

## CHAPTER-II AUDIT OF TRANSACTIONS

### 2.1 Embezzlement

#### PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

##### 2.1.1 Suspected embezzlement

**Irregular maintenance of cash books against codal provisions and incurring expenditure without availability of cash balance led to suspected embezzlement upto ₹ 35,238 and doubtful expenditure of ₹ 62,716**

Paras 6.6.3 to 6.6.6 of the Central Public Works Accounts Code provide that the disbursing officer should check all the entries in the cash book as soon as possible after the date of their occurrence and should initial the book, dating his initials after the last entry checked. The cash book should be signed by him at the end of the month and such signature should be understood as fixing responsibility for all entries of the month inclusive of the closing balance. The cash book must be balanced on the date prescribed for closing the cash accounts of the month, but when the transactions are numerous, a weekly or daily balance is recommended and it is advisable that the cash be counted whenever a balance is struck, or at convenient intervals.

The provisions also provide that the disbursing officer should verify the totalling of the cash book or have this done by some principal subordinate who should initial it as correct. The actual balance of cash in the chest should be counted on the last working day of each month. Further, the actual balance of cash in the chest should invariably be stated in the note, both in words and figures.

Test check (January 2010) of the records of the Executive Engineer (EE), Rural Engineering Services (RES), Dhamtari revealed that during September 2006 to March 2009, the periodical closing of the cash books was not done and the entries had not been authenticated since September 2006 by the Drawing and Disbursing Officer (DDO) in token of their correctness. Some of the entries in the cash books, especially those relating to hand receipts, were overwritten/tampered with, raising doubts about their veracity, as these entries were not duly authenticated by the DDO.

Further scrutiny of entries of monthly cash receipts and cash payments from September 2006 to June 2007 revealed that the cash balances depicted in the cash books were less than the actual cash balances ranging between ₹ 1,141 and ₹ 35,238. During July 2007 to March 2009, the cash balances at the end of each month were negative ranging between ₹ 6,729 and ₹ 52,485, whereas the cash books depicted positive balances (*Appendix-2.1*).

It was also observed that during the period September 2006 to March 2009, the daily cash balances were negative ranging from ₹ 256 to ₹ 62,716 (**Appendix-2.2**) on 106 occasions indicating that expenditure was incurred without the availability of cash in chest. The negative balances were mainly due to expenditure shown through hand receipts. However, these negative balances got adjusted subsequently when cash was drawn for chest or through miscellaneous receipts.

Thus, non-observance of codal provisions in maintenance of cash book and laxity on the part of DDO to periodically verify the entries and balances in the cash book led to suspected embezzlement to the extent of ₹ 35,238 and doubtful expenditure of ₹ 62,716 over and above the available balance.

On this being pointed out in audit, the Chief Engineer, RES accepted (April 2010) the facts and stated that action against the then EE and Senior Accounts Clerk was being taken as per rules. Further, the Additional Director (Finance) in the office of the Development Commissioner also confirmed (May 2010) the facts of irregularities and observations. The Government intimated (June 2010) that facts of irregularities pointed out by Audit had been verified by the EE, RES, Dhamtari and found correct.

The matter was discussed (25 October 2010) with the Additional Secretary, Panchayat and Rural Development Department. Government agreed to the audit observations and stated that a Senior Accounts Clerk, who was entrusted with the work of maintenance of cash book, was responsible for the irregularities and had since been placed under suspension. It was further intimated that the amount recoverable would be effected from the persons concerned and necessary instructions would be issued to prevent recurrence of such irregularities in future.

## **2.2 Extra expenditure/excess payment**

### **PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT**

#### **2.2.1 Extra expenditure on purchase of medicines**

**Non-acceptance of the lowest rates for rate contract and purchase of medicines at higher rates resulted in extra expenditure of ₹ 36.86 lakh**

**Case A:** The Chhattisgarh Financial Code and Store Purchase Rules provide that purchases exceeding ₹ 50,000, should be made by calling for open tenders and purchases should be made at the lowest rate.

Test check (May 2009) of the records of the Chief Medical & Health Officer (CMHO), Kanker revealed that tenders were invited (August 2006) for purchase of medicines for the year 2006-07. During scrutiny of the approved rate list for purchase of medicines, it was observed that the second lowest rates (L2) in many cases were approved ignoring the lowest rate (L1), without any justification. Medicines worth ₹ 47.63 lakh were purchased at L2 rates and

also at rates which were higher than the approved rates, resulting in extra expenditure of ₹ 15.97 lakh as detailed in *Appendix-2.3*.

On this being pointed out (May 2009) in audit, the CMHO, Kanker replied (July 2010) that five to six types of medicines were purchased at higher rates keeping in view the public interest and also to give immediate benefits to the patients. It was also stated that the firms which quoted the lowest rates had expressed their inability to supply the medicines.

