	10
07/2005	456	56	320	264	150	39600	13	77	74696
08/2005	456	100	342	242	150	36300	15	75	94122
09/2005	456	60	342	282	150	42300	45	45	66745
10/2005	456	128	342	214	150	32100	61	29	62656
11/2005	456	168	342	174	150	26100	43	47	119513
12/2005	456	212	342	130	150	19500	43	47	112905
01/2006	456	184	342	158	150	23700	41	49	120212
02/2006	456	236	342	106	150	15900	43	47	114614
03/2006	456	172	342	170	150	25500	45	45	121530
04/2006	456	136	456	320	200	64000	48	42	70773
05/2006	456	188	456	268	200	53600	49	41	64845
06/2006	456	152	456	304	200	60800	52	38	62148
07/2006	456	144	456	312	200	62400	44	46	70742
08/2006	456	136	456	320	200	64000	45	45	53049
09/2006	456	112	456	344	200	68800	46	44	39080
10/2006	456	144	456	312	200	62400	46	44	72520
11/2006	456	352	456	104	200	20800	43	47	68060
12/2006	456	216	456	240	200	48000	39	51	82914
01/2007	456	204	456	252	200	50400	33	57	83182
02/2007	456	196	456	260	200	52000	31	59	74630
03/2007	456	144	456	312	200	62400	34	56	73203

1	2	3	4	5	6	7(5x6)	8	9	10
04/2007	456	144	410	266	200	53200	42	48	86923
05/2007	456	160	410	250	200	50000	42	48	71053
06/2007	456	148	410	262	200	52400	36	54	75478
07/2007	456	152	410	258	200	51600	35	55	72912
08/2007	456	128	410	282	200	56400	85	05	7832
09/2007	456	152	410	258	200	51600	37	---	16070
10/2007	456	164	410	246	200	49200	29	61	69826
11/2007	456	176	410	234	200	46800	28	62	69115
12/2007	456	184	410	226	200	45200	28	62	66450
01/2008	456	188	410	222	200	44400	29	61	75629
02/2008	456	224	410	186	200	37200	29	61	76939
03/2008	456	164	410	246	200	49200	31	59	81722
04/2008	456	200	410	210	200	42000	36	54	90640
05/2008	456	196	410	214	200	42800	40	50	66728
06/2008	225	180	203	23	200	4600	34	56	98954
07/2008	225	164	203	39	200	7800	36	54	78939
08/2008	225	160	203	43	200	8600	36	54	66909
09/2008	225	178	203	25	200	5000	34	56	71690
10/2008	225	199	203	04	200	800	29	61	72587
11/2008	225	177	203	26	200	5200	25	65	69100
12/2008	225	157	203	46	200	9200	27	63	71051
01/2009	225	136	203	67	200	13400	29	61	66409
02/2009	225	137	203	66	200	13200	29	61	61682
03/2009	225	134	203	69	200	13800	37	53	50015
04/2009	225	104	203	99	200	19800	40	50	47538

1	2	3	4	5	6	7(5x6)	8	9	10
05/2009	225	113	203	90	200	18000	50	40	39300
06/2009	225	120	203	83	200	16600	50	40	39360
07/2009	225	107	203	96	200	19200	45	45	50456
08/2009	225	101	203	102	200	20400	47	43	23043
09/2009	225	104	203	99	200	19800	46	44	19894
10/2009	225	199	203	04	200	800	29	61	21714
11/2009	225	199	203	04	200	800	29	61	21714
12/2009	225	199	203	04	200	800	29	61	21714
01/2010	225	111	203	92	200	18400	37	53	18844
					Total	**18,18,800**		**Total**	**36,39,869**

Note: The Agreement was revised with effect from 1 April 2008 but the billing for April and May 2008 was made as per old agreement.

Appendix 2.4
(Reference: Paragraph 2.3.2 , Page 74)

Statement showing avoidable payment on low power factor penalty

(Amount in ₹)

Month/Year	Contract Demand	Maximum demand recorded	Billing Demand	Difference between Maximum demand and Billing demand	Rate per KVA (in ₹)	Excess Payment	Average Monthly power factor percent	Low power factor percent	Low power factor adjustment charges
1	2	3	4	5	6	7	8	9	10
06/2002	3000 KVA	435	2250	1815	130	2,35,950	80	10	116623.98
07/2002	3000 KVA	395	2250	1855	130	2,41,150	83	07	72363.51
08/2002	3000 KVA	440	2250	1810	130	2,35,300	87	3	23673.15
09/2002	3000 KVA	400	2250	1850	130	2,40,500	90	Nil	Nil
10/2002	3000 KVA	405	2250	1845	130	2,39,850	89	1	7022.20
11/2002	3000 KVA	300	2250	1950	130	2,53,500	86	4	18825.96
12/2002	3000 KVA	450	2250	856	130	111280	87	3	
				944	134	126496			5689.32
01/2003	3000 KVA	--	2250	--	--	--	--	--	--
02/2003	3000 KVA	--	2250	--	--	--	--	--	--
03/2003	3000 KVA	490	2250	1760	134	2,35,840	79	11	108138.44
04/2003	3000 KVA	555	2250	1695	134	227130	83	7	87209.37
05/2003	3000 KVA	540	2250	1710	134	229140	82	8	123515.43
06/2003	3000 KVA	535	2250	1715	134	229810	83	7	99562.82
07/2003	3000 KVA	500	2250	1750	134	234500	85	5	53313.93
08/2003	3000 KVA	515	2250	1735	134	232490	82	8	109750.96
09/2003	3000 KVA	500	2250	1750	134	234500	80	10	131706.75
10/2003	3000 KVA	390	2250	1860	134	249240	79	11	129477.10
11/2003	3000 KVA	470	2250	1780	134	238520	83	7	49221.14
12/2003	3000 KVA	----	2250	----	--	--	90	--	--

1	2	3	4	5	6	7	8	9	10
01/2004	3000 KVA	----	2250	----	--	--	90	--	--
02/2004	3000 KVA	520	2250	1730	134	231820	87	3	17803.08
03/2004	3000 KVA	590	2250	1660	134	222440	82	8	77558.80
04/2004	3000 KVA	550	2250	1700	134	227800	83	7	82341.00
05/2004	3000 KVA	590	2250	1660	134	222440	81	9	135870.80
06/2004	3000 KVA	650	2250	1600	134	214400	82	8	119000.20
07/2004	3000 KVA	570	2250	1680	134	225120	83	7	98627.40
08/2004	3000 KVA	590	2250	1660	134	222440	80	10	161688.00
09/2004	3000 KVA	560	2250	1690	134	226460	81	9	134299.10
10/2004	3000 KVA	560	2250	1690	134	226460	79	11	140085.10
11/2004	3000 KVA	470	2250	1780	134	238520	78	12	107239.80
12/2004	3000 KVA	430	2250	1820	134	243880	84	6	41202.00
01/2005	3000 KVA	--	--	--	--	--	--	--	--
02/2005	3000 KVA	490	2250	1760	350	616000	81	9	135034.25
03/2005	3000 KVA	--	--	--	--	--	--	--	--
04/2005	3000 KVA	520	2250	1730	350	6,05,500	77	13	264678.75
05/2005	3000 KVA	520	2250	1730	350	6,05,500	78	12	257625.75
06/2005	3000 KVA	510	2250	1740	350	6,09,000	79	11	237303.00
07/2005	3000 KVA	500	2250	516 1234	350 150	180600 185100	80	10	 166434.54
08/2005	3000 KVA	480	2250	1770	150	2,65,500	82	08	112640.00
09/2005	3000 KVA	490	2250	1760	150	2,64,000	81	09	131193.40
10/2005	3000 KVA	430	2250	1820	150	2,73,000	84	06	59176.60
11/2005	3000 KVA	467	2250	1783	150	2,67,450	82	08	105547.35
12/2005	3000 KVA	467	2250	1783	150	2,67,450	82	08	103472.70
01/2006	3000 KVA	1900	2250	350	150	52,500	90	Nil	Nil
02/2006	3000 KVA	1760	2250	490	150	73,500	82	08	154767.80
03/2006	3000 KVA	1580	2250	670	150	1,00,500	79	11	264513.20
04/2006	3000 KVA	1880	2675	795	150	1,19,250	77	13	438132.10
05/2006	3000 KVA	2060	3000	940	200	1,88,000	81	09	316418.70
06/2006	3000 KVA	2100	3000	900	200	1,80,000	83	07	238220.55

