Chapter - 2

Performance Audit

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Chapter 2: Performance Audit

Public Health Engineering Department

2.1 National Rural Drinking Water Programme

Executive Summary

The Accelerated Rural Water Supply Programme (ARWSP) was renamed (2009) as National Rural Drinking Water Programme (NRDWP) by the Government of India (GoI) to provide every rural person with adequate safe water for drinking, cooking and other domestic basic needs on a sustainable basis. The implementation of NRDWP for the period 2009-10 to 2012-13 was reviewed through a test check of records in 23 out of 50 districts during May to September 2013.

- Bottom-up approach for preparation of comprehensive water security plans at District and State level as envisaged in the Scheme guidelines was not adopted. Focus on shifting the paradigm from 80 *per cent* ground water based systems to 20 *per cent* not considered during the course of planning. As a result, number of drilling of bore well increased.
- Optimum utilization of funds could not be ensured. Component wise allocation and utilisation of funds was not ensured.
- Purchase of PVC pipes was made from MPLUN, which was not authorized to supply the material. Besides, the benefit of competitive rates through open tenders was not availed. Even admissible exemption was not availed.
- Due to depletion of ground water level and drying of sources fully covered habitations slipped back. Significant number of habitations in respect of quantity and quality, rural schools and anganwadis are yet to be covered in the State.
- Testing laboratories are yet to be strengthened in respect of infrastructure as well as of manpower to ensure the stipulated water sample testing.
- Payments of tender premium, centage charges and inadmissible works to be debited to State funds were charged to Programme fund.
- There were shortage of manpower in technical cadre, DWSM and BRCs which affected implementation of the programme. Trainings were not conducted as per training calendar to ensure capacity building.
- State Level Committees did not meet regularly to ensure proper monitoring of the Programme. The data regarding achievement entered online were not authenticated by the competent authorities before transferring the same into Integrated Management Information System.

2.1.1 Introduction

The first three phases[1] of rural water supply programme were scheduled during 1972-2009. The focus in the fourth phase (2009-12) was for ensuring sustainability of water availability, support activities and Water Quality Monitoring and Surveillance Programme (WQMSP). Since April 2009 the Rural Water Supply Programme is named as National Rural Drinking Water Programme (NRDWP) (the Programme) sponsored by the Government of India (GoI) with a vision of providing safe drinking water for all, at all times, in rural areas. The Programme has six components and the GoI and State Government provided 50 *per cent* share each on three components and on three components 100 *per cent* funding is done by GoI. However, the Programme is still continuing and the funds were provided both by GoI and State Government in year 2012-13. These *six* components were earmarked under NRDWP viz. Coverage, Water Quality, Operation and Maintenance (O&M), Sustainability, Support Activity and WQMSP for implementation of the Programme. The main objectives of the Programme were as under:

- To ensure permanent drinking water security in rural areas and to ensure that the quality of water is in conformity with the prescribed standards at both the supply and consumption points.
- To see that the issues of potability, reliability, sustainability, convenience, equity and consumers preference are the guiding principles while planning for a community based water supply system.
- To enable communities to manage, monitor and maintain surveillance of their drinking water sources;
- To provide access to information through online reporting mechanism with information placed in public domain to bring in transparency, accountability and informed decision making.

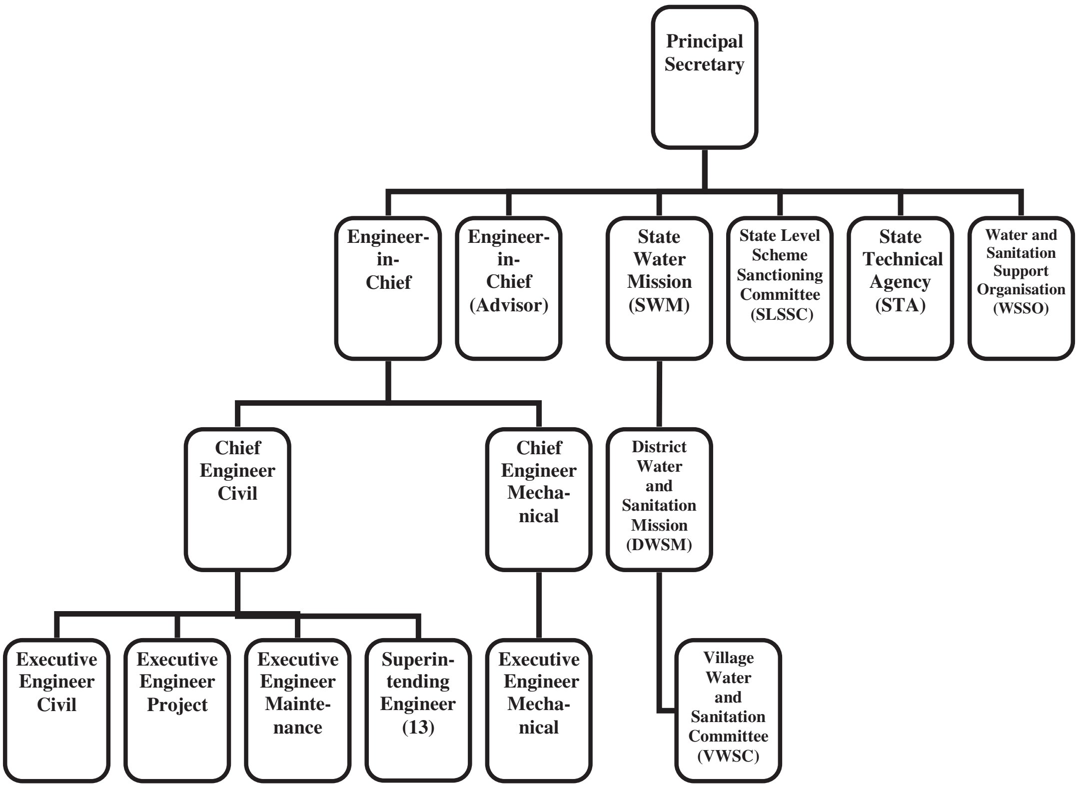
In Madhya Pradesh, the Public Health Engineering Department (PHED) is responsible for implementation of the Programme covering 51,541 villages (1.27 lakh habitations). At the beginning of 2009-10 there was no uncovered habitation. However, there were 78,377 partially covered habitations which remained to be fully covered by the end of Eleventh Plan Period i.e. March 2012. At the end of 2012-13, 43,632 habitations being 34 *per cent* of total habitations remained to be fully covered. Out of the six components, three components i.e. Coverage, Water Quality and Operation and Maintenance were on 50:50 cost sharing basis and Sustainability, Support Activity and WQMSP components were fully funded by GoI. During the period 2009-13, GoI and State Government released their shares of ₹ 3046.18 crore for the Programme against which expenditure of ₹ 2861.79 crore was incurred.

[1] First Phase (1972-86) ARWSP – To ensure provision of adequate drinking water supply of rural community; Second Phase (1986-99): Technology Mission – emphasis on water quality, technology intervention, human resource development support etc; Third Phase (1999-2009): Project to involve community in planning, implementation and management of drinking water scheme.

2.1.2 Organisational set up

The Programme is implemented by Public Health Engineering Department (PHED), headed by the Principal Secretary, PHED.

The organisational set up of PHED is detailed in the chart below:



The Principal Secretary, PHED is responsible for overall implementation of the Programme. The Engineer-in-Chief (E-in-C) is the Executive Head of the Department. The State Water Mission (SWM) releases funds to districts and maintains accounts of the Programme fund and the State Level Scheme Sanctioning Committee (SLSSC) are headed by Principal Secretary, PHED which accords approval for all rural water supply schemes and also review the schemes, STA assists the Department in planning and evaluating major water supply schemes and WSSO assists in HRD activities of the Department.

2.1.3 Audit objectives

The audit objectives were to examine whether:

- efficient planning existed for proper implementation of the programme;
- budget provisions, receipt and utilisation of funds and reporting thereof to GoI were adequate and economical;

- the programme was executed in accordance with the provisions of the NRDWP including quality control of drinking water;
- ground water recharging for rural areas was effective;
- human resource management for implementation of programme was adequate; and
- monitoring and evaluation was effective.

2.1.4 Audit criteria

The audit criteria were derived from the following sources:

- NRDWP guidelines and administrative orders issued by the GoI and the State Government on the Programme;
- Provisions of Unified Schedule of Rates of PHED, the MP Public Works Department (MPPWD) Manual;
- Project Reports, estimates and sanction orders of individual schemes projects; and
- General Financial Rules, Madhya Pradesh Treasury Code, Madhya Pradesh Financial Code and orders of the Department of Finance.

2.1.5 Scope and methodology of audit

The implementation of NRDWP for the period 2009-10 to 2012-13 was reviewed through a test check of records in 23[2] out of 50 districts (May to September 2013) and in the offices of E-in-C. An entry conference was held on 20th May 2013 with the Secretary, PHED and E-in-C wherein the audit objectives and audit criteria were appraised to the Department. Exit conference was held with Additional Secretary, PHED on 27th December 2013 the views/replies of the Department have been incorporated suitably.

Audit findings

2.1.6 Planning

In order to achieve the goal of NRDWP, Village Water Security Plans (VWSPs) were to be prepared, which inter-alia, included the demographic and physical features, water sources, the basic minimum requirement at household level for drinking and other household needs, infrastructure gaps and the proposed work to augment the existing infrastructure and water sources. The VWSPs were also to have details of management, operation and maintenance

[2] Alirajpur, Anuppur, Balaghat, Barwani, Betul, Dhar, Dindori, Hoshangabad, Jabalpur, Jhabua, Khargone, Mandla, Mandsaur, Rajgarh, Raisen, Ratlam, Sagar, Satna, Sehore, Seoni, Shajapur, Ujjain and Umaria

of the water supply schemes. Based on all the VWSPs, the District Water Security Plans (DWSPs) were to be prepared. At State level, an Annual Comprehensive Water Security Action Plan (AAP) for each financial year and a five-year rolling plan were to be prepared. The Annual Action Plan for the next financial year was to be submitted to GoI by February of each year.

We observed that in the 11th (2007-12) and 12th (2012-17) Five-Year Plans, no year-wise targets were set. As such, it could not be ascertained whether the Annual Action Plans (AAPs) prepared were in consonance with the Five-Year Plans. The AAPs were prepared every year, except in 2009-10. We observed that the AAPs were submitted to the GoI between March to May, i.e. with delay up to three months. However, the dates of approval by GoI were not furnished to Audit.

The scrutiny of records of planning process revealed the followings:

2.1.6.1 Village Water Security Plan and District Water Security Plan

Bottom-up approach was to be followed in planning process under which Village Water Security Plans (VWSP) as envisaged under the Programme were to be prepared by VWSC for ensuring drinking water security by the village community with the help of NGOs. Based on all VWSPs of the district, the District Water Security Plans (DWSPs) were to be prepared.

The objective of bottom-up approach in planning was not achieved, since no action Plan was prepared at village level

We noticed that VWSPs were not prepared in 23 test checked districts. None of the EEs could furnish the DWSP for NRDWP. Instead, they produced the Plan for the entire district, which included the Plan for PHED for the District. Thus, there was no separate plan for NRDWP. However, the District Plan did not have the data of habitations already covered, partially covered, remained to be covered, slip back habitations, plan on Information Education and Communication (IEC) and Human Resource Development (HRD). Impact of climate changes on availability of water resources was not taken into consideration during the planning process.

In the absence of the necessary inputs from grass root level i.e. Gram Panchayats and Village Water and Sanitation Committees, the Programme was implemented without ascertaining the needs of the villages. Thus, the objective of bottom-up approach was not achieved.

The Department in the exit conference (December 2013) accepted the lapses in preparation of the Plans and stated that two pilot projects for developing model VWSP were being implemented as per GoI instructions; based on which all other VWSPs would be prepared. Thereafter, the State plans would be prepared incorporating the VWSPs and DWSPs.

2.1.6.2 Shift in policy framework to prevent decline in ground water

As per Annexure-II of NRDWP guidelines (2009), with a view to arrest rapid decline in ground water, the Department was to shift the focus from 80 *per cent* ground-water based systems to 20 *per cent* and the remaining by combination of roof-water harvesting, ground water recharge and surface water harvesting as conjunctive use.

Number of drilling of bore wells increased during 2009-13, defeating the objective of reducing dependency on ground water

There were no records to show that specific programmes were chalked out or targets set during 2009-13 for achieving the objective of reducing dependency on ground water. It was also noticed that the number of drilling of bore wells had an increasing trend during 2009-13.

The Department in the exit conference (December 2013) stated that the State formed Madhya Pradesh Jal Nigam Maryadit (June 2012) to focus on shifting from ground water to surface water based piped water supply schemes. During the year 2013-14, the Nigam has taken-up 25 multi-village piped water supply schemes from river sources. Allocation on coverage of habitations through handpumps has also been reduced.

2.1.6.3 Convergence with other Departments

As envisaged in the guidelines, convergence with the National Rural Employment Guarantee Scheme (NREGS), Watershed Projects and Irrigation Schemes were to be carried out during the planning process for construction of sustainability structures.

Convergence with other schemes/ departments was ignored

We noticed in the AAPs and DWSPs that the aspect of convergence with similar schemes was not considered in the Plans. Further, we noticed in 11[3] out of 23 districts that payment of ₹44.06 lakh was made from NRDWP Fund on account of labour component in sustainability works, expenditure on which was to be charged to Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) indicating lack of convergence of NRDWP with other departments/schemes.

The Department in the exit conference (December 2013) accepted the fact and stated that instructions had been issued (September 2013) to the field offices for implementing sustainability schemes through convergence with other line departments.

2.1.7 Financial Management

2.1.7.1 Funding pattern

The Programme is funded by the Central and State Governments on cost-sharing basis. Out of the six components, three components i.e. Coverage, Water Quality and Operation and Maintenance were on 50:50 cost sharing basis and three other components viz. Sustainability, Support Activity and WQMSP components were fully funded by GoI. The component-wise funding pattern is as under:

[3] Anuppur: ₹ 1.08 lakh, Barwani: ₹ 1.77 lakh, Betul: ₹ 7.33 lakh, Dhar: ₹ 3.83 lakh, Jhabua: ₹ 11.05 lakh, Raisen: ₹ 9.17 lakh, Sagar: ₹ 1.81 lakh, Satna: ₹ 1.47 lakh, Seoni: ₹ 0.56 lakh, Shajapur: ₹ 3.30 lakh and Umaria: ₹ 2.69 lakh.

Table-1 Component-wise funding pattern

Component Name	2009-10 & 2010-11			2011-12			2012-13		
	Percentage for component	State Share (%)	Centre Share (%)	Percentage for Component	State Share (%)	Centre Share (%)	Percentage for component	State Share (%)	Centre Share (%)
1. Coverage[4]	45	50	50	45	50	50	47	50	50
2. Water Quality[5]	20	50	50	20	50	50	20	50	50
3. Operation & Maintenance[6]	10	50	50	10	50	50	15	50	50
4. Sustainability[7]	20	0	100	20	0	100	10	0	100
5. Support Activity[8]	5	0	100	3	0	100	5	0	100
6. WQMSP[9]	0	0	0	2	0	100	3	0	100
Total	**100**			**100**			**100**		

(Source: NRDWP guidelines)

It would be seen that component-wise distribution of total funds during a year varied from year to year.

Scrutiny revealed that the funds released by GoI were directly deposited in the separate bank accounts of Programme and Support Activity in the name of SWM (Rajya Pey Jal Mission), SWM in-turn releases the funds to Executive Engineers at district level, who also maintains separate bank accounts for implementation of the Programme and Support Activity.

2.1.7.2 Receipts and expenditure of Central funds

Out of the six components, the accounts for Coverage, Water Quality, Operation and Maintenance, Sustainability are maintained in the name of Programme activities and for other components viz. Support Activity and WQMSP are released in the name of support activities. The year-wise details of funds released by GoI and State Government for the programme and support activities and expenditure incurred by the Department during the period 2009-13 are given in the table-2:

[4] Coverage component includes works like drilling of bore wells, installation of hand pumps, laying of pipe line, construction of over head tanks, stand posts etc.

[5] Water quality component includes works like installation of de-flouridaton plants, multi-village PWSS, intake well-cum-pump house, treatment plant, sedimentation plant, etc.

[6] Under this component operation and maintenance of hand pumps is done.

[7] Under sustainability component structures like stop dams, check dams, nala bunds, gully plugs, roof-top water harvesting etc. are created.

[8] Under support activity component works related to communication and capacity building, management information system, research and development etc. are carried out.

[9] Under WQMSP component testing of water samples at Gram Panchayat, Sub-Divisional, District and at State level is conducted and the same are monitored.

Table-2 Statement showing position of Central share under NRDWP

(₹ in crore)

Year	Name of component	Opening balance	Interest earned during the year	Funds sanctioned & released by GoI	Total funds available at State level (SWM)	Funds disbursed by SWM to districts	Expenditure incurred by Directorate and districts	Closing balance (6-8)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2009-10	Programme	34.91	0.30	376.66	411.87	411.87	293.51	118.36
	Support activity	5.36	0.01	3.00	8.37	8.36	6.18	2.19
	Total	**40.27**	**0.31**	**379.66**	**420.24**	**420.23**	**299.69**	**120.55**
2010-11	Programme	118.36	3.65	378.35	500.36	404.69	379.36	121.00
	Support activity	2.19	0.20	9.98	12.37	9.98	6.25	6.12
	Total	**120.55**	**3.85**	**388.33**	**512.73**	**414.67**	**385.61**	**127.12**
2011-12	Programme	121.00	3.01	276.29	400.30	392.40	364.65	35.65
	Support activity and WQMSP	6.12	0.19	16.49	22.80	16.83	18.06	4.74
	Total	**127.12**	**3.20**	**292.78**	**423.10**	**409.23**	**382.71**	**40.39**
2012-13	Programme	35.65	NA	536.08	571.73	436.56	412.12	159.61
	Support activity and WQMSP	4.74	NA	17.12	21.86	24.86	18.29	3.57
	Total	**40.39**	**NA**	**553.20**	**593.59**	**461.42**	**430.41**	**163.18**
	Grand Total		**7.36**	**1613.97**	**1949.66**	**1705.55**	**1498.42**	

(Source: Data collected/furnished by E-in-C office, Bhopal)

➢ During the period 2009-13, out of total Central funds of ₹ 1949.66 crore available, the SWM released ₹ 1705.55 crore (87 *per cent*) to the Executive Engineers (EEs). However, at the end of 2012-13, there was an unspent balance of ₹ 163.18 crore with the Mission and with the EEs.

In addition to Central assistance, the State share allocated[10] and spent for the Programme is as under:

Table-3 Statement showing the State share released and spent

(₹ in crore)

Year	Funds released by State Government	Expenditure incurred by Directorate and districts	Savings
2009-10	286.79	259.92	26.87
2010-11	366.27	333.47	32.79
2011-12	376.43	369.95	6.48
2012-13	402.72	400.03	2.70
Total	**1432.21**	**1363.37**	**68.84**

(Source: Data furnished by E-in-C office, Bhopal)

We observed that State's share of the Programme was not credited to NRDWP account; instead the funds were spent through treasury system resulting in

[10] For coverage, water quality and operation and maintenance.

lapse of programme fund. Due to lapse of Programme fund, the Programme activities suffered.

2.1.7.3 Release of funds

As envisaged in para 17 of NRDWP framework, in the beginning of the financial year, 50 *per cent* of allocation is released under different components of NRDWP and the second installment is to be released on submission of proposal for second installment by 31st December of the financial year along with a certificate of utilisation of 60 *per cent* of the available resources.

Funds were released in more than two installments and significant amount was released in the month of March

We observed that instead of release of funds in two installments in a year, GoI released programme funds in three to 10 installments. Against the total funds of ₹ 1613.97 crore released during 2009-2013 an amount of ₹ 229.38 crore (14 *per cent*)[11] were released in the month of March though the UCs were submitted to GoI before 31st December every year.

The Department in the exit conference (December 2013) accepted that the available Central funds could not be disbursed because of late receipt of second installment.

2.1.7.4 Component-wise release and expenditure

Component wise disbursement and expenditure of funds of NRDWP during 2009-10 to 2012-13 are detailed in ***Appendix-2.1***. We observed that both release and expenditure of funds for various components were not in accordance with the prescribed norms for ratio of fund distribution as discussed below:

Balanced approach was not adopted in component-wise release and expenditure due to which due emphasis was not given on Sustainability and Support activity

- Against the norms of 65/67 *per cent* under the components Coverage and Water quality, the funds released ranged from 76 *per cent* (2012-13) to 82 *per cent* (2011-12). Expenditure under these components exceeded the norms by 6 *per cent* to 14 *per cent*.
- Against the norms of 20/10 *per cent* under Sustainability, release of funds ranged from five *per cent* to nine *per cent*. Expenditure was less than the norms by 11 *per cent* to 16 *per cent*.
- Against the norms of five/eight *per cent* under Support Activity, the funds released ranged from one to three *per cent*. Expenditure was less than the norms by three *per cent* to four *per cent*.

It would be seen from the above that Government was giving more attention to Coverage and Water quality, though focus areas of the fourth phase was sustainability, support activity and WQMSP etc.

The Department in the exit conference (December 2013) stated that after detailed scrutiny of records reply would be furnished.

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[11] 2009-10:- eight *per cent*, 2010-11:- 11 *per cent* and 2012-13:- 28 *per cent*.

- For the component Operation & Maintenance the share of expenditure is 10 *per cent* during 2009-12 and 15 *per cent* during 2012-13. Accordingly, expenditure ceiling on O&M during 2010-11 and 2011-12 was ₹ 66.64 crore and ₹ 75.46 crore. However, actual expenditure was ₹ 81.50 crore and ₹ 85.84 crore respectively. Hence, expenditure in excess of the prescribed ceiling was ₹ 25.24 crore.

The Department in the exit conference (December 2013) stated that the provisions in the guidelines seems to be a misprint and confusing, hence clarification shall be taken from DDWS, GoI.

The reply is not in order since the para 17 (i) of NRDWP guidelines provides very clearly that the expenditure on O&M should not exceed 10 *per cent* of the total fund released in the previous year.

2.1.7.5 Mis-match in reported figures

The E-in-C maintains the accounts of funds available, expenditure, and closing balance of the Programme funds in (i) Annual Expenditure Statement, (ii) Integrated Management Information System (IMIS) and (iii) Balance Sheet prepared by the Chartered Accountant (CA). Audited accounts of CA should be supported by a statement of reconciliation with the accounts of PHED.

Significant mis-match of figures existed in the three different accounting formats

We observed that there were significant variations in the figures of opening balance, closing balance, total amount released, total expenditure under State Sector and Central Sector, as shown in the statements/accounts maintained under the three accounting formats, as shown in ***Appendix-2.2***. No reconciliation was made by the Department at any level.

The Department in the exit conference (December 2013) accepted the mis-match in reported figures and stated that the online data are entered by the divisions and are compiled at State level but the modification & reconciliation is difficult due to time constraints. However, the figures would be reconciled and the revised UCs shall be prepared.

2.1.7.6 Exemption of Excise Duty not availed

General note 13 of Unified Schedule of Rates (USOR) of Water Supply and Sewage Works of the Department provides that the concerned officers shall avail the exemptions on any Tax or Duty as admissible under the prevailing policy on purchase of pipes. Further, GoI, vide Notification of December 2009 exempted payment of Excise Duty on purchase of pipes of diameter exceeding 10 cm[12].

[12] Needed for delivery of water from its source to the plant to the first storage point that forms an integral part of the water supply project.

Exemption of Excise Duty was not availed by the divisions in purchase of pipes for the Programme

During scrutiny of records related to purchase of these pipes in five[13] test checked divisions, it was noticed that benefit of exemption of Excise Duty amounting to ₹ 18.43 lakh was not availed on purchase of PVC pipes worth ₹ 2.03 crore by the divisions during February 2010 to May 2013.

The Department in the exit conference (December 2013) stated that information has been sought from concerned Chief Engineers. Appropriate action would be taken after receipt of the information.

2.1.7.7 Avoidable payment of service charges on purchases of pipes

Annexure-B attached to Rule-14 of Store Purchase Rules prescribed in MPFC Part-2 provides that, the items, which are reserved to be purchased from Madhya Pradesh Laghu Udyog Nigam (MPLUN) shall only be purchased through MPLUN. PVC pipes were not a reserve item to be purchased through MPLUN. Hence, PVC pipes were to be purchased through open tenders.

Avoidable payment of ₹ 87.52 lakh was made as service charges to MPLUN on purchase of PVC pipes

During scrutiny of purchase records in 18 divisions for the period 2009-13, it was noticed that PVC pipes worth ₹ 43.76 crore were procured through MPLUN instead of through open tenders. We observed that payment of ₹ 87.52 lakh[14] was made as service charges to MPLUN, which could have been avoided if the purchases were made directly by PHED.

The Department in the exit conference (December 2013) stated that MPLUN is a Government agency which is a specialist in procurement of materials.

Reply was not acceptable as the item was not reserved for MPLUN under Store Purchase Rules and a substantial amount of ₹ 87.52 lakh was paid as service charges to MPLUN.

2.1.7.8 Inadmissible works executed out of NRDWP funds

As per Para 16.5 of NRDWP guidelines, expenses which are not found eligible under NRDWP were to be met by the State Government and shall be credited to the Programme funds to that extent.

Expenditure of ₹ 2.72 crore was made from NRDWP funds which were not found eligible

During scrutiny of records we observed that in 13 divisions out of 23 test checked divisions, an expenditure of ₹ 2.72 crore[15] was incurred during the period 2009-13 from NRDWP fund on various items which were beyond the scope of any of the components of NRDWP, such as repairing, renovation

[13] Anuppur- ₹ 6.11 lakh Sardarpur (Dhar)- ₹ 7.41 lakh, Satna- ₹ 1.32 lakh, Seoni ₹ 0.90 lakh and Umaria- ₹ 2.69 lakh.