The reply is not acceptable as CMHO, Kanker had approved the higher rates other than the lower rates and the purchases were made on those higher rates without any justification. The Chief Medical and Health Officer, Kanker, also could not furnish the inability certificates from three out of the four firms which were stated to have expressed their inability to supply medicines. Further, in 10 cases, medicines worth ₹ 22.28 lakh were irregularly purchased at rates which were higher than the approved rates.

**Case B:** Director, Health Services (DHS) Raipur had provided (April 2007) ₹ 96.75 lakh and ₹ 61.04 lakh to the Chief Medical and Health Officers (CMHO) Jagdalpur and Kanker respectively for purchase and distribution of drug kits to various Community Health Centres (CHCs), Primary Health Centres (PHCs) and Sub-Health Centres (SHCs) with directions to purchase drug kits at the rate contract, if any, entered into by the State Government or at rates specified by Tamil Nadu Medical Services Corporation/Delhi Government or by following Store Purchase Rules.

Scrutiny (April and May 2009) of the records of CMHO, Jagdalpur and Kanker revealed that the CMHOs had invited (June and August 2006) tenders for purchase of medicines. The rates approved were valid upto July and October 2007 respectively and were lower than the rates of Tamil Nadu Medical Corporation. The CMHOs, however, purchased (May and June 2007) medicines worth ₹ 89.11 lakh for the drug kits at the higher rates of Tamil Nadu Medical Corporation, which led to extra cost of ₹ 20.89 lakh (*Appendix-2.4*).

On this being pointed out (May 2009) by Audit, CMHO, Jagdalpur stated that the purchase was made on Government of India approved DGS&D rate contract provided by DHS, Raipur. CMHO, Kanker stated that the purchase was made as per the rates of the Tamil Nadu Medical Services Corporation/Delhi Government provided by DHS, Raipur for immediate supply of medicines.

The reply is not acceptable, because the medicines were purchased by CMHOs, Jagdalpur and Kanker, at higher rates, although these were available at lower rates. Moreover, for regular supply to the health centres, the CMHOs had purchased medicines at the said lower rates. Thus the directions of DHS as well as Rules 9 and 10 of Chhattisgarh State Financial Code were also overlooked.

The matter was discussed (21 September 2010) with the Secretary, Public Health and Family Welfare. The Secretary agreed to the audit observation and

stated that an inquiry would be instituted to ascertain the circumstances under which the purchases were made at higher rates and responsibilities would be fixed if people were found guilty.

### 2.2.2 Excess payment

#### **Excess payment of ₹ 1.76 crore was made to the contractual staff engaged through ICMER against the Government norms**

Government of Chhattisgarh accorded (December 2002) sanction for opening a Government Dental College (GDC) at Raipur and accordingly, the Government of India granted permission (September 2003) to Director, Medical Education for establishment of the GDC at Raipur for the academic session 2003-04. Permission for further periods was to be given subject to achievement of annual targets as per Dental Council of India (DCI) norms. As per the norms of DCI, the GDC should have teaching staff, equipment, building, etc., in conformity with the minimum requirement of DCI norms. During the first two years (2003-04 and 2004-05) of its establishment, the GDC was facing difficulties in getting permission from DCI owing to its inability to fulfill the norms of DCI with respect to appointment of senior teaching staff and other requirements. Keeping in view the practical difficulties being faced by GDC in getting permission from DCI, the Government of Chhattisgarh appointed (March 2005) the International Consociation for Medical Education and Research (ICMER), New Delhi as consultant for GDC to obtain permission of DCI for the third and subsequent years till permanent recognition was granted. Consequently, Director, Medical Education (DME) entered (July 2005) into an agreement with ICMER.

As per the agreement, the ICMER was to extend consultancy services for procurement of various instruments/equipment, construction of a new Dental College building and to assist the Government for arrangement/recruitment of necessary senior faculty and teaching staff as per DCI norms, third year inspection of DCI and subsequent inspections till permanent recognition was granted by DCI. Six *per cent* of the total project cost as consultancy fees was payable to ICMER. Further, as per clause 2(vii) of the agreement, ICMER was to ensure and arrange professors and other requirements as per DCI norms and the Government was to pay monthly emoluments to professors as per Government norms i.e. at the rate of ₹ 25,000 upto September 2008 and ₹ 40,000 from October 2008 onwards.

Test check (March 2009) of records of DME, Raipur showed that 13 professors were engaged through ICMER on contractual basis at higher emoluments, over and above the Government norms, ranging from ₹ 70,000 to ₹ 1,55,000 during April 2007 to February 2009. The recognition to GDC was granted on 18 February 2009 with retrospective effect from October 2007. Consequently, the teaching staff were engaged upto February 2009 and paid ₹ 3.15 crore against the admissible amount of ₹ 59.56 lakh during the period June 2005 to February 2009 (the date of granting permanent recognition by DCI). This resulted in excess payment of emoluments of ₹ 2.56 crore.