1	2	3	4	5	6	7	8	9	10
07/2006	3000 KVA	495	3000	2505	200	5,01,000	93	Nil	Nil
08/2006	3000 KVA	495	3000	2505	200	5,01,000	90	Nil	Nil
09/2006	3000 KVA	485	3000	2515	200	5,03,000	87	03	16898.10
10/2006	3000 KVA	465	3000	2535	200	5,07,000	87	03	12765.41
11/2006	3000 KVA	385	3000	2615	200	5,23,000	91	Nil	Nil
12/2006	3000 KVA	1065	3000	1935	200	3,87,000	92	Nil	Nil
01/2007	3000 KVA	1150	3000	1850	200	3,70,000	91	Nil	Nil
02/2007	3000 KVA	475	3000	2525	200	5,05,000	89	01	2867.70
03/2007	3000 KVA	435	3000	2565	200	5,13,000	82	8	31588.15
04/2007	3000 KVA	445	2850	2405	200	4,81,000	86	4	10500.73
05/2007	3000 KVA	555	2700	2145	200	4,29,000	84	6	49574.00
06/2007	3000 KVA	560	2700	2140	200	4,28,000	81	9	104026.00
07/2007	3000 KVA	590	2700	2110	200	4,22,000	82	8	100122.00
08/2007	3000 KVA	545	2700	2155	200	4,31,000	83	7	79551.00
09/2007	3000 KVA	570	2700	2130	200	4,26,000	82	8	91795.00
10/2007	3000 KVA	520	2700	2180	200	4,36,000	81	9	74386.00
11/2007	3000 KVA	1170	2700	1530	200	3,06,000	87	3	8028.96
12/2007	3000 KVA	495	2700	2205	200	4,41,000	83	7	34398.00
01/2008	3000 KVA	580	2700	2120	200	4,24,000	86	4	19964.00
02/2008	3000 KVA	550	2700	2150	200	4,30,000	87	3	12942.00
03/2008	3000 KVA	520	2700	2180	200	4,36,000	83	7	42273.00
04/2008	3000 KVA	640	2700	2060	200	4,12,000	74	16	196128.00
05/2008	3000 KVA	670	2700	2030	200	4,06,000	69	21	302845.00
06/2008	3000 KVA	660	2700	2040	200	4,08,000	71	19	280038.00
07/2008	3000 KVA	615	2700	2085	200	4,17,000	79	11	130866.00
08/2008	3000 KVA	545	2700	2155	200	4,31,000	83	7	73449.00
09/2008	3000 KVA	625	2700	2075	200	4,15,000	81	9	107055.00
10/2008	3000 KVA	535	2700	2165	200	4,33,000	84	6	48804.00
11/2008	3000 KVA	448	2700	2252	200	4,50,400	94	Nil	Nil
12/2008	3000 KVA	480	2700	2220	200	4,44,000	96	Nil	Nil
01/2009	3000 KVA	504	2700	2196	200	4,39,200	95	Nil	Nil

1	2	3	4	5	6	7	8	9	10
02/2009	3000 KVA	432	2700	2268	200	4,53,600	92	Nil	Nil
03/2009	3000 KVA	488	2700	2212	200	4,42,400	84	6	32312.00
04/2009	3000 KVA	500	2700	2200	200	4,40,000	85	5	34572.00
05/2009	3000 KVA	618	2700	2082	200	4,16,400	81	9	116251.20
06/2009	3000 KVA	667	2700	2033	200	4,06,600	84	6	56896.00
07/2009	3000 KVA	702	2700	1998	200	3,99,600	75	15	234000.00
08/2009	3000 KVA	621	2700	2079	200	4,15,800	78	12	172011.20
09/2009	3000 KVA	627	2700	2073	200	4,14,600	82	8	89302.40
10/2009	3000 KVA	568	2700	2132	200	4,26,400	83	7	61171.20
Total	--	--	--	--	--	**2,86,20.826**	--	--	**78,64,349.08**

Note:- The bill for six months (January, February and December 2003, January 2004 and January and March 2005) were not made available to audit.

Appendix 2.5
(Reference: Paragraph 2.3.3, Page 76)

Statement showing provisions in the Unified Schedule of Rates containing rates for items of earthwork and lead payments

Item No.	Nomenclature of item	Rate per cu m (in ₹)
Item no 415 (c) as per USR 2003	Earth work for bund and for canal banks needing dam specification in hearting or casing with approved soils including dressing, bre aking of clods, lying in layers of 15 cm thickness, cutting and finishing U/S and D/S slops of bunds including 50 m lead and 1.5 m lift of all materials and al other charges but excluding watering and compaction	20.90
Item No. 2903(4)	Lead of earth seven km	66.87
	Tender percentage (+) 3.914 % Add	3.44
	Total	**91.21**
Item no 415 (a) (iii) as per USR 2003	Earth work for bunds in hearting or casing with approved soil, including dressing, breaking clods, lying in layers or 15 cm thickness, cutting and finishing U/S & D/S slopes of bunds. (iii) All lead and lifts beyond two km of all materials and al others charges but excluding watering and compaction.	42.80
	Tender percentage (+) 3.914 %	Add 1.68
	Total	**44.48**

Appendix 2.6
(Reference: Paragraph 2.3.5, Page 79)

Statement showing details of interest not recovered on unrecovered machinery advance

Sl No.	Vr. No. / Dare	Machinery Advance (in ₹)	Advance recovered (in ₹)	Reducing balance (in ₹)	Interest Bearing balance in (in ₹)	Rate p.a.* (in %)	No. of months	Amount of Interest not levied and recovered (in ₹)
1	148/ 31.03.08	72800000	0	72800000	72800000	7.24	13	5709947
2	1/4.5.09	72800000	6015973	66784027	66784027	7.24		0
3	3/19.05.09	66784027	5750000	61034027	61034027	7.24	2	736477.3
4	17/11.06.09	61034027	6875945	54158082	54158082	7.24	1	326753.8
5	1/08.07.09	54158082	500000	53658082	53658082	7.24	1	323737.1
6	3/05.08.09	53658082	-1025000	54683082	54683082	7.24	1	329921.3
7	1/02.09.09	54683082	3380388	51302694	51302694	7.24	1	309526.3
8	1/01.10.09	51302694	1079264	50223430	50223430	7.24		0
9	18/08.10.09	50223430	4660903	45562527	45562527	7.24		0
10	46/30.10.09	45562527	1982959	43579568	43579568	7.24	1	262930.1
11	7/13.11.09	43579568	857417	42722151	42722151	7.24		0
12	14/23.11.09	42722151	600000	42122151	42122151	7.24	1	254137
13	2/05.12.09	42122151	283500	41838651	41838651	7.24	1	252426.5
14	15/14.01.10	41838651	5918972	35919679	35919679	7.24	1	216715.4
15	33/26.02.10	35919679	5159890	30759789	30759789	7.24	1	185584.1
16	02/13.03.10	30759789	14842942	15916847	15916847	7.24	1	96031.64
17	05/30.04.10	15916847	4925168	10991679	10991679	7.24	7	464215.2
						Total Interest		**9468402**

*** Average borrowing rate of Government** **Say ₹ 94.68 lakh**

Appendix 2.7
(*Reference: Paragraph 2.3.7, Page 82)*

Statement showing details of loss to Government due to non-forfeiture of additional security deposit and security deposit

Items	Agreemented quantity	Estimated rates (₹ Per unit)	Agreemented rates (₹ Per unit)	Overall percentage 1.06 percent below (₹ Per unit)	Executed quantity	Rate difference (₹ Per unit)	Amount of additional Security deposit (₹)
Item No. 1 Excavation in soils	244244.07 cum	23.10	27	22.86	267458.01	4.14	1107276
item no. 4 Cement Concrete 1:3:6	22291.482 cum	1176.18	1500	1163.71	14900.13	336.29	5010725
item No. 6 Cement Concrete 1:3:6	4933.96 cum	1028.96	1500	1018.05	2622.81	481.95	1264063
item No. 8 Reinforcement Cement Concrete 1:2:4	4292.449 cum	2577.97	2600	2550.64	3763.11	49.36	185747
item No.9 Reinforcement Cement Concrete	50.285 cum	2466.44	2800	2440.30	47.64	359.70	17136
item No.10 steel RCC	418983 kg	24.10	30	23.84	435258.72	6.16	2681194
Sub Total (additional security deposit)							**₹ 102,66,141**
(+) Security Deposit not forfeited							**₹ 55,92,000**
Total							**₹ 1,58,58,141**

Appendix 2.8
(*Reference: Paragraph 2.3.7, Page 82)*

Statement showing details of excess payment of price escalation for the extended period

S. No.	Period	Amount paid for labour (₹)	Amount paid for Material (₹)	Amount paid for POL (₹)	Total amount paid (₹)
1.	01/07 to 03/07	571005	162923	98633	832561
2.	04/07 to 06/07	324458	103584	41015	469057
3.	07/07 to 09/07	566171	173247	57161	796579
4.	01/08 to 03/08	536722	221756	63459	821937
				Total	**29,20,134**

Appendix 2.9
(Reference: paragraph 2.4.2, page 84)

Statement showing estimated quantities, tendered quantities and executed quantities of Gawlan bridge

Item No.	Item	Estimated Quantity	Quantity provided in schedule of agreement	Executed quantit y (agreed plus 10 per cent)
1.	Providing & Placing RCC M-20	1035.21 cum	665 cum	729.60 cum
2.	Providing & Placing CC 1:2:4 M-15 with 40 mm	1032.88 cum	663 cum	727.61cum
3.	Providing & Placing M – 25 with 20mm	453.28 cum	317.30 cum	0.00
4.	Supplying and fixing steel reinforcement	71395 kg	62,041 kg	29,685.00 kg

Appendix 2.10
(Reference: paragraph 2.4.2, page 85)

Statement showing details of unauthorised payment of unbalanced items at full quoted rates

S. No.	Item	Agreemented quantity (in cum)	Executed quantity (in cum)	Agreement Rate (per cum)	Estimated rate (per cum)	Overall percentage 10.61% above	Rate difference (in ₹)	Excess payment (in ₹)
1.	No. 5 - P/P in position M-20 concrete	665	729.60	6500	3100.65	3430	3070	22,39,872
2.	No. 6- Providing RCC 1:2:4 M-15	663	727.61	6500	2932	3243.4	3256.6	23,69,534
							Total	**46,09,406**
							Deduct 17 percent rebate offered by the contractor (-)	**7,83,599**
							Excess payment to the contractor	**38,25,807**

Appendix 2.11
(Reference: Paragraph2.5.2, Page 87)

Statement showing outstanding inspection reports and paragraphs of various departments as on 30 June 2010