[14] Anuppur ₹ 1.61 lakh, Barwarni ₹ 2.28 lakh, Betul ₹ 1.89 lakh, Bhopal (Mech) ₹ 4.74 lakh, Dhar ₹ 1.41 lakh, Dindori ₹ 18.28 lakh, Hoshangabad ₹ 2.87 lakh, Jhabua ₹ 0.74 lakh, Mandla ₹ 24.56 lakh, Mandsaur ₹ 9.61 lakh, Raisen ₹ 0.54 lakh, Rajgarh ₹ 0.48 lakh, Sagar (Civil) ₹ 12.79 lakh, Sagar (Mech) ₹3.01 lakh, Satna ₹ 0.29 lakh, Seoni ₹ 0.20 lakh, Umaria ₹ 0.32 lakh, Ujjain (Mech) ₹ 1.90 lakh.

[15] Barwani ₹ 78.03 lakh (106), Dhar ₹ 57.01 lakh (24), Dhar (Sardarpur) ₹ 26.94 lakh (13), Hoshangabad ₹ 4.76 lakh (103), Jabalpur (Civil) ₹ 6.86 lakh (60), Jabalpur (Mech) ₹ 0.80 lakh (02), Jhabua ₹ 33 lakh (03), Raisen ₹ 12.70 lakh (219), Ratlam ₹ 16.71 lakh (11), Sagar (Civil) ₹ 14.06 lakh (117), Sagar (Mech) ₹ 1.13 lakh (03), Sehore ₹ 8.60 lakh (07) and Ujjain ₹ 11.42 lakh (10).

works of office and residential buildings, payment of telephone bills, electricity bills etc. As the items were not pertaining to NRDWP the expenditure incurred was not admissible.

The Department in the exit conference (December 2013) stated that comments have been sought from the concerned Chief Engineers.

2.1.8 Programme Management

The goal of NRDWP is to provide the rural people with adequate safe water for drinking, cooking and other domestic needs on a sustainable basis. This basic requirement should meet minimum water quality standards and be conveniently accessible at all times. This goal was to be achieved by the XIth Plan period i.e. by March 2012. The component-wise implementation of the Programme is discussed in the succeeding paragraphs.

2.1.8.1 Coverage and water quality

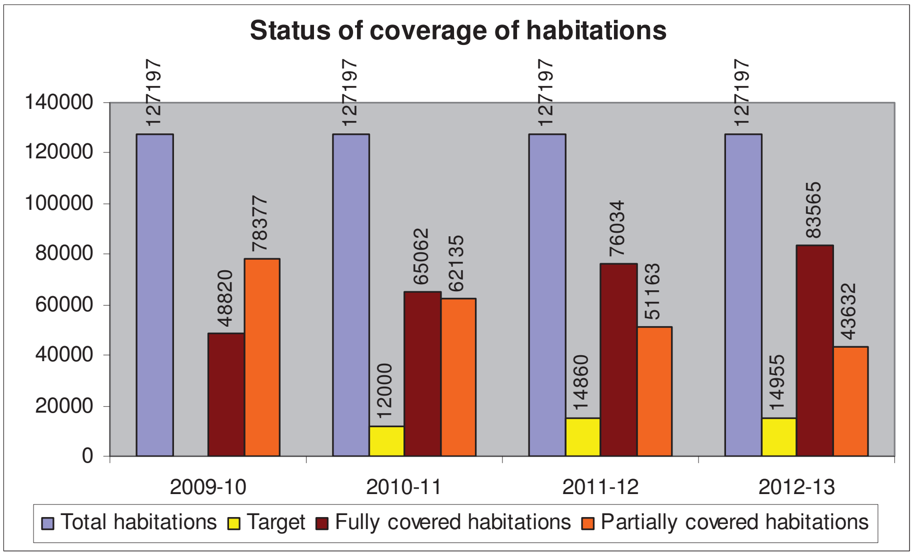
Coverage means providing safe and adequate drinking water supply by handpumps and Piped Water Supply Scheme to unserved, partially served and slipped back habitations.

2.1.8.2 Coverage of habitations

There were 1.27 lakh habitations as on 1 April 2009 of which 0.49 lakh habitations were fully covered as per norms of 40 litre per capita per day (lpcd) and remaining 0.78 lakh habitations were partially covered. After launching of NRDWP, the flexibility to assess the basic minimum requirement of water to the rural population was assigned to the State Government. Apex Committee of the State for NRDWP recommended (December 2009) norms for fully covered habitations. According to the norms rural habitations fulfilling the criteria of 55 lpcd to every household within the radius of 500 metres comes under fully covered habitations.

The status of coverage of habitations during the period 2009-13 in the State is given in the chart below:

Chart No.1- Status of coverage of habitations



(Source: Data furnished by E-in-C/IMIS)

Despite completion of one year after the plan period (2009-12), 43632 habitations still remained to be fully covered

As against 78,377 partially covered habitations at the end of 2009-10, only 41,815 habitations were targeted for coverage during 2010-13. It is also evident from the above graph that even one year after the Plan period was over in March 2013, 43,632 (34 *per cent*) habitations[16], remained to be fully covered. In the test checked districts, 50 *per cent* habitations (33,653 out of 66,723) were not fully covered. This was due to fixing low targets for coverage of habitations.

The Department in the exit conference (December 2013) stated that the target for coverage of habitations is being decided on the basis of resources (finance and manpower) available with the State.

The reply is not acceptable as even one year after completion of the plan period all the habitations could not be covered despite Central funds remaining unspent and State funds being allowed to lapse.

2.1.8.3 Coverage of rural schools and anganwadi centres

As per para 9.7 of NRDWP guidelines, the State was required to compile data from the State Education Department and Women and Child Development Department regarding the rural schools and anganwadi centres (AWCs) in existence and number of schools and centres having drinking water facilities. The State was required to fix targets in such a manner that the rural schools and anganwadi centres not having drinking water facilities could be covered by 2010-11.

On being inquired in audit, the E-in-C intimated (May 2013) that 10877 rural schools were provided drinking water facilities under the programme during

[16] Including 21,577 ST habitations and 3,553 SC habitations.

2009-13. He also stated that 5174 rural schools and 5794 AWCs remained to be covered under the Programme.

At the exit conference (December 2013) the Additional Secretary, PHED stated that out of 5794 AWCs targeted during 2013-14, 2206 were provided drinking water facilities. He also stated that the remaining schools would be covered during 2013-14.

The fact remains that the rural schools and AWCs could not be covered under the Programme within the stipulated schedule i.e. by 2010-11, as envisaged in the Programme guideline.

2.1.8.4 Coverage of habitations with Piped Water Supply Scheme (PWSS)

NRDWP gives thrust on Coverage of habitations for supply of drinking water through PWSS instead of hand pumps. Further, the State Government decided (2010) to implement PWSS to such villages having population of more than one thousand.

1053 (10 *per cent*) PWSS were not functioning due to drying of sources, electrical problems and non-maintenance by panchayats

During scrutiny of records and data obtained from E-in-C, we observed that against the targets of 3750 PWSS in the AAPs, 3575 PWSS were completed during the period 2009-13. As of September 2013, there were 10,664 PWSS of which 1053 PWSS[17] (10 *per cent*) were not functioning. In the test checked districts, out of 1635 PWSS completed, 270 were not functioning due to drying of sources, non-payment of electricity bills, lack of interest by panchayats in operation and maintenance.

2.1.8.5 Coverage of habitations with handpumps

In terms of provisions of Annexure-VIII of NRDWP guidelines, the norms for lpcd and distance for coverage of population may be decided by the respective State Government. Accordingly the Department fixed criteria for coverage of habitations through handpumps having population less than one thousand which are not covered under PWSS[18].

As per data furnished by E-in-C/IMIS the number of handpumps installed in the State was 5.29 lakh (May 2013), of which 4.85 lakh were functioning.

The status of closed handpumps at the end of the years 2009-10 to 2012-13 is as under:

[17] (276 and 777 not functioning due to drying of sources and problems in electrical connection/non-maintenance by panchayats respectively).

[18] PWSS implemented in habitations having more than 1000 population.

Table-4 Status of closed handpumps

Year	Handpumps closed due to dried sources	Handpumps closed due to depletion of ground water	Handpumps closed due to quality affected	Handpumps closed due to mechanical defects	Total closed handpumps
2009-10	2601	21896	995	994	26486
2010-11	3143	27771	921	10868	42703
2011-12	2937	19341	1334	12441	36053
2012-13	3044	27965	1224	12002	44235

(Source: Data furnished by E-in-C/IMIS)

It is evident from the above that there was substantial increase of 17,749 in number of closed hand pumps (from 26,486 to 44,235) during the period 2009-13. This indicated that sustainability activities such as recharging etc. and maintenance of handpumps were not adequate.

As per the progress reports submitted to the E-in-C by the test checked districts, out of 2.51 lakh hand pumps installed, 24,787 hand pumps (10 *per cent*) were not working of which 2020 hand pumps were defunct/irreparable.

The Department in the exit conference (December 2013) stated that the ground water is being heavily exploited for agricultural activities. Water recharging is a slow process and needs comprehensive efforts from all the stake holders; despite best efforts of the Department water table is depleting and the hand pumps are adversely affected.

The reply is not acceptable since less release of fund and expenditure on sustainability works to arrest depletion of ground water was less than the prescribed ratio as discussed in para 2.1.7.4.

2.1.8.6 Status of ongoing and new schemes

As per NRDWP guidelines, State Government will have to prepare plan for each year for sanction of new schemes, taking into consideration the ‘ongoing’ schemes. However, completion of the ongoing schemes was to be given priority over new schemes. It should be ensured that the works taken up are completed expeditiously for providing intended benefits, as any delay would result in cost escalation.

As per information furnished by E-in-C office the year-wise position of new and ongoing schemes is detailed below:

Table-5 Status of ongoing and new schemes

Year	No. of ongoing schemes at the beginning of the year	No. of new schemes	Total schemes	No. of completed schemes during the year	No. of incomplete schemes at the end of the year
2009-10	382	403	785	547	238
2010-11	238	1149	1387	856	531
2011-12	531	1241	1772	770	1002
2012-13	1002	1290	2292	1756	536

(Source: Data furnished by E-in-C/IMIS)

We noticed that out of the 536 incomplete/ongoing schemes as of March 2013, there were five schemes more than 10 years old, 107 schemes more than five years old and 246 schemes were more than one year old and others were less than a year old.

The above position indicates that priority was not given to completion of ongoing schemes over the new schemes though envisaged in the guidelines of the Programme.

The Department in the exit conference (December 2013) accepted the fact and stated that schemes were incomplete as dependable sources could not be developed despite best efforts. However, the schemes would be revised from underground to surface water source based and efforts would be taken to complete these by June 2014.

2.1.8.7 Coverage of water quality affected habitations

2051 quality affected habitations remained uncovered as of April 2013

To meet the National goal by 2012 for coverage of all rural habitations that have water quality problems, due emphasis was to be given for the issue of supply of quality water under NRDWP.

As of April 2009, 5385 habitations in 27 districts were quality affected (excluding the habitations for which the schemes were ongoing) by excess of fluoride (beyond permissible limit 1.5 mg/ltr), iron (beyond permissible limit 1mg/ltr), salinity (beyond permissible limit 600mg/ltr) and nitrate (beyond permissible limit 45 mg/ltr). The position of quality affected habitations as on 1st April of each year is detailed below:

Table-6 Status of quality affected habitations

Position as on 1st April of	Number of habitations contaminated by				Total habitations
	Fluoride	Iron	Salinity	Nitrate	
2009	4720	178	481	06	5385
2010	2906	97	349	06	3358
2011	2651	04	261	01	2917
2012	2485	156	148	00	2789
2013	1882	132	37	00	2051

(Source: Data furnished by E-in-C/IMIS)

Position given in table-6 indicates that 2051 habitations were quality affected as of April 2013 and were yet to be covered though the National goal[19] was to cover all water quality affected habitations by the end of 2012.

The efforts made by Department to cover these quality affected habitations were through implementation of multi-village PWSS, single village PWSS and installation of deflouridation plants.

Further, in 11[20] quality affected districts test checked, it was noticed that out of total 2358 quality affected habitations, 1360 (58 *per cent*) were targeted to be covered during 2009-13 and 1184 habitations (50 *per cent*) were actually covered.

The Department in the exit conference (December 2013) accepted the fact and stated that all quality affected habitations would be covered by March 2014.

➢ **Delay in completion of PWSS in fluoride affected habitations**

Eight schemes to cover 1018 quality affected habitations remained incomplete after spending ₹ 182.68 crore

With a view to provide safe drinking water in 1018 fluoride affected habitations of Dhar (813) and Jhabua (205) Districts, Government accorded (August 2007) Administrative Approval (AA) for implementation of eight PWSS without ensuring availability of land. The estimated cost of eight schemes was ₹ 173.96 crore and were to be completed by March 2009. The cost was revised to ₹ 215.78 crore in February 2010 due to revision of Schedule of Rates (SORs in December 2009). However, as of May 2013 i.e. after delay of 26 to 59 months, these schemes remained incomplete after spending ₹ 182.68 crore. The details are given in ***Appendix-2.3.***

Due to non-completion of the project within the stipulated period, population of 1018 habitations were deprived of the benefits of the scheme despite incurring an expenditure of ₹ 182.68 crore. In case of Petlawad (Jhabua) Scheme expenditure in excess (₹ 6.73 crore) of the sanctioned amount was incurred without any revision of the scheme.

The Department in the exit conference (December 2013) agreed to the delay and stated that all the 1018 habitations would be covered by March 2014.

2.1.8.8 "Jalmani" – standalone water purification system

With the object to provide safe drinking water in rural schools a scheme named 'Jalmani' was introduced by the GoI (2008-09) for installation of standalone water purification system. As per Jalmani guidelines, feasibility of the systems in rural schools was to be assessed considering the techno-economic aspects before procurement. But, there was no such record to show that any assessment was conducted prior to procurement of the systems.

[19] The State Government adopted the National goal.

[20] Betul, Dindori, Jhabua, Khargone, Mandla, Mandsaur, Raisen, Ratlam, Sagar, Sehore and Ujjain

We observed that ₹ 5.47 crore was released (January 2009) by GoI to PHED. PHED placed orders (February 2010) for 2734[21] system valuing ₹ 6.05 crore, which were installed in the rural schools during 2010-11.

The objective of Jalmani Scheme to provide safe drinking water to the children of rural schools was not achieved

Further, as per terms and conditions of supply orders and E-in-C's instructions (January 2011), payment of 75 *per cent* to the supplier was to be made by EEs only after installation of the systems and the rest 25 *per cent* was to be paid during next five years, at 5 *per cent* every year after successful installation and functioning of standalone systems. We observed that immediately after installation, payment of ₹ 5.46 crore (90 *per cent*) was made by the EEs up to June 2013. The position of installed and working of standalone systems in four Zones of the State is detailed below:-

Table-7 Status of working standalone systems (as of December 2013)

Sl. No.	Zone	Installed	Working	Not-working (percentage)
1.	Bhopal	500	115	385 (77)
2.	Indore	835	418	417 (50)
3.	Gwalior	300	183	117 (39)
4.	Jabalpur	1099	84	1015 (92)
	Total	**2734**	**800**	**1934 (71)**

(Source: Data furnished by Department)

During the scrutiny of records related to Jalmani system in 23 test checked districts, it was noticed that proper training and service after sales was not provided by the suppliers at the user's end, due to which significant number of systems were found defunct.

Further, we noticed during joint physical verification of the systems that in 14 schools of nine[22] districts the systems were not working.

"Jalmani" lying in the class room without use in Primary School, Miyapura of Nalcha block, Dhar.

Hand pump to which force lift pump was installed for the system, now only the hand pump is in use

[21] Ultra filtration, (703 at ₹ 28126 each amounting ₹ 197.73 lakh), RO system (68 at ₹ 39740 each amounting ₹ 27.02 lakh), fluoride system (1753 at ₹ 19626 each amounting to ₹ 344.04 lakh), Ion exchange (210 at ₹ 17682 each amounting to ₹ 37.13 lakh).

[22] Anuppur, Barwani, Betul, Dhar, Jhabua, Raisen, Satna, Seoni and Umaria.

	
System lying in class room without use at Govt. Primary School, Phunga, Anuppur	*System lying without use at Govt. Primary School, Kusiyara, Satna*

The Department in the exit conference (December 2013) stated that the agencies responsible for maintenance did not render services as required. However action would be taken against the agencies.

The fact remains that even after incurring an expenditure of ₹ 5.46 crore, Department failed to ensure successful functioning of the systems installed in rural schools. As a result, the objective to provide safe drinking water to the children of rural schools remained unachieved.

2.1.8.9 Sustainability

The main aim of providing sustainability of drinking water scheme is to ensure that such schemes do not slip back from universal access of safe drinking water to the community throughout the design period of the schemes. Under sustainability component, suggestive works to be carried out are check dams/nala bunds, percolation ponds/tanks, contour trench/bunds, recharge pits, gully plugs etc.

As per funding pattern, ₹ 541.13 crore were to be disbursed under sustainability component during the years 2009-10 to 2012-13. Against this the Department disbursed ₹ 206.92 crore and expenditure of ₹ 201.91 crore was incurred.

2.1.8.10 Execution of sustainability works through Panchayat and Rural Development Department (P&RDD)

As per Annexure-II, para 6 of NRDWP guidelines some of the sustainability works in the suggestive list are Gully plugs, Recharge Pit, Contour trench/bund, Check dam/Nala bund, Percolation pond/tank etc.

Adequate focus on sustainability works was not accorded, the funds provided to P&RDD could not be utilised for the intended purposes

During the period 2008-11, State Government released ₹ 60.66 crore[23] to P&RDD for sustainability works. Out of this only ₹ 16.10 crore were utilized and ₹ 34.03 crore was refunded to PHED (₹ 21.74 crore in March 2012 and ₹ 12.29 crore in December 2012) after the State Government decided to take over the works from P&RDD to PHED in 2011-12. The balance ₹ 10.53 crore was lying unutilised with P&RDD as of November 2013.

[23] ₹ 7 crore in 2009-10 and ₹ 25 crore in 2010-11 from NRDWP funds and ₹ 28.66 crore in 2008-09 from ARWSP funds

We observed that in seven[24] test checked districts ₹ 17.47 crore were released, of which ₹ 16.80 crore were utilized. Out of the sustainability works carried out in these districts, 57 inadmissible works costing to ₹ 3.14 crore viz. drilling of tube wells, spot sources, handpumps and PWSS through Over Head Tank (OHT) were carried out during 2009-12, as shown in ***Appendix-2.4.***

The Department in the exit conference (December 2013) stated that the decision to carry out the sustainability work through P&RDD was taken at Government level. Due to low progress, the works were transferred back to PHED. However, the P&RDD has been requested to furnish the details of works executed and utilisation certificates.

The fact remains that the funds were not utilised for the intended purposes.

2.1.8.11 Slip back of habitations

The main aim of providing sustainability of drinking water schemes is to ensure that such schemes do not slip back from universal access of safe drinking water to the community throughout the design period of the schemes.

Number of slipped back habitations steadily increased during 2010-13, mainly due to drying of water sources

During scrutiny of IMIS data and information furnished by test-checked divisions, it was noticed that large number of habitations had slipped back from their status during 2010-11 to 2012-13 as detailed in Table 8. Information for 2009-10 was not made available to Audit.

Table-8 Status of slipped back habitations

Year	Total slipped back habitations	Reasons for slip back		
		Drying of sources	Water quality	Others (poor O&M, electricity problems and old systems)
2010-11	660	539	33	88
2011-12	2539	1851	35	653
2012-13	8017	6549	294	1174
Total	**11216**	**8939**	**362**	**1915**

(Source: Data furnished by E-in-C/IMIS)

Above table indicates that the slip back habitations are increasing year by year. One of the major reasons was drying of sources, mainly due to inadequacy of sustainability works as discussed in para 2.1.8.10. Further, in 16[25] out of 23 test checked districts, we noticed that out of total 47,114 habitations, fully covered 4234 habitations slipped back during the period 2010-13.

The Department in the exit conference (December 2013) stated that recharging is a very slow process; it does not yield results immediately after construction of structures. Due to excess drawal of ground water for agricultural purposes, the water table is depleting and the Department's tube wells are getting dried and the situation of slip back is arising.

[24] Balaghat, Jabalpur, Mandsaur, Ratlam, Sagar, Shajapur and Ujjain

[25] Alirajpur, Balaghat, Barwani, Betul, Dhar, Dindori, Hoshangabad, Jabalpur, Jhabua, Mandsaur, Raisen, Rajgarh, Ratlam, Sagar, Sehore and Ujjain

The fact remains that number of slipped back habitations increased though the focus of fourth phase was on sustainability of availability of water.

2.1.8.12 Roof-top water harvesting

Roof-top water harvesting for community structures like schools, anganwadis, GP office, hostels, health care centres, hospitals and other Government buildings was to be planned as per NRDWP guidelines.

Coverage under roof- top water harvesting in Government buildings was inadequate

There was nothing on record to show whether any consolidated information/details of Government buildings were available with the Department. However, as per information provided by 22 out of 23 test-checked districts only 289 schools, 269 hostels, 25 anganwadis and 32 government buildings were provided with roof-top water harvesting during 2009-13. Considering the broad spectrum of Government and community buildings in the districts, coverage under roof-top water harvesting was inadequate.

The Department in the exit conference (December 2013) stated that the roof top rain water harvesting structures constructed by the Department are handed over to concerned authorities, who did not maintain the same. Priority for construction of other types of recharge structures over the roof top water harvesting was also being considered apart from generating awareness among the people.

2.1.8.13 Support activity

The activities viz. water quality monitoring and surveillance programme, water testing laboratories, supply of field test kits, HRD in the sector, training etc. are undertaken in support activities.

2.1.8.14 Quality control

Water is defined as safe if it is free from biological contamination and the chemical contamination is within the permissible limits. Water sample testing deserves scrupulous care to bring out meaningful and reliable results that assures correct laboratory results. Hence the most important need of a water testing laboratory is availability of competent manpower and required infrastructure for quality tests, preparing data-base and analytical work.

2.1.8.15 Manpower and infrastructure in laboratories

Scrutiny of data regarding available manpower for laboratories revealed significant shortfall in manpower at State, District and Sub-divisional laboratories as detailed in ***Appendix-2.5:***

Significant shortfall was noticed in manpower at State, District and Sub-divisional laboratories

- Against requirement of skilled manpower envisaged in the scheme guidelines, 33 *per cent* shortage was noticed in the State Laboratory. The posts of Bacteriologist, Lab Technician, Analyst, Sample Collector and Analyst were neither sanctioned nor posted at State level laboratory.

- In the District laboratories there was 76 *per cent* shortage of skilled manpower. The posts of Senior Chemist, Bacteriologist, Analyst, Sample Collector and Data Entry Operator were neither sanctioned nor posted.

- At Sub-Divisional Labs against requirement of 208 Chemist and 104 Lab Attendants only 127 and 62 posts were filled respectively.

Further, scrutiny of information regarding availability of infrastructure furnished by the 22 divisional and sub-divisional laboratories of 19 districts out of 23 test-checked districts revealed significant shortfall in lab equipments, accessories, glass wares and reagents as detailed below:

Table 9 – Status of availability of items in laboratories

Items	District level laboratory			Items	Sub-divisional laboratory		
	Required	Available	Shortage (per cent)		Required	Available	Shortage (per cent)
Instruments	462	351	111 (24)	Accessories	899	299	600 (67)
Glassware	1826	896	930 (51)	Furniture	372	170	202 (54)
Chemicals	1232	542	690 (56)	Glassware and lab equipment	1426	893	533 (37)
Miscellaneous	1012	376	636 (63)	Reagents	837	420	417 (50)

(Source: Data furnished by units)

It is evident from the above that there was significant shortage of manpower and infrastructure in the laboratories which had adversely affected the implementation of water quality monitoring and surveillance programme as discussed below.

2.1.8.16 Water sample testing

As per NRDWP guidelines under Water Quality Monitoring and Surveillance Programme, the GPs and sub-divisional laboratories will test 100 *per cent* of the water sources, the district laboratories will test 30 *per cent* of the water samples tested by Gram Panchayats. The State laboratory will test 10 *per cent* of the water samples tested by the district laboratory. However, the targets for district and sub-divisional laboratories were limited to 3000 samples per year.

Huge shortfall in water sample testing i.e. 74 *per cent* in sub-divisional, 51 *per cent* in district laboratories and 94 *per cent* in State laboratories were noticed

An analysis of information/data available online relating to the year-wise position of water sources tested by 112 sub-divisional labs, district labs and State level lab, revealed that there were huge shortfalls (74 *per cent* at sub-divisional labs, 51 *per cent* at district lab and 94 *per cent* in State lab) in water sample testing against the target set during the period 2009-13. We observed that sample testing in sub-divisional labs and districts labs gradually increased; on the contrary at the State laboratory testing of samples showed decreasing trend. Details are given in ***Appendix-2.6.*** We observed during analysis of data that against 12,000 samples to be tested per laboratory during the four years 2009-10 to 2012-13, Mandsaur and Ujjain Districts tested maximum 11,193 and 10,801 samples, while Sheopur and Khandwa Districts tested only 1967 and 1811 samples respectively.

The Department in the exit conference (December 2013) stated that the sub-divisional labs were to be established in a phased manner and still it is in infant stage. However, the reply is silent about shortfall in district and State laboratory.

The reply was not acceptable as drinking water quality control and surveillance programme should be accorded high priority to ensure that the rural population is provided with adequate and safe drinking water.

2.1.8.17 Sample testing at Gram Panchayat (GP) level

As per NRDWP guidelines, GP would carry out testing of all drinking water sources including private sources within its jurisdiction particularly bacteriological parameters. The frequency for testing of each water source for chemical and physical parameters was once a year and for bacteriological parameter it was twice a year (pre-monsoon and post-monsoon). Besides, tests are conducted as and when water related diseases are detected.