On the consent of ICMER, DME recovered ₹ 79.20 lakh from ICMER, being the excess emoluments paid to the teaching staff for the period upto October 2007 instead of recovering excess emoluments paid upto February 2009 i.e., the month of receipt of recognition letter, as the teaching staff were engaged upto this period. Thus excess payment of ₹ 1.76 crore<sup>1</sup> made beyond Government norms (*Appendix-2.5*) was recoverable from ICMER.

On this being pointed out, DME stated (March 2009) that since the recognition to GDC was granted from October 2007, the amount worked out by Audit was not acceptable.

The reply is not acceptable as even though the recognition was granted from October 2007, the teaching staff engaged through ICMER were paid emoluments at higher rates upto February 2009. Thus, had the payment been made to teaching staff at Government rates as per the agreement with ICMER, the excess payment made to teaching staff, could have been avoided. Since the Government was liable to pay emoluments at Government rates to the teaching staff, the extra payment of ₹ 1.76 crore was the liability of ICMER and hence recoverable from ICMER, as ICMER had requested (February 2008) the DME for renewal of appointment of teaching staff for one year in view of non-receipt of recognition orders from DCI.

The matter was discussed (21 September 2010) with the Secretary, Public Health and Family Welfare department. The Secretary stated that detailed study of the agreements and other documents would be done and excess payment paid to the contractual staff over and above the Government norms from November 2007 onwards would be recovered from ICMER. He further stated that the source of meeting the excess payment to the staff would also be examined to verify whether these payments were made out of the fees collected by the Governing Body of GDC, Raipur or from the State budget allocation. In case the agreement with the ICMER had expired and no payments were due to the consultant, the excess payment would be recovered from the consultant from the payments due to it from other institutions of the State.

## **PUBLIC WORKS DEPARTMENT**

### **2.2.3 Excess payment**

#### **Use of lesser density mix resulted in excess payment of ₹ 41.36 lakh**

The Public Works Department (PWD), Government of Chhattisgarh, had prepared a rate analysis on the basis of the Standard Data Book of Ministry of Road, Transport and Highways (MORT&H) and prepared the Schedule of Rates (SOR) on the basis of rate analysis. As per Clause 12 of the agreement, work was to be executed in accordance with specifications as per SOR and MORT&H. The MORT&H specifications provided densities of 2.3 gm/cc for

<sup>1</sup> ₹ 3.15 crore-(₹ 59.56 lakh + ₹ 79.20 lakh).

semi-dense bituminous concrete (SDBC) and dense bitumen macadam (DBM) and density of 2.35 gm/cc for bituminous concrete (BC). Rates of dense bituminous macadam (DBM), bituminous concrete (BC) and semi-dense bituminous concrete (SDBC) were also calculated by taking the same density of the mixes.

Test check of the records of Executive Engineers (EE) of three divisions<sup>2</sup> revealed that the densities approved in the design mix for DBM were 2.10 to 2.12 gm/cc while for BC and SDBC, the densities were 2.26 gm/cc and 2 gm/cc respectively, which were less than the densities provided in the Standard Data Book of MORT&H and the work was executed accordingly. However, the payments were made to the contractors at the rates fixed for standard densities. As the densities of the mixes were less than the standard densities, the rates should have been deducted proportionally for lesser densities of the mixes. Thus payment at full rates against lesser density mixes resulted in excess payment of ₹ 41.36 lakh as detailed in **Appendix-2.6**.

On this being pointed out in audit, the EE, PWD (B&R) Dhamtari stated (November 2009) that although the unit calculation indices of densities for DBM and BC were taken as 2.3 and 2.35 gm/cc in the data book analysis, execution of these items required comprehensive mix design and job mix formula which envisaged working out of many details including percentage by weight of binder, coarse aggregate as per requirement and suitability of work. In such conditions, where densities of DBM and BC were derived from the appropriate process as 2.12 and 2.26 gm/cc respectively, objections in regard to it comparing with unit calculation index of standard data book analysis were not correct. The EE, PWD (B&R), Bemetara stated (September 2007) that the work was executed using limestone as aggregate and the densities of the mix could not be more than 2 gm/cc by using limestone and stated that payment was made according to the agreement. The EE, PWD (B&R), Rajnandgaon stated (February 2008) that DBM work was done according to the provisions.

The replies are not acceptable because rates of DBM, BC and SDBC were calculated and taken in the SOR by taking density of 2.3 gm/cc for DBM and SDBC and 2.35 gm/cc for BC. When the work of DBM, BC and SDBC were executed with lesser densities; the rates of the items should have been reduced proportionately.

The matter was discussed (17 September 2010) with the Principal Secretary, Public Works Department. While accepting the audit observation, the Principal Secretary stated that during execution of DBM and BC, lower density of mix might have been used and assured that necessary changes in the SOR will be made to avoid excess payments, if any.