SN	Name of the department	No. of Inspection reports	No. of Paragraphs
1	Panchayat and Rural Development	135	486
2	Public Health and Family Welfare	551	1513
3	Revenue	222	446
4	Medical Education	159	444
5	Finance	564	853
6	Co-operation	295	956
7	Education	1787	4361
8	Agriculture	663	1751
9	Housing and Environment	157	485
10	Registration and Stamps	59	127
11	Public Relation	48	92
12	Panchayat and Social Welfare	99	187
13	Women and Child Development	267	654
14	Animal Husbandry	238	691
15	Police	281	620
16	Law and Legislative affairs	226	326
17	Horticulture	193	575
18	Labour and Employment	117	292
19	Jail	120	295
20	Rural Industry	163	457
21	Home Guard and Civil Security	61	103
22	Planning Economics and Statistics	145	440
23	Sericulture	46	136
24	Fisheries	57	151
25	Scheduled Tribes and Scheduled Castes Welfare	378	768
26	Industries	295	763
27	General Administration	348	1084
28	Energy	12	16
29	State Excise	50	67
30	Commercial Tax	86	134
31	Archaeological and Museum.	45	85
32	Rehabilitation	30	79
33	Printing and Stationery	25	83
34	Ayacut	23	49
35	Urban Administration	99	331
36	Mining	16	33
37	Weights and Measurement	16	33
38	Tourism	7	33
39	Social justice	215	555
40	Narmada Valley Development Authority	66	140
41	Food, Civil supplies and Consumer Protection	82	186
42	Misc. Deptt. (PSC, Ad. Academy, State Garage enquiry Commission. NCC, Election etc.)	567	1557
	Total	**9,013**	**22,437**

Appendix 2.12
(Reference: Paragraph2.5.2, Page 87)

Statement showing year-wise position of outstanding inspection reports and paragraphs in respect of departments shown in Appendix 2.11

Year	No. of Inspection Reports	No. of Paragraphs
Up to 2004-05	5112	10526
2005-06	674	1571
2006-07	631	1664
2007-08	930	2669
2008-09	800	2876
2009-10	866	3131
Total	**9,013**	**22,437**

Appendix 2.13
(Reference: Paragraph 2.5.2, page 87)

Statement showing outstanding inspection reports and paragraphs of various Works and Forest departments as on 30 June 2010.

Sl No.	Name of department	No. of inspection report	No. of paragraphs
1	Forest	404	779
2	Water Resources	1460	4957
3	Public Works	1055	4776
4	Public Health Engineering (PHE)	570	2318
5	Narmada Valley Development		
	(i) Irrigation	371	973
	(ii) Building/ Roads	50	121
	(iii) PHE (NVDA)	9	23
6	Panchayat and Rural Development (MPRRDA)	266	1355
7	Housing and Environment (Capital Project Construction)	77	249
8	Bhopal Gas Rahat (Works units)	14	32
	Total	**4276**	**15583**

Appendix-2.14
(Reference: Paragraph 2.5.2, page 87)

Statement showing year-wise position of outstanding inspection reports and paragraphs in respect of departments shown in Appendix-2.13

Year	No. of inspection reports	No. of paragraphs
Up to 2004-05	2265	6679
2005-06	363	1488
2006-07	393	1696
2007-08	453	2011
2008-09	466	2066
2009-10	336	1643
Total	**4276**	**15583**

Appendix 2.15
(Reference: Paragraph 2.5.2, Page 87)

Statement showing position of number of Audit Report paragraphs/reviews on which departmental replies were awaited as on 31 August 2010

Year of Audit Report	Date of presentation of Report in State Legislature	Number of paragraphs/Reviews
Audit Report (Civil) No-3 1999-2000	14 September 2001	1
Audit Report (Civil) 2003-04	4 January 2006	1
Audit Report (Civil) 2004-05	24 March 2006	1
Audit Report (Civil) 2005-06	26 July 2007	22
Audit Report (Civil) 2006-07	19 March 2008	20
Audit Report (Civil) 2007-08	21 July 2009	19
	Total	**64**

Appendix-2.16
(Reference: Paragraph 2.5.2, Page 87)

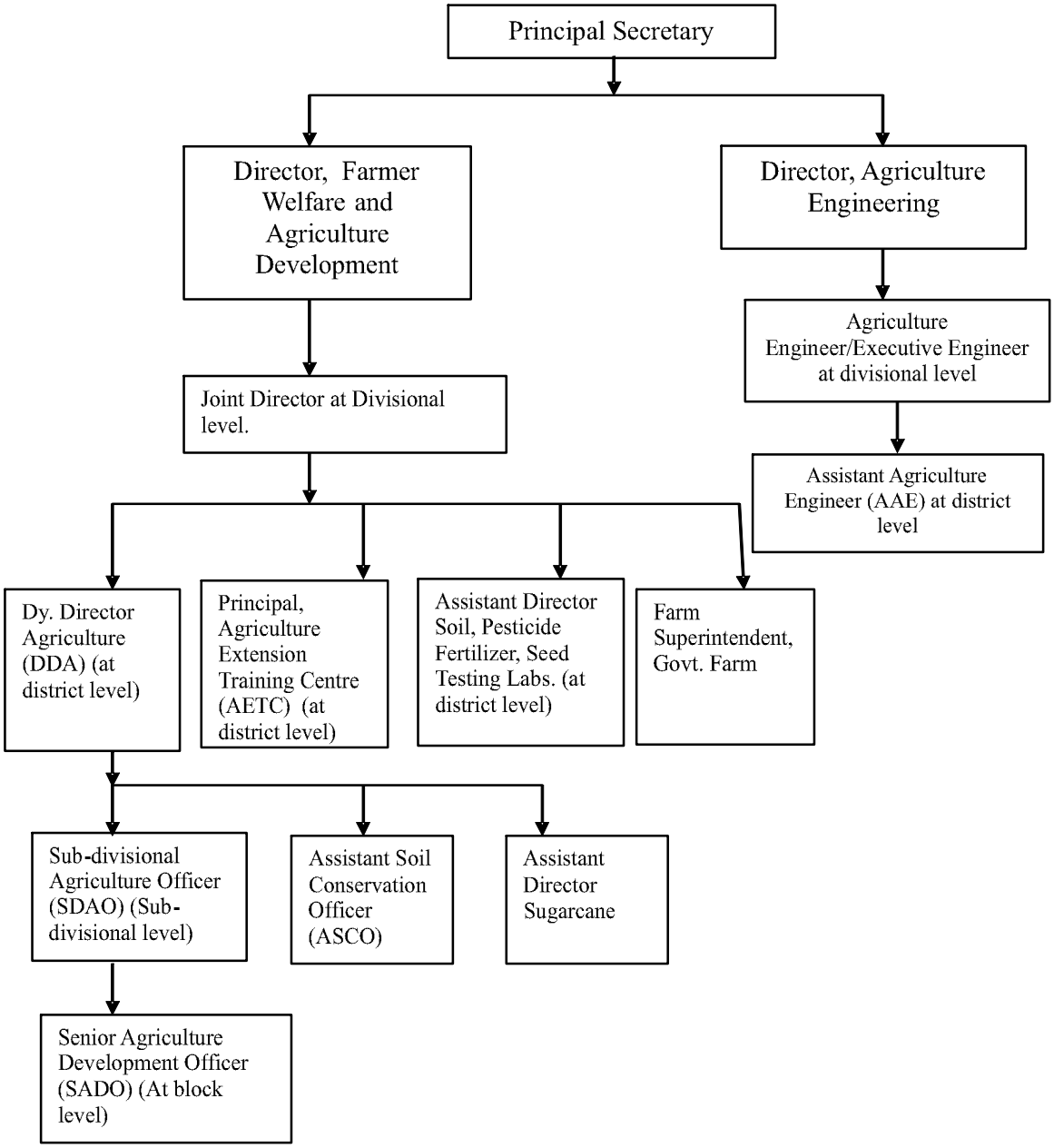
Statement showing year-wise and department-wise position of Audit Report paragraphs/reviews on which departmental Action Taken Notes on PAC Reports are pending as on August 2010

Departments	YEAR OF AUDIT REPORT																			
	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	Total
Public Health and Family Welfare	5	7	8	3			6		1		4		1	2	5		2	2		**46**
Revenue		3						1			3	1	4	1		2		1		**16**
Medical Education											3	1				1	1			**6**
Co-operation									3		1		4	4			1			**13**
School Education					1	3	2	4	3	4		4		1	2	1	2	1		**28**
Agriculture		2		2	2	3	4	1			7				1				2	**24**
Housing and Environment						1				1				1	1	1				**5**
PublicRelation																	1			**1**
Panchayat and Social Welfare	2			1									1	1						**5**
Women and Child Development					1				1			1			1			1	1	**6**
Animal Husbandry			3		3				1	2			2	2						**13**
Police					1										1					**2**
Labour and Employment				1	1							1						1		4
Jail									3											**3**
Rural Industry									1		1				1					**3**
Technical Education															1					**1**
Higher Education															2					**2**
Manpower Planning					2															**2**
Planning, Economics and Statistics														2						**2**
Fisheries											1						1			**2**
Scheduled Tribes and Scheduled Castes Welfare			2		2			4	4		3	1	1	2	3					**22**
Industries			2				3	1	3	4		3							1	**17**
General Administration												2			1					**3**