Despite availability of adequate FTKs and Vials, there was significant shortfall in sample testing at GP level

To carry out chemical and bacteriological test of water samples, Field Test Kits (FTKs) and bacteriological kits (Vial) were distributed to the GPs. By one FTK, 100 samples can be tested and by one vial only one sample can be tested. The GPs should furnish test reports to district laboratory once in three months. For testing of samples, 30,771 FTK and 40.90 lakh vials were provided to 8976 GPs during 2009-13.

During scrutiny of progress report of water sample test conducted by GP in 22[26] test-checked districts, it was noticed that water sample test done by the Gram Panchayat was less than the targets. There was nothing on record to ascertain whether any report was furnished by the GPs to district laboratories. The year-wise position of water sources/samples tested is detailed below:

Table-10 Status of water sample testing at GP level

Year	Total sources as per IMIS data	Target (no. of sources x 3) for sample testing	No. of test done as per progress report (PHEIMS)	Shortfall (*per cent*)
2009-10	3,22,486	9,67,458	2,29,961	7,37,497 (76)
2010-11	3,36,552	10,09,656	4,29,893	5,79,763 (57)
2011-12	3,37,791	10,13,373	6,18,340	3,95,033 (39)
2012-13	3,37,920	10,13,760	6,42,298	3,71,462 (37)
Total	**13,34,749**	**40,04,247**	**19,20,492**	**20,83,755 (52)**

(Source: Data furnished by Divisions)

It is evident from above table that due attention on testing of water sources at village level was not paid, hence, significant shortfall (52 *per cent*) in testing of water samples at GP level existed. However, the achievement showed increasing trend. We observed during analysis of data that the GPs of Dhar and Dindori carried out maximum number of tests i.e. 2,67,280 and 1,70,311

26 Alirajpur, Anuppur, Balaghat, Barwani, Betul, Dhar, Dindori, Hoshangabad, Jabalpur, Jhabua, Khargone, Mandla, Mandsaur, Rajgarh, Raisen Ratlam, Satna, Sehore, Seoni, Shajapur, Ujjain and Umaria

respectively, whereas GPs of Satna and Umaria conducted only 23,106 and 40,100 tests respectively.

The Department in the exit conference (December 2013) accepted and stated that the FTKs and bacteriological kits were distributed to GPs which were not under the direct control of the Department.

As regard ensuring testing of water samples by GPs, reply of the department that GPs are not under their direct control is not acceptable as NRDWP emphasizes on WQMSP and the PHED is responsible for ensuring this, since testing kits are purchased from the Programme fund.

2.1.8.18 Shortfall in training

Based on the need assessment, the Department was to develop training modules on different related subjects. Every year a Capacity Building Plan was to be prepared for training at village, block, district and State level.

We noticed that the State Water Support Organization conducted the training need assessment only for 2011-12 and 2012-13, though training calendar was prepared for the years 2010-11 to 2012-13 and was circulated to all circles/divisions. However, no training calendar was prepared for the year 2009-10 and there was nothing on record to ascertain in audit whether training was imparted during 2009-10.

Significant shortfall in training was noticed in district and block level

During the years 2010-11 to 2012-13, in 11[27] out of 23 test-checked districts shortfall in training ranged from 82 to 97 *per cent* under district level and 90 to 96 *per cent* under block levels, as detailed in ***Appendix-2.7.***

Huge shortfall against the target set for training indicates that capacity building of human resources at field levels was not given due attention.

The Department accepted (December 2013) that trainings in the year 2010-11 to 2012-13 could not be done as desired, as HRD consultants could be recruited in 2012-13.

2.1.9 Programme execution

2.1.9.1 Drilling of tube wells in fluoride affected areas

As per NRDWP guidelines, areas where concentration of fluoride is more than 1.5 mg/ltr would be considered as fluoride affected. A detailed survey was conducted in 2003 by the Department in which numbers of habitations in different districts were identified as fluoride affected.

Despite clear instruction by the Department, bore well were drilled in fluoride affected habitations incurring an expenditure of ₹ 1.59 crore

The Department issued (April 2006) instructions to drill bore wells only in fluoride free zones. We observed that in four[28] out of 23 test-checked districts 223 bore wells were drilled in identified fluoride affected habitations in

[27] Balaghat, Barwani, Betul, Bhopal, Dhar, Jhabua, Raisen, Sagar, Sehore, Shajapur and Ujjain.

[28] Betul, Dhar, Jhabua and Sagar

violation of Government order (April 2006) during the period 2009-13. An amount of ₹ 1.59 crore was incurred on these bore wells as detailed in ***Appendix-2.8.***

The Department in the exit conference (December 2013) stated that the tests were conducted for fluoride contamination by the EEs after drilling of bore wells and no fluoride was found in results and also stated that detailed report from concerning EEs is being sought.

The reply was not tenable as drilling was done in identified fluoride affected habitations in violation of instructions issued by the Department and no test reports were furnished to Audit to authenticate the reply.

2.1.9.2 Inflated estimates

Para 17 (m) of NRDWP guidelines provides that the State Government has to furnish a certificate to GoI declaring that no centage charges have been levied on NRDWP works and paid from Programme fund. In case any State levies the centage charges on NRDWP funds, double the amount charged will be deducted while releasing the last installment of funds.

Scrutiny of the estimates, Notice Inviting Tenders (NITs), agreements and final bills in respect of 96 electric works in six[29] out of 23 test-checked districts revealed that the estimates for these works were got prepared by Madhya Pradesh Paschim Kshetriya Vidyut Vitaran Company Limited (MPPKVVCL) based on their Schedules of Rates (SORs). The MPPKVVCL levied centage charges at 11.5 *per cent* on these estimates which executes only deposit works. The PHE invited tenders from contractors by adopting these estimates in which centage charges of 11.5 *per cent* was included in the NITs. Since these were not deposit works the centage charges were not leviable. Thus, the NITs contained inflated estimate.

Estimates were inflated and centages charges of ₹ 37.44 lakh was made by the divisions to the contractors

Scrutiny of bills in respect of these works for the period 2009-13 revealed that the contractors claimed the centage charges at 11.5 *per cent* and a total of ₹ 37.44 lakh was paid to the contractors. The levy of centage charges in NITs and payment made to contractor was irregular and also in violation of the guidelines of NRDWP. Besides, the centage charges were not at all leviable on NRDWP funds.

The Department in the exit conference (December 2013) agreed and stated that instructions are being issued to concerned EEs to recover the unauthorized payment of centage charges.

2.1.9.3 Payment of tender premium from NRDWP Fund

As per para 16.5 of NRDWP guidelines, tender premium were to be met by the State Government and it shall credit the programme funds to that extent.

[29] Alirajpur (4 works-₹ 1.30 lakh), Dhar (26 works-₹ 8.62 lakh), Jhabua (9 works-₹ 5.24 lakh), Rajgarh (11 works-₹ 2.32 lakh), Ratlam (42 works-₹ 1.50 lakh) and Sardarpur (4 works-₹ 18.46 lakh)

Tender premium amounting to ₹ 43.54 crore was incurred from NRDWP funds, which was to be met by the State Government

On scrutiny of agreements, work orders and final/running bills, we noticed that in 16[30] out of 23 test-checked districts, tender premium ranging between 0.05 *per cent* and 183.30 *per cent* amounting to ₹ 43.54 crore was charged during 2009-13 on 5654 works on the estimated cost, as detailed in ***Appendix-2.9.*** We observed that the State Government did not credit the programme fund with additional funds towards the cost of tender premium.

The Department in the exit conference (December 2013) accepted and stated that due to pending revisions of SORs, the tenders were sanctioned with premium and appropriate action was being taken. The Department is taking action to revise the applicable SORs every year so that recurrence of such incidences does not occur in future.

The reply was not in order since SORs were revised in December 2009, April 2012 and in March 2013.

2.1.9.4 Loss to Government due to negligence

A PWS scheme to provide potable water in 205 habitations of 74 quality affected villages of five blocks in Jhabua District along the Kukshi-Bagh-Jobat State Highway was under progress since 2007. The work was being executed by Sadarpur Division (Dhar District). In October 2010, Madhya Pradesh Road Development Corporation (MPRDC) approved the widening of the Kukshi-Bagh-Jobat State Highway whereunder the work of PWSS was under progress. Accordingy, MPRDC requested (December 2010) the EEs, PHED of Jhabua, Alirajpur and Dhar divisions to move away the water supply pipelines laid along the road side. However, the Sardarpur Division under which the work of PWSS was being carried out was not informed.

In April 2012, an agency selected by the MPRDC started the work of widening of road and during the course of widening, 2300 metre pipeline of 150 mm dia and 1000 metre pipeline of 200 mm dia was excavated.

Lack of supervision in detection of excavated pipes led to loss of material

Scrutiny of records of Sardarpur Division revealed that the pipes which were lying on the road side, i.e. 2300 metre pipes of 150 mm and 800 metre pipes of 200 mm costing ₹ 52.90 lakh were stolen in March 2013 as reported by the Sub-Engineer in March 2013.

As the PWSS was an ongoing project, regular supervision should have been carried out by the division. Lack of supervision led to delayed detection of excavation leading to loss of the material.

The Department in the exit conference (December 2013) stated that explanation and details in this matter have been sought from Chief Engineer, Indore. After detailed investigation of the case reply shall be furnished.

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[30] Alirajpur, Barwani, Betul, Dhar, Dindori, Hoshangabad, Jabalpur, Jhabua, Raisen, Ratlam, Sagar, Sehore, Seoni, Shajapur, Ujjain and Umaria.

2.1.9.5 Unsuccessful bore wells in excess of permissible limit

According to guidelines issued by Government regarding drilling of tube wells, use of scientific technology for identification of sources viz. resistivity survey, remote sensing, use of hydro fracturing maps, hand water prospect maps etc. should be resorted to before drilling of tube wells. The Department directed (July 1988) that the EEs are required to submit an annual statement to E-in-C justifying the reasons for failure of bore wells in excess of 10 *per cent* (permissible limit) and if the percentage of failure exceeds 15 *per cent*, comments of SE are also to be submitted.

Failure of bore wells beyond the permissible limit led to unfruitful expenditure of ₹ 7.65 crore. Reasons were also not intimated to next higher authorities for failure of bore wells

It was noticed that in 10[31] out of 23 divisions, a total of 20,417 bore wells were drilled, out of which the percentage of unsuccessful ranged from 12 to 52 *per cent.* There was nothing on record to show that annual statements were submitted to E-in-C by the EEs. The division-wise status of unsuccessful bore wells valued ₹ 7.65 crore is detailed in ***Appendix-2.10.***

Neither the EEs nor the SEs offered any justification for failure of bore wells beyond the permissible limit. E-in-C was thus not given the opportunity to analyse/supervise the reasons of failure of bore wells and the failure percentage beyond the permissible limit persisted during 2009-13.

The Department in the exit conference (December 2013) stated that comments have been sought from concerned Chief Engineers, thereafter reply would be furnished.

2.1.10 Human Resources Management

2.1.10.1 Shortage of manpower in the Department

Availability of required manpower is a prerequisite for successful implementation and monitoring of any scheme.

Significant shortfall of manpower existed in technical cadre

We noticed significant shortfall against sanctioned strength in technical staff in the cadres of Assistant Engineer (28), Sub-Engineer (307) and Draught Man/Assistant Draught Man (51). However, supervising staff for monitoring such as Superintending Engineer (SE) were 62 *per cent* in excess of sanctioned strength.

The Department stated (December 2013) that the Professional Examination Board have selected (December 2013) 187 Sub-Engineers and requirement of 35 AEs was sent to M P Public Service Commission. In regard to excess SEs, Department stated that some of them are on deputation in other departments.

The fact remains that during the Plan period, shortage of technical and field staff adversely affected implementation of the programmes as reflected from

[31] Bhopal-Civil ₹ 43.53 lakh, Bhopal-Mech ₹ 53.40 lakh, Dhar ₹ 15.70 lakh, Dindori ₹ 25.25 lakh, Jabalpur-Mech ₹ 204.80 lakh, Khargone ₹ 43.01 lakh, Mandla ₹ 99.27 lakh, Rajgarh ₹ 11.79 lakh, Sagar ₹ 240.00 lakh and Ujjain (Mech) ₹ 28.68 lakh.

shortfall in coverage of habitations (para 2.1.8.2), coverage of rural schools and anganwadis (para 2.1.8.3), non-completion of PWSS (para 2.1.8.4 and 2.1.8.6), operation and maintenance of hand pumps (para 2.1.8.5), etc.

2.1.10.2 Manpower of District Water and Sanitation Mission

As envisaged in the Programme guidelines, a District Water & Sanitation Mission (DWSM) was to be constituted at district level for effective implementation of NRDWP (2009-2012). The posts prescribed and men-in-position in the DWSMs as on December 2013 are detailed below:

Table-11 Status of manpower in DWSMs

Name of post	Required one each for 50 district	Manpower posted in the district	Shortfall (percentage)
IEC and Equity consultant	50	50	Nil
Monitoring, Evaluation-cum-MIS consultant	50	18	32 (64)
HRD consultant	50	50	Nil
Hydro Geologist	50	27	23 (46)

(Source: Information furnished by E-in-C)

The posts of Monitoring-cum-MIS consultant and Hydro Geologist still remained vacant. Inadequate manpower adversely affected the implementation of Programme and support activities in respect of formulation of plans, management, monitoring, surveillance and awareness at grass root level.

The Department in the exit conference (December 2013) accepted and stated that the remaining posts are lying vacant due to non-availability of suitable candidates as per the norms which shall be filled up shortly.

2.1.10.3 Shortage of manpower in Block Resource Centres (BRC)

GoI issued (August 2010) instructions to set-up the BRC before 31st March 2011 to serve as an extended delivery arm of the DWSM and to act as a link with the GPs/VWSCs/village communities. The functionaries of BRC could be hired by the DWSM through an NGO or an outsourcing agency to provide specific services on contract basis. As per the norms, one Block Co-ordinator and one to three[32] Cluster Co-ordinators were to be provided according to population at each block.

Cluster co-ordinators were not posted despite clear instructions from GoI

We observed that as of December 2013, 313 BRCs were established against which 294 Block Co-ordinators were posted. Against the requirement of 807 Cluster Co-ordinators, none were posted. Hence, activities like awareness generation, motivation, mobilization and training to the village communities, GPs and VWSCs could not be done.

The Department stated (December 2013) that no post of Cluster Co-ordinator was sanctioned by SWM and remaining 19 posts of Block Co-ordinator shall

[32] one for 70000 or less, two for 70000 to 1.5 lakh and three for more than 1.5 lakh population

be filled shortly. However, reasons for non-sanction of posts of Cluster Co-ordinator have not been intimated.

The fact remains that in the absence of block coordinator and cluster Co-ordinator the gap in linkage between districts and village levels still existed.

2.1.11 Monitoring

2.1.11.1 State Level Scheme Sanctioning Committee (SLSSC)

SLSSC should ensure that all the approved projects are entered on the central online MIS for accounting of habitations covered during particular financial year. In a year, meeting of the Committee should be held at least twice, wherein apart from sanctioning new schemes, progress, completion and commissioning of the schemes approved earlier by the committee should be reviewed.

It was noticed that the SLSSC was constituted in January 2010 and against eight meetings due only five meetings were held during the period 2009 to 2013. It was noticed from the minutes of the meetings that no review was conducted for implementation of the PWS schemes. The issues discussed were district wise physical and financial targets, rejuvenation of dry sources in dried/over-exploited areas, water conservation plan, and technical assistance in site selection from M P Science & Technology Council. Approval of Annual Action Plans, schemes for quality affected habitation, revised sanction of schemes due to cost escalation, change in site etc. was also accorded in these meetings every year.

The Department in the exit conference (December 2013) stated that SLSSC meetings are being conducted regularly in 2013-14.

2.1.11.2 Apex Committee

Apex Committee for providing guidance for implementation of the Programme was constituted (June 2009) which was headed by the Chief Secretary and Secretaries in charge of PHED, Rural Development (RD), Panchayati Raj (PR), Finance, Health, Education, Information and Public Relations (I&PR) as members. Secretary (PHED) shall be the nodal Secretary responsible for all the Mission's activities.

It was noticed that against eight meetings of the Apex Committee due during 2009-10 to 2012-13 as per guidelines, only two meetings were held, one in December 2009 and second in March 2011.

The Department in the exit conference (December 2013) stated that the Apex Committee meetings are conducted as and when needed to take decisions on the policy matters.

As the Apex Committee met only twice, it is evident that proper guidance could not be provided in implementation of NRDWP. Lapses in implementation of NRDWP have already been discussed[33].

2.1.11.3 Integrated Management Information System (IMIS)

2.1.11.3(a) Inclusion of Census 2011 villages in IMIS

As per Para 19.2 of NRDWP guidelines, IMIS is maintained by Department of Drinking Water Supply (DDWS) of GoI, which is an important mechanism for monitoring the Programme implementation. To this end, the officials are required to furnish the data online, as prescribed by DDWS. The release of funds is made based on the data furnished online by the State.

552 villages were not included in the IMIS and were deprived of the benefits of NRDWP

Scrutiny of online data revealed that information about increase of new villages as per the Census 2011 was not reported by the Department for incorporation in the IMIS. The difference in number of villages incorporated in IMIS and those indicated in Census 2011 is as under;

Total no. of Census 2011 village	52093
Total no. of IMIS village	51541
Difference in IMIS and Census villages	552

Due to non-inclusion of Census 2011 villages in the IMIS, 552 villages were deprived of the benefits of NRDWP.

The Department in the exit conference (December 2013) accepted the fact and stated that efforts were being made to rectify the data mismatch.

2.1.11.3(b) Incorrect data entry in IMIS

The PHED every year enters various data online in the Department of Drinking Water Supply (DDWS) website (indiawater.gov.in) regarding fully covered habitations, partially covered habitations etc. In the data entered by the State, GoI identifies the duplicate data entered and alerts the State Government in this regard.

Data entered online should be authenticated by competent authorities to avoid duplicity

On scrutiny of online data entered by PHED we noticed that 1773 habitations which were fully covered were again taken for coverage and 2276 already covered habitations were marked as target during 2009-13. The duplication was identified by GoI and was reflected in the alerts column of the website.

The PHED did not take any notice of this duplicate data entered online neither at the district level nor at State level. The date entered online should have been authenticated by district and State level authorities.

The Department in the exit conference (December 2013) stated that the district officers were instructed to mend the ways regarding online data entries and concerning data operators are also being trained to avoid such mistakes.

The reply itself confirms lack of monitoring at appropriate levels.

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[33] Para 2.1.6.1, 2.1.6.3, 2.1.7.4, 2.1.7.8, 2.1.8.2, 2.1.8.7, 2.1.8.8 etc.

2.1.12 Some instances of success stories of NRDWP

Though there are a lot of deficiencies in implementation of the NRDWP programme, there is also a brighter side of NRDWP in the State. We noticed 'Defloridation' plants installed in fluoride affected habitations, stop dams and roof top water harvesting structures being constructed for recharging purpose, PWSS constructed by the Department are being successfully run by the Panchayats and multi-village PWSS being successfully constructed by the Department, which can be seen in the photographs below:

<table>
<tr><td></td><td></td></tr>
<tr><td>De-floridation plant installed at "Advi" village of Tirla block of Dhar District at a cost of ₹ 4.45 lakh in April 2012, running successfully and maintained by the local residents. Through this plant safe drinking water is being provided to villagers covering population of 452.</td><td>Stop dam at village 'Piplimal' of Nalcha Block, Dhar district was constructed in January 2012 covering 201 populations in a habitation where water is stored for recharging.</td></tr>
<tr><td></td><td></td></tr>
<tr><td colspan="2">Dug wells at village 'Piplimal' and 'Lobhanpura', Dhar District. Water being used by local residents of the villagers since July 2011.</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Over Head Tank in Madgaon, Sendhwa block in Barwani district costing ₹ 11.19 lakh. OHT constructed and handed over to the Panchayat in November 2012.</td><td>One of the stand post connected to the above Over Head Tank, Madgaon in the village, Sendhwa block Barwani constructed in November 2012.</td></tr>
</table>


Intake well-cum-pump house and approach bridge to the intake well, installed pipe line, air valve and sluice valve installed at Village Velgipada, Sardarpur in Dhar district for covering 44 habitations in Badnawar/Sardarpur blocks of Dhar district for pumping raw water to the treatment plant, the work was completed in March 2013. After testing, water is being supplied since September 2013.


Roof top water harvesting and RCC surface tank for collection of roof top water at a cost of ₹ 4.38 lakh, completed in February 2012 at Pre-Matric Tribal boys Hostel having capacity of 50 boys,at village Khedi Sawligarh, Betul block of Betul District.


Over Head Tank constructed and GI pipeline can be seen layed at a cost of ₹ 6.50 lakh in October 2011 within village Ratanpur Girdhari, Raisen District from where household connection are provided. The PWSS is handed over to Mendki Panchayat of the village, having 115 individual household connections.

2.1.13 Conclusion

While reviewing the implementation of NRDWP in the State, on the one hand we noticed reasonable progress in implementation of the Programme in the State. 'Defloridation' plants were installed in fluoride affected habitations, stop dams and roof top water harvesting structures were constructed for recharging purpose, PWSS which were constructed by the Department are being successfully run by the Panchayats and multi-village PWSS are being successfully constructed by the Department.

However, on the other hand we observed that the detailed habitations survey comprising the house hold requirement of drinking water was not conducted since 2003. Comprehensive water security Annual Action plans at District and State levels were prepared without adopting bottom up approach. Focus of shifting the paradigm from 80 *per cent* ground water based systems to 20 *per cent* was not considered during the course of planning. Huge funds were released at the fag end of the year resulting in shortfall in achievement of year-wise targets. Adequacy in component wise allocation and expenditure of resources was not ensured. Less number of habitations was targeted for coverage. As a result, 34 per cent habitations still remained to be fully covered. Significant number of rural schools and anganwadi centres were not covered in the State. Maximum supply of drinking water was depended on handpumps instead of PWSS. Priority has not been given to completion of the ongoing schemes. Under sustainability component proper attention was not paid to ground water recharge due to which drying of sources of fully covered habitations were being converted into slipped backed habitations. Laboratories are yet to be strengthened in terms of human resources and infrastructure. State Government has not provided additional funds on account of expenditure incurred on tender premium, centages and inadmissible works executed from NRDWP funds.

2.1.14 Recommendations

- Bottom-up approach should be followed in planning process under which inputs received from grass-root level comprising of Village Water Security Plan (VWSP).
- As envisaged in guidelines focus should be shifted from 80 *per cent* ground water system to 20 *per cent* and the remaining by combination of roof-water harvesting, ground water recharging and surface water harvesting for conjunctive use.
- Distribution of funds as per prescribed norms particularly for sustainability and support activities should be ensured.
- Priority may be given to completion of ongoing schemes and all rural schools and anganwadi centres may be covered on priority.
- To avoid the situation of slip back of habitations proper attention should be paid on sustainability work during the coverage of habitations.
- Laboratories should be strengthened in respect of infrastructure as well as manpower so that water samples are tested in adequate quantity and water quality is ensured for all habitations.
- Completion of the piped water supply system in fluoride affected habitations should be expedited and installation of defluoridation plants wherever necessary may be considered.
- Online submission of data and information on Integrated Management Information System (IMIS) and PHEIMS must be checked and monitored appropriately to avoid mismatch in reported figures.

Higher Education Department

2.2 Review of working of Higher Education Department

Executive Summary

The Higher Education Department is responsible to improve the standards of education in Government and private educational institutions, research institutes, colleges and institutions established for specific purposes. An audit review of working of the Department during the period 2010-13 was conducted to assess performance of the Department in achieving its objectives.

- There was absence of comprehensive database in the Department for preparation of Plans. Annual Action Plans were prepared on the basis of 10 *per cent* increase in targets of the preceding year and the financial ceiling laid down by the State Planning Commission.
- Budgetary and expenditure controls in the Department were deficient as reflected from under utilisation of Plan funds ranging up to 24 *per cent* during 2010-13, belated surrender of large amount (₹ 389.47 crore) and non-reconciliation of expenditure figures leading to difference of ₹ 11.10 crore, deficient maintenance of cash book and parking of ₹ 16.80 crore meant for construction of college buildings in civil deposit for three years.
- The Department did not fix any norms for providing minimum infrastructure facilities in the colleges. Despite increase in the number of colleges and enrolment of students, there were cases of lack of infrastructure and teaching staff which would affect the quality of education.
- The implementation of the beneficiary oriented schemes was not satisfactory. The targetted beneficiaries under various schemes i.e. *Gaon Ki Beti Yojana, Pratibha Kiran Yojana,* Vikramaditya Free Education Scheme for Poor Class and Book Bank Scheme etc. did not fully accrue the benefits of the schemes. There were instances of delayed payment of assistance as well as excess / irregular payment of assistance to the beneficiaries.
- Twenty five *per cent* of the sanctioned posts in the department were lying vacant as of March 2013. There was shortage of 1900 teaching staff against the sanctioned posts of 7280. Improper deployment of staff led to excess deployment of teaching and non-teaching staff in 31 test-checked colleges.
- Internal audit was inadequate due to shortage of staff and monitoring mechanism was ineffective due to absence of periodical inspection.

2.2.1 Introduction

The Higher Education Department (the Department) is responsible for improvement of the standards of higher education in government and private educational institutions, research institutes and colleges established for specific purposes. The Commissioner, Higher Education (Commissioner) 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 for quality improvement in higher education. The main objectives of the Department are to ensure quality of learning and teaching, promote academic and research works, create job oriented courses and develop cultural and sports activities within the Department by providing basic infrastructures in colleges, physical and financial resources, sanction and fill up the vacant posts. The main activities carried out by the Department are to run the Government colleges, give assistance for running of private colleges, opening of new institutions/subjects/courses and providing grants to Universities and other Institutions. The Department implements 10[34] major schemes/activities including one Centrally sponsored scheme. Besides Government and private colleges, seven Universities established under University Act 1973, 16 Universities under Private Universities Act, 2007 and separate Acts and five other Aided Institutions are working under the Department.