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<sup>2</sup> (i) PWD (B&R) Division, Bemetara, (ii) PWD (B&R) Division, Dhamtari, (iii) PWD (B&R) Division, Rajnandgaon.

## 2.3 Unauthorised/avoidable expenditure

### AGRICULTURE DEPARTMENT

#### 2.3.1 Unauthorised expenditure

#### **Inadmissible assistance of ₹ 22.51 lakh was given to farmers for gap filling despite non-achievement of the survival rate of cashew plants as per norms**

Establishment of new gardens/area extension, a Centrally Sponsored Scheme, under the National Horticulture Mission (NHM) was implemented by the Government of India during 2005-06. The State Horticulture Development Society was nominated as the nodal agency for implementing the mission programme at the State level in Chhattisgarh.

As per the norms of assistance for plantation of crops including coastal horticulture under the National Horticulture Mission (NHM), the total assistance to be provided per hectare was ₹ 11,250 per beneficiary in three instalments in the ratio of 50:30:20 (₹ 5,625, ₹ 3,375 and ₹ 2,250) in the first, second and third year respectively. The assistance for the second year was to be provided subject to 75 *per cent* survival of the plants and for the third year, the assistance would be subject to 90 *per cent* survival of plants. The assistance was to be provided in the form of planting material (plants), local fencing, pit digging, fertilisers, micro-nutrients, plant protection and equipment. According to the guidelines, 100 cashew plants per hectare of land were to be planted.

Test check (February 2008 and July 2009) of records of the Director, Horticulture and Farm Forestry, Raipur revealed that 1,00,000<sup>3</sup> cashew grafts were received during August and September 2006 and supplied to farmers. These grafts were planted at Kharra and Charratangar clusters during August to October 2006 of which only 29,510<sup>4</sup> plants survived. Further 22,200 grafts were received for Kapu cluster in December 2006 i.e. after the plantation season (June to August 2006) was over and kept in nurseries but were planted in June 2007 and subsequently 7,800 grafts were received and planted in September 2007 of which only 3,370 plants survived at the end of first year. Even though the survival rate in the first year, except in two villages in Kharra cluster, was 0 to 69 *per cent*, 95,793<sup>5</sup> new cashew grafts were distributed for gap filling to 997 farmers of 45<sup>6</sup> villages in the same clusters during 2007-08 (*Appendix-2.7*).

Thus, the expenditure of ₹ 22.51 lakh incurred on procurement of cashew grafts (excluding 327 plants of Kharra clusters where survival rate was more than 75 *per cent* ) for gap filling in the second year was inadmissible as the

<sup>3</sup> Includes local collection.

<sup>4</sup> 14,530 + 14,980.

<sup>5</sup> {(38,470+31,020+26,630)-327}.

<sup>6</sup> Total 47 villages (-) 2 villages where survival rate was more than 80 *per cent*.

survival rate of the cashew plants in these clusters was below the required 75 per cent. Further, the excess plantation of 26,630<sup>7</sup> grafts in 300 ha in Kapu cluster in the same year indicated heavy mortality mainly due to irregular retention of 22,200 grafts for more than six months in nurseries.

On this being pointed out in audit, Director, Horticulture and Farm Forestry, Raipur stated (July 2010) that the low survival rate against the norms was due to lack of proper care in protection of the plants by the farmers. Hence, the plantation in excess of norms for gap filling was justified in the interest of the implementation of the scheme and the grafts planted during gap filling were healthy. Disciplinary action had also been initiated against the responsible officer on the basis of the audit objection.

During discussions held on 23 September 2010, the Principal Secretary admitted the audit observation and stated that since it was the initial year of plantation and the staff was not well conversant with the norms of NHM, the inadmissible expenditure was made on additional gap filling in the interest of farmers. It was also informed that the deficiencies noticed in earlier years had since been taken care of and steps had been taken to ensure the quality of plantations and also to increase the survival rate.

## **PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT**

### **2.3.2 Avoidable expenditure**

#### **Execution of same road work by two agencies led to avoidable expenditure of ₹ 35.27 lakh**

The Executive Engineer and Member Secretary, Project Implementation Unit, *Pradhan Mantri Gram Sadak Yojana*, (EE, PMGSY), Dhamtari, communicated (August 2006) the Annual Plans of road works of PMGSY for the year 2006-07 to the Chief Executive Officer (CEO), Zila Panchayat, Dhamtari with the intimation that the Annual Plan had already been approved in the general meeting (June 2005) of the Zila Panchayat without any objection.

The Chief Secretary (CS), Government of Chhattisgarh issued (December 2006) instructions to all District Collectors/District Programme Coordinators (DPC), National Rural Employment Guarantee Scheme (NREGA) that only those road works which were not included in the PMGSY's work Plan up to the year 2009, were to be taken up under NREGA.