Departments	YEAR OF AUDIT REPORT																			
	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	Total
Commercial Tax															1					**1**
Ayacut	1				1															**2**
Urban Administration	1				1		1							3			1			**7**
Culture	1				1															**2**
Rehabilitation												1								**1**
Food, Civil Supplies and Consumer Protection							1						1							**2**
Dairy Development								1												**1**
Finance											1									**1**
Home											1									**1**
Bhopal Gas Tragedy (Relief and Rehabilitation)					1							1	1							**3**
Panchayat and Rural Development		2		4	2	3			7		9	13	4	5		3				**52**
Public Works	4	2	6	7	4	3	2	4	4	2	7	5	9		8	1	7			**75**
Water Resources	25	31	30	13	13	13	2	7	6	6	4	3	7	5	2	2	4			**173**
Public Health Engineering	1	1	2	6	2	2	2	1	5	2	1	1	3	1	2	2	3			**37**
Narmada Valley Development			1				2	3	3	2	1	1	1	1		2	1	2		**20**
Housing and Environment (Capital Project Works)								2	1	1	4	4	1	1	1					**15**
Bhopal Gas Rahat (Works)								3		1		1								**5**
Total	**40**	**48**	**54**	**37**	**38**	**28**	**25**	**32**	**46**	**25**	**51**	**44**	**40**	**32**	**33**	**15**	**24**	**08**	**04**	**624**

Appendix 3.1
(Reference: Paragraph 3.1.2, Page 91)

Organisational set-up of Farmers Welfare and Agriculture Development Department



Appendix 3.2
(Reference: Paragraph. 3.1.8.2, Page 101)

Statement showing targets and achievements in respect of procurement, production and distribution of seeds

(units in MT)

Seed Component	Scheme	2005-06			2006-07			2007-08			2008-09			2009-10		
		T	A	Percentage of Shortfall	T	A	Percentage of Shortfall	T	A	Percentage of Shortfall	T	A	Percentage of Shortfall	T	A	Percentage of Shortfall
Procurement of breeder Seed	NPDP[1]	169	188	Nil	375	166	55.73	399	99.6	75.03	200	42.4	78.8	50	57	Nil
	OPP	300	171	43	556	528	5.03	499	973	Nil	400	380.6	4.85	600	513	14.5
	IMDP	0.4	1.3	Nil	5.7	0.4	92.98	2.1	0.5	76.19	5.0	2.0	60	3.0	0.9	70
	ICDP-Cotton	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NIl
	ICDP-Rice and CC	260	200	23.07	245	358	Nil	250	205	18	300	299	0.33	Nil	Nil	Nil
	NFSM	Nil	Nil	Nil	Nil	Nil	Nil	190.6	13.2	93.07	162	108	33.33	515	305	40.77
Production of foundation seed	NPDP	1120	1088	2.86	1440	1090	24.31	6999	1136	83.77	2500	621	75.16	250	415	Nil
	OPP	9000	8711	3.21	4000	6447	Nil	8000	4888	38.9	1000	4470	Nil	4533	5096	Nil
	IMDP	20	9.4	53	Nil	6.3	Nil	50.7	3.0	94.08	100	31.6	68.4	50	39	22
	ICDP-Cotton	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ICDP-Rice and CC	11356	5252	53.75	13497	2900	78.51	13497	4024	70.19	2200	3166	Nil	Nil	Nil	Nil
	NFSM	Nil	Nil	Nil	Nil	Nil	Nil	2000	1752	12.4	2000	5730	Nil	6600	6249	5.32

1 *NPDP-National Pulse Development Programme (ISOPOM-Pulse), OPP- Oilseed Production Programme (ISOPOM- Oilseed), IMDP-Integrated Maize Development Programme (ISOPOM- Maize), ICDP (Cotton)- Intensive Cotton Development Programme.*

Seed Component	Scheme	2005-06			2006-07			2007-08			2008-09			2009-10		
		T	A	Percentage of Shortfall	T	A	Percentage of Shortfall	T	A	Percentage of Shortfall	T	A	Percentage of Shortfall	T	A	Percentage of Shortfall
Production of certified seed	**NPDP**	3306	2312	30.07	3156	1702	46.07	10000	1753	82.47	4000	560	86	1400	887	36.64
	OPP	12500	8117	35.06	12000	11084	7.63	10000	10290	Nil	7000	17184	Nil	15886	14856	6.48
	IMDP	80	0.6	99.25	Nil	11.6	Nil	303	6.9	97.72	300	2.7	99.1	50	18.5	63
	ICDP-Cotton	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ICDP-Rice and CC	10607	10607	Nil	14104	4763	66.23	14104	5781	59.01	2320	9182	Nil	100	1.0	99
	NFSM	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	15200	13974	8.07
Distribution of certified seed	**NPDP**	2500	2324	7.04	4290	1987	53.68	13500	2402	82.21	6000	821	86.32	3000	1521	49.3
	OPP	20420	14783	27.61	17035	19108	Nil	16999	19176	Nil	15000	20756	Nil	49415	16595	66.42
	IMDP	100	8.9	91.1	500	34.2	93.16	252	13	94.84	400	14.6	96.35	50	70	Nil
	ICDP-Cotton	21	10.9	48.1	11.5	8.8	23.48	6.3	1.8	71.43	9.8	0.04	99.59	Nil	Nil	Nil
	ICDP-Rice and CC	8750	5920	32.34	3999	5689	Nil	3999	3370	15.73	3142	4526	Nil	4615	4185	9.32
	NFSM	Nil	Nil	Nil	Nil	Nil	Nil	22500	67512	Nil	35792.50	15382	57.02	31200	22253	28.68
	Seed Village Scheme	Nil	Nil	Nil	7176.50	1413.80	80.30	3843.00	2301.10	40.12	2049.30	1231.30	39.92	4003.20	2275.60	43.16

Appendix 3.3
(Reference: Paragraph 3.1.8.3, Page 102)

Details showing targets and achievements of demonstrations

(in hectares)

Name of Scheme	Year	Target	Achievement	Percentage of Shortfall	Subsidy Paid (₹ in lakh)
National Pulse Development Programme	2005-06	Nil	Nil	Nil	Nil
	2006-07	939	486	48.24	4.83
	2007-08	1584	1313	17.11	10.94
	2008-09	10000	16728	Nil	418.2
	2009-10	800	593	25.88	8.77
Oilseed Production Programme	2005-06	Nil	Nil	Nil	Nil
	2006-07	939	563	40.04	6.77
	2007-08	1437	569	60.4	7.82
	2008-09	17000	18358	Nil	433.95
	2009-10	7947	8466	Nil	125.31
Integrated Maize Development Programme	2005-06	Nil	Nil	Nil	Nil
	2006-07	882	335	62.02	1.13
	2007-08	1589	74	95.34	1.95
	2008-09	3000	870	71	2.94
	2009-10	1148	325	71.69	5.64
IDCP-Rice, wheat, coarse cereal	2005-06	20	20	Nil	20
	2006-07	16.32	6.046	62.95	6.154
	2007-08	16.32	3.3	79.78	3.79
	2008-09	6.84	2.16	68.42	4.86
	2009-10	3125	1569	49.79	66.33
IDCP-Cotton	2005-06	31	46	Nil	1.7
	2006-07	4	22	Nil	1.05
	2007-08	34	11	67.65	1.7
	2008-09	70	11	84.29	0.55
	2009-10	20	3	85	0.15
NFSM	2005-06	Nil	Nil	Nil	Nil
	2006-07	Nil	Nil	Nil	Nil
	2007-08	3520	3294	6.42	114.34
	2008-09	5098	8631	Nil	360.84
	2009-10	10360	10063	2.87	496.83

Appendix 3.4
(Reference: Paragraph. 3.1.9.1, Page 108)

Statement showing targets, achievements and shortfalls of major activities under ATMA

Sl. No.	Activities	2005-06		2006-07		2007-08		2008-09		2009-10		Total		
		Target	Achievement	T	A	T	A	T	A	T	A	T	A	Shortfall (in *per cent*)
1.	Six monthly review workshop	Nil	Nil	Nil	Nil	4	4	4	4	Nil	Nil	8	8	Nil
2	Third party monitoring evaluation (Annual)	Nil	Nil	Nil	Nil	Nil	Nil	1	Nil	Nil	Nil	1	Nil	100
3	Training Courses state level/district level (no. of training/no. of farmers)	730 (No)	12 (No)	1172 (No)	244 (No)	66827 (Farmers)	32795 (Farmers)	130 (No)	6 (No)	87486 (Farmers)	71630 (Farmers)	2032 (No) 154313 (farmers)	262 (No) 104425 (farmers)	87 (No) 32 (farmers)
4	Exposure visit (State /district) (no. of training/no. of farmers)	138 (No)	4 (No)	173 (No)	16 (No)	45107 (Farmers)	14459 (Farmers)	78240 (Farmers)	21096 (Farmers)	48415 (Farmers)	20935 (Farmers)	311 (No) 171762 (farmers)	20 (No) 56490 (farmers)	94 (No) 67 (farmers)
5	Exhibition/ Kishan Mela/Fruit Vegetable shows	25	1	31	11	49	35	49	48	50	47	204	142	30
5 a	Farm school	-	-	-	-	960	178	1565	1083	1565	1055	4090	2316	43
6	Mobilization of farmers group of different types including FIG/women group/farmers organisation	560	Nil	740	635	540	171	1565	631	2500	1400	5905	2837	52
7	Farmer Scientist interaction	30	3	30	Nil	63	26	48	38	100	100	271	167	38
8	Mobilization of kishan Gosthis	150	2	76	Nil	385	127	309	391	626	626	1546	1146	26

Appendix 3.5
(Reference: Paragraph. 3.1.10.1, Page 113)