2.2.2 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. The overall financial and administrative control of the Department is vested with the Commissioner, Higher Education. The Commissioner is assisted by Additional Directors (ADs), Joint Directors and Deputy Directors at headquarter and seven Regional Additional Directors at the divisional level. Fifty Government colleges identified as Lead colleges by the Department, one in each district are responsible for co-ordinating other colleges in the respective district, compilation of information and performing other works as directed by the higher authorities. They are also responsible for payment of grants made available by the commissioner for private aided colleges and to monitor utilisation of the grants. There are 352 Post Graduate and Degree colleges headed by Principals. The Department also controls the Universities.

The *Madhya Pradesh Ashaskiya Shikshan Sansthan (Anudan Ka Praday) Adhiniyam 1978* regulates the payment of salaries to teachers and other employees of non-government educational institutions for higher education (77 Numbers) receiving grants from the Government. The registered private bodies/institutions fulfilling the norms/conditions required by the Department open new colleges after getting permission from the Department and affiliation from concerned University.

2.2.3 Audit objectives

The audit objectives were to assess whether:

- the planning of the Department was effective;
- the financial management was efficient, effective and economical;

[34] (1) National Service Scheme(Centrally sponsored), (2) Pratibha Kiran Yojana, (3) Vikramaditya Free Education Scheme for Poor Class, (4) Swami Vivekanand Career Guidance Scheme, (5) Gaon Ki Beti Yojana, (6) Employment Oriented Vocational Training Scheme for Youths, (7) Conveyance Facilities for Girls, (8) Scholarship to Helpless Students, (9) Assistance to Ph.D. Students and (10) Supply of Books/Stationery for SC/ST Students.

- the schemes were implemented effectively and quality management was adequate;
- the human resource management was appropriate for better academic performance; and
- the monitoring and internal controls mechanism were effective.

2.2.4 Audit criteria

The audit criteria were derived from the following sources:

- Perspective Plan, Annual Action Plans and directives issued by State Planning Commission.
- Provisions of Budget Manual, General Financial Rules (GFR), Delegation of Financial Power, Madhya Pradesh Treasury Code (MPTC) and Madhya Pradesh Financial Code (MPFC) and Madhya Pradesh Store Purchase Rules.
- Guidelines for implementation of State and Centrally Sponsored Schemes,
- Acts, Rules, notifications and instructions issued by Government of India (GoI)/State Government relating to working of the Department.

2.2.5 Audit coverage and methodology

The review of the 'Working of Higher Education Department' covers only the aspects of collegiate education excluding the technical education, medical education and Universities. The records relating to the period 2010-13 of 90 units[35] (***Appendix-2.11***) out of 360 units were test checked (November 2012 to September 2013) in audit. An entry conference was held with the Principal Secretary, Higher Education Department on 12 March 2013 wherein the audit objectives, criteria and audit coverage were discussed. In the exit conference held in January 2014 audit findings were discussed with the Principal Secretary, and their views have been incorporated in the review.

Audit findings

2.2.6 Planning

The State Planning Commission prepares the Perspective Plan and Annual Plans of the State and decides the Plan ceiling for preparation of Five-Year and Annual Plans for each department. Accordingly, the Department prepared a Perspective Plan for the period 2012-17. Annual Plans were also prepared and targets for each year were fixed. The following observations were made:

[35] Two units of Directorate and 88 Government colleges including 31 Lead colleges;

- The Department did not have the database in respect of physical infrastructure[36] and basic facilities in the colleges to facilitate preparation of the Perspective Plan and Annual Plans. Though a database of college-wise students and subject-wise sanctioned strength and working strength of teaching staff and benefitted students was prepared, the same was not used in the preparation of the Plans.

Annual Plans were deficient due to absence of comprehensive database of available resources, adversely affecting the achievement of targets fixed by the Department

- The Annual Plans were prepared on the basis of financial ceiling fixed for the Department by the State Planning Commission. The Commissioner stated that the Annual plans were prepared on the basis of previous year's achievement and current year requirement and by increasing 10 *per cent* over the previous year's target.

- There was no analysis available on records showing the reasons for shortfall in achievement of targets in the preceding years and the remedial measures taken for such shortfalls in the succeeding years.

We observed shortfalls in targets fixed under various activities which ranged between 35 *per cent* to 100 *per cent* during the period 2010-12 (***Appendix-2.12***). Deficiencies in the planning adversely affected the achievement of the targets fixed in the annual plans for various activities of the Department as discussed in paragraph 2.2.7.1

In the exit conference, the Principal Secretary admitted the audit observations and noted the points for future observance.

2.2.7 Financial Management

2.2.7.1 Budget Provision and Expenditure

The State Budget Manual provides that the Budget Estimates (BEs) should be as close and accurate as possible. Rule 192 of MPFC provides that budget estimates (BEs) should be furnished to Finance Department (FD) before the dates fixed by FD through the Administrative Department.

Budget estimates were submitted with delays ranging from 33 to 70 days

We observed that the Department sent the BEs to the FD with delays ranging between 33 to 70 days from the dates prescribed by the FD during 2011-13.

Details of budget provision and expenditure under three grants[37] during the period 2010-13 were as shown in **Table-1**:

[36] College building, construction of staff room, Library development, Laboratory upgradation and modernisation

[37] Grant no. 44-Higher Education, 41- Tribal Areas Sub-Plan and 64- Scheduled Castes Sub-Plan.

Table 1: Budget provision and expenditure

(₹ in crore)

Year	Grant No.	Budget Provision			Expenditure			Savings (*per cent*)		
		Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
2010-11	44	87.38	748.25	835.63	63.56	587.28	650.84	23.82	160.97	184.79
	41	12.50	-	12.50	10.86	-	10.86	1.64	-	1.64
	64	21.60	-	21.60	18.04	-	18.04	3.56	-	3.56
	Total	**121.48**	**748.25**	**869.73**	**92.46**	**587.28**	**679.74**	**29.02**	**160.97**	**189.99 (22)**
2011-12	44	51.53	847.08	898.61	47.61	687.57	735.18	3.92	159.51	163.43
	41	12.35	-	12.35	10.56	-	10.56	1.79	-	1.79
	64	8.65	-	8.65	5.92	-	5.92	2.73	-	2.73
	Total	**72.53**	**847.08**	**919.61**	**64.09**	**687.57**	**751.66**	**8.44**	**159.51**	**167.95 (18)**
2012-13	44	86.15	925.06	1011.21	67.43	819.94	887.37	18.72	105.12	123.84
	41	15.19	-	15.19	12.74	-	12.74	2.45	-	2.45
	64	10.20	-	10.20	8.15	-	8.15	2.05	-	2.05
	Total	**111.54**	**925.06**	**1036.60**	**88.32**	**819.94**	**908.26**	**23.22**	**105.12**	**128.34(12)**
Grand Total		**305.55**	**2520.39**	**2825.94**	**244.87**	**2094.79**	**2339.66**	**60.68**	**425.60**	**486.28**

(Source: Detailed Appropriation Accounts and Monthly Appropriation Accounts)

We observed that there were overall savings of 12 to 22 *per cent.* Under Plan head savings were 12 to 24 *per cent* during 2010-13.

Original budget provision of ₹ 4.77 crore for different schemes lapsed without utilisation which affected the achievement of targets for those activities

We observed that the Department did not obtain inputs for making budget provision from lower level functionaries. It was noticed that the entire original budget provisions of ₹ 4.77 crore[38] lapsed under different schemes/activities during the period 2010-13 (***Appendix-2.13***). Thus, provisions were made without assessing the actual requirement in different schemes/activities. The targets fixed under the schemes in the Annual Plan were not fully achieved, as discussed in paragraph 2.2.6. Non-utilisation of funds indicated lack of budgetary and expenditure controls and adequate monitoring by the Commissioner. It was also observed that large amounts were released at the end of each year, which led to savings every year. It would be seen that during the period 2010-13, against total budget provision of ₹ 2825.94 crore, expenditure reported by the Commissioner was ₹ 2350.76 crore. However, total expenditure as per Appropriation accounts was ₹ 2339.66 crore. The difference of (₹ 11.10 crore) was due to non-reconciliation of expenditure figure during all the three years by the department with the books of Accountant General (Accounts and Entitlement).

In the exit conference, the Principal Secretary noted the points for future observance and stated that preparation of BEs in time would be ensured.

2.2.7.2 Belated surrender of funds

Savings of ₹ 389.47 crore were surrendered on the last day of the years and ₹ 84.72 crore was not surrendered at all

Para 131 of Budget Manual provides that the Controlling Officer should surrender all anticipated savings to the Government immediately they are foreseen without waiting till the end of the year. No savings should be held in reserve for possible future expenses.

[38] 2010-11 - ₹ 1.83 crore, 2011-12 - ₹ 0.59 crore and 2012-13 - ₹ 2.35 crore.

It was observed that during the years 2010-11 to 2012-13 the Department surrendered ₹ 389.47 crore[39] out of total savings of ₹ 486.28 crore on the last day of financial years, leaving little scope for utilising the fund for other development purposes. Further, savings of ₹ 84.72 crore at the end of respective financial years were not surrendered by the DDOs, which resulted in lapse of the amount. This indicated lack of budgetary and expenditure control. In the exit conference, the Principal Secretary stated (January 2014) that surrender of budget would be made in time and lapses would be avoided.

2.2.7.3 Irregular parking in Civil Deposits to avoid lapse of budget

Rule 284 of MPTC Vol.-I prohibits drawal of funds from treasury unless required for immediate disbursement.

₹ 17.60 crore was parked in civil deposit without requirement and ₹ 0.80 crore allowed to lapse

We noticed that during 2009-10, the Commissioner, drew (March 2010) ₹ 17.60 crore from treasury for construction of buildings (₹ 16.80 crore) and establishment of new Maharaja Chhatrasal Bundelkhand University (₹ 0.80 crore) and kept in Civil Deposit after obtaining (March 2010) permission from Finance Department. Only ₹ 16.80 crore meant for construction was released to three colleges[40] during 2012-13 i.e. after three years and the amount of ₹ 0.80 crore was allowed to lapse to State revenue due to non-utilisation within three years after deposit. Parking of funds in Civil Deposit was irregular and also led to overstatement/understatement of expenditure. Out of ₹ 16.80 crore, ₹ 4.85 crore for two colleges were transferred to the construction agency and ₹ 11.95 crore was available with the college as of December 2013.

The Commissioner stated (August 2013) that funds could not be utilised due to non-allotment of land by the State Government for the University which was under process. The reply is not acceptable as the funds should not have been drawn before allotment of land for construction of buildings.

In the exit conference, the Principal Secretary admitted the audit observation.

2.2.7.4 Non-refunded caution money not deposited in Government account

As per provision contained in paragraph 66 of *Pracharya Margdarshika,*[41] caution money deposits received from students, which were not refunded to them after three years of leaving the college should be remitted into the treasury as lapsed deposits.

Caution money of ₹ 1.68 crore not refunded to the students were not deposited in Government account

We noticed that in 64 out of 88 colleges, caution money deposits amounting to ₹ 1.68 crore of 2.12 lakh students pertaining to the period 1983-84 to 2008-09 were kept in PD account. The amounts were neither refunded to the students nor were deposited into the treasury. The Principals stated (May to September 2013) that the caution money would be deposited in Government account.

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[39] 2010-11, ₹ 136.51 crore, 2011-12, ₹ 136.13 crore and in 2012-13, ₹ 116.83 crore

[40] Govt. College, Dobi, Sehore (₹ 2.43 crore), Govt. College Baktara, Sehore (₹ 2.42 crore), Govt. Girls' P.G. College, Rewa (₹ 11.95 crore)

[41] A document which provides guidelines to the Principals for running of the colleges.

In the exit conference, the Principal Secretary stated (January 2014) that instructions would be issued to the colleges for taking necessary action on non-refunded caution money.

2.2.7.5 Cash Management

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 the DDOs.

Scrutiny of records of 88 test-checked colleges and in two units of Directorate revealed that the DDOs disregarded the provision relating to cash management during the period 2010-13 as discussed below:

Codal provisions regarding maintenance of cash books and subsidiary records were not observed

- Cash balances in the cash books were not physically verified regularly at the end of each month by DDOs of 52 colleges.
- Fortnightly verification of drawals with reference to treasury records was not done in 72 Colleges.
- Reconciliation of balances in cash books with balances of pass books was not done by DDOs in 70 colleges. This resulted in discrepancy of ₹ 19.19 crore between the figures appearing in the cash books and the pass books as on March 2013. There was also difference in the balance figures of Personal Deposit (PD) account as per cash book and treasury records amounting to ₹ 9.11 crore in 54 colleges.
- Under the provisions of Rules 197 and 276 of MPTC, monthly review of the Bill Register and bi-weekly review of Bill Transit Book respectively is required to be done. The review of the Bill Register was not done by 77 colleges and review of Bill Transit Book was not done by DDOs in 73 colleges, during the period 2010-13.
- Security deposits required to be obtained under the provision of Rule 282 of MPFC were not obtained from the persons handling cash/store/laboratory etc. by 44 DDOs.

Violation of the provisions of cash management is fraught with the risk of misappropriation/embezzlement of Government money.

In the exit conference, the Principal Secretary stated that necessary instructions would be issued to the DDOs to ensure the codal provisions.

2.2.7.6 Non-adjustment of temporary advances

Temporary advances amounting to ₹ 3.25 crore were not adjusted as of September 2013

As per rule 53(iv) of MPTC Volume-I and instructions issued (October 2001) by the Finance Department, temporary advances are to be adjusted within three months or before the close of financial year whichever is earlier. Scrutiny of records in test-checked colleges revealed that in 46 colleges temporary advances amounting to ₹ 3.25 crore paid to college staff for various purposes e.g. examination, training and sport activities etc. during the period 1994-2013 remained unadjusted as of September 2013 (***Appendix-2.14***).

In the exit conference, the Principal Secretary stated that necessary instructions would be issued to the DDOs to ensure adjustment of temporary advances.

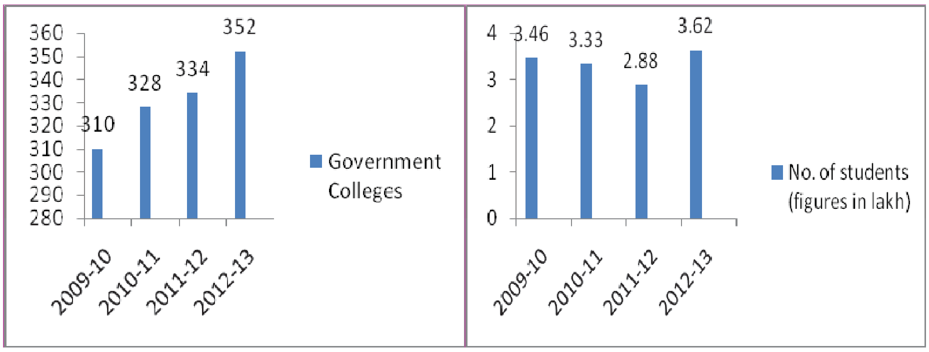
2.2.8 Programme Management

During 2010-13, out of total expenditure of ₹ 2350.76 crore reported by the Department ₹ 2095.75 crore (89 *per cent*) was incurred on salary, wages and other administrative expenses. Expenses on programme implementation was only ₹ 245.40 crore (10 *per cent*) and other activities such as stationery, contingent expenses (telephone, electricity, liveries etc.) was ₹ 9.61 crore (0.40 *per cent*).

2.2.8.1 Status of enrolment

To increase the Gross Enrolment Ratio (GER) in non-technical and non-medical higher education, 43 new colleges were opened and new self finance courses were started in 173 colleges during 2010-13. Fifty five new subjects were also started by the Department during 2010-12 in existing and newly opened colleges.

The status of Government colleges and enrolment of students during the years 2009-10 to 2012-13 is given in the chart below:



It would be seen that though the number of colleges increased from 310 in 2009-10 to 334 in 2011-12, 58000 number of students reduced during the period. While there was increase in number of colleges and enrolment of students during 2012-13, lack of infrastructure and teaching staff' would adversely affect the quality of education.

During the exit conference, the Department accepted the audit observation.

2.2.8.2 Opening of new colleges

Before 2010-11, 310 Government colleges, 77 private aided colleges and 510 private non-aided colleges were operating under the control of the Department. The Department sanctioned setting up of 43 new Government colleges in the State during 2010-11 to 2012-13.

Inadequate man-power and physical infrastructure noticed in 43 newly opened colleges. In 18 colleges no teaching staff was posted

For the 43 new Government colleges, the Department sanctioned 399 posts of teaching staff and 539 post of non-teaching staff. We observed that out of newly sanctioned post of 399 teaching staff, 292 (73 *per cent*) posts were not filled in as of December 2012[42]. We noticed that in 18 new colleges (2010-11: 3 colleges, 2011-12: 8 colleges and 2012-13: 7 colleges) no teaching staff was posted against 138 sanctioned post, though the number of total students enrolled in these colleges was 1720. In 13 colleges having 2253 students, there was only 22 teaching staff against 113 sanctioned posts, i.e. one to three teachers for each college. Thus, the student to teacher ratio was 1:102 against the norm of 1:30 prescribed by UGC for Arts stream at UG level. Details of buildings for running of colleges, posting of non-teaching staff and other facilities available for running the new colleges, though called for, was not made available to Audit. The sanctioned capacity of students was also not available with the Directorate. The Commissioner did not furnish any reply regarding variable student to teacher ratio in different colleges and stated that alternative arrangements were made by engaging guest faculties for fulfilling the vacant posts.

Scrutiny of records of one of the newly opened (2010-11) college at Vidisha revealed the following:

- Government Navin College, Vidisha, started in July 2010 in an old hospital building was situated five km away from the Vidisha city. Initially, only Arts stream was introduced in the college with three subjects. In 2011-12, two more streams Commerce & Science were introduced. No lab facility was available in the college. Only two Assistant Professors one each in Chemistry and Botany subjects were working and the other posts (Physics, Zoology and Mathematics) were vacant as of June 2013. As reported by the Principal, the students attended the classes of other subjects in Girls' College, Vidisha. The teacher and student position of the college during 2010-13 is given in **Table-2**:

Table-2: Status of students enrolment and teaching staff in Government college Vidisha

Year	Science			Arts			Commerce		
	Students enrolled	Teacher Sanctioned	Teacher Working	Students enrolled	Teacher Sanctioned	Teacher Working	Student enrolled	Teacher Sanctioned	Teacher Working
2010-11	-	-	-	13	5	4	-	-	-
2011-12	4	5	1	24	5	5	6	3	1
2012-13	31	5	2	120	5	5	18	3	1

It would be seen that number of students enrolled in Science and Commerce stream was very low. Stream-wise capacity of the students in the college had not been intimated to Audit. The non-availability of educational facilities indicates poor study environment which might hinder the quality and standard of education and enrolment.

In the exit conference, the Principal Secretary stated (January 2014) that corrective measures for man-power and for providing basic facilities in the newly opened colleges would be taken.

[42] The status as on March 2013 was not made available to Audit

2.2.8.3 Library Development and Automation

As per instructions issued (May 1987) by Directorate Education regarding set up of each college, there should be one Librarian and separate study room for students as well as teachers. The library automation system was introduced by the Government in 2003-04. We observed that the Commissioner had no information about the number of colleges in which automation work had been completed and in operation. Scrutiny of records of 88 colleges revealed the following:

- In 23 colleges, the post of Librarian was vacant and in 14 colleges the post was not sanctioned.
- Separate study room for teachers and students was not available in 56 colleges.
- Physical verification of library stock was not conducted in 13 colleges.
- Library automation was operated in 40 out of 88 colleges.

In the exit conference, the Principal Secretary stated (January 2014) that necessary steps would be taken for library development and automation.

2.2.8.4 Management of private colleges

The Department accords permission for setting up of new colleges by the private bodies/institutions subject to fulfilment of prescribed conditions. Then the University concerned issues affiliation to the colleges after ensuring the availability of staff as required under the College Code and submission of audit report by Chartered Accountant. Similar procedure is prescribed for opening of new faculties and new subjects.

There was lack of monitoring over functioning of private aided and non-aided colleges

During the period 2010-13, the Department issued 'No Objection Certificates' to set up 177 new private colleges, with Arts stream in 97 colleges, Commerce stream in 141 colleges and Science stream in 100 colleges. But, on an audit enquiry, the Department could not furnish the information about the number of colleges set up and actually in operation and their current status about courses and subjects. This indicates lack of monitoring mechanism to regulate the private non-aided colleges. However, the Department issued (July 2013) instructions to the Principal of Lead Government colleges to gather information on various aspects about the private colleges running in the State.

In the exit conference, the Principal Secretary stated that the current status of private colleges running in the State alongwith the streams and courses/subjects offered by them would be ensured and a database would also be prepared.

(i) Monitoring the utilisation of block grant given to aided non-government colleges

The grants released to aided non-government colleges is regulated by *Madhya Pradesh Ashasakiya Shikshan Sansthan (Anudan ka Pradaya) Adhiniyam 1978* and instructions issued (July 2000) by Government. Section 5 of the Act provides formation of a separate Fund by the aided colleges called as Institutional Fund for which a separate bank account was to be opened in a nationalised bank. In the Institutional Fund, the Block Grant (50 *per cent* of pay and allowances) provided by the Department and fees collected from the students were to be deposited. In the budget allotment orders for grants released by the Commissioner, it was directed that the Principals of Lead colleges would ensure the deposit of fees in this Fund by the institutions. The utilisation certificates of the grants released were to be obtained by the Commissioner before release of next year's grants. The accounts of the colleges are to be audited by the Director, Local Fund Audit, Government of Madhya Pradesh. The said Act also provides that the Principals of Lead colleges may at any time inspect any such institution with regard to payment of salaries and ancillary matters.

Scrutiny of records of Commissioner revealed the following:

- During the period 2010-13, the Department incurred expenditure of ₹ 86.88 crore against the budget provision of ₹ 118.39 crore on Block grant to 77 private aided colleges running in the State. However, the utilisation certificates pertaining to the years 2010-11 and 2011-12 and number of colleges audited by the Director, Local Fund Audit were not made available to Audit.

- No inspection was conducted by the Commissioner office. Out of 64 aided colleges under 14 Lead colleges test-checked, only 11 aided colleges were inspected by the Principals of five Lead colleges. Thus, they were not in a position to monitor the functioning of the colleges.

In the absence of inspection and audit, actual men-in-position and actual requirement of grants for payment of pay & allowances to them could not be ascertained. This indicates lack of monitoring of the utilisation of grant.

During scrutiny of records of 14 Lead Colleges, it was observed that grants amounting ₹ 77.25 crore released through the Lead colleges were paid to the 64 aided institutions during 2010-13. But, the Principals of Lead colleges did not ensure the deposit of fees by the institution in their Institutional Fund.

In the exit conference, the Principal Secretary stated that instructions would be issued for regular inspection of aided colleges by the Principals of Lead colleges and to conduct audit by the Director, Local Fund. Deposit of 50 *per cent* share by the private aided colleges would also be ensured and proper records of release and utilisation of grant would be maintained.

2.2.8.5 Departmental Manual not prepared

Departmental Manual was not prepared

Each Department needs to have its own manual for streamlining its activities. The Commissioner recommended to follow the provision of '*Pracharya Margdarshika*' for proper functioning and management of collegiate administration. The Department had not prepared office procedure as well as Departmental manual for its functioning. The rules, instructions and circulars issued by the Department from time to time were not in compiled form for effective functioning of the Department. The Department stated (January 2014) that action for preparation of Departmental Manual would be taken.

2.2.9 Implementation of Schemes

The major schemes reviewed and laxity found in the implementation of the schemes by the Department are discussed in the succeeding paragraphs.

2.2.9.1 Gaon Ki Beti Yojana

The Scheme was started during 2005-06 to promote higher education among meritorious girl students of villages. The girls passed in 12th class in first division from village school and who are resident of village are eligible for assistance under the scheme. The prescribed application alongwith the required documents are to be produced by the students in the college. The students are to be provided ₹ 500 per month for 10 months in an academic session.

Under the Scheme, the Principal, Lead college is authorised to provide assistance to students of aided and non aided private colleges. The students of aided private colleges would be benefited provided their fee structure is equivalent to fee structure of Government colleges. But, in case of non-aided colleges, they would produce the certificate relating to non-functioning of government /aided institutions within five km area. From 2012-13, the students of non-aided institutions would also be benefitted subject to the fulfillment of conditions prescribed for aided colleges. The number of students benefitted under the scheme were 32,226 in 2010-11, 33,532 in 2011-12 and 34,206 in 2012-13.

We observed the following:

Due to short provision of funds in 2010-11,₹ 4.41 crore was released in 2011-12 for payment of arrears

- The budget estimates are sent by the colleges in *mudra* software[43] based on which the Commissioner prepares the budget. In the year 2010-11 allotment of ₹ 16 crore were made, of which ₹ 0.75 crore was surrendered. However, in the next year 2011-12, ₹ 4.41 crore was released for making payment of arrears for the year 2010-11 under the Scheme. Thus, neither the Budget Estimate was realistic nor the surrender of fund was judicious. No periodical physical and financial progress report on the Scheme was prescribed. Thus, the Commissioner could not monitor the progress of expenditure, funds available and excess/saving.
- The Principals were responsible to ensure payment of assistance to the beneficiaries in time. But, it was noticed that in 145 cases assistance of ₹ 7.78 lakh for the year 2010-13 was not paid to the students of 12 out of 88 colleges as of September 2013 due to lack of funds.