Scrutiny (January 2010) of records of Executive Engineer, Rural Engineering Services (EE, RES), Dhamtari revealed that in total disregard to the instructions of CS, the CEO, Zila Panchayat accorded (January 2007) administrative approval for two roads namely internal road Mulle to Birejhar (NH-43 to Mulle) and Dhuma to Parsatti in Kurud block, which were already included in the Work Plan of PMGSY. These road works were earlier

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<sup>7</sup> 56,630 (30,000 plants in September 2007 and 26,630 plants in September and October 2007)-30,000 (@100 grafts per hectares for 300 hectares).



executed by RES under NREGA by providing Sub-grade, Granular Sub Base (GSB), Water Bound Macadam (WBM) Grade-I, II and III and completed by June and November 2007. An expenditure of ₹ 35.27<sup>8</sup> lakh was incurred on this. After completion of these roads by RES, these were again executed (February 2008) for Black Top (BT) road under PMGSY by EE, PMGSY, Dhamtari. The work executed by RES was not considered by the EE, PMGSY and Sub Base, GSB and WBM works already executed by the RES was re-executed as per PMGSY norms along with the other required works (OGPC and sealcoat) for BT road. Therefore, the overlapping execution of Sub Grade, GSB and WBM works on the same roads by RES and PMGSY within a span of six to seven months led to an avoidable expenditure of ₹ 35.27 lakh.

On this being pointed out, the EE, RES, Dhamtari stated (January 2010) that the works were executed after approval and sanction of the DPC/CEO, Zila Panchayat, Dhamtari. Further, the EE, PMGSY, Dhamtari stated (July 2010) that prescribed standards for construction of roads were available in the department and work was to be executed as per specification of rural roads and five years maintenance performance guarantee was to be given by the contractor. Hence, if the earlier executed work was not as per the PMGSY standards, then the entire work was to be executed afresh according to the norms and stated that videography and initial levels were recorded before starting of the work.

The reply of EE, RES was not acceptable because the reasons for taking up the work under NREGA in violation of the instructions of the CS were not stated. Thus, the wrong selection of road works and approval/award of works by CEO, Zila Panchayat in violation of instruction of CS resulted in execution of works, once under NREGA and subsequent execution of the same under PMGSY, leading to avoidable expenditure of ₹ 35.27 lakh.

During a discussion held on 25 October 2010, the Additional Secretary accepted the audit observation and intimated that the earthwork was not found up to the mark which led to construction of the road by PMGSY again. He also stated that the work done earlier by RES should have been mentioned in the detailed project report of PMGSY and the quantity already executed should have been deducted by PMGSY. Further it was stated that the EE, RES would be asked to clarify as to how the road work was taken up when the work was already included in the work plan of PMGSY. The Additional Secretary assured that instructions would be issued to all EEs of PMGSY and RES to avoid repetition of such instances.

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<sup>8</sup> ₹ 16.29 lakh (Dhuma to Parasatti) + ₹ 18.98 lakh (NH 43 to Mulle) = ₹ 35.27 lakh.

## 2.4 Idle expenditure

### AGRICULTURE DEPARTMENT

#### 2.4.1 Idle expenditure

##### **Non-installation of power pumps on tubewells resulted in idle expenditure of ₹ 2.29 crore**

The *Indira Khet Ganga* scheme which was subsequently renamed (October 2004) the *Kisan Samridhi Yojana*, was launched with a view to protect farmers from recurring droughts and preventing farmers from migrating to other States. Under this scheme, the major target was to protect farmers from loss in those rain shadow blocks of the State, where there was insufficient rainfall or uneven rainfall in the normal monsoon season due to which *kharif* crops were adversely affected. Under this scheme, subsidy for drilling of tubewells was to be provided at the rate of ₹ 18,000 to Scheduled Castes (SC) and Scheduled Tribes (ST) farmers and at the rate of ₹ 10,000 to general category farmers on their agricultural land or the actual drilling cost whichever was less. Besides this, additional subsidy at the rate of ₹ 15,000 to general category farmers and ₹ 25,000 to SCs and STs farmers was also admissible for installation of power pumps on successful tube wells. The farmers were responsible for obtaining electric connections and functioning of tubewells and the Agriculture Department and/or Superintending Engineer were required to co-ordinate for providing electrical connections to the farmers. Further, considering the difficulties faced by the farmers in getting electric connections before registration under the scheme, the Government decided (January 2007) to waive the condition of submitting the certificate of availability of electricity at the time of registration.

Test check (January 2010) of records of Deputy Director, Agriculture, Raipur and Durg revealed that 10,209<sup>9</sup> successful tubewells<sup>10</sup> were drilled during 2001-02 to 2008-09 under the scheme. Of these, on 1,696 successful tubewells (754 in SC and ST farmers agricultural land and 942 general category farmers agricultural land), no power pumps had been installed so far despite lapse of one to eight years. This resulted in unfruitful expenditure on payment of subsidy of ₹ 2.29 crore on drilling of tubewells as detailed in **Appendix-2.8**.