Statement showing the samples targeted, actually drawn and analysed

Input	Year	Number of samples		Shortfall (in *per cent*)	No. of samples tested	No. of samples cancelled	No. of samples found		Percentage of Sub standard samples
		Targeted to be drawn	Actually drawn				Standard	Sub-standard	
Seed	2005-06	5000	4246	754(15)	4240	6	3406	834	20
	2006-07	5400	4039	1361(25)	4039	Nil	2958	1081	27
	2007-08	5500	3998	1502 (27)	3938	60	3207	731	19
	2008-09	5600	3541	2059 (37)	3529	12	3047	482	14
	2009-10	6000	4072	1928 (32)	4072	Nil	2563	1509	37
	Total	**27500**	**19896**	**7604(28)**	**19818**	**78**	**15181**	**4637**	
Fertilizer	2005-06	7600	5575	2025(27)	5565	10	4512	1053	19
	2006-07	7600	5780	1820(24)	5778	2	4578	1200	21
	2007-08	6550	4951	1599 (24)	4932	19	3888	1044	21
	2008-09	6550	4353	2197 (34)	4277	76	3717	560	13
	2009-10	5000	4022	978 (20)	3990	32	3308	682	17
	Total	**33300**	**24681**	**8619(26)**	**24542**	**139**	**20003**	**4539**	
Pesticides	2005-06	1500	1225	275(18)	1225	Nil	1152	73	6
	2006-07	1500	1285	215(14)	1282	3	1186	96	7
	2007-08	1500	1129	371(25)	1129	Nil	1050	79	7
	2008-09	1500	947	553(37)	947	Nil	897	50	5
	2009-10	1500	1064	436(29)	986	78	932	54	5
	Total	**7500**	**5650**	**1850 (25)**	**5569**	**81**	**5217**	**352**	

Appendix 3.6
(Reference: Paragraph 3.1.10.2, Page 114)

Distribution of substandard agricultural inputs

Sl. No.	Districts	Seed (inquintals)	Fertilizer (in tonnes/bags)	Pesticides (in litre/Kg)
1.	Balaghat	1301.73	736.36	195.10 litre and 107 Kg
2.	Betul	3747.07	808.44	10 litre and 2.7 Kg
3.	Bhopal	2884.60	766.85	665 litre and 250 Kg
4.	Burhanpur	634.31	134.37and 7488 bags	-
5.	Chhatarpur	3999.41 and 290 bags	559.20	11.9 litre
6.	Dindori	258.09	96.5	-
7.	Gwalior	2447.39	1107	-
8.	Jhabua	1158.59	1932.75	-
9.	Mandsaur	2154.71	2164.91	44.25 litre and 28 Kg
10.	Panna	3232.80	361.70	2 litre and 12 kg
11.	Ratlam	5014.33	1214.76	173.25 litre
12.	Shahdol	807.40	75.39	-
13.	Shivpuri	2689.00	816.00	202 litre
	Total	**30329.43 quintal and 290 bags**	**10774.23 tonne and 7488 bags**	**1303.50 litre and 399.7 Kg**

Appendix 3.7
(Reference: Paragraph 3.1.10.5 , Page 115)

Targets and achievements in respect of collection and analysis of soil samples

Sl. No.	Lab	Year	No. of samples to be drawn	Opening balance of samples	No. of samples received in lab (Achievement)	Percentage of shortfall	No. of samples tested	No. of samples cancelled by lab	closing balance
1	**Balaghat**	2005-06	20000	Nil	7306	64	5700	27	1579
		2006-07	15000	1579	6353	58	6600	532	800
		2007-08	10000	800	6326	37	7025	101	Nil
		2008-09	14000	Nil	8603	39	8462	141	Nil
		2009-10	14000	Nil	5750	59	3070	Nil	2680
2	**Bhopal**	2005-06	16200	Nil	7585	53	7354	231	Nil
		2006-07	16200	Nil	13510	17	12380	1115	15
		2007-08	14750	15	11501	22	11267	234	15
		2008-09	16050	15	12478	22	9730	344	2419
		2009-10	16300	2419	12136	26	5144	Nil	9411
3	**Chhatarpur**	2005-06	15000	Nil	10640	29	10640	Nil	Nil
		2006-07	12000	Nil	4670	61	4670	Nil	Nil
		2007-08	12000	Nil	4555	62	4555	Nil	Nil
		2008-09	12000	Nil	7011	42	7011	Nil	Nil
		2009-10	17500	Nil	14722	16	14663	59	Nil
4.	**Mandsaur**	2005-06	15800	Nil	9852	38	9553	299	Nil
		2006-07	15900	Nil	9228	42	8181	50	997
		2007-08	12225	997	12836	-	12715	121	997
		2008-09	15225	997	11276	26	7690	258	4325
		2009-10	15600	4325	6473	59	7093	17	3688

Appendix 3.8
(Reference: Paragraph. 3.1.11.1, Page 115)

Sanctioned strength and men-in-position

Directorate, Farmer Welfare and Agriculture Development					Directorate, Agriculture Engineering				
Sl. No.	**Name of post**	**Sanctioned**	**Working**	**Vacant**	**Sl. No.**	**Name of post**	**Sanctioned**	**Working**	**Vacant**
1.	Director, Agriculture	1	1	0	1.	Director, Agriculture Engineering	1	1	0
2.	Additional Director, Agriculture	5	3	2	2.	Joint Director, Agriculture Engineering	1	1	0
3.	Joint Director, Agriculture	22	16	6	3.	Agriculture Engineer/Executive Engineer	8	8	0
4.	Joint Director, Agriculture (Statistics)	1	0	1	4.	Assistant Agriculture Engineer	17	12	5
5.	Deputy Director, Agriculture	83	74	9	5.	Chief Instructor	1	1	0
6.	Deputy Director, Agriculture (Statistics)	2	2	0	6.	Senior Agriculture Development Officer	6	1	5
7.	Accounts Officer	1	0	1	7.	Mechanical Assistant	53	43	10
8.	Assistant Director, Agriculture	618	374	244	8.	Mechanic	90	63	27
9.	Assistant Director, Agriculture (Statistics)	14	1	13	9.	Ploughing Driver	284	224	60
10.	Assistant Director, Agriculture (Accounts)	14	6	8	10.	Air Compressor Operator	99	65	34
11.	Assistant Statistical Officer	138	113	25	11.	Electrician	6	4	2
12.	SADO	722	535	187	12.	Welder	7	6	1
13.	Technical Assistant (Information)	1	1	0	13.	Driver	13	9	4
14.	Drafts man	53	53	0	14.	Draftsman	1	0	1
15.	Agriculture Development Officer (ADO)	1251	788	463	15.	Blacksmith	7	7	0

Directorate, Farmer Welfare and A griculture Development					Directorate, Agriculture Engineering				
Sl. No.	**Name of post**	**Sanctioned**	**Working**	**Vacant**	**Sl. No.**	**Name of post**	**Sanctioned**	**Working**	**Vacant**
16.	Agriculture Assistant (Information)	6	4	2	16.	Blacksmith cum Carpenter	18	3	15
17.	Rural Agriculture Extension Officer (RAEO)	6371	5357	1014	17.	Turner	6	2	4
18.	Surveyor	966	669	297	18.	Superintendent	1	1	0
19.	Laboratory Assistant	54	43	11	19.	Stenographer	2	1	1
20.	Tracer	58	50	8	20.	Head Clerk	10	7	3
21.	Superintendent	10	5	5	21.	Auditor	5	2	3
22.	Assistant Superintendent	8	5	3	22.	Accountant	24	9	15
23.	Divisional Accountant	14	8	6	23.	Assistant Grade-II	32	23	9
24.	Head Clerk	85	59	26	24.	Store Keeper (Assistant Grade-II)	9	6	3
25.	Accountant	181	120	61	25.	Store Keeper (Assistant Grade-III)	10	10	0
26.	Senior Personal Assistant	6	3	3	26.	Store Keeper cum Clerk	25	22	3
27.	Personal Assistant	20	9	11	27.	Assistant Grade-III	53	32	21
28.	Stenographer grade-III	51	38	13	28.	Time Keeper	4	1	3
29.	Auditor	56	35	21	29.	Hammer man	6	6	0
30.	Sub Auditor	69	28	41	30.	Cleaner/Helper/Mate	263	173	90
31.	Assistant Grade-II	587	456	131	31.	Peon	53	43	10
32.	Assistant Grade-III	834	601	233	32.	Watchman	27	15	12
33.	Steno typist	4	0	4					
34.	Driver	276	227	49					
35.	Junior Accounts Officer	1	1	0					
36.	Press Operator	12	19	-7					
37.	Press Compositor	12	20	-8					
38.	Cinema Operator	21	21	0					
39.	Research Assistant	7	7	0					
40.	Photographer	19	19	0					
41.	Assessment Inspector	7	7	0					
42.	Computer	3	3	0					

Directorate, Farmer Welfare and Agriculture Development					Directorate, Agriculture Engineering				
Sl. No.	**Name of post**	**Sanctioned**	**Working**	**Vacant**	**Sl. No.**	**Name of post**	**Sanctioned**	**Working**	**Vacant**
43.	Investigator	6	6	0					
44.	Artist	8	8	0					
45.	Mechanic	4	4	0					
46.	Economic Investigator	1	1	0					
47.	Distributor	1	1	0					
48.	Offset Cameraman	1	1	0					
49.	Cartography Assistant	1	1	0					
50.	Peon/Watchman/Chainman/others	1524	1055	469					
51.	Daftari	3	1	2					
52.	Supervisor	3	2	1					
53.	Jamadar	2	2	0					
	Total	**14218**	**10863**	**3355**			**1142**	**801**	**341**

Appendix 3.9
(Reference: Paragraph. 3.1.11.2, Page 116)

Expenditure on pay and allowances of excess staff

(₹ in lakh)