Assistance of ₹ 77.21 lakh was delayed disbursed to 2295 students and ₹ 7.78 lakh was not paid to 145 students

- In the test checked colleges, assistance of ₹ 73.61 lakh for the year 2010-11 was paid in the subsequent years 2011-12 to 2223 students in 16 colleges. Also, ₹ 1.40 lakh for 2011-12 was paid out of funds received for 2012-13 in three colleges to 28 students and ₹ 2.20 lakh for 2012-13 was paid to 44 students in 2013-14 in two colleges due to non-availability of budget and late receipt of applications. The Principal did not send the demand for additional budget to Commissioner and the students were deprived of getting the benefits on time.

[43] Software developed by Finance Department for budget preparation.

Assistance of ₹ 1.09 crore paid to students of private colleges without observing the conditions prescribed

- The Principal of lead college was responsible for disbursement of assistance to the students of aided and non-aided private colleges. The applications of students of private colleges were sent to Lead colleges for sanctioning the assistance. However, seven Lead colleges paid assistance of ₹ 96.87 lakh to 1842 students of 79 private aided and non-aided colleges without ascertaining the fee structure of these colleges during 2010-13. Similarly, assistance of ₹ 12.58 lakh was also paid by four Lead colleges to 233 students of 37 non-aided institutions during 2010-12 without getting certificate from the colleges relating to non-functioning of government or aided institutions within five km area.
- There was no provision for regular/periodical reporting by the colleges/ Lead colleges to the higher authorities. In the absence of periodical reporting and close monitoring of schemes, effective implementation could not be ensured and cases of delayed payment or non-payment of assistance to students could not be detected by the Department.

The Commissioner stated (August 2013) that during 2010-12 funds were not released to some colleges as per their demands due to short provision under the Scheme which was met out in the next years.

In the exit conference, the Principal Secretary stated that necessary modifications would be made in the scheme guidelines and instructions would be issued to colleges for ensuring proper implementation of the scheme.

2.2.9.2 Pratibha Kiran Yojana

As per the provisions prescribed in the Scheme guidelines, the girl students of urban BPL families who completed 12th standard from urban area schools and passed the examination in first class were eligible to get benefit under the scheme. The Scheme is applicable for under graduate level students. The girl students of Government as well as non-Government aided colleges are to be provided financial assistance of ₹ 500 per month for ten months in the academic session. The benefit of the Scheme was also extended to non-aided private colleges from 2012-13. The applications of the students are scrutinised by the *Pratibha Kiran Samiti* headed by Principal of the college constituted at college level. The Lead colleges were responsible for making payment to students of non-government colleges. The number of students benefitted under the scheme were 2278 in 2010-11, 2594 in 2011-12 and 2733 in 2012-13.

There were short provisions of funds. Arrears in financial assistance was paid in subsequent year

- During the years 2010-11 and 2011-12, expenditure of ₹ 92.50 lakh and ₹ 1.33 crore was incurred against the budget provision of ₹ 98.07 lakh and ₹ 1.50 crore respectively under the Scheme. We observed that ₹ 30.74 lakh was released in 2011-12 to 37 colleges to meet the pending cases of 2010-11. In 2011-12, due to inadequate release of funds, ₹ 1.05 lakh were released to two colleges in 2012-13 for providing assistance to students of 2011-12 even though funds were not utilised fully during 2011-12. This showed that before close of financial years, the Commissioner did not ensure payment of assistance to all the eligible students due to absence of submission of periodical progress report of the scheme by the Lead colleges/concerned colleges.

Scrutiny of records in the test-checked colleges revealed the following:

Improper implementation of the Scheme led to delayed/non-payment of assistance to students

- The Principals of the colleges were responsible to ensure timely payment of assistance to students. We observed that students were not paid assistance on time. In eight colleges, assistance amounting to ₹ 7.68 lakh payable to 169 students during the years 2010-11 and 2011-12 were actually paid during the subsequent years 2011-12 and 2012-13.
- During 2010-13, 67 students were not paid ₹ 1.79 lakh by five colleges due to non-availability of fund.

In the exit conference, the Principal Secretary stated that necessary modifications would be made in the scheme guidelines and instructions would be issued to colleges for ensuring proper implementation of the Scheme.

2.2.9.3 Vikramaditya free education scheme for students of poor class

The objective of Vikramaditya free education Scheme for poor class is to provide free education (free from tuition fees) to poor meritorious boy students of general category who had secured 60 *per cent* or more marks in 12th class examination. The students residing in the State and having annual parental income below ₹ 42,000 (revised in January 2012 to ₹ 54,000) are eligible for benefits under the Scheme. Under the Scheme, the amount of tuition fees deposited by the students was to be reimbursed by the Department to students of Government and private aided colleges up to under graduate level. From 2012-13, the Department decided to reimburse total fees collected from the students subject to maximum of ₹ 2500 per annum.

Scrutiny of records of the scheme revealed the following:

Excess payment of ₹ 20.77 lakh made to 395 students during 2010-12 and ₹ 10.70 lakh paid to 275 girls irregularly during 2010-13 in test-checked colleges

- The Principals of the colleges did not ensure timely reimbursement of fees to students. In seven colleges ₹ 5.63 lakh for 2011-12 was paid to 117 students in the subsequent year 2012-13. In seven colleges ₹ 1.58 lakh was not paid to 134 students during 2010-13. On this being pointed out, the Principals stated that the main reasons for delayed/non payment were non-availability of fund and non-production of bank account number by the students.
- We noticed that in 14 colleges instead of making reimbursement of tuition fees of ₹ 2.11 lakh, the entire fees including development fees, library fees, laboratory fees etc. amounting to ₹ 22.88 lakh were paid to 395 students resulting in excess payment of ₹ 20.77 lakh during 2010-12.
- The girl students are not entitled for any type of payment under the Scheme. However, it was noticed that irregular payment of ₹ 10.70 lakh was made to 275 girls in 21 colleges during 2010-13.

In the exit conference, the Principal Secretary stated (January 2014) that suitable instructions would be issued to the colleges for ensuring proper implementation of the scheme.

2.2.9.4 Book Bank Scheme for SC/ST students

Under Book Bank Scheme, the Scheduled Caste/Scheduled Tribe (SC/ST) students of Under Graduate (UG) level and Post Graduate (PG) level are distributed free books of ₹ 600 and ₹ 800 respectively each year which were to be returned after session. Free stationery of ₹ 50 was also to be distributed to each student. From the year 2012-13, both the UG and PG students were to be distributed free books of ₹ 1500 and stationery of ₹ 500 and the books distributed were not to be returned by them. In terms of the scheme, 50 *per cent* of the total budget allotted was to be spent on purchase of reference books.

The year-wise details of the number of students, funds required, budget provision, allotment made and expenditure incurred under the Scheme are given below in **Table- 3:**

Table-3: Funds required as per students strength, budget provision

(₹ in lakh)

Year	No. of students	Funds required	Budget Provision (*per cent*)	Allotment	Expenditure
2010-11	93158	605.52[44]	429.00 (71)	390.55	296.73
2011-12	82433	555.65	550.00 (99)	441.00	315.34
2012-13	107393	2147.86	525.00 (24)	525.00	456.22

(Source: Detailed Appropriation Accounts and Departmental Figures for number of students and allotment of funds)

It is evident from the table that the budget provision was inadequate and the allotted funds were even less than the budget provision. However, the allotted funds were not fully utilised.

Students deprived of getting benefit of the Scheme during 2010-13

Scrutiny of records of the Scheme in the 88 test-checked colleges revealed that out of 1.27 lakh SC/ST students, 78,436 (62 *per cent*) students were provided books and 75,063 (59 *per cent*) were provided stationery during 2010-13. No reference book was purchased in 83 colleges.

The Principals stated that students did not come to receive the books and stationary. The Commissioner stated (August 2013) that additional budget provision in 2012-13 was not made due to non-enhancement of plan ceiling. Books kept in library returned by the students were utilised and the remaining books, if required, were purchased according to student strength. The reply is not acceptable as the required funds were not allotted to the colleges in any year and the students remained deprived of the benefits of the scheme.

In the exit conference, the Principal Secretary stated that corrective measures would be taken and instructions would be issued to the colleges for proper implementation of the Scheme.

2.2.9.5 Assistance to SC/ST PhD Students

'Assistance to SC/ST PhD students' Scheme was started during 2003-04 to provide assistance to maximum 100 students (44 SC students and 56 ST students) each year on the basis of stream-wise quota fixed for SC and ST students separately. Students were to be selected on merit basis to provide assistance at ₹ 8000 per month (revised to ₹ 16,000 per month from November

[44] Funds required for 2010-11 is worked out at ₹ 650 at the minimum rate.

2012) for three years from the date of registration or the completion of PhD whichever is earlier.

Only 28 ST students were selected against the fixed quota of 168 due to fixation of subject-wise quota instead of fixing stream-wise quota

As per Government orders (June 2003), quota for ST students were to be fixed stream-wise viz. Arts (18), Science (19) and Commerce (19). However, the Commissioner fixed the quota for few subjects under the streams in contravention of the Government order. As a result, the students could apply only for those subjects for which the quota was fixed and the meritorious students of other subjects remained deprived of getting benefit of the Scheme. As a result, only 40 ST students applied against the quota of 168 and only 28 of them were benefitted under the Scheme during 2010-13.

The Commissioner stated (August 2013) that from the year 2013-14, the wait listed candidate of any stream would be benefited on merit basis against the vacant seats of other streams. The reply is not acceptable as the directives issued by the Government for fixing stream-wise quota were not followed.

In the exit conference, the Principal Secretary stated (January 2014) that corrective measures would be taken after complete review of the Scheme.

2.2.9.6 Swami Vivekanand Career Guidance Scheme

The 'Swami Vivekanand Career Guidance Scheme' was started in 2005-06 with the objective to guide the students to develop a prospective career through career counselling, organising training and job fare/career camps and to set up career library to provide career oriented information to students and each cell should have computer with internet facility. The activities and job oriented training programmes were to be conducted as per the instructions received from State level Coordinator (Director), Indore.

Scrutiny of records related to scheme and information furnished to Audit by the State level Coordinator revealed that during the period 2010-13, expenditure of ₹ 1.33 crore was incurred by the colleges against the allotment of ₹ 1.47 crore and 11.79 lakh students were benefited under the Scheme. Job oriented training programme was organised in 335 out of 350 colleges and 31,403 students attended the training during the period 2011-13. During 2011-13, 60 job fares were organised in which 6095 students got placement in the State. The information pertaining to 2010-11 was not furnished to Audit by the Department.

We observed that the job orientation training programmes were organised in 62 test checked colleges and training was imparted to 29,824 students. Of these, job fare was also organised in 35 test checked colleges.

2.2.10 Quality Management

2.2.10.1 Remedial Coaching for SC/ST/OBC and minorities students

Students were deprived of getting Remedial Coaching due to non-utilisation of funds

In order to enable students belonging to SC/ST/OBC/Minority communities who need remedial coaching to come up to the level necessary for pursuing higher studies efficiently and to reduce their failure and dropout rates, the UGC provided funds during the 11^{th} Plan directly to the colleges for conducting special classes outside the regular time table. Scrutiny of records in the test-checked 88 colleges revealed that in 52 colleges, against ₹ 2.88 crore provided, ₹ 1.84 crore was utilised. Out of 36,756 eligible students in these colleges, 27,163 students were benefited. Four[45] colleges did not utilise entire provision of ₹ 13.64 lakh. The remaining colleges did not receive any fund.

In the exit conference, the Principal Secretary stated (January 2014) that necessary instructions would be issued to the colleges for carrying out the programme.

2.2.10.2 Education Satellite Programme

The Department failed to implement EDUSAT programme in the State and ₹ 1.36 crore collected from colleges remained unutilised

The Ministry of Human Resource Development (GoI), in collaboration with Indian Space Research Organisation (ISRO) launched (September 2004) a project for enabling satellite communication network for supporting extensive reach of quality education at all schools and colleges through the EDUSAT. ISRO was to provide 10 Satellite Interactive Terminals (SIT) to each State and the additional SITs were to be procured by State Governments. The Government of MP decided (May 2005) to create a pool fund for collecting funds from colleges in Government Sarojini Naidu Girls' PG College, Bhopal. We observed that ₹ 1.36 crore collected during 2005-08 was transferred (May 2008) to University Coordination Cell account as per decision (May 2008) in Monitoring Committee meeting. The amount was lying with the cell as of September 2013. The Department decided (June 2008, September 2011) to use the money on development of library automation works since the cost of equipments demanded by ISRO was too high and the technique to be facilitated by ISRO was also old. Since the Department failed to implement the Programme, the benefits of the Scheme could not be accrued by the students.

In the exit conference, the Principal Secretary admitted the audit observations and stated that action would be taken for utilisation of the fund deposited in bank account.

2.2.11 Human Resource Management

2.2.11.1 Sanctioned strength and men-in-position

As reported by Commissioner, one post of teaching staff in each subject is created at the time of opening of new college. But, no norms were framed for creation of number of post in different faculties at UG and PG level by the Department. There was nothing on records to show that the requirement of teaching staff in proportion to student strength was assessed. We observed that, the posts of non-teaching staff required in the colleges as per norms[46] prescribed (May 1987) by the Department were not sanctioned. The details of shortage in certain non-teaching posts required for smooth functioning of colleges in 352 colleges are given in **Table-4**:

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[45] Govt. Girls' College, Vidisha (₹ 6 lakh) and Panna (₹ 3.20 lakh), Govt. P.G. College, Morena (₹ 2.83 lakh) and Chhindwara (₹ 1.61 lakh).

[46] Registrar-1 post (more than 1000 students), Accountant – 1 post (up to 1000 students), Librarian – 1 post, Sports Officer-1 post

Table-4: Position showing required and sanctioned posts

Name of post	Posts required	Sanctioned post	Men-in-position	Shortage of sanctioned post against requirement	Shortage with respect to	
					Requirement	Sanctioned strength
Registrar	123	31	14	92	109	17
Head Clerk	352	323	153	29	199	170
Accountant	352	289	67	63	285	222
Librarian	352	341	179	11	173	162
Sports Officer	352	298	119	54	233	179
Total	**1531**	**1282**	**532**	**249**	**999**	**750**

(Source: information furnished by the department)

From the above table, it would be seen that there was shortfall in sanction of post and filling in the vacant posts.

The Department did not assess category wise requirement of manpower. Category wise position of staff in the State as on 31 March 2013 was as given in **Table-5:**

Table-5: Position showing category wise sanctioned posts and men-in-position

Sl. No	Category	Sanctioned post		Men-in-position		Shortage (*percent*age)	
		Total staff	Teaching staff	Total staff	Teaching staff	Total staff	Teaching staff
1	Ist class[47]	1065	675	450	241	615 (58)	434(64)
2	IInd class[48]	7289	6605	5460	5139	1829(25)	1466(22)
3	IIIrd class[49]	3102	Nil	2288	Nil	814(26)	Nil
4	IVth class[50]	3174	Nil	2766	Nil	408(13)	Nil
	Total	**14630**	**7280**	**10964**	**5380**	**3666(25)**	**1900 (26)**

(Source: Departmental figures)

Out of total 14,630 sanctioned posts, 3,666 posts including the posts of Professor and Assistant Professor were lying vacant

- Out of total 14,630 sanctioned posts, the men-in-position was 10,964 (75 *per cent*) and 3666 (25 *per cent*) posts were lying vacant.
- There was shortage of 1900 (26 *per cent*) teaching staff against the sanctioned post of 7280 in various subjects. 22 *per cent* and 64 *per cent* post of Assistant Professors and Professors respectively were lying vacant.
- In twenty-one subjects[51] no faculty was posted against 45 sanctioned post as on December 2012.

In the test-checked 88 colleges, out of 7187 sanctioned posts, the men-in-position was 5693. In 87 colleges, 881 posts of teaching staff were vacant against 3823 sanctioned posts and one college did not furnish information. Twenty three posts of Registrar, 48 posts of Accountant, 96 posts of Lab-technician and 171 lab- attendants were also vacant. We also observed

[47] Additional Director, Joint Director, Principal (Post Graduate and Under Graduate), Professor etc.
[48] Assistant Director, Assistant Professor, Librarian, Sport Officer etc.
[49] Superintendent, Head Clerk, Accountant, Upper Division Clerk, Lower Division Clerk, Laboratory Technician etc.
[50] Laboratory Attendant, Daftari, Peon, Sweeper etc.
[51] Science : 6 subjects(20 posts); Arts: 7 subjects(12 posts);Sanskrit: 7 subjects (12 posts); Law: 1 subject (1 post)

significant shortages of working staff (up to 70 *per cent*) and teaching staff (up to 79 *per cent*) in 40 colleges as shown in ***Appendix 2.15.***

164 teaching and non-teaching staff were found excess against the sanctioned strength of 486 in 31 test-checked colleges

- While there were overall shortage of staff in 40 colleges as discussed above, we observed that in 31 test-checked colleges, 650 teaching and non-teaching staff were working against the sanctioned strength of 486. Of the 164 excess staff[52], pay and allowances of 121 teaching and non-teaching staff amounting to ₹ 14.72 crore were drawn and paid by the Principals based on posting orders issued (2010-13) by the Government. Further pay and allowances of 39 teaching and non-teaching staff working in 13 colleges were drawn from other colleges against the vacant post of those colleges. The excess teaching staff could be deployed against the vacant post of concerned subjects in other needy colleges

The Commissioner stated that provision for guest faculties was made for fulfilling the vacant posts of teaching staff. But, the details of guest faculties deployed in various colleges and their period of engagement and classes taken by them were not available in Commissioner Office indicating improper manpower management.

In the exit conference, the Principal Secretary accepted the shortage of staff and stated (January 2014) that action would be taken for fresh recruitment of staff and proper deployment of staff.

2.2.12 Capacity building

2.2.12.1 Inadequate physical infrastructure and basic amenities

Inadequate infrastructure facilities and basic amenities noticed in test-checked colleges

The Department did not fix norms for providing basic infrastructure facility and basic amenities required in the Government colleges. As per information furnished by the Commissioner, out of 352 Government colleges, 115 colleges were not having their own building and the colleges were running in other buildings/rental buildings.

In the test-checked 88 colleges, availability of basic infrastructure facilities and amenities is given in **Table-6**:

Table-6: Number of colleges where physical infrastructure and basic amenities were available (as on September 2013)

No. of colleges	Own building	Hostel	Auditorium	Seminar Hall	Study Room	Staff Room	Ladies staff common room	Separate girls common room
88	81	28	32	43	52	73	50	59

Women counselling room	Residential facility for staff	Separate toilet for boys	Separate toilet for girls	Library facility	Play ground	Vehicle stand	Drinking water facility
33	22	66	80	82	69	71	80

[52] 141 teaching staff in various subjects and 23 non-teaching staff

- Government Nirbhay Singh Patel Science (NSPS) College, Indore was running in the campus of Holker Science College, Indore since July1989. We observed that though 11.68 acre land was allotted (December 2005) by the District Collector to the NSPS College, the work could not be started, due to encroachment. In October 2007, the Principal, Holker Science College paid ₹ 1.00 core from its own fund for construction work of NSPS College based on Government orders. The amount could not be utilised by the college even after expiry of six years due to stay orders issued by the High Court (October 2008) regarding construction of the building in that land. However, a proposal of ₹ 90 lakh was sent (June 2013) to Government by the college for construction of building on the vacant land in the campus of Holker Science College for utilisation of available funds. Sanction was awaited as of September 2013. As reported by the Principal, the enrolment was less than 50 *per cent* of the sanctioned seats which was mainly due to lack of infrastructural facilities.

In the exit conference, the Principal Secretary stated (January 2014) that necessary steps would be taken for providing the basic facilities.

2.2.12.2 Construction Works

- Scrutiny of records of Commissioner, Higher Education revealed that during the period 2011-13, different types of 231 construction works were sanctioned with total estimated cost of ₹ 148.74 crore. Against this, ₹ 85.77crore was released and only 21 works were completed and other works remained incomplete. Further, it was observed that time limit for construction works was not fixed by the Commissioner.

345 construction/ repair works were found incomplete in 69 colleges and ₹ 65.84 crore were lying with the construction agencies

- In the test-checked colleges, we noticed that 345 construction/repair works with estimated cost of ₹ 85.86 crore for which ₹ 65.84 crore was paid to different agencies remained incomplete in 69 colleges as of September 2013. The period of completion of works was not fixed and intimated to the agency.

In the exit conference, the Principal Secretary stated (January 2014) that necessary action would be taken.

2.2.12.3 Increase in upgradation cost of colleges equivalent to National Premiere Institute

Upgradation of colleges equivalent to National Premiere Institute not achieved despite availability of funds ₹ 18.20 crore

The Government of MP decided in 2008-09 to upgrade three colleges[53] of MP to the level of Premiere National Institutes for which additional Central assistance of ₹ 5 crore per institute amounting to ₹ 15 crore was received from GoI. As per the detailed project reports (DPRs) of the colleges, the works like infrastructure developments, construction of library, hostels and auditorium were to be constructed in these colleges. Budget provision of ₹ 15 crore was made during 2008-09 and the amount was drawn (March 2009) and kept in Civil Deposit due to late release of funds by GoI. The Government of MP, accorded administrative and financial approval of ₹ 15 crore only in January 2010 and the amount was released in February and March 2012. In addition,

[53] Govt. Atal Bihari Vajpayee Arts & Commerce College, Indore; Govt. Maharani Laxmibai Girls' College, Bhopal; Govt. Maharani Laxmibai College, Gwalior

₹ 3.20 crore was drawn during 2009-12 from State budget. Due to inordinate delays in according the administrative approval and release of funds, the upgradation cost of two colleges (Bhopal and Gwalior) was revised (November 2011 and August 2012) from ₹ 10 crore to ₹ 12.39 crore. Thus, there was cost over run of ₹ 2.39 crore.

We further noticed that out of ₹ 18.20 crore made available to these colleges, ₹ 11.77 crore[54] was paid to construction agencies and ₹ 6.43 crore were lying in bank account of two colleges (Indore, ₹ 5 crore and Gwalior, ₹ 1.43 crore). The works of Indore and Gwalior were not started as of September 2013 while the work of Bhopal College started in February 2011. The works were still in progress and intended upgradation was not yet achieved. Thus, the Central funds received was not utilised after expiry of five years.

The Commissioner stated that status would be intimated after obtaining the progress of work from the colleges. In the exit conference, the Principal Secretary stated that necessary action would be taken.

2.2.12.4 Colleges of Excellence

The Commissioner, Higher Education accorded (February 2009) administrative and financial sanction of ₹ 30 crore to develop three[55] colleges in MP as Colleges of Excellence. The Department released ₹ 19.06 crore[56] to these colleges during 2008-12 for infrastructure development, library, hostel, etc.

Three colleges were not developed as Colleges of Excellence after expiry of five years

During test check of records of two colleges, we observed in Kalidas Girls' College, Ujjain, required land was handed over to the Principal in July 1989. The Principal, however, paid ₹ 6.14 crore to the construction agency (MP Housing Board) during 2008-12 without obtaining the necessary clearance from Town and Country Planning Department. This resulted in lying of funds with the construction agency. In PG College, Tikamgarh, ₹ 6.04 crore was drawn and paid (2009-12) to the construction agency MP Housing Board. The work was under progress.

The Commissioner stated (August 2013) that the progress of works would be intimated after compilation of information. This showed lack of monitoring on the part of the Commissioner. In the exit conference, the Principal Secretary stated (January 2014) that necessary action would be taken.

2.2.12.5 Training of staff

The proposals of training programme of teaching and non-teaching staff are prepared by the Commissioner and sent to Administrative Academy, Bhopal. The Additional Regional Directors send the list of nominated persons to the training centre for getting training. The Commissioner is to pay the training charges prescribed by the Administrative Academy for minimum number of

[54] ₹ 1.21 crore to Indore, ₹ 6.08 crore to Bhopal and ₹ 4.48 crore to Gwalior
[55] Government P.G. College, Datia (₹ 10 crore), Govt. P.G. College, Tikamgarh (₹ 10 crore) and Govt. Kalidas Girls' College, Ujjain (₹ 10 crore).
[56] ₹ 6.37 crore to College of Datia, ₹ 6.35 crore to Tikamgarh and ₹ 6.34 Crore to Ujjain.

trainees (General training: 30 trainees and Computer training: 24 trainees) in the training programmes.

317 out of 972 trainees could not attend the training programmes despite payment of training charges to the Administrative Academy

During 2010-13, 35 training programmes were organised by the Administrative Academy for imparting trainings to minimum 972 persons for whom the training charges (₹ 28.63 lakh) were deposited in the Academy. However, only 464 persons in 2010-11, 62 in 2011-12 and 129 in 2012-13 attended the trainings. Thus, 317 (33 *per cent*) persons could not attend the trainings in the Academy though training charges were paid for them.

The shortfall was attributed by the Commissioner to absence of officials due to local problems, University examination and State Assembly session. The fact remains that required number of persons have not attended the training despite the payment made.

In the exit conference, the Principal Secretary stated to take corrective measures for improvement in the training programme.

2.2.13 Status of information technology in the Department

Information Technology initiative of the Department was commendable

A Departmental website (www.mp.gov.in.highereducationmp) was created under the directions of State Government and was being utilised for publishing Departmental orders, circulars and other important information. The Department developed various application softwares for implementation of schemes i.e. *Gaon Ki Beti Yojana, Pratibha Kiran Yojana*, Guest Faculties etc. and softwares relating to budget monitoring system, personal information system, payroll system and gradation list. The Department also developed online modules relating to posting, pay fixation, sanctioned and working strength and free uploading the website of 250 Government colleges in NIC server with the help of NIC. Each college has its own website and e-mail identification. Information related to students and staff viz. time table, course details, enrolment, result, vacant post, staff details, infrastructure facilities etc are available on the college web site. The Department started centralised online admission of students from the year 2012-13. No work plan was, however, prepared at college level to promote IT facilities. During the years 2010 and 2011, IT utilisation of the department was awarded best application software in the State by the State Government.