On this being pointed out (March 2010) in audit, Government replied (July 2010) that it had relaxed the necessity of producing certificates of availability of electric connections at the time of registration for drilling of tubewells. The Government mentioned (July 2010) that installation of pumps was a continuous process and steps for electrification were being taken and added that non-availability of resources in the Electricity Department was also a reason. As per the earlier system, the farmers were able to know the cost of

<sup>9</sup> 4938 in District Durg and 5271 in District Raipur.

<sup>10</sup> The tube well having discharge of 1500 gallons per hour is treated as successful tube well under the scheme.

electrification before filing application. However, after providing of the relaxation, the farmers were giving applications for electric connections only after drilling of successful tubewells. In such cases, if the connection cost came out to be more than the amount of subsidy provided, the farmers installed power pumps only after the arrangement of required funds which resulted in delays in installation of power pumps. It was also stated that the same amount of subsidy was being given on unsuccessful tubewells also. Hence, the amount of subsidy given on unsuccessful tubewells was not wasteful and the expenditure incurred on successful tubewells also could not be categorized as wasteful.

The reply indicates that injudicious selection of farmers for drilling of tubewells in non-electrified areas and relaxation (January 2007) of production of requisite certificates of availability of electric connections from Chhattisgarh State Electricity Board (CSEB) resulted in non-electrification of tubewells. Further, 55 per cent (939 out of 1696 tubewells) of the total tubewells drilled during 2007-08 and 2008-09 i.e. after the relaxation was given, were pending for electric connections. Thus, release of subsidy without ensuring electricity connections led to unfruitful expenditure of ₹ 2.29 crore apart from depriving the farmers of the rain shadow area from the benefits of assured irrigation facilities as envisaged in the scheme.

## **PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT**

### **2.4.2 Idle investment**

**Construction of residential quarters without proper planning and subsequent non-utilisation, even after four years, resulted in idle expenditure of ₹ 19.89 crore apart from avoidable expenditure of ₹ 44.51 lakh on payment of electricity charges**

Government of Chhattisgarh established (January 2001) the Chhattisgarh Institute of Medical Science (CIMS) which would be owned and managed by the Guru Ghasi Das (GGD) University in Bilaspur at Koni. It handed over (July 2001) the Sardar Vallabhbhai Patel Government Hospital, Bilaspur and also 25 acres of land in and around the hospital, to the university for establishment of CIMS. The Government also transferred all the staff from the Government hospital to CIMS under the administrative control of GGD University in July 2001. The Government again took over (December 2007) the CIMS along with staff and infrastructure and placed it under the administrative control of the Director, Medical Education (Public Health and Family Welfare Department).

According to the norms of the Medical Council of India (MCI), for the establishment of the Medical College Regulations, 1999, a medical college or institution should be housed in a unitary campus of not less than 25 acres of land, viz. the hospital, college building including hostels for the interns, post-graduate resident doctors and nurses. For opening of a new medical college, there should be sufficient number of quarters for covering 100 per cent of the total nursing staff and resident doctors and at least 50 per cent

of the teaching staff and Class IV officials of the sanctioned strength. The Executive Council of the university approved the construction of staff quarters and accordingly 173<sup>11</sup> staff quarters costing ₹ 19.89 crore, were constructed for CIMS at Koni, adjacent to Guru Ghasidas University premises, Bilaspur. These residential quarters were constructed at a distance of more than 10 km from CIMS and were handed over to the University in March 2006 by the contractor.

During test check (March 2010) of the records of the Dean, CIMS, Bilaspur, it was noticed that even after lapse of more than four years from the date of taking possession of the staff quarters, all 173 quarters remained vacant. Though staff quarters were allotted to 12 officials in February 2009, the possession of the same was not taken by them and all these quarters remained vacant (March 2010), resulting in idle expenditure of ₹ 19.89 crore. Further, due to non-occupation of these quarters by the staff, Government had to incur avoidable expenditure of ₹ 44.51 lakh on payment of electricity charges to Chhattisgarh State Electricity Board (CSEB) during the period April 2007 to February 2010.

On this being pointed out in audit, the Dean CIMS, Bilaspur stated (March 2010) that as there was no conveyance facility from the residential quarters to the medical college hospital, these quarters were not occupied by the staff and action was being taken for disconnection of electric supply.

The matter was discussed (21 September 2010) with the Secretary, Public Health and Family Welfare department. The Secretary, while accepting the audit observation stated that the matter would be taken up with GGD University for final takeover of the quarters on payment basis. Besides, during the discussion, the Secretary instructed the officials of the department to take up the matter with the Chhattisgarh State Electricity Board (CSEB) for discontinuance of electricity connection to avoid payment of the electricity charges.