Sl. No.	Name of District	Name of Office	Name of Post	Sanctioned	Working	Excess	Period of payment	Expenditure on Pay and Allowances
1.	Balaghat	DDA, Balaghat	Driver	2	3	1	July 2007 to March 2010	2.34
			Peon	5	10	5	July 2007 to March 2010	9.47
		SDAO, Balaghat	Assistant Statistical Officer (ASO)	1	2	1	July 2007 to March 2010	4.26
		SDAO, Baihar, Balaghat	Peon	2	3	1	July 2007 to March 2010	1.89
		SADO, Baraseoni, Balaghat	Agriculture Development Officer	3	4	1	July 2007 to March 2010	2.64
2.	Betul	DDA, Betul	Rural Agriculture Extension Officer (RAEO)	0	7	7	September 2007 to March 2010	17.36
			Assistant Grade-III	3	5	2	September 2007 to March 2010	4.53
			Photographer	0	1	1	September 2007 to March 2010	2.36
			Helper/Cleaner	0	1	1	September 2007 to March 2010	1.81
		SDAO, Betul	Peon	2	3	1	September 2007 to March 2010	1.93
		SADO, Betul	RAEO	21	29	8	September 2007 to March 2010	19.84
		Principal, AETC, Betul	SADO	1	2	1	September 2007 to March 2010	4.00
			Surveyor	0	2	2	September 2007 to March 2010	4.96
			Chainman/Cleaner	0	4	4	September 2007 to March 2010	7.24
		Assistant Soil Survey Officer, Betul	Tracer	0	2	2	September 2007 to March 2010	4.40
			Driver	0	1	1	September 2007 to March 2010	2.20
			Chainman	0	4	4	September 2007 to March 2010	7.24

Sl. No.	Name of District	Name of Office	Name of Post	Sanctioned	Working	Excess	Period of payment	Expenditure on Pay and Allowances
		Assistant Soil Testing Officer, Betul	Surveyor	12	14	2	September 2007 to March 2010	4.96
3.	Bhopal	DDA, Bhopal	Research Assistant	0	1	1	September 2007 to March 2010	7.53
		ASCO, Bhopal	Chainman	3	5	2	July 2007 to March 2010	3.76
4.	Chhatarpur	DDA, Chhatarpur	Assessment Inspector	0	1	1	September 2007 to March 2010	2.48
			RAEO	0	10	10	September 2007 to March 2010	24.80
		SDAO, Chhatarpur	ADO	0	1	1	September 2007 to March 2010	2.48
			RAEO	0	1	1	September 2007 to March 2010	2.48
		SADO, Bijawar, Chhatarpur	RAEO	0	1	1	September 2007 to March 2010	2.48
		SADO, Chhatarpur	RAEO	26	30	4	September 2007 to March 2010	9.92
		SADO, Naugaon, Chhatarpur	RAEO	28	30	2	September 2007 to March 2010	4.96
5.	Gwalior	DDA, Gwalior	ASO	0	1	1	November 2008 to March 2010	4.67
			RAEO	0	8	8	November 2008 to March 2010	26.42
			Peon	4	8	4	November 2008 to March 2010	6.21
6.	Jhabua	DDA, Jhabua	Assistant Grade-III	3	4	1	August 2007 to March 2010	2.82
			ASO	0	1	1	August 2007 to March 2010	5.22
			RAEO	0	3	3	August 2007 to March 2010	9.45
			Press Operator	0	1	1	August 2007 to March 2010	3.89
			Press Compositor	0	1	1	August 2007 to March 2010	2.51
			Artist	0	1	1	August 2007 to March 2010	3.80
			Peon	5	11	6	August 2007 to March 2010	9.33
		ASCO, Jhabua	Chainman	3	4	1	August 2007 to March 2010	2.51
7.	Mandsaur	DDA, Mandsaur	ASO	0	1	1	August 2007 to March 2010	7.67
			RAEO	0	5	5	August 2007 to March 2010	27.34
			Peon	4	7	3	August 2007 to March 2010	8.27

Sl. No.	Name of District	Name of Office	Name of Post	Sanctioned	Working	Excess	Period of payment	Expenditure on Pay and Allowances
8.	Ratlam	DDA, Ratlam	RAEO	0	3	3	September 2007 to March 2010	10.23
			Assistant Grade-III	2	5	3	September 2007 to March 2010	6.60
		Agriculture Farm, Panched, Ratlam	RAEO	0	1	1	September 2007 to March 2010	2.48
		ASCO, Jaora, Ratlam	SADO	3	4	1	September 2007 to March 2010	4.00
		SDAO, Jaora, Ratlam	SADO	1	2	1	September 2007 to March 2010	4.00
		SDAO, Sailana, Ratlam	SADO	1	2	1	September 2007 to March 2010	4.00
9.	Shahdol	DDA, Shahdol	RAEO	-	3	3	August 2007 to March 2010	16.38
10.	Shivpuri	DDA, Shivpuri	ASO	0	1	1	January 2009 to March 2010	4.29
			RAEO	0	4	4	January 2009 to March 2010	10.78
			Cinema Operator	0	1	1	January 2009 to March 2010	1.90
	Total			**135**	**259**	**124**		**349.09**

Appendix-3.10
(Reference: Paragraph 3.2.1, Page 122)

Statement showing Acts/Rules and orders enforced in the Animal Husbandry Department

	Central Acts and Orders
S.No	**Acts**
1	The Prevention of Cruelty to Animal Act, 1960
2	The Veterinary Council Act, 1984
3	The Prevention of Animal's Infection Disease Act, 2009
4	The Prevention and Control of Infectious and Contagious Diseases in Animals Act, 2009
	Orders
1	The Milk and Milk Products Order, 1992
	State Acts, Rules and Orders
	Acts
1	The Central Provinces Slaughter of Animals Act, 1915
2	The Madhya Pradesh Agricultural Cattle Preservation Act, 1959
3	The Madhya Pradesh Pashu Niyantran Act.1976
4	The Madhya Pradesh Rajya Pashudhan Evam Kukkut Vikas Nigam, Adhiniyam, 1982
5	The Madhya Pradesh Gauvansh Vadh Pratishedh Adhiniyam, 2004
6	The Central Province Cattle Disease Act, 1934
7	The Madhya Pradesh Livestock Improvement Act, 1950
	Rules
1	The Madhya Pradesh Gau-palan Evam Pashudhan Samvardhan Board Rule, 2004
2	The Madhya Pradesh Gauvansh Vadh Pratishedh Niyam, 2004
	Orders
1	The Fodder Control order, 2000

Appendix- 3.11
(Reference: Paragraph 3.2.1, Page 122)

Statement showing list of schemes implemented in the Animal Husbandry department

S.No	Centrally Sponsored Schemes
1	National Programme for Rinderpest Eradication (NPRE)
2	Professional Efficiency Development (PED)-SVC (50:50)
3	Assistance to State for Control of Animal Disease (ASCAD) (75:25)
4	Poultry Development (80:20)
5	Integrated Sample Survey (ISS) (50:50)
	Central Sector Schemes
1	Animal Census
2	Fodder development & seed distribution
	State Schemes
1.	Up-gradation of dispensaries to veterinary hospital
2.	Strengthening of Veterinary institute
3.	Strengthening of Div. & district infrastructure and operating cost (Mobile Van)
4.	Opening of New Dispensaries
5.	Strengthening and modernization of Biological product (Mhow)
6.	Establishment of Veterinary dispensaries and disease investigation lab
7.	Assistance to Gaushalas
8.	Strengthening of farms
9.	Animal welfare assistance to ASRA
10.	Construction of new veterinary building
11.	Mass communication and publicity / propaganda
12.	Provision of remodeling
13.	Distribution of breeding bull –Cow, (Nandishala)
14.	Opening of veterinary college Rewa
15.	Veterinary extension programme
16.	Establishment of cattle breeding farm kenkatha
17.	Intensive cattle development programme
18.	Information technology
19.	Gau sewak prashikshan
20.	Milk production
21.	Pasudhan insurance scheme
22.	Rashtriya Krishi Vikash Yojna (RKVY)
23.	Acharya Vidyasagar Gausamverdhan scheme
24.	Special livestock breeding programme
25.	Distribution of breeding bulls of subsidy
26.	Distribution of Dairy (3/5 cross bred cow/graded murra buffaloes) units on subsidy
27.	Distribution of poultry units under mass poultry production programme
28.	Distribution of Kadaknath chicks on subsidy
29.	Distribution of pig units on subsidy
30.	Distribution of pig trios
31.	Distribution of bucks on subsidy
32.	Distribution of goat (10+1/20+2) units on subsidy

Appendix-3.12
(Reference: Paragraph 3.2.5, Page 124)

Statement showing list of selected units

S.No.	Name of Units	Name of office
1.	Balaghat	Deputy Director
2.	Betul	Deputy Director
3.	Bhopal	Directorate (CCO)
4.	Bhopal	Deputy Director, Jersey Cattle Breeding Farm (Dairy Estate), Bhadbhada, Bhopal
5.	Chattarpur	Deputy Director
6.	Chhindwada	Deputy Director
7.	Chhindwada	Manager, Government Poultry Farm, Imlikheda
8.	Dhar	Deputy Director
9.	Guna	Deputy Director
10.	Gwalior	Joint Director
11.	Hoshangabad	Deputy Director
12.	Indore	Director, Institute of Animal Health & Veterinary Biological, Indore
13.	Indore	Deputy Director
14.	Jabalpur	Joint Director
15.	Jhabua	Deputy Director
16.	Khandwa	Deputy Director
17.	Mandla	Deputy Director
18.	Mandla	Principal, Artificial Insemination Training Centre
19.	Narsinghpur	Deputy Director
20.	Ratlam	Deputy Director
21.	Rewa	Joint Director
22.	Sagar	Joint Director
23.	Sagar	Deputy Director
24.	Sehore	Deputy Director
25.	Seoni	Deputy Director
26.	Shahdol	Deputy Director
27.	Shivpuri	Deputy Director
28.	Tikamgarh	Deputy Director
29.	Ujjain	Joint Director
30.	Umaria	Deputy Director