The Commissioner stated that no specific work plan was prepared to promote e-governance but steps were taken as per requirement.

2.2.14 Monitoring and internal audit

2.2.14.1 Departmental Inspection

Department did not develop any mechanism/system for Departmental inspection

Periodic inspections by Departmental officers are an important and effective tool with the management to ensure proper functioning of the Department. The Department did not develop any mechanism/system for inspection of government colleges to ensure adherence to the educational standards. Rule 291 of MPTC Vol-I provides that every DDO should make the monthly inspection of account of his office and quarterly report should be sent to higher authorities stating therein the corrective steps taken. Scrutiny of records in 88 test-checked colleges revealed that DDOs of 56 colleges did not carry out the inspection during 2010-13. The Commissioner stated that the preparation of norms and procedure for inspection of college is under process.

2.2.14.2 Weakness in system of internal audit

Internal Audit Wing was deficient

Internal audit (IA) examines and evaluates compliance to the Departmental rules and procedures and statutory provisions so as to provide independent assurance to the management at senior levels on the adequacy of the internal control frame work in the Department and implementation thereof. A separate Internal Audit Wing was formed under the supervision of Drawing and Disbursing Officer comprising of 47 Senior/Junior Auditors. As reported by the Commissioner only two Accountants were working in IA Wing. During 2010-11 and 2012-13, out of 70 colleges proposed for audit, 19 units were audited. No unit was selected for audit during 2011-12. The Commissioner attributed the shortfall in audit to shortage of staff. But, the reply is not acceptable as 28 Senior / Junior Auditors were engaged in other works in the Directorate as stated by the Commissioner. In the exit conference, the Principal Secretary stated to take suitable action.

2.2.14.3 Departmental Enquiry and Legal cases

A Departmental Legal Cell was functioning at the Directorate level. We observed that 615 court cases were pending at the end of March 2013. In 288 cases, first replies were still to be submitted by the Department. The reason for non-submission of first reply was not furnished to Audit. As of September 2013, 12 out of 13 Departmental enquiry cases, 4 family pension cases were pending at directorate level. In the exit conference, the Principal Secretary stated that action would be taken for disposal of pending case.

2.2.14.4 Response to Audit

Poor response to settlement of outstanding audit para

The Principal Accountant General (General and Social Sector Audit), Madhya Pradesh conducts statutory audit of the Department and its subordinate offices. The shortcomings are brought to notice through Inspections Reports (IRs). As of August 2013, 1055 paragraphs of 416 IRs issued to various offices under the Department up to March 2013 were pending for settlement. Of these, 786 paragraphs of 353 IRs were outstanding for more than five years (2000-01 to 2007-08). This showed lack of response to control mechanisms prescribed for close monitoring and timely action on audit observations. In the exit conference, the Principal Secretary stated to take necessary action.

2.2.15 Conclusion

While the Department has achieved the objectives of providing job placements for students, increase in enrolment and utilisation of IT software application, there were certain deficiencies in the functioning of the Department. There was no database with the Department for preparing Plans. Annual plans were prepared keeping in view the financial ceiling laid down by the State Planning Commission and 10 *per cent* increase in targets of the preceding year.

Budgetary and expenditure controls were weak as reflected from under utilisation of plan funds, last day surrender of savings and keeping of funds in Civil Deposit. Reconciliation of balances of PD accounts as per cash books and treasury records were not done by the DDOs. Monitoring and regulating the functions of non-government colleges was not adequate. Beneficiary oriented schemes were not implemented successfully which resulted in delayed/non payment of financial assistance to the targeted students. Inadequate infrastructure facilities were noticed despite increase in number of colleges and enrolment of students. There was no scientific assessment of manpower requirement and 25 *per cent* of sanctioned posts were lying vacant in the Department. Besides, improper deployment of staff led to excess or short deployment of staff in test checked colleges. Internal Audit was inadequate since the wing was under-staffed. Monitoring was not satisfactory since norms for Departmental inspections were not prescribed and no inspection was conducted by the Directorate.

2.2.16 Recommendations

- The Department should prepare a database of availability / shortage of infrastructure facilities for preparation of Annual plan.
- Budgetary and expenditure controls should be improved to ensure optimum utilisation of plan funds. Discrepancies in expenditure figures should be reconciled with the books of Accountant General (Accounts and Entitlement).
- The Department should ensure timely payment of assistance to students and proper reporting system for achieving the objectives of the schemes. Efforts should be made to provide adequate infrastructure and basic facilities in government colleges to attain high standards in education..
- Vacancies in the key posts like Professor, Assistant Professor and Registrar etc. should be filled up for improvement in the quality of education.
- The monitoring mechanism including internal audit should be strengthened for better performance of the Department.

Panchayat and Rural Development Department

2.3 Indira Awaas Yojana (IAY)

Executive Summary

Realising the importance of housing in society, the Government of India (GoI) introduced (January 1996) Indira Awaas Yojana (IAY) for providing financial assistance to BPL household of all sections for construction of houses in rural areas. A Performance Audit of implementation of the IAY in the State during 2008-13 revealed deficiencies in implementation.

- Annual Plans were not prepared by any of the test-checked districts. Allocation of targets of houses was done without proper weightage for housing shortage and SC/ST population, though envisaged in the Scheme guidelines.
- Nineteen *per cent* of the total targets of 2.40 lakh new houses and 17 *per cent* of total targets of 0.26 lakh upgradation of houses during the period 2008-13 remained incomplete as of March 2013.
- Quality of construction of IAY houses was not ensured. During construction technical guidance and supervision was not provided to IAY beneficiaries.
- Since convergence of the scheme Total Sanitation Campaign was not ensured with IAY scheme, the IAY beneficiaries were deprived of the benefits of sanitary latrines during the years 2008-09 to 2012-13.
- Due to slow spending by the Zilla Panchayats (ZPs) GoI short released ₹ 61.78 crore during the period 2008-13.
- Providing assistance through DRI loan scheme to the beneficiaries was not arranged by the ZPs.
- The inventory of IAY houses was not maintained at district and block level.
- Inspections of IAY houses by district and block level officials were not conducted as per prescribed schedule, indicating lack of monitoring.

2.3.1 Introduction

Realising the importance of housing in society, the Government of India (GoI) introduced (January 1996) a Centrally Sponsored Scheme, Indira Awaas Yojana (the Scheme) to provide houses to the poor in rural areas funded on cost sharing basis in the ratio of 75:25 with the State Government. Central share was released directly to the Zila Panchayat (ZPs) in two installments. Under the Scheme, funds were transferred in the accounts of beneficiaries through Gram Panchayat (GPs) in 2008-09 and 2009-10. Thereafter funds were transferred to beneficiaries directly by the ZPs. Payment of assistance to beneficiaries were to be linked with physical progress of work. The financial assistance of ₹ 35,000 for construction of a new house (₹45,000 since 2010-11) and ₹ 15,000 for upgradation of *kutcha house* was admissible to Below Poverty Line (BPL) house holders of all sections living in rural areas. In addition, beneficiary can avail a loan up to ₹ 20,000 under differential rate of interest (DRI) scheme at an interest rate of four *per cent* per annum for construction of new house. Under the Scheme, the allocation of both financial and physical targets for SC/ST BPL household and Non SC/ST BPL household was to be done at the ratio of 60:40. However, three *per cent* of the houses were to be allocated to physically and mentally challenged persons. The IAY houses were to be converged with Total Sanitation Compaign (TSC), Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY), and National Rural Drinking Water Programme (NRDWP) for providing sanitary latrine, electric connection and drinking water respectively. The Homestead Scheme was launched for providing house site to those rural BPL household who have neither agricultural land nor house site as part of IAY since August 2009.

2.3.2 Organisational set-up

The Panchayat and Rural Development Department (PRDD) is the nodal Department for implementing the Scheme at the State level. The Principal Secretary (PS) of the PRDD oversees implementation of the Scheme in the State, who is assisted by the Development Commissioner (DC). At the district level, the Scheme is implemented by Chief Executive Officers (CEOs) of Zila Panchayat (ZP) who are assisted by Project Officers (POs). At Block level, CEOs of Janpad Panchayats (JPs)/ Assistant Extension Development Officers (AEDOs) were responsible for implementing the Scheme with the assistance of Gram Panchayats (GPs) at field level.

2.3.3 Audit objectives

The objectives of the performance audit were to assess whether:

- the physical performance under IAY in terms of number of houses constructed and upgraded was planned and targeted and that the constructions corresponded to the quality and financial parameters set out in the Scheme guidelines;
- the systems and procedures in place for identification and selection of the target groups and the processes for allotment, construction and upgradation of dwelling units were adequate and conformed to the Scheme provisions;
- the convergence of the IAY activities with other programmes as envisaged in the guidelines was effectively achieved and ensured availability of a complete functional dwelling unit;

- the allocation and release of funds under IAY were made in an adequate and timely manner and that these were utilised economically and efficiently in accordance with the Scheme provisions;
- the mechanism in place for monitoring and evaluation of the outcomes of the Scheme was adequate and effective.

2.3.4 Audit criteria

The audit criteria were derived from the following sources:

- The guidelines of IAY issued by the Ministry of Rural Development (MoRD), Department of Rural Development;
- Annual targets fixed by GoI;
- Periodical reports/returns prescribed by the State Government;
- Circulars/instructions issued by the PRDD, GoI and State Government;

2.3.5 Audit coverage and methodology

Performance Audit of implementation of the Scheme during the period 2008-13 was conducted (May to September 2013) by test-check of records of the office of the DC, and other implementing agencies viz. ZP, JP and GP of 20 districts. Out of 50 districts in the State, 13 districts[57] (25 *per cent*) were selected. Further, additional seven districts[58] were selected on the basis of expenditure incurred. In 20 selected districts, 40 blocks were randomly selected and ten GPs (total 400 GPs) in each block were selected. ***(Appendix-2.16)***.

An entry conference was held with Additional Chief Secretary, PRDD on 29 April 2013, wherein the audit objectives and methodology were discussed.

The methodology adopted was mainly test-check of files and records maintained by the selected units, collection of data through audit enquiry, beneficiary survey questionnaire, and joint physical verification of 3956 IAY dwelling units (200 in each district) at village level of test checked 389 GPs. An exit conference was held on 05 December 2013 with Additional Chief Secretary, PRDD, wherein the audit findings were discussed. The replies of the Department have been incorporated in appropriate places.

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[57] Balaghat, Barwani, Dhar, Dindori, Jabalpur, Katni, Khandwa, Mandla,Narsinghpur, Raisen, Rajgarh, Shajapur and Ujjain.

[58] Betul, Damoh, Khargone, Ratlam, Shahdol, Tikamgarh and Umariya**.**

2.3.6 Planning and beneficiary selection

2.3.6.1 Non-preparation of Annual Plan

Annual plan was not prepared by any test checked district

Para 4.2 of the Scheme guidelines provides that the Annual Plan was to be prepared by the CEO, ZP in each district and should got approved by the Zila Parishad or the Governing Body of the DRDA as the case may be. The same was to be submitted to GoI along with request for release of second installment.

We noticed that neither the test checked ZPs prepared the Annual Plan nor any instruction was issued by the DC for preparation of Annual Plan at district level.

The Government accepted the facts and stated (December 2013) that the targets allocated by GoI were not adequate considering number of BPL households of the district. Hence, preparation of annual plan by the district was not feasible.

The reply was not acceptable since annual plan was required to be prepared to ensure that the district wise allocation of houses are according to the norms envisaged in the scheme guidelines.

2.3.6.2 Allocation of houses

As per Para 4.1 of IAY guidelines, Central assistance under IAY will be allocated among the States/UTs giving 75 *per cent* weightage to rural housing shortage as per Census data and 25 *per cent* weightage to poverty ratio. Similarly, inter-district allocations within a State/UT were to be made by giving 75 *per cent* weightage to housing shortage and 25 *per cent* weightage to rural SC/ST population of the concerned districts. The targets for the blocks within a District were to be decided on the same principles. Para 2.1 of guidelines stipulates that as far as possible, the State should follow the cluster approach to facilitate better supervision, convergence of schemes and economy in purchase. For this purpose, all the villages in a district/block should be divided into three groups and each group of villages should be provided funds every year.

2.3.6.2(a) Allocation of targets to districts/blocks.

Number of BPL household as desired in a particular district not benefited due to injudicious allocation of houses among districts

(i) As per the State Government (GoMP) assessment (BPL survey 2002), total housing shortage was 37.15 lakh and as per census data (2001), SC/ST population was 2.14 crore in the State. During the period 2008-13, the GoI allotted 5.71 lakh houses[59] to the State. District-wise targets were allocated by the GoI. We observed that the number of houses allocated for the districts based on the housing shortage assessed by the GoMP and the census data of SC/ST population was different from the number actually allocated by the

[59] Including 1.05 lakh under homestead

GoI. We observed that 1,22,901 houses were allocated in six districts[60] against requirement of 62,206 houses. On the other hand 1,11,743 houses were allocated in 12 districts[61] against requirement of 1,73,321 houses. Thus, there were disproportionate allocation of houses among the districts. Details are given in ***(Appendix-2.17)*.**

The Government stated (December2013) that targets were allocated by GoI to districts directly.

Targets for JPs/ GPs were allocated without giving weightage to housing shortage and SC/ST population

(ii) We observed that out of 20 test-checked districts, only in Rajgarh District, the targets were allocated to JP/GPs by giving weightage to housing shortage and SC/ST population of respective JP/GPs as per the norms of guidelines. However, the cluster approach was not adopted in the District. CEOs ZPs, of 17 districts[62] allocated targets/funds to Block/GPs on the basis of the total rural population (including non BPL) of the respective Blocks/ GPs for selection of beneficiaries. Further, the cluster approach i.e. division of villages in three groups to ensure providing fund for each group every year was also not adopted by the CEOs.

In Katni District, the targets were allocated village-wise, while in Khargone District, the targets were allocated GP wise. In both districts weightage was given only to housing shortage of the respective Village/GP and the weightage to SC/ST population was ignored in allocation of the targets. Thus, the norms of guidelines in allocation of target were also not adhered to in these districts.

The Government accepted and stated (December 2013) that targets were not allocated to block/GPs as per the norms of guidelines due to inadequate allocation of targets to ZPs.

The fact remains that the allocation of targets was not conforming to the norms of guidelines. This may result in excess or short allocation of houses at block/GPs levels.

2.3.*6.3* *Selection of beneficiaries*

Selection of beneficiaries was not done as per seniority in 79 GPs. Permanent IAY waitlist was not available in 18 GPs

Para 2.1 of the Scheme guidelines stipulates that the beneficiaries were to be selected from the permanent IAY waitlist in order of their seniority in the list. The permanent IAY waitlist was to be displayed at a prominent place either in the Gram Panchayat office or any other suitable place in the village.

We observed that CEOs, ZPs of all the test checked districts allocated the targets in the ratio of 60:40 for SC/ST and non SC/ST households to JP/GPs. Also allocation of houses was made for the physically and mentally challenged person as per norms.

During the joint physical verification, we noticed the following:

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[60] Dindori, Khandwa ,Rajgarh,Ratlam,Tikamgarh and Umariya

[61] Balaghat, Barwani,Damoh, Dhar, Jabalpur, Katni, Mandla,Narsinghpur, Raisen,Shahdol, Shajapur and Ujjain

[62] Balaghat, Barwani, Betul, Damoh, Dhar, Dindori,Jabalpur, Khandwa, Mandla,Narsinghpur, Raisen, Ratlam, Shahdol, Shajapur,Tikamgarh, Ujjain and Umariya

- Out of 389 test checked GPs permanent IAY waitlist was not available in 18 GPs and beneficiaries were selected from the BPL list.
- Beneficiaries were not selected as per their seniority in waitlist in 79 GPs and selection was done on *ad hoc* basis.
- Permanent IAY waitlist was not displayed in 53 GPs.

2.3.6.4 *Targets and achievement*

Under the Scheme the houses were to be constructed by the beneficiaries themselves within two years from sanction of houses. The details of year-wise targets allotted by MoRD (GoI) for construction of new houses and upgradation of houses, completed houses and incomplete houses in 20 test checked districts during 2008-13 are given below:

Table-1 (A): New houses

Year	Incomplete houses in the beginning of the year	Houses sanctioned during the year	Total houses sanctioned for construction	Houses completed during the year	Incomplete houses at the end of the year
2008-09	9,935	48,982	58,917	36,903	22,014
2009-10	22,014	51,807	73,821	41,657	32,164
2010-11	32,164	41,326	73,490	39,361	34,129
2011-12	34,129	42,146	76,275	38,670	37,605
2012-13	37,605	46,335	83,940	38,758	45,182
Total	--	OB+2,30,596	--	1,95,349	--

Table-1 (B): Upgradation of houses

Year	Incomplete houses in the beginning of the year	Houses sanctioned during the year	Total houses sanctioned for upgradation	Houses completed during the year	Incomplete houses at the end of the year
2008-09	2,158	11,623	13,781	8,995	4,786
2009-10	4,786	12,310	17,096	8,829	8,267
2010-11	8,267	Nil	8,267	3,827	4,440
2011-12	4,440	Nil	4,440	119	4,321
2012-13	4,321	Nil	4,321	Nil	4,321
Total	--	OB+23,933	--	21,770	--

(Source: MPRs prepared by CEO, ZP of 20 test checked districts)

- It would be seen from the above that during the period 2008-13, against 2,40,531 of new houses and 26,091of upgradation of houses, 45,182 new houses (19 *per cent*) and 4,321 upgradation of houses (17 *per cent*) remained incomplete as of March 2013.
- It was noticed in the test checked ZPs that the MPRs did not contain information about the number of new houses and upgradation of houses due for completion during the year. As such, the status of age-wise pendency in completion of houses was not recorded in MPRs or in any other records.

4321 houses sanctioned for upgradation during 2009-10 remained incomplete as of March 2013 and assistance of ₹ 6.48 crore was rendered unfruitful

- The number of incomplete houses at the end of the year increased from 22,014 to 45,182 despite decrease in allocation of targets of new houses from 51807 to 41326 during the period 2010-13. It is indicative of slow implementation of the Scheme.
- No targets were set for upgradation of houses after 2009-10. However, upgradation of 4321 houses sanctioned up to 2009-10 remained outstanding for completion as of March 2013. There was nothing on record that the ZPs kept watch on completion of upgradation of houses.

As such, 4321 upgradation of houses were continued to be shown as incomplete. Thus, assistance of ₹ 6.48 crore (₹15000×4321) was rendered unfruitful. Besides, possibility of misutilisation of the financial assistance provided cannot be ruled out.

Physical status of 20169 IAY houses was not reported

- Scrutiny of MPRs for the month of March of each financial year revealed that in 16 districts[63] there was discrepancies in the number of houses shown as incomplete at the end of the year and the number of incomplete houses shown at the beginning of the next year during the years 2008-09 to 2012-13. As a result, at the end of March-2013, ZPs reported only 25013 incomplete houses against 45182[64] actual incomplete houses to State Government. This led to the non-reporting of the physical status of 20169 incomplete houses. Year-wise discrepancies are shown in ***(Appendix-2.18)***.

Joint physical verification and survey through questionnaires of 3956 beneficiaries in 389 GPs revealed that 546 houses remained incomplete and construction was not started in 71 cases. Out of 71 cases, in 18 cases both the installments of assistance amounting to ₹ 7.47 lakh were released, in 34 cases first installment of ₹ 7.08 lakh were released to beneficiaries and in remaining 19 cases the beneficiaries reported that no fund was received by them, as detailed in ***(Appendix-2.19)***. Thus, it is evident that second installment was released to beneficiaries without ensuring the physical progress of houses and the ZPs submitted incorrect UCs to the MoRD (GoI). Instances of incomplete houses are shown in photographs below:

	
Incomplete IAY house at Kajikhedi Gram Panchayat (Ujjain) despite released of entire assistance ₹ 0.45 lakh by ZP Ujjain.	***Kutcha*** **house under IAY in Kalada Gram Panchayat (Barwani) despite release of entire assistance ₹ 0.45 lakh by ZP Barwani.**

The Government stated (December 2013) that the matter would be investigated.

[63] Balaghat, Barwani, Dindori, Jabalpur, Katni, Khandwa, Mandla,Narsinghpur, Raisen, Rajgarh, Ratlam, Shahdol, Shajapur, Tikamgarh , Ujjain and Umariya.

[64] As on 31 March 2013 actual number of incomplete houses was 45182 as calculated by Audit from the MPRs. Due to incorrect closing balance, the number of incomplete house shown as on 31 March 2013 was 25013.

2.3.6.5 Convergence of other Schemes/ Departments with IAY

As per Para 3.2 and 5.11 of the Scheme guidelines, all efforts were required to be made by ZPs to ensure that every IAY house was provided with a sanitary latrine, smokeless *chulhas* and drinking water facility, which were to be dovetailed with other government schemes such as the Total Sanitation Campaign (TSC), National Rural Drinking Water Programme (NRDWP) and provision of free electricity under Rajiv Gandhi GraminVidyutikaranYojana (RGGVY). For effective monitoring of the convergence of the above programmes/schemes a Monthly Progress Report (MPR-3) was devised by MoRD, (GoI). The ZPs were required to liaison with all the nodal agencies implementing the aforesaid schemes in the district. In order to bring about the actual convergence of these programmes at the field level, CEO, ZP will capture the data and furnish the same to MoRD, (GoI) online every month in prescribed format.

2.3.6.5(a) Convergence activities

Convergence of other schemes was not done with IAY houses

- We noticed that to ensure the convergence of other schemes/departments with IAY, the Development Commissioner, of Panchayat and Rural Development Department issued instructions in January 2010 to the CEOs ZPs. On audit enquiry CEOs, ZPs of 17 districts[65] stated that sanitary latrines were not sanctioned in IAY houses under TSC. However, in Mandla District out of 8328 IAY houses, sanitary latrine was sanctioned (2011-12) in 1,185 IAY houses under TSC. In Betul and Damoh Districts out of 28,162 IAY houses (Betul 13,866 Damoh 14,296) sanitary latrine was sanctioned in 3,941 IAY houses (Betul-782 Damoh-3169) under TSC during 2011-13.

Joint physical verification and beneficiary survey of 3956 IAY houses conducted (May to September 2013) revealed that only 239 beneficiaries received TSC funds and constructed latrines. Of the remaining 3717 beneficiaries 1053 beneficiaries constructed latrines from their own sources.

- The convergence of RGGVY with IAY was not ensured in any of the test checked ZPs as no record of convergence of RGGVY with IAY house was found maintained in any of the test checked ZPs. Out of 3956 houses visited during joint verification electricity connection was available in 2947 houses. However, 1830 IAY houses were electrified in RGGVY as stated by the beneficiaries.

- The convergence of IAY with the activities of National Rural Drinking Water Programme (NRDWP) was also not ensured in any of the test checked districts and no record of convergence of NRDWP with IAY house was found maintained in ZPs. However, drinking water was provided to 291 IAY houses under NRDWP as stated by the beneficiaries out of 3956 houses visited during joint verification.

[65] Balaghat, Barwani, Dhar,Dindori,Jabalpur, Katni, Khandwa, Khargone Narsinghpur, Raisen, Rajgarh, Ratlam, Shahdol,Shajapur,Tikamgarh, Ujjain and Umariya.

- MPR-3 devised for monitoring of the convergence of other schemes was to be furnished every month to MoRD (GoI) by CEO, ZP. On being enquired about furnishing of MPR-3 to MoRD (GoI), out of 20 test checked districts, CEOs, ZPs of 16 districts[66] stated that, MPR-3 was not sent by them. However, CEOs, ZPs of four districts reported that the reports were sent.

Thus, it is evident that large number of IAY beneficiaries were deprived from the benefits of the sanitary latrine, electric connection and availability of drinking water through identified schemes.

The DC confirmed the above facts and stated (September 2013) that MPR-3 was not sent to MoRD (GoI) as no initiative for convergence with IAY was taken by the districts. However, no reason was stated for non-convergence of other schemes with IAY.

The Government accepted and stated (December 2013) that the instructions had been issued (June 2013) to districts for convergence.

2.3.*6.5(b)* *Installation of smokeless chulhas*

Incorrect reporting of installation of smokeless chulhas in IAY houses

Para 5.4 of guidelines stipulates that each IAY dwelling unit is provided with a smokeless chulha, which is a fuel-efficient alternative, smoke free, healthy for clean environment and more convenient to use.

Smokeless chulhas were to be installed in IAY houses from the assistance amount under IAY. Installation of smokeless chulha in each completed IAY house was reported by CEO of all the test checked ZPs to the State Government through MPRs. Joint Physical Verification of 3956 IAY houses, however, revealed that smokeless chulha was not installed in 3860 houses (98 *per cent*) as reported by the beneficiaries. It is evident that reporting to State Government regarding installation of smokeless chulha was incorrect/inflated.

The Government stated (December 2013) that instructions are being issued to CEOs of ZPs and District Collectors in this regard.

2.3.6.6 IAY houses constructed with less than prescribed area

Prescribed minimum plinth area for IAY houses not ensured

Para 5.3 of guidelines stipulates that the State Government has to finalise the type design for houses assisted under IAY having plinth area not less than 20 square metres.

On enquiry about finalisation of any type design for houses assisted under IAY, the Government and CEOs, ZPs of all the test checked districts stated that no type design was finalised for houses assisted under IAY. We observed that no instruction was issued to ensure, that construction of IAY houses has the minimum prescribed plinth area of 20 square metres.

During the joint physical verification, out of 3956 houses covered in audit, the beneficiary of 273 IAY houses reported that their houses were constructed on less than 20 square metres area.

[66] Balaghat, Barwani, Betul, Damoh, Dhar, Jabalpur, Katni, Narsinghpur, Raisen, Rajgarh, Ratlam, Shahdol, Shajapur, Tikamgarh, Ujjain and Umariya

The Government stated (December 2013) that the type design of IAY houses was not required. However, construction of IAY houses not on less than 20 square metre area was mandatory.