### **2.4.3 Idling of grants and non-achievement of health care facility**

#### **Improper planning led to idling of ₹ 11.40 crore and non-establishment of Indian System of Medicine and Health Centres.**

Government of India provided grants-in-aid of ₹ 12.48 crore in the financial year 2005-06 to the State Government for promoting development of health care facilities of the Indian System of Medicine and Homeopathy (ISM&H) in District Allopathic Hospitals and Health Centres of the State by constructing/renovating existing buildings, providing equipment, medicines, training etc., on the basis of a proposal submitted (December 2004) by the State Government. The guidelines for the scheme also provided for availability of minimum covered area for the specific project with the hospital for receiving grant.

Under the scheme, the Public Health and Family Welfare Department, had selected (September 2005 and March 2006) 15 District Hospitals (DH) for

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<sup>11</sup> Type I (2), Type II (48), Type III (48) & Type IV (75).

establishment of ISM&H wings, 22 Community Health Centres (CHC) for Specialized Therapy Centres and 24 Primary Health Centres (PHC) for Specialty Clinics in the State. The department appointed (September 2005) the Chhattisgarh State Industrial Development Corporation (CSIDC) as the executing agency for this work.

Scrutiny (October 2009) of records of the Director, ISM&H, Raipur revealed that without ensuring availability of prescribed space in the earmarked health centres, the Director drew the entire amount of ₹ 12.48 crore from the treasury on 31 March 2006 and out of this, deposited ₹ 12.26 crore under the civil deposit head on the same day. From this, ₹ 6.25 crore was drawn and credited to the account of CSIDC on 30 October 2006 for establishment of ISM&H wings in the Health Centres. Chhattisgarh State Industrial Development Corporation could execute works valuing ₹ 85.77 lakh in three DHs and two CHCs as of September 2008 and expressed its inability to execute construction works in the remaining 13 DHs, 22 CHCs and 24 PHCs due to non-availability of space in the health centres and also due to change in the scope of the work as well as increase in the market price. Despite non-completion of the construction works and a huge amount lying with CSIDC, the Director further credited (March 2009) an amount of ₹ 4.69 crore in the account of CSIDC. The balance amount of ₹ 1.32 crore remained in civil deposit for more than three years and lapsed (April 2009) to State revenue as the department failed to withdraw and utilise the grant within the stipulated period. After incurring an expenditure of ₹ 85.77 lakh on the construction of three ISM&H centres, the unspent balance of ₹ 10.08 crore was refunded to the Director by CSIDC in January 2010, which is still lying in the bank account of the State Health Society.

Thus obtaining grants from GOI without ensuring space availability and improper planning led to non-utilisation of grants to the tune of ₹ 11.40 crore. Moreover, non-establishment of AYUSH specialised therapy centres and specialised clinics, deprived the people of the intended benefits for which the GOI grants were released.

The matter was discussed (21 September 2010) with the Secretary, Public Health and Family Welfare. The Secretary informed that as per the original guidelines, establishment of Ayush Health Centres was to be made in the existing health centre buildings through renovation. However, subsequently Government issued permission for taking up of new construction works also. He further informed that at the time of planning of the works, adequate space were available in the health centres but at the time of construction, it was observed that some of the available space was already utilized by the health centres and the CSIDC has also expressed its inability to execute the construction work in the far and wide areas. Hence, the work was taken back from CSIDC and handed over to AYUSHDEEP Samities. After handing over of these works to AYUSHDEEP samities, the construction works were in progress. As regards the lapse of civil deposit of ₹ 1.32 crore, the department stated that the matter had been taken up with the Finance Department for release of the lapsed amount.

The reply indicates that the Government failed to utilise GOI funds for more than five years mainly due to improper planning, thereby depriving the people of the intended benefits.

## 2.5 Regularity issues and other points

### PUBLIC WORKS DEPARTMENT

#### 2.5.1 Irregular expenditure due to non-clearance of forest land

##### Execution of road work in a reserved forest area without obtaining prior permission from the Government of India led to irregular expenditure of ₹ 46.83 lakh

The Forest (Conservation) Act, 1980 provides that prior approval of the Government of India (GOI) is required for use of forest land for non-forest purposes. Further, the Central Empowered Committee constituted by the Supreme Court of India reiterated (July 2004) the order (February 2000) of the Hon'ble Supreme Court, that even the removal of grass, etc. from national parks was prohibited and if any prohibited activity was to be carried out in that area, prior permission of Supreme Court was to be obtained.

The Public Works Department accorded (May 2002) administrative approval (AA) for ₹ 1.57 crore while technical sanction (June 2002) for ₹ 1.76 crore was granted by the Chief Engineer for construction of 17.60<sup>12</sup> km all weather road from Bhumka to Sitanadi including a 5.8 km road<sup>13</sup> under the protected area of Sitanadi Sanctuary. Accordingly, the Executive Engineer (EE), Public Works Division, Dhamtari sought (September 2002) permission from the Divisional Forest Officer, Dhamtari (DFO) for executing the work in the forest area. The DFO granted (September 2002) permission for upgradation of the forest road with the condition that the forest portion of land would not be transferred, widened and after upgradation no charges/fees should be levied for its usage.