Appendix-3.13
(Reference : Paragraph 3.2.7.1,Page 126)

Statement showing lack of budgetary control

S.No.	Year	Grant No.	Head	Name of Scheme	Budget Provision	Supple-mentary	Reappro-riation	Total	Expenditure	Excess (+) /Saving (-)	*Per cent*
(i)	**Saving more than ₹ One crore**										
1	2007-08	14	2403-0101-2549	Veterinary Hospitals	52.76	0	-1.47	51.29	46.66	-4.63	9.03
2	2007-08	14	2403-0101-5007	Veterinary Dispensaries	41.46	0	-2.51	38.95	33.26	-5.69	14.61
3	2007-08	14	2403-0101-1108	Intensive Cattle Development Project	61.18	0	-3.24	57.94	45.43	-12.51	21.6
4	2008-09	14	2403-0101-2549	Veterinary Hospitals	63.77	0	0	63.77	54.02	-9.75	15.28
5	2008-09	14	2403-0101-5007	Veterinary Dispensaries	46.48	0	0	46.48	43.6	-2.88	60.2
6	2008-09	14	2403-0101-5085	Upgradation of Dispensaries	2.76	0	0	2.76	1.42	-1.34	48.46
7	2008-09	14	2403-0101-6998	Production of vaccine for animal desease	5.36	0	0	5.36	4.27	-1.09	20.36
8	2008-09	14	2403-0101-1108	Intensive Cattle Development Project	68.23	0	0	68.23	53.15	-15.08	22.11
9	2008-09	14	2403-0101-6625	Scheme of Animal Census	4.00	7.07	0	11.07	6.34	-4.73	42.68
10	2008-09	14	2403-2567	Cattle Farm Project	5.90	0	0	5.90	4.42	-1.48	25.09
11	2008-09	14	2403-0701-3578	Poultry Development Project	6.82	0	0	6.82	5.34	-1.48	21.70
12	2008-09	14	2403-0701-1458	Control of Important Animal desases	6.79	0	0	6.79	4.31	-2.47	36.43
13	2008-09	14	2403-0101-8703	Milk Production and Infrastructure	7.49	0	0	7.49	5.06	-2.43	32.46
14	2009-10	41	2403-0102-9331	Establishment of New Intensive Cattle Development Programme	6.39	0	0	6.39	4.83	-1.56	24.45
15	2009-10	14	2403-0101-5561	Extension programme for Veterinary	8.81	0	0	8.81	6.20	-2.61	29.61
16	2009-10	14	2403-0801-6625	Scheme of Animal Census	4.00	0	0	4.00	0.43	-3.57	89.33
17	2009-10	14	2403-0701-1458	Systematic Control of Important Animal Disease	6.51	0	0	6.51	2.98	-3.53	54.21
18	2009-10	14	2403-0101-8703	Milk Production and Infrastructure	8.26	0	0	8.26	5.78	-2.48	30.04
(ii) Excess expenditure after re-appropriation											
1	2007-08	14	2403-0701-3578	Poultry Development Project	5.77	0	-2.65	3.12	4.46	+1.34	-42.94
2	2009-10	14	2403-0101-1108	Intensive Cattle Development Project	62.27	0	-0.24	62.02	63.49	+1.47	-2.37
(iii) Excess expenditure against total provision.											
1	2009-10	64	2403-0103-1109	Intensive Cattle Development Project	5.93	0	0	5.93	7.44	+1.52	-25.6
2	2009-10	14	2403-1468	District and Divisional level	10.17	0	0	10.17	11.7	+1.52	-14.95
3	2009-10	14	2403-0101-2549	Veterinary Hospitals	70.54	0	0	70.54	71.64	+1.09	-1.55
(iv) Unnecessary provision											
1	2009-10	14	2403-0801-6995	Development of Granss land and Distribution of Fodder Seeds	2.00	0	0	2.00	0	-2.00	100
2	2009-10	14	2403-1501-6078	Development of of Animal Live Stock in Bundelkhand Area	0	10.68	0	10.68	0	-10.68	100
3	2009-10	14	2403-1503-6078	Development of of Animal Live Stock in Bundelkhand Area	0	2.67	0	2.67	0	-2.67	100

Appendix-3.14

(Reference: Paragraph 3.2.7.2, Page 127)

Statement showing parking of funds

S.N.	Name of Schemes	Year	Amount received	Expenditure up to 31 March 2010	Balance on 31 March 2010
	(A) Details of unspent balances in PD accounts in Directorate				
1	Rashtriya Krishi Vikash Yojna	2007-08	5.29	5.18	0.11
		2008-09	12.95	12.77	0.18
		2009-10	24.21	10.16	14.05
2	Fodder Development	2007-08	1.01		
		2008-09	1.10	1.19	0.92
3	Upgradation of Bio-security Lab II	2008-09	0.22	0.12	0.10
		Total	**44.78**	**29.42**	**15.36**
	(B) Details of unspent balances in PD accounts in Director, IAHVB				
1	Relief due to Natural Calamity	2005	0.20	0.20	0
2	Assistance to State for Control of Animal Diseases	2007	0.40	0	0.40
3	Veterinary Hospitals & Dispensaries	2007	0.13	0	0.13
4	Control of animal diseases	2008	8.00	0	8.00
5	Control of animal diseases	2008	2.00	0	2.00
6	Assistance to State for Control of Animal Diseases	2008	0.04	0.02	0.02
7	Assistance to State for Control of Animal Diseases	2008	0.20	0.16	0.04
8	Strengthening & Modernization of equipment	2008	1.13	0	1.13
9	Assistance to State for Control of Animal Diseases	2008	0.80	0	0.80
10	Production of vaccines	2009	0.50	0	0.50
		Total	**13.40**	**0.38**	**13.02**
	(C) Unspent amount in Civil Deposit in Directorate				
1	Poultry Development	2007-08	2.00	0.09	1.91
		Total	**2.00**	**0.09**	**1.91**
	Grand Total : A+B+C		**60.18**	**29.89**	**30.29**

Appendix-3.15
(Reference: Paragraph 3.2.8.6 , Page 134)

Statement showing beneficiary oriented schemes

Name of Scheme	2007-08				2008-09				2009-10				Target in 09 -10 in comparison from 08-09 (+) Addition, (-) reduction
	Physical		Financial		Physical		Financial		Physical		Financial		
	Target	Achiv.	Allot.	Expen.	Target	Achiv.	Allot.	Expen.	Target	Achiv.	Allot.	Expen.	
Special Livestock Breeding Programme	3688	3085	121.4	102.07	4010	3673	129.29	126.26	3340	3199	118.11	114.2	-16.71
Distribution of Breeding Bulls on Subsidy	1183	935	130.2	109.53	1214	1211	128.95	128.26	989	989	190.35	185.66	-18.53
Nandi shala	1360	1013	152.5	152.5	1428	1364	160	153.01	1427	1366	159.82	154	-0.07
Goat distribution on Subsidy	1817	1384			679	679	21.4	21.73					0.00
Distribution of Goat units on subsidy					1409	1018	135.81	106.21	1142	905	115.73	94.82	-18.95
Distribution of Dairy units on subsidy					1421	1041	123.28	83.17	1073	774	92.69	75.15	-24.49
Mass poultry production programme (backyard)	20560	14122	92.86	63.55	6502	6108	81.02	73.29	4272	50	51.31	0.6	-34.30
Exchange distribution on Pig trios	99	98	7.57	6.92	207	206	11.94	11.79	237	210	13.56	12.21	14.49
Distribution of Bucks on Subsidy	4669	4614	171.6	169.79	6124	6115	196.04	195.74	6292	6292	201.96	201.52	2.74
Training of AI (Educated unemployed)	30	16	17.6	11.88	34	15	11	0.58	Nil	Nil	Nil	Nil	0.00
Distribution of Kadaknath chicks on subsidy basis					1279	1279	15.35	15.35	1605	1597	19.28	19.17	25.49
Distribution of bull on subsidy					560	549	64.05	62.39					0.00
Distribution of Pig on exchange	2708	2708	74.88	74.88	2563	2537	53.32	52.52	1494	1371	31.43	29.69	-41.71
	36114	27975	768.52	691.12	27430	25795	1131.45	1030.3	21871	16753	994.24	887.09	
		77%				94%				77%			
Total allotment during 07-10													28.94 crore
Total amount surrender during 07-10				77.4				101.15				107.15	2.85 crore
Gradually reduction on physical target in the year 2007-08(36114), 2008-09 (27430), 2009-10(21871), Due to non achievement of target amount of Rs.285.7 lakh surrendered during 2007-10.													