The reply of Government was not relevant as no records were maintained by AEDO at JP level.

2.3.7 Financial Management

IAY is a Centrally Sponsored Scheme, funded on cost sharing basis in the ratio of 75:25 with the State Government. Central share was released directly to ZPs in two installments. The first installment up to 50 *per cent* of the total allocation for a particular year was released in the beginning of the financial year. The second installment for the district was released on receipt of request from the DRDAs on fulfillment of certain prescribed conditions e.g. utilisation of 60 *per cent* of the total available funds, submission of Audit Report of Chartered Accountant (CA) of last year, submission of utilisation certificate for the previous year and submission of utilisation regarding non-diversion and non-embezzlement. Zila Parishads/ DRDAs were to follow the accounting procedures prescribed by the MoRD, (GoI). Audit Report as accepted by the General Body of the concerned DRDA shall be sent to the State Government and Central Government on or before 30th September. IAY funds were transferred in the accounts of beneficiaries through GPs in 2008-09 and 2009-10. The GOMP, PRDD issued orders (January 2010) for transferring scheme fund directly in the accounts of beneficiaries by ZPs from 2010-11 on staggered basis. Installment of payment was to be linked to the progress of work and the assistance was to be released in two installments, first installment with the sanction of houses and second installment when the construction reaches the lintel level.

The Scheme funds comprised of three components i.e. Central share, State share and other receipts (interest on Scheme fund)

Against the total available fund of ₹ 2310.45 crore (including Homestead), the department spent ₹ 1984.14 crore (86 *per cent*) during 2008-13.The details are given below:

Table -2: Allocation, release and expenditure of IAY funds at the State level

(₹ In crore)

Year	Opening Balance	Central Share	State Share	Other Receipt (Interest on Scheme fund)	Total Available Fund (TAF)	Expenditure	Unspent Balance (*Percentage* on TAF)
2008-09	4.54	234.36	75.01	0.30	314.21	289.00	25.21(8.02)
2009-10	25.21	240.86	84.72	0.80	351.59	321.06	30.53(8.68)
2010-11	30.53	440.36	152.80	2.74	626.43	331.70	294.73(47.04)
2011-12	294.73	404.29	128.63	5.62	833.27	624.89	208.38(25.00)
2012-13	208.38	382.47	145.40	7.55	743.80	417.49	326.31(43.87)
Total	**-**	**1702.34**	**586.56**	**17.01**	**2310.45**[67]	**1984.14**	**-**

(Source: Sanction orders and MPRs of DC)

[67] Total available fund ₹ 2310.45 crore = Opening balance ₹ 4.54 crore + Central share ₹1702.34 crore + share ₹ 586.56 crore+ Other receipt ₹ 17.01 crore

It would be seen from the above that the fund allotment and expenditure increased during the years 2010-11 to 2012-13 in comparison of 2008-09 and 2009-10. This was due to allotment of funds under Homestead Scheme. We observed that though fund allocation was significantly increased, a major part of total available funds remained unutilised.

It was also observed that during the period 2008-13 total availability of funds in the State was ₹ 2310.45 crore including opening balance of ₹ 4.54 crore of 2008-09 reported by the Development Commissioner to GoI through MPR. However, as per the MPRs submitted by the CEOs, ZPs of 20 test checked districts the total amount of opening balance worked out to ₹ 10.30 crore during 2008-09 thus, the opening balance of 2008-09 and total available funds during 2008-13 was understated at least by ₹ 5.76 crore and relevant information of remaining 30 districts was not seen in audit.

Scrutiny of records of DC revealed the followings:

2.3.7.1 Short release of Central Share

Central fund of ₹ 61.78 crore was short released to State due to slow spending by the districts

The Government of India (GoI) sanctioned funds of ₹ 1764.12 crore for IAY, (including Homestead scheme) against which an amount of ₹ 1702.34 crore was only released to the State during 2008-13. Central funds of ₹ 61.78 crore were short released to State (***Appendix-2.20)*** due to retention of unspent balances at the end of each financial year with the districts beyond prescribed limit of 10 *per cent.*

During exit conference, Government accepted and stated (December 2013) that the Central funds were released at the end of the financial year due to which the districts could not utilise the funds during the financial year. Hence, the entire sanctioned funds were not released by the GoI.

However, the fact remains that the unspent balance was more than the prescribed limit of 10 *per cent*, which resulted in reduction in central fund.

2.3.7.2. Availability of fund and expenditure incurred in the test checked districts

The details of available funds under IAY including opening balance (OB), Central share received, State share and other receipts and expenditure incurred by test checked districts during 2008-13 are given below:-

Table-3

(₹ In crore)

Year	Opening Balance	Allocation of Funds			Other Receipt[68]	Available funds during the year	Expenditure (*per cent*)	Unspent balance (*per cent*)
		Central Share	State Share	Total				
2008-09	10.30	125.15	41.43	166.58	0.63	177.51	147.99 (83)	29.52(17)
2009-10	29.52	130.42	45.02	175.44	0.89	205.85	165.55 (80)	40.30(20)
2010-11	40.30	147.70	48.14	195.84	2.53	238.67	201.37 (84)	37.30(16)
2011-12	37.30	136.54	31.81	168.35	5.39	211.04	176.01(83)	35.03(17)
2012-13	35.03	143.78	56.48	200.26	4.50	239.79	200.27(84)	39.52(16)
Total		**683.59**	**222.88**	**906.47**	**13.94**	**930.71[69]**	**891.23**	

(Data source: UC's and MPRs of Zila Panchayats submitted to GoI)

68 Other receipt including interest etc.

69 Available fund ₹ 930.71= Opening balance ₹10.30+ Central and State share ₹ 906.47+ Other receipt ₹ 13.94

Central share ₹ 6.77 crore was deducted from second installment released in four districts

It would be seen from the above that the unspent balances in the test checked districts ranged between 16 *per cent* and 20 *per cent* which was beyond the prescribed limit of ten *per cent*. As a result, MoRD (GoI) deducted ₹ 6.77 crore from the second installment of four districts[70].

The Government stated (December 2013) that the second installment was released by GoI at the end of financial year to the districts with delays ranging from four to six months. The districts could not utilise the entire amount during the year, which resulted in unspent balance lying more than prescribed limit.

Further, scrutiny of audit reports of Chartered Accountant (CA), Utilisation Certificates (UCs), Monthly Progress Reports (MPRs), Cash Book, Bank Statements and Ledger etc. of the test checked districts revealed the followings:

Diversion of IAY fund ₹ 5 lakh to PMGSY

- IAY fund of ₹ 5 lakh was diverted by the CEO ZP Damoh to Pradhan Mantri Gramin Sadak Yojana during 2008-09. The refund of the amount into IAY could not be ascertained from the available records. However, no instance of diversion of IAY fund was noticed in the remaining test checked districts.
- In Janpad Panchayats Mehadwani and Dindori of Dindori district, Scheme funds of ₹ 18 lakh[71] were deposited, without any recorded reason, in another bank account of JPs and not utilised on implementation of the Scheme as of March 2013.

Inflated UCs of ₹ 13.64 crore sent to GoI by 13 districts

- Against the expenditure of ₹ 191.66 crore shown in audit reports of Charterd Accountant for various years during 2008-09 to 2011-12 in report of the test checked ZPs[72], UCs of ₹ 205.29 crore were sent to GoI by these districts. Thus, inflated expenditure of ₹13.64 crore was reported in the UCs as detailed in (***Appendix-2.21***). However, no difference was noticed in the remaining seven districts.
- The test checked districts reported an expenditure of ₹ 709.41 crore during the period 2008-12 in MPRs but submitted the UCs of ₹ 690.93 crore as of September 2013. Thus, there was a difference of ₹ 18.49 crore in the figures of MPRs and UCs (***Appendix-2.22*)**.

The Government stated (December 2013) that the clarification would be sought from the ZPs and action would be taken on the above

Annual Accounts of ZPs not got approved by general bodies of DRDA

- CEOs, ZPs of all the test checked ZPs stated that they got their annual accounts prepared from the CAs, but not got it approved by the General Body of the DRDA during 2008-13.

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[70] Damoh(₹3.37 crore), Dindori(₹0.26 crore),,Katni(₹2.27 crore) and Ujjain (₹0.87crore)

[71] Dindori -13 lakh (8 lakh in March 2011 & 5 lakh in March 2012), Mehadwani- 5 lakh(May-2012)

[72] Balaghat, Betul, Damoh, Dindori, Jabalpur, Katni, Khandwa, Mandla, Raisen ,Rajgarh, Shahdol, Tikamgarh and Umaria

The Government stated (December 2013) that action would be taken in this regard.

During the period 2008-10 funds were transferred in accounts of beneficiary through GPs. In January 2010 the GOMP, PRDD issued orders for transferring the IAY fund directly in the accounts of beneficiaries by ZPs from 2010-11.

Scheme fund of ₹ 52.73 lakh remained blocked with JP/GP

We observed that IAY funds of ₹ 40 lakh pertaining to the period 2008-10 were lying (March 2013) unutilised in the bank accounts of 112 GPs out of 389 test checked GPs due to non-release of full assistance to beneficiaries and less selection of beneficiaries. Details shown in (***Appendix-2.23***).

We also noticed from the cash book for IAY that ₹ 12.73 lakh for the year 2007-08 was kept in separate bank account of JP Kasrawad and lying unutilised as of March 2013.

Further we noticed that IAY funds of ₹ 30.94 crore were transferred in beneficiaries' account through JPs in three ZPs[73] during 2011-12 and 2012-13, in contravention of the order issued (January 2010) by State Government which would affect timely disbursement of assistance. In other test-checked districts assistance was directly transferred to beneficiaries accounts.

In contravention of provisions of the scheme guidelines and orders issued by State Government, CEO, Narsinghpur ZP released (2010-12) entire assistance of ₹ 2.45 crore in single installment to 545 beneficiaries instead of release of assistance in two installments.

On the above observations pointed out in audit the Government stated (December 2013) that the clarification will be sought from the districts and action would be taken.

2.3.7.3 Loan under DRI Scheme not sanctioned

Loan under DRI Scheme not facilitated to IAY beneficiaries

As per para 3.1.2 of IAY guidelines, ZPs were to facilitate availing of loan under DRI scheme to the IAY beneficiaries. Loan applications were to be obtained by CEOs, ZPs from beneficiaries while sanctioning IAY houses and the same were to be submitted to banks. The CEOs, ZPs of 17 districts[74] out of 20 test checked districts stated that they did not take any initiative in this regard. However, CEOs of two ZPs (Khandwa and Mandla) stated that DRI scheme was being advertised through JP/GPs of the districts and the CEO, Dindori District replied that initiatives were taken at ZP level. However, no relevant record was produced by these districts to Audit for verification.

During exit conference the Government accepted the facts and stated that the loan was facilitated under State sponsored housing schemes. However, loan were not arranged for the beneficiaries under IAY.

[73] Dindori (₹11.74 crore),Raisen (₹7.70 crore) and Umariya(₹11.50crore)

[74] Balaghat,Barwani, Betul,Damoh, Dhar, Jabalpur, Katni, Khargone, Narsinghpur, Raisen, Rajgarh, Ratlam, Shahdol, Shajapur, Tikamgarh, Ujjain and Umariya

Joint physical verification also revealed that none of the 3956 selected beneficiaries applied for loan under DRI loan scheme.

2.3.8 Programme management

2.3.8.1 Cost effectiveness and quality of material not ensured

Para 5.2 of guidelines stipulates that effort should be made to utilise, to the maximum possible extent, local materials and cost effective disaster resistant and environment friendly technologies developed by various institutions. Zila Parishad/DRDA should contact various organisations/institutions for seeking expertise information on innovative technologies, materials, designs and method to help beneficiaries in the construction/upgradation of durable, cost effective houses and disaster resistant houses. The State Government may also arrange to make available information on cost-effective environment friendly technologies, materials, design etc. at district and block levels.

Quality of Construction of IAY house not ensured

The DC stated that no committee was formed at State level to coordinate economy in cost and quality of construction of IAY house and nor any initiative was taken by State for providing local materials, cost effective disaster resistant and environment friendly technologies.

The CEOs, ZPs of all the test checked districts stated that no technical supervision was provided to beneficiaries for construction of IAY house nor any initiative was taken for creation of awareness among beneficiaries about the disaster resistant and environment friendly technologies.

There was no system in place at State/district level to ensure adherence to quality parameters for construction.

The Government stated (December 2013) that the districts were instructed to ensure construction of pucca IAY house with sanitary latrine.

Reply of DC and CEOs, ZPs confirms that quality aspect of the houses built under IAY was not ensured.

2.3.8.2 Quality inspection of IAY houses

Technical guidance and supervision was not provided to IAY beneficiaries during construction

Para 5.7.1 of guidelines stipulates that technical supervision should be provided for construction of IAY houses. Foundation laying and lintel level are critical stages for maintaining the quality of the house. Therefore, technical supervision should be provided at least at these two stages.

On enquiry about providing of technical supervision for construction of IAY houses, CEO, ZP of 14 districts[75] out of 20 test checked districts stated that no technical guidance and supervision was provided to beneficiaries during the construction of houses at foundation or lintel level. However, CEO, ZP of six

[75] Balaghat, Barwani,Damoh, Dhar, Jabalpur, Katni, Khandwa,Khargone, Narsinghpur, Raisen, Rajgarh,Ratlam ,Shahdol and Shajapur

districts[76] stated that technical guidance and supervision was provided by engineering staff of the Department.

The Government stated (December 2013) that since IAY houses were to be constructed by beneficiary as per provisions of the guidelines, quality inspection of IAY houses was not required.

The reply confirms that GoMP did not put in place a mechanism to ensure that technical guidance and supervision was provided to beneficiary of IAY house.

2.3.*8.3* *Non-preparation of inventory of houses*

Authenticity of physical progress of IAY houses could not be ascertained due to non maintenance of Inventory at ZP/JP level

As per Para 5.9 of IAY guidelines, the IAY implementing agencies were required to prepare a complete inventory of houses completed and upgraded giving details of the date of commencement and completion, name of villages in which these were located, names, address, occupations and categories of beneficiaries etc.

On being enquired about preparation of inventory of houses as envisaged in guidelines, the CEOs of all the test checked ZPs and JPs stated that they did not prepare the inventory of houses. In absence of such records, the correctness of reported physical progress of IAY houses could not be ascertained.

The Government stated (December 2013) that the districts would be directed to maintain inventory of houses.

2.3.*8.4* *Training not imparted to officers dealing with the IAY*

No funds were provided for imparting training and generation of awareness regarding disaster resistant and environment friendly technology

Para 5.7 of guidelines stipulates that officers dealing with the IAY at the State, district and block levels must be trained in various disaster resistant features to be adopted in the houses and they should ensure that this is complied with during their field visits. The awareness among the beneficiaries must be created about the disaster resistant and environment friendly technology through exhibition of low cost technologies at the district and block level, seminars, workshop etc.

We noticed that neither any action plan was prepared nor funds were provided to impart the training and spread the awareness among the beneficiaries about the disaster resistant and environment friendly technology. As such no training on disaster resistant features was imparted to the officers. Seminar and workshop were also not organised for awareness of beneficiaries about low cost technologies.

The Government stated (December 2013) that the action would be taken.

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[76] Betul,Dindori,Mandla,Tikamgarh Ujjain and Umariya

2.3.9 Homestead scheme

Scheme for providing homestead site to those rural BPL household who have neither agricultural land nor house site was launched as part of IAY from 24 August 2009. For the purpose of allotting homestead sites, the beneficiaries were to be selected from Permanent IAY waitlist. In the first instance the State Government has to regularise the land acquired by beneficiary as per the existing Acts and Rules. If this is not the case, State Government will allot suitable Government land as homestead site. In case suitable Government land is not available, private land should be purchased or acquired for this purpose. Financial assistance of ₹ 10000 per beneficiary or actual, whichever is less, was to be provided for purchase/acquisition of homestead site of an area around 100-250 sq.metres. Assistance of ₹ 45,000 was to be provided to beneficiary for the construction of house under the homestead scheme.

Under Homestead Scheme, out of 1.39 lakh identified beneficiaries in the State, houses were sanctioned to 1.05 lakh beneficiaries during 2011-12. For this, Central fund of ₹ 362.29 crore was released to the State Government up to December 2012. Out of total fund of ₹ 471.62 crore (including State matching share ₹ 109.33 crore) ₹ 378.61crore was released to homestead beneficiaries and ₹ 93.01 crore was remained with districts up to December 2012. We noticed that no private land was purchased/occupied for providing housesite to beneficiaries in the test-checked districts, consequently no expenditure was incurred on land.

Regularisation of land as required for Homestead beneficiaries was not done and normal IAY beneficiaries were benefited under Homestead Scheme

The DC stated (September 2013) that Homestead sites were to be regularised under the provision of Madhya Pradesh Land Revenue Code 1959, by way of issuing *Bhoo Adhikar Praman Patra* to beneficiaries by Teshsildar in case of Government land and by Sarpanch in case of Panchayat's land.

On being enquired about regularisation of land for homestead scheme, out of 20 test checked districts, CEO, ZPs of nine districts[77] stated that *Bhoo Adhikar Praman Patra* was issued for regularisation of occupied land. Accordingly, assistance for construction was released to 21300 beneficiaries under homestead. The CEOs, ZPs of nine other districts[78] stated that occupied land was regularised on the basis of recommendation of concerned JP/GPs and accordingly assistance for construction was released to 21,600 beneficiaries. CEOs of two ZPs (Jabalpur and Narsinghpur) stated that occupied land was regularised through survey conducted by team formed by ZP at JP level and assistance was released to 4500 benficiaries (Jabalpur-2400 and Narsinghpur-2100) accordingly. But no record of survey was produced to Audit for verification.

During joint physical verification and beneficiary survey (May to September 2013) in villages of 389 test checked GPs, out of 493 Homestead beneficiaries,

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[77] Betul(2700),Dhar(3200),Katni(1800),Khargone(3000),Mandla(2800),Ratlam(2900),Shahdol (1800), Tikamgarh(1500) and Ujjain(1600)

[78] Balaghat(3500),Barwani(1800),Damoh(2500),Dindori(2700),Khandwa(3000),Raisen (2600), Rajgarh(2800) , Shajapur (1200)and Umariya(1500).

291 beneficiaries stated that *Bhoo Adhikar Praman Patra* was not issued to them by Teshsildar/ Sarpanch and 42 beneficiaries also stated that their houses were not constructed despite releasing entire assistance to them. The remaining 160 beneficiaries stated that houses were constructed after issue of *Bhoo Adhikar Praman Patra.*

The National Level Monitors (NLM) appointed by MoRD, GoI visited (2010-11) four districts of the State including Dhar, one of the test checked Districts. In their report the NLM pointed out that there was no difference between the IAY beneficiaries and Homestead beneficiaries as IAY beneficiaries of the district were benefited under Homestead Scheme.

The Government stated (December 2013) that the matter will be investigated and action would be taken.

2.3.10 Monitoring and Evaluation

As per Para 6.1 of the Scheme guidelines, officers dealing with the IAY at the State Headquarter were required to visit districts regularly to ascertain whether the programme was being implemented satisfactorily and construction of houses was in accordance with the prescribed procedure. Similarly, officers at the district and block levels were required to monitor all aspects of the IAY through visits to work sites. A schedule of inspection which prescribes a minimum number of field visits for each supervisory level functionary from the State level to the Block levels should be drawn up and strictly adhered to.

The Department prescribed (January 2010) the monthly schedule of inspection of IAY houses by the officials at District/Block level to ensure completion of the IAY houses and submission of inspection reports. According to the schedule five houses each by District Collector and CEO ZP, ten houses by CEO JP, 15 houses by Block Development Officer and *cent per cent* houses were to be inspected by AEDOs at block level every month. A comprehensive report based on these inspection reports was also to be sent by district authority to departmental headquarter latest by 5th of next month.

Inspection of IAY houses not done as per prescribed schedule

On enquiry about State level monitoring of the Scheme, the DC stated (September 2013) that no officer was nominated for State level monitoring of the programme due to shortage of staff.

No records maintained for monitoring of the Scheme

The CEOs, ZPs of all the test checked districts stated that no records of monitoring such as inspection register/inspection reports were maintained. However, the CEOs, ZPs of four districts[79] stated that inspection of IAY houses were being conducted along with other rural schemes.

During Joint physical verification and survey through beneficiaries questionnaire, out of 3956 IAY beneficiaries, 2154 beneficiaries (54 *per* cent) stated that their houses were inspected by AEDOs.

[79] Katni, Khandwa, Mandla and Shajapur

During exit conference, the Government stated (December 2013) that District authorities were being instructed to strictly observe the inspection schedule. State Level Monitoring Committee will also be constituted.

2.3.*10.1* *Meetings of Vigilance and Monitoring Committee*

As per the guidelines issued by MoRD, the monitoring of IAY is the responsibility of Vigilance and Monitoring Committee (VMC) of State and district levels. The VMCs were required to play a crucial role in monitoring the implementation of rural development programmes. As per provisions of the guidelines, the meetings of State and District level VMCs were to be held quarterly.

- DC stated that only four meetings of VMCs were held at the State level during the period 2008-13 against the required 20 meetings.

There were shortfalls in VMC meetings of State and district levels. In six districts no meetings were held during last one to three years

- It was observed from the information furnished by CEOs, ZPs of test checked districts that at the district level, only 164 meetings of VMCs were held during 2008-13 in test checked districts against the required 400 meetings[80] and nominee of MoRD was not present in 34 of the above meetings**.**
- We further noticed that no VMC meetings were held in six test checked districts[81]during last one to three years.

The Government stated (December 2013) that instructions would be issued to districts for holding regular meetings of VMCs and review the IAY scheme properly.

2.3.*10.2* *Transparency and Accountability*

A web-based MIS Programme Software Awaas Soft to capture beneficiary-wise data to monitor the IAY Scheme was launched in July 2010. This is a tool for management, generate all reports, funds released, progress in construction of houses and tracks convergence of all benefit. States were told to upload 100 *per cent* data on Awaas Soft as release of second installment was connected with expenditure generated through software.

- On being enquired through questionaire about capturing beneficiary-wise data in Awaas Soft, the CEOs, ZPs of five districts[82] reported (May to September 2013) that database of beneficiaries was uploaded in Awaas Soft. The CEOs, of eight ZPs[83] reported that database of beneficiaries was not prepared and the CEOs of six districts[84] reported that database of beneficiaries was being uploaded.

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[80] 4 meetings x 5 years x 20 districts

[81] Ratlam -3(2009-10,2011-12 &2012-13), Mandla-3 (2008-09,2009-10 &2012-13), Dindori-2 (2008-09 &2012-13), Khandwa-1 (2009-10), Jabalpur-1(2009-10) and Khargone-2 (2008-09 &2009-10)

[82] Damoh, Dhar,Khandwa Mandla, and Tikamgarh

[83] Balaghat, Barwani,Katni, Ratlam, Shahdol,Shajapur, Ujjain and Umariya

[84] Betul, Dindori,Jabalpur,Narsinghpur,Raisen and Rajgarh

- CEO of all the test checked ZPs stated that there was no mechanism in place to ensure the correctness of data uploaded in websites. They also stated that there was no separate complaint cell for IAY and complaints related to IAY were being entertained with other complaints.
- Out of 20 districts, CEOs, ZPs of eleven districts[85] stated that there was no mechanism/ system in place to ensure that selected beneficiary was not previously benefited under IAY or any other rural housing scheme. However the CEOs, ZPs of eight districts[86] stated that it was ensured through JP/GPs.

The Government accepted the fact and stated (December 2013) that the action would be taken.

2.3.10.3 Social audit

As per para 6.3.5 of guidelines system of social auditing of the Scheme was to be followed. On being enquired about social auditing of the scheme, CEO, ZP of nine districts[87] reported that social audit was not conducted, CEO, ZP of three districts[88] reported that social audit was conducted with other schemes in Gram Sabha, CEO, ZP of three districts[89] reported that social audit was conducted and reports were uploaded on website and CEO, ZP of four districts[90] reported that social audit of IAY houses was conducted during 2012-13.

2.3.10.4 Evaluation study

As per para 6.2 of IAY guidelines the State conduct evaluation studies on the implementation and impact of the programme in the State. On enquiry about evaluation study on implementation of programme carried out in the State, DC stated since there was no provision for expenses under administrative head under the Scheme, the evaluation study was not conducted.

The Government also accepted (December 2013) the audit observation.

2.3.11 Conclusion

Annual Plans were not prepared by the CEOs of the test checked Zila Panchayats. No instruction was issued by Development Commissioner for ZPs in this regard. The allocation of targets of houses at any level was not conforming to the prescribed norms. The selection of IAY beneficiaries was not in accordance with the Scheme guidelines. Upgradation of 4321 houses

[85] Balaghat, Dhar, Jabalpur, Katni, Narsinghpur,Raisen, Rajgarh, Ratlam,Shahdol, Shajapur and Ujjain

[86] Barwani ,Betul,Damoh, Dindori, Khandwa , Mandla.Tikamgarh and Umariya

[87] Balaghat,Barwani, Damoh,Dindori,Jabalpur,Narsinghpur,Raisen, Shahdol and Umariya.

[88] Katni, Ratlam and Shajapur

[89] Dhar, Tikamgarh and Ujjain

[90] Betul, Khandwa Mandla and Rajgarh,

was not done for three years despite availability of funds. Convergence of IAY with other schemes for water and power supply and providing sanitary latrines was not ensured. The IAY funds were not fully utilised. Since the unspent balances in the districts were more than the prescribed limit of *ten per cent*, GoI short released ₹ 61.78 crore during 2008-13. The annual accounts in ZPs were got prepared from the CAs, but none of the district got those approved from the General Body of the ZPs. Providing assistance through DRI loan were not arranged to the IAY beneficiaries. No initiative was taken at any level to ensure cost effectiveness and quality of material. The inventory of houses was not prepared at ZP and JP level. Instances of irregular issuance of *Bhoo Adhikar Praman Patra* to beneficiaries having home site and agricultural land under homestead scheme were noticed. There was lack of monitoring at every level, inspections of IAY dwelling units by State, district and block officials were not carried out as per prescribed schedule.

2.3.12 Recommendations

- Allocation of targets for houses at each level as per prescribed norms should be ensured.
- Convergence with other schemes should be ensured to extend the benefits of basic amenities to the beneficiaries.
- Optimum utilisation of funds under the scheme should be ensured.
- Beneficiaries should be educated to avail loan under the DRI scheme.
- Providing technical guidance and supervision to IAY beneficiaries should be ensured.
- Preparation of Inventory of houses should be ensured.
- For effective monitoring, conducting the inspections as prescribed may be ensured.

Panchayat and Rural Development Department

2.4 Construction of Rural Roads under "Mukhya Mantri Gram *Sadak* Yojana (MMGSY)"

Executive Summary

With a view to provide enhancement in socio-economic growth of the people living in rural areas, the "Mukhya Mantri Gram *Sadak* Yojana (MMGSY)" was introduced by the State Government in the year 2010-11. Under the MMGSY connectivity was to be provided with all-weather roads by the end of 2013, to such villages which were not covered under the PMGSY i.e. in general category villages having population of less than 500 and in tribal dominated villages having population of less than 250. Our audit analysis of the scheme revealed the following:

- As of March 2013, road length of 5176 kilometres was constructed covering 2765 habitations. Against the targeted 6726, only 2300 gravel roads were completed (34 *per cent*). Fifty six *per cent* of the road work were done up to the level of sub-grade.
- An unspent balance of ₹ 826.28 crore remained in Civil Deposit Account at the end of March 2013. The drawal of funds in excess of requirement and depositing the same in Civil Deposit was irregular and incorrect reporting of financial achievement.
- In the test checked districts out of 3952 rural roads, 128 roads taken up in disputed land remained incomplete despite spending ₹ 5.60 crore. Similarly, due to non- clearance from Forest Department 623 road works in the State could not be started after lapse of three years.
- Though 350 DPRs were not found technically fit, payment of 25 *per cent* cost amounting to ₹ 85.81 lakh was made due to injudicious payment schedule, resulting in wasteful expenditure. In test checked divisions, 20 consultants failed to fulfill the conditions of NITs and criteria for evaluation of performance. The EEs paid ₹ 5.30 crore to them during 2010-13.
- A consultancy firm debarred and restricted by the MPRRDA was awarded the consultancy by RES in six divisions for ₹ 7.07 crore.
- Royalty was not deducted from the running account bills of the contractors.
- The Quality Control inspection by State Quality Monitor (SQM) and Departmental Officer was inadequate.

2.4.1 Introduction

In Madhya Pradesh 73.54 *per cent* population live in rural areas. With a view to provide enhancement in socio-economic growth of the people living in rural areas, the Pradhan Mantri Gram *Sadak* Yojana (PMGSY) was implemented to provide connectivity by way of all-weather roads to unconnected rural habitation with a general category population of 500 and above and with tribal dominated villages having population of 250 above . "Mukhya Mantri Gram *Sadak* Yojana (MMGSY)" was introduced by the State Government in the year 2010-11. Under the MMGSY connectivity was to be provided with all-weather roads by the end of 2013, in three phases[91] to such villages which were not to be covered under the PMGSY.

Under the MMGSY, total 19,386 km length of gravel road of 9109 habitations[92] was targeted to be constructed during 2010-13 (estimated cost ₹ 3,296 crore revised to ₹ 3,634 crore in 2012-13). These roads were to be constructed in convergence with Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Backward Region Grant Fund (BRGF). As of March 2013, 5176.33 kilometres roads were constructed covering 2765 habitations.

Under the MMGSY, roads were to be constructed through Rural Engineering Services (RES) [93]. In accordance with the Scheme the earthwork was to be done through labour, the cost of which was to be met from MGNREGS. Due to lack of availability of labour under MGNREGS during implementation of MMGSY, Government made the following decisions/ amendments:

- In the year 2011-12 the execution of MMGSY road works in 13 Divisions[94] was handed over to Madhya Pradesh Rural Road Development Authority (MPRRDA).
- In the year 2012-13, it was provided that all works (earthwork, gravel etc.) and culverts of second and third phase in 14 BRGF districts[95] would be executed from State fund and BRGF and in other 18 non BRGF districts[96], all works would be executed exclusively from State fund i.e. without depending on MGNREGS fund.

2.4.2 Organisational set-up

The Principal Secretary, Panchayat and Rural Development Department (P&RDD) is responsible for planning and implementation of the MMGSY. He is assisted by Engineer-in-Chief (E-in-C), Superintending Engineer at State level and Executive Engineer/Project manager, Assistant Engineer and Sub Engineer at the field level. The Rural Engineering Services (RES) an agency working under the Department is responsible for execution of construction of roads. The structure of RES involved in execution of roads is given in

91 First phase-2010-11(30 *per cent:* 5816 km), second phase-2011-12 (40 *per cent:* 7754 km) and third phase 2012-13 (30 *per cent:* 5816 km)

92 Scheme circular no. 1 dated 27 March 2010 issued by Panchayat and Rural Development Department.

93 Rural Engineering Services (RES) an agency working under the Department was responsible for execution of construction of all weather roads etc

94 II & III phase districts: Bhind, Harda, Hoshangabad, Mandsaur, Morena, Narsinghpur, Raisen, Rewa, Sehore, Ujjain and Vidisha III phase districts: Balaghat and Sagar.

95 Ashoknagar, Balaghat, Chhatarpur, Dhar, Damoh, Guna, Khandwa, Panna, Rewa, Rajgarh, Satna, Seoni, Shivpuri and Umaria.

96 Bhind,Chhindwara,Dewas,Gwalior,Harda,Hoshagabad,Indore,Jabalpur,Morena,Mandsaur, Neemuch,Narsinghpur,Raisen,Sagar,Sehore,Shajapur,Ujjain and Vidisha

Appendix-2.24. The MPRRDA is responsible for execution of the roads handed over to them.

2.4.3 Scope and methodology of audit

Audit of implementation of the MMGSY was conducted between February and August 2013 covering the period from 2010-11 to 2012-13. Records maintained in the office of the Engineer in Chief (E-in-C) and 22 divisions/districts[97] out of 50 divisions/districts under Rural Engineering Services were test checked. However, execution of roads by MPRRDA has not been covered in audit. Audit methodology included collection of information from the Department by issue of questionnaire, examination of records, communication of audit observations by issuing audit memos and obtaining their replies. The exit conference was held in December 2013 with the Additional Chief Secretary (ACS) & Development Commissioner and the replies of Government/Department were incorporated at appropriate places.

2.4.4 Audit objectives

The audit objectives were to assess whether:

- the financial management was adequate and efficient;
- proper surveys were conducted for selection of roads and the planning was adequate for connectivity of rural habitations;
- execution of work was efficient to achieve the MMGSY objectives;
- the contract management was efficient and effective: and
- the quality control mechanism was adequate and efficient.

2.4.5 Audit criteria

The audit criteria were derived from the following sources:

- The Circular/instructions/orders related to implementation of the MMGSY;
- Madhya Pradesh Works Department Manual (MPWDM), Madhya Pradesh Treasury Code (MPTC) and Madhya Pradesh Financial Code (MPFC) ;
- Rural Road Plans, Detailed Project Reports, Estimates, Sanctions and approved specifications; and
- Contract documents of the works and consultant services.

[97] Anuppur, Ashoknagar, Badwani, Balaghat, Chhindwara, Damoh, Dewas, Guna, Gwalior, Hoshangabad, Jabalpur, Katni, Mandsaur, Narsinghpur, Raisen, Rajgarh, Rewa, Sehore, Shajapur, Umaria, Ujjain and Vidisha (One RES division in each district)

2.4.6 Audit findings

2.4.6.1 Financial management

2.4.6.1(a) Funding for the Scheme

Under the MMGSY, the funds were to be provided as under:

Through **MGNREGS:** The wage part for the construction of road was to be executed through the Job Card holders under MGNREGS. Expenditure on wages and material under transportation of soil, watering and rolling for road construction was to be bifurcated in the ratio of 60:40, as per norms of MGNREGS. Payment for preparation of DPRs, supervision and quality control of construction work was to be made to the consultant from administrative head of MGNREGS.

Through **BRGF:** The construction of culverts in 29 BRGF districts[98] was to be done on contractual basis and was to be funded by BRGF.

State (MMGSY) Fund:

- **(i)** The expenditure for construction of base course, surface course and gravel was to be made from State fund (after preparation and formation of earthwork from MGNREGS).
- **(ii)** In case of excess expenditure incurred on material exceeding the prescribed ratio of 60:40, the cost in excess of the ratio was to be charged from State fund.
- **(iii)** The construction of culverts was also to be done through contractors in 21 districts[99] (other than those covered under BRGF) and the expenditure was to be met from State fund.
- **(iv)** The expenditure on culverts of more than 6 meter up to 10 meter was to be met from State fund in all the districts. For this purpose, the funds were borrowed from *Mandi Nidhi* [100]by the State Government**.**

We observed that under the Scheme, the estimated cost of roads and culverts amounting to ₹ 3296 crore (2010-11) included ₹ 2050 crore from MGNREGS. The estimates were revised to ₹ 3634 crore[101] in 2012-13. The fund from MGNREGS were reduced by ₹ 1555 crore i.e. from ₹ 2050 crore to ₹ 495 crore due to non availability of labour for earth work. The additional provision of ₹ 1893 crore (₹ 1555 crore + ₹ 338 crore) was made from the State Fund. The facts indicate that no proper study was made by the Department for the utilisation of MGNREGS fund before providing the estimated expenditure under the MMGSY and put extra financial burden on state exchequer.

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98 Ashoknagar, Anuppur, Alirajpur, Betul, Badwani, Burhanpur, Balaghat, Chhatarpur, Dhar, Dindori, Damoh, Guna, Jhabua, Katni, Khargone, Khandwa, Mandla, Panna, Rewa, Rajgarh, Shahdol, Sidhi, Seopur, Singhroli, Satna, Seoni, Shivpuri, Tikamgarh and Umaria,

99 Bhopal, Bhind, Chhindwara, Dewas, Datia, Gwalior, Harda, Hoshangabad, Indore, Jabalpur, Morena,Mandsaur, Neemuch, Narsinghpur, Ratlam, Raisen, Sagar, Sehore, Shajapur Ujjain and Vidisha

100 Kisan Mandi Sadak Nidhi is created for the construction of rural roads.

101 Increase of ₹ 338 crore was due to coverage of culvert more than six meters under MMGSY

2.4.6.1(b) Allocation of fund and utilisation

The final allocation of funds and amount utilised during 2010-11 to 2012-13 are shown in **Table 1:**

Table 1: Status of allocation of funds and amount of utilisation

(₹ in crore)

Year	Allotment/Fund received				Amount utilised			
	MGNREGS	BRGF	State Fund	Total	MGNREGS	BRGF	State Fund	Total (*per cent*)
2010-11	153.68	69.57	192.56	415.81	44.70	5.18	7.44	57.32 (14)
2011-12	74.31	15.63	176.40	266.34	151.04	31.60	69.40	252.04 (95)
2012-13	160.72	78.78	815.67	1055.17	187.67	50.20	363.81	601.68 (57)
Total	**388.71**	**163.98**	**1184.63**	**1737.32**	**383.41**	**86.98**	**440.65**	**911.04 (52)**

(Source: Data furnished by the Department)

As against the revised estimated cost of ₹ 3634 crore, only ₹ 1737.32 crore (48 *per cent*) was made available by the Government during 2010-13. Of this, ₹ 911.04 crore (52 *per cent*) could be utilised by the implementing divisions.

It would be seen from the above table that utilisation of MGNREGS was ₹ 383.41 crore (99 *per cent* of allocation) while expenditure under BRGF was only ₹ 86.98 crore (53 per cent of allocation). Under the State Fund the expenditure was only ₹ 440.65 crore i.e. 37 *per cent* of allocation.

At the exit conference, the Additional Chief Secretary stated that funds were allotted as per estimated availability of labour and as per clause 16.2.1 of Central Public Work Account (CPWA) code, for deposit works, the other party concerned should advance the gross estimated expenditure which is payable to the divisional officer in lump sum.

The fact remains that the scheme was undertaken without proper planning for availability of labour at each work level. No specific reply was furnished on non-utilisation of State Fund under which saving was 63 *per cent* of the fund provided.

2.4.6.1(c) Irregular deposit of funds in Civil Deposit

As per Rule 284 of the Madhya Pradesh Treasury Code (MPTC) funds should not be drawn from the treasury unless required for immediate disbursement. We observed that the Development Commissioner vide allotment orders directed the Executive Engineers that the funds may be drawn by the stipulated date given in allotment orders.

Scheme funds of ₹ 826.28 crore was kept in Civil Deposit as of March 2013

Scrutiny of documents of the Engineer-in-Chief revealed that during the period 2010-13, against the allotment of ₹ 1737.32 crore, ₹ 911.04 crore was utilised and unspent balances of ₹ 826.28 crore (State Fund: ₹ 743.98 crore, MGNREGS: ₹ 5.30 crore and BRGF: ₹ 77.00 crore) were deposited into Civil Deposit Account.

Thus, the expenditure shown at the end of each year did not depict the true picture of utilisation of funds. In the test checked divisions, ₹ 387.98 crore[102] were drawn from the treasury in excess of expenditure, which was kept in the Civil Deposit. Drawal of funds at the end of the year and keeping of the same in Civil Deposit was irregular. In February 2013 Finance Department issued instruction that the process adopted by various Department of State Government to draw fund and keep in civil deposit account during the financial year was not in accordance with the rules and appropriate financial management.

At the exit conference the Additional Chief Secretary stated that from 1 April 2014 electronic fund management system for RES will be adopted and action would be taken to ensure that such excess drawls do not occur in future.

2.4.7 Planning

2.4.7.1 Selection of roads

The MMGSY guidelines were issued in October 2009 for those unconnected habitations which are not covered under PMGSY. The district-wise/block-wise information pertaining to number of roads, proposed length and benefited population, was issued (October 2009) by Chief Engineer, Madhya Pradesh Rural Road Development Authority, Bhopal. On the basis of aforesaid information, the Chief Engineer (NREGS) Council intimated (October 2009) the Collector/CEO that Executive Engineer, Assistant Engineer and Sub-Engineer MGNREGS/RES may be directed to collect information regarding selection of roads by walk-through-survey[103]. In March 2010, P&RRD issued instructions that under the MMGSY road length of each cluster[104] should be of a minimum of 20 km and maximum of 25 km. In the last cluster the length can be of less than 20 km. In exceptional circumstances approval for derivation was to be obtained from the Development Commissioner.

Scrutiny of records of test checked Divisions revealed the following:

➢ In 131 clusters[105] of 19 divisions, road length was less than 20 km size and in 45 clusters[106] of 13 divisions it was more than 25 km. The

[102] Anuppur ₹ 696.74 lakh, Ashoknagar ₹ 2263.07 lakh, Badwani ₹ 564.65 lakh, Balaghat ₹ 1588.36 lakh, Chhindwara ₹ 4721.42 lakh, Damoh ₹ 5172.31 lakh, Dewas ₹ 1555.45 lakh , Guna ₹ 358.00 lakh, Gwalior ₹ 1631.87 lakh, Hoshangabad ₹ 1076.26 lakh, Jabalpur ₹ 6148.52 lakh, Katni ₹ 1530.11 lakh, Mandsaur ₹ 219.88 lakh, Narsinghpur ₹ 666.10 lakh , Raisen ₹ 217.58 lakh, Rajgarh ₹ 5532.75 lakh, Rewa ₹ 866.60 lakh, Sehore ₹ 10.80 lakh , Umaria ₹ 2408.39 lakh and vidisha ₹ 1568.77 lakh

[103] Walk through Survey- A survey of roads to identify the actual facts of roads, walk through survey from traditional method conducted by departmental officers.

[104] Cluster: Cluster is a group of roads.

[105] Anuppur 08 clusters, Ashoknagar 3 clusters, Badwani 04 cluster, Balaghat 6 clusters, Chhindwara 2 Cluster, Dewas 5 clusters, Guna 34 clusters, Gwalior 1 cluster, Hoshangabad 1 cluster, Jabalpur 5 clusters, Katni 12 clusters, Mandsaur 2 cluster, Narsinghpur 7 clusters, Raisen 13 clusters, Rajgarh 4 clusters, Sehore 4 clusters, Shajapur 9 clusters, Ujjain 4 clusters and Vidisha 7 cluster.

[106] Anuppur-1 cluster, Ashoknagar-6 clusters, Balaghat-5 clusters, Damoh-6clusters, Dewas-2 clusters, Guna-1 cluster, Hoshangabad-3 clusters, Jabalpur 3 clusters, Katni-6 clusters, Raisen-4 clusters, Rajgarh-2 clusters, Shajapur 5 clusters, and vidisha-1 cluster.

Department did not obtain approval for the deviation from the Development Commissioner.

- Roads were sanctioned on the basis of walk-through survey. In the test checked divisions, we noticed that out of 3952 rural roads sanctioned during 2010-13, site for 128 roads costing ₹ 47.99 crore were disputed due to encroachment, personal land and roads covered under other schemes. The Department, however, incurred expenditure of ₹ 5.60 crore during the period 2010-13 on the incomplete roads. This indicated that walk-through-surveys were conducted without prescribing any specific procedure for walk-through-survey in the area. No records relating to conduct of walk-through survey were produced to Audit. The details are shown in ***Appendix-2.25*.**

At the exit conference, the Additional Chief Secretary accepted the facts and stated that approval for variation would be taken and efforts are still continuing to get the private land donated to MMGSY roads.

2.4.8 Programme Execution

The responsibility of execution of the MMGSY roads is with the Evaluation Committee headed by the Chief Engineer which also evaluates the technical proposals of the road work.

2.4.8.1 Habitations connected

Under the MMGSY, the road connectivity to each village, (in general category villages having less than 500 population and in tribal dominated villages having less than 250 population) was to be provided with all weather roads by the end of 2013.

We observed that as per core network[107], there were 9992 eligible habitations unconnected with the road network at the time of launching the MMGSY. Out of which 9109 unconnected habitations (road length 19,386 km) were to be covered under the MMGSY by the end of 2013. During the period 2010-13, 226 roads connecting desert villages and 167 roads under IAP (Integrated Action Plan) district were transferred/ handed over to MPRRDA. Due to this total 393 roads were not planned under the MMGSY. At the end of March 2013, 2765 habitations (158 Tribal and 2607 General) were connected under MMGSY.

At the exit conference, the Additional Chief Secretary stated that as per data collected from core net work (2004) of MPRRDA the roads were included in MMGSY. Between 2004 and March 2010, i.e. before introduction of MMGSY some roads were constructed by other departments under different heads/scheme hence, some habitations were connected during this period. Also, 167 roads have been transferred under IAP to MPRRDA. Hence, the targets were revised (2012-13) to 7182 habitations covering distance of 17,765 km under the MMGSY.

107 The Core Network is the network of all the Rural Roads that are necessary to provide basic access to all the Habitations.

The fact remains that there was difference in the figures of core network and the figures under MMGSY and all unconnected areas were not planned for coverage under the scheme.

2.4.8.2 Road length completed

Under MMGSY, the target was set[108] to complete 19,386 km of road out of which 15,938.56 km of road were sanctioned. Of this, length 5176.33 km gravel roads were completed. The length of completed roads under the MMGSY as of March 2013 is shown in **Table 2**:

Table 2: Details of road length completed under the MMGSY as of March 2013

Name of Agency	Sanctioned roads (Nos)	Length of roads sanctioned (Km)	Sanctioned – Culverts (Nos)	No. of roads in which work started	Completed roads (Nos)	Completed road length Sub-grade (km)	Completed road length Gravel road (km)	Completed Culverts (Nos)	Estimated Cost (₹ in crore)	Actual Expenditure (₹ in crore)	Number of habitations connected	
											No. of Habitation	Population
RES (First Phase)	2684	5913.59	11621	2587	1493	4610.31	3224.11	7430	1128.54	577.81	1863	521692
RES (Second and Third Phase)	2800	7112.40	14363	2390	382	3107.62	1216.69	2884	1538.15	333.22	470	113452
Total (RES)	**5484**	**13025.99**	**25984**	**4977**	**1875**	**7717.93**	**4440.80**	**10314**	**2666.69**	**911.03**	**2333**	**635144**
MP RRDA	1242	2912.57	6252	1096	425	1259.88	735.53	1812	580.62	192.60	432	126389
Grand Total	**6726**	**15938.56**	**32236**	**6073**	**2300**	**8977.81**	**5176.33**	**12126**	**3247.31**	**1103.63**	**2765**	**761533**

(Source: Data furnished by the Department)

Against the targeted 6726 roads, only 34 *per cent* were completed. Besides, 56 *per cent* length were done up to sub-grade level

Against the 6726 sanctioned roads, only 2300 gravel roads (34 *per cent*) and out of 32,236 culverts, 12,126 culverts (38 *per cent*) have been constructed. Against the total sanctioned length of 15938.56 kilometres, 8977.81 kilometres road was executed up to the level of sub grade (56 *per cent*) and 5176.33 kilometres (32 *per cent*) road work was completed.

Roads under MMGSY were scheduled for completion within 12 months. We observed that the Department set year-wise targets for completion of the roads only during the years 2011-12 and 2012-13. However, actual completion of gravel roads was only 24 *per cent* and 32 *per cent* respectively.

Scrutiny of records of test checked divisions revealed that out of 3952 sanctioned roads, only 1394 rural roads (35 *per cent*) measuring 3117.25 km gravel work and out of 19,291 culverts sanctioned 7415 culverts (38 *per cent*) were constructed as of March 2013. Against the targeted length of 9271.57 kilometres roads in the test checked divisions, 3117.25 kilometres (34 *per cent*) gravel works were completed. We further observed that 35 *per cent* rural roads were fully connected. However, 56 *per cent* sub-grade works were

[108] Target was set vide circular no. 1 dated 27 March 2010 issued by Panchayat and Rural Development Department.

completed. Out of 1242 road works handed over to MPRRDA, 425 roads (*34 per cent*) were completed as of March 2013.

At the exit conference, the Additional Chief Secretary accepted that due to non-availability of labour in time under MGNREGS, earth work could not be completed in time which resulted in delay of work. All works under the scheme except the disputed roads are likely to be completed by June 2014.

The fact remain that there was shortfall in achievement of targets, due to lack of planning of availability of labour, incorrect selection of roads, land disputes and forest clearance as discussed in paragraphs 2.4.7.1, 2.4.8.2, and 2.4.8.3.

2.4.8.3 Non-execution of road works in forest areas

The Panchayat and Rural Development Department has laid down the following instructions issued in May 2011 in regard to construction of gravel road in the forest areas:

(i) Where the work to be done as per existing width of way, the sanction shall be given by officer in-charge of the Forest Division. Where the existing way is required to be widened, the permission shall be obtained from the Central Government under Forest Conservation Act, 1980.

(ii) Where the total length of new proposed road falls under forest area, the sanction shall be obtained from State Forest Department under Forest Conservation Act, 1980.

Due to delay in forest clearance 623 road works could not started after lapse of three years

We observed that out of 2408.89 km road length (623 roads) to be covered under forest area during 2010-13, road length of 1864.37 km could not be executed as of March 2013 due to delay in forest clearance and these roads could not be started after lapse of three years. In the test checked divisions, 170 roads having length of 510.61 km (value ₹ 61.72 crore[109]) were falling in forest areas, which were not started though scheduled for completion by March 2013. No record relating to conduct of walk-through–survey were produced to Audit. Therefore, the beneficiaries living in the forest areas were deprived from the benefits of the MMGSY.

At the exit conference, the Additional Chief Secretary accepted that due to non clearance of forest land from department, work could not be started in time. However efforts are being made for obtaining clearance from Forest Department.

[109] Anuppur-5 roads 21.30 km length amount ₹ 298.47 lakh, Ashoknagar-15 roads 40.70 km length amount ₹ 915.11 lakh, Badwani 8 roads 22 km amount ₹ 839.61 lakh, Dewas-3 roads 6.64 km amount ₹ 88.60 lakh, Guna 68 roads 173.31 km, Gwalior-10 roads 53.58 km length ₹ 987.22 lakh, Hoshangabad-13 roads 71.40 km length amount ₹ 711.39 lakh, Katni-2 roads 8.10 km length amount ₹ 245.49 lakh, Narsinghpur-4 roads 9.70 km length amount ₹ 149.96 lakh, Raisen 6 roads 12.67 km amount ₹ 264.49 lakh, Rajgarh-25 roads 64.33 km length amount ₹ 1231.21 lakh, Sehore-6 roads,14.48 km length amount ₹ 221.77 lakh, Umaria-3 roads 8.50 km length amount ₹ 142.79 lakh and Vidisha-2 roads 3.90 km length amount ₹ 75.76 lakh.

This confirms Department's lack of initiative to obtain timely forest clearance even from the State Forest Department before sanction of the road works which were to be done after walk through survey.

2.4.9 Contract management

As per Government order dated 27 March 2010, keeping in view the overload and special kind of work, for the help of executive agency (RES) consultants were to be appointed for preparation of Detailed Project Report (DPR) supervision and quality control of road works. For appointing the consultants two-way bid system i.e. technical and financial was to be followed. The technical bids were to be finalised at RES Division level by the Executive Engineer and Superintending Engineer. The financial bids were obtained and finalised centrally in the office of the Development Commissioner Bhopal. Consultants were appointed in 50 divisions in first phase, 33 divisions in second phase and 27 in the third phase**.** The following deficiencies were noticed in the appointment of consultants and