The EE, awarded (October 2002) the construction of the entire road length of 17.60 km involving three medium bridges and 31 small culverts to contractor 'A' for completion with a stipulated time period of 10 months including the rainy season.

Scrutiny (October 2009) of the records of the EE revealed that the contractor was paid ₹ 2.06 crore finally (upto February 2007) for the incomplete work, out of which, an expenditure of ₹ 46.83 lakh<sup>14</sup> (*Appendix-2.9*) was incurred on the construction work of a road, slab culverts and a medium bridge in the Sitanadi reserved forest area (5.8 km). Meanwhile, the Superintendent, Sitanadi Sanctuary requested (May 2006) the EE to furnish the requisite

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<sup>12</sup> Reach 1/2 km to 18/6 km.

<sup>13</sup> Reach 12/10 km to 18/6 km Sitanadi Sanctuary (5.8 km).

<sup>14</sup> km 12/10 to 16/8 – Earth work, GSB, WBM, slab culverts and BT- ₹ 32.45 lakh.  
km 16/10 to 18/6 - Earth work, slab and pipe culverts – ₹ 14.38 lakh.

permission of the Central Empowered Committee/Supreme Court for construction of a road inside the sanctuary area or else suspend the work. Accordingly, the DFO, Dhamtari issued (May 2006) instructions to the EE to execute the work only after obtaining permission from the Additional Principal Chief Conservator of Forest (Wildlife/Conservation), Chhattisgarh, Raipur. In view of the objection raised by the DFO, the EE sought (May 2006) permission from the DFO for completion of the balance work. However, the construction works had to be stopped (October 2006) and the approach roads to the medium bridge could not be constructed due to objections raised by the Forest Department, which required prior permission of GOI for this purpose.



In reply, the Government stated (June 2010) that AA was accorded in May 2002, prior to the orders of the Supreme Court and 5.8 km (12/10 km to 18/06 km) road came under the Sitanadi Sanctuary. Hence, the execution of road work could not be done on the reach 16/10 km to 18/06 km. Expenditure of ₹ 46.83 lakh had been incurred in this area and steps were being taken to obtain permission from the Forest Department to complete the balance work.

The contention of the Government is not correct as the work could neither be completed within the stipulated period of 10 months nor was it completed till the stoppage of work by DFO (2006). This resulted in irregular expenditure of ₹ 46.83 lakh on the incomplete road besides non-fulfillment of the objective of providing connectivity to isolated habitats and non-establishment of all weather connectivity.

### **2.5.2 Lack of responsiveness of Government to Audit**

The Accountant General (Audit) arranges to conduct periodical inspections of State Government departments to check the transactions, maintenance of initial accounts in their prescribed formats, adherence to the codal provisions and internal control procedures and maintenance of basic control registers. These inspections are followed by the preparation of Inspection Reports (IRs) which contain the audit paragraphs prepared on the basis of various audit observations. These are issued to the heads of offices concerned, with copies to the next higher authorities, for examination of the audit paragraphs and reporting of compliance to the Accountant General. Outstanding paras are settled by the Accountant General on intimation of requisite follow-up action taken by the departments.

At the end of March 2010, there were 12866 outstanding paragraphs related to 3482 IRs. The year-wise break up of these outstanding IRs and paragraphs is given below:

Year	Number of outstanding IRs	Number of paragraphs
Up to 2002-03	2108	5817
2003-04	181	651
2004-05	344	1557
2005-06	238	1233
2006-07	224	1423
2007-08	49	413
2008-09	128	641
2009-2010	210	1131
<b>Total</b>	<b>3482</b>	<b>12866</b>

The department- wise break-up of these outstanding IRs and paragraphs is also indicated in *Appendix-2.10*.

#### **Pendency of inspection reports due to non-receipt of initial replies**

A review of the IRs received in the three years 2007-08, 2008-09 and 2009-10 showed that all the IRs issued were still pending due to non-receipt of satisfactory replies to the audit objections included in the IRs. In 226 cases (58 per cent), the departments did not even furnish the first replies to the IRs issued. The year-wise break-up of pending IRs and cases where first replies had not been received is given below:

Year	Number of IRs issued	Number of outstanding IRs	Cases of non-receipt of first reply
2007-08	49	49	14
2008-09	128	128	72
2009-10	210	210	140
<b>TOTAL</b>	<b>387</b>	<b>387</b>	<b>226</b>

The department-wise break-up of these outstanding IRs is listed in *Appendix-2.11*.

It is recommended that the Government should introduce adequate measures to ensure proper and timely response to the audit observations by the departments thereby reducing the pendency of paras in the IRs.