Appendix-3.16
(Reference: Paragraph 3.2.9.3, Page 136)

Statement showing hospitals/dispensaries running without VASs/AVFOs during 2007-10

S. No.	Name of districts	Name of office	No. of Hospitals running without VAS	No. of Dispensaries without AVFOs	Total units running without VASs/ AVFOs
1	Balaghat	Deputy Director	11	12	23
2	Chhatarpur	Deputy Director	9	21	30
3	Chhindwada,	Deputy Director	3	19	22
4	Dhar	Deputy Director	4	4	8
5	Hoshangabad	Deputy Director	5	4	9
6	Khandwa	Deputy Director	8	4	12
7	Mandla	Deputy Director	6	6	12
8	Narsinghpur	Deputy Director	2	25	27
9	Seoni	Deputy Director	6	5	11
10	Shivpuri	Deputy Director	5	32	37
11	Tikamgarh	Deputy Director	5	9	14
		Total	**64**	**141**	**205**

Appendix –3.17
(Reference : Paragraph 3.2.12.7, Page 143)

Statement showing excess expenditure due to misutilisation of straw during 2007-10

S.No.	Name of districts	Name of office	Total No. of Straws distributed	No. of AIs conducted	Excess doses of straws uses	Percentage of Excess Doses of Straw	Cost of extra straws	Total Cost of LN2	Cost of LN2 preservation for extra straws	Total cost for misutilized straw (₹ in lakh)	Cost of LN2 used for preservation of one straw
1	Balaghat	Deputy Director	40055	36551	3504	8.75	42048	876361	99110	1.41	21.88
2	Dhar	Deputy Director	97205	84155	13050	13.43	139361	815592	109452	2.49	8.39
3	Gwalior	Joint Director	54295	48803	5492	10.12	59945	-	63267	1.23	0.00
4	Hoshangabad	Deputy Director	60530	51286	9244	15.27	108739	639465	97646	2.06	10.56
5	Indore	Deputy Director	156385	143803	12582	8.05	139316	1414419	113816	2.53	9.04
6	Khandwa	Deputy Director	34935	32301	2634	7.54	31608	270635	22056	0.54	7.75
7	Mandla	Deputy Director	46530	37562	8968	19.27	83850	828837	156600	2.40	17.81
8	Narsinghpur	Deputy Director	63207	55520	7687	12.16	83176	952424	131815	2.15	15.07
9	Ratlam	Deputy Director	55107	50685	4422	8.02	45646	689156	73205	1.19	12.51
10	Sehore	Deputy Director	58885	52837	6048	10.27	62216	-	0	0.62	0.00
11	Seoni	Deputy Director	86746	77016	9730	11.22	111387	942272	103528	2.15	10.86
12	Shahdol	Deputy Director	49362	41151	8211	16.63	98357	645347	106372	2.05	13.07
13	Tikamgarh	Deputy Director	55016	51529	3487	6.34	42019	903292	55064	0.97	16.42
14	Ujjain	Joint Director	87465	82446	5019	5.74	45634	951012	52801	0.98	10.87
15	Umaria	Deputy Director	16805	13938	2867	17.06	32814	232882	34320	0.67	13.86
		Total	**962528**	**859583**	**102945**		**1126116**		**1219052**	**23.45**	

Glossary of Abbreviations

Sl. No.	Abbreviation	Full Form
1	AA	Administrative Approval
2	ABV-IIITM	Atal Bihari Vajpayee Indian Institute of Information Technology and Management
3	AC	Ambulatory Clinic
4	AE	Assistant Engineer
5	AETC	Agriculture Extension Training Centre
6	AI	Artificial Insemination
7	AIBP	Accelerated Irrigation Benefit Programme
8	AIP	Assured Irrigation Potential
9	AITI	Artificial Insemination Training Institute
10	ASCAD	Assistance to the State for Control of Animal Disease
11	ASCO	Assistant Soil Conservation Officer
12	ATNs	Action Taken Notes
13	AVFO	Assistant Veterinary Field Officer
14	BQ	Black Quarter
15	BSL	Bio-Security Laboratory
16	CA	Central Assistance
17	CBL	Canal Bed Level
18	CC	Cement concrete
19	CCA	Culturable Command Area
20	CCO	Chief Controlling Officer
21	CCS	Central Sponsored Scheme
22	CE	Chief Engineer
23	CFD	Controller Food and Drugs
24	CFMS	Computerised Financial Management System
25	CGM	Chief General Manager
26	cGMP	current Good Manufacturing Practices
27	CMHOs	Chief Medical and Health Officers
28	CNS	Cohesive Non-Swelling Soil
29	CRMC	Chambal Right Bank Main Canal
30	CS	Civil Surgeons
31	CTE	Chief Technical Examiner
32	CWC	Common Water Carrier/ Central Water Commission
33	D/S	Down-stream
34	DAO	Divisional Accountant Officer
35	DC	District Collector
36	DD	Deputy Director
37	DDA	Deputy Director Agriculture
38	DDO	Drawing and Disbursement Officer
39	DDVS	Deputy Director Veterinary Services
40	DE	Dairy Estate

Sl. No.	Abbreviation	Full Form
41	DFO	Divisional Forest Officers
42	DHS	Director Health Services
43	dia	Diametre
44	DIL	Disease Investigation Laboratory
45	DMC	Dean Medical College
46	DPC	District Planning Committee
47	EC	Empowered Committee
48	EE	Executive Engineer
49	E-in-C	Engineer-in-Chief
50	EMD	Earnest Money Deposit
51	EOB	Economic offence Bureau
52	EOW	Economic Offences Wing
53	FAL	Feed Analysis Laboratory
54	FDR	Fixed Deposit Receipts
55	FIR	First information report
56	FMD	Foot and Mouth Disease
57	FMR	Financial Management Report
58	FTL	Full Tank Level
59	FW&AD	Farmer Welfare & Agriculture Development Department
60	GL	Ground Level
61	GM	General Manager
62	GOMP	Government of Madhya Pradesh
63	ha	Hectare
64	HS	Haemorrhagic Septicaemia
65	HT	High Tension
66	IAHVB	Institute of Animal Health and Veterinary Biological
67	ICA	Irrigable Command area
68	ICAR	Indian Council of Agricultural Research
69	ICB	International Competitive Bidding
70	ICDP	Integrated Cereal Development Programme
71	IEC	Information Education Communication
72	IMDP	Integrated Maize Development Programme
73	IP	Irrigation Potential
74	IS	Indian Standard
75	ISOPOM	Integrated Scheme of Oilseed, Pulse, Oilpalm and Maize
76	IT	Information Technology
77	ITDDP	Integrated Tribal Dairy Development Project
78	JD	Joint Director
79	JDHS	Joint Director, Health Services
80	KCP	Keoti Canal Package

Sl. No.	Abbreviation	Full Form
81	kg	Kilogram
82	km	Kilometre
83	KP	Kaketo-Pehsari
84	LAN	Local Area Network
85	LIS	Lift irrigation scheme
86	LN_2	Liquid Nitrogen
87	m	Meter
88	MB	Measurement Book
89	Mcft	Million cubic feet
90	mm	Milli metre
91	MPCCF	Madhya Pradesh State Co-operative Consumer Federation
92	MPLUN	Madhya Pradesh Laghu Udyog Nigam
93	MPMKVVCL	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited
94	MPPKVN	Madhya Pradesh Pashudhan evam Kukkut Vikas Nigam
95	MPRRDA	Madhya Pradesh Rural Roads Development Authority
96	MPSEB	Madhya Pradesh State Electricity Board
97	MPWSRP	Madhya Pradesh Water Sector Restructuring Project
98	MS	Mild Steel
99	MT	Metric tonne
100	MU	Mobile Unit
101	MWL	Maximum Water Level
102	NABARD	National Bank for Agriculture and Rural Development
103	NAC	National Agriculture Council
104	ND	Narmada Development
105	NDP	New Drug Policy
106	NFSM	National Food Security Mission
107	NH	National highway
108	NI	Natural Insemination
109	NIT	Notice Inviting Tenders
110	NPCBB	National Project for Cattle and Buffalo Breeding
111	NPDP	National Pulse Development Programme
112	NPV	Net present value
113	NVDA	Naramda Valley Development Authority
114	OPP	Oilseed Production Programme
115	PAC	Public Accounts Committee/Probable Amount of Contract
116	PAD	Project Appraisal Document
117	PCC	Plain cement concrete
118	PCP	Purwa Canal Package
119	PD	Project Director
120	PIP	Project Implementation Plan

Sl. No.	Abbreviation	Full Form
121	PIU	Project Implementation Unit
122	PMGSY	Pradhan Mantri Gram Sadak Yojana
123	PPR	Pestis des Petits the Ruminants
124	PS	Pehsari-Sank
125	PWD	Public Works Department
126	QCL	Quality Control Laboratory
127	RBC	Right Bank Canal
128	RCC	Reinforced cement concrete
129	RD	Rural Development
130	RD	Running distance
131	RIDF	Rural Infrastructure Development Fund
132	RKVY	Rashtriya Krishi Vikas Yojna
133	RL	Reduced level
134	SAC	Senior Accounts Clerk
135	SADO	Senior Agriculture Development Officer
136	SAIL	Steel Authority of India Limited
137	SAP	State Agriculture Plan
138	SD	Security deposit
139	SDDL	State Disease Diagnostic Laboratory
140	SE	Superintending Engineer
141	SGMH	Sanjay Gandhi Memorial Hospital
142	SIAET	State Institute of Agriculture Extension & Training
143	SLSC	State Level Sanctioning Committee
144	SMP	Scheme Modernization Plan
145	SOE	Statement of Expenditure
146	SOR	Schedule of Rates
147	SPC	State Planning Committee
148	SRSWOR	Simple Random Sample Without Replacement
149	SWAN	State Wide Area Network
150	SWaTReC	State Water Tariff Regulatory Commission
151	TBL	Top bund level
152	TDR	Term deposit receipt
153	TS	Technical sanction
154	U/S	Up-stream
155	UPFC	Uttar Pradesh Feeder Canal
156	UPID	Uttar Pradesh Irrigation Department
157	USR	Unified Schedule of Rates
158	VAS	Veterinary Assistant Surgeon
159	VO	Veterinary Officer
160	VT	Vertical turbine
161	WAN	Wide Area Network
162	WB	World Bank
163	WBP	World Bank Project
164	WD	Works Department
165	WRD	Water Resources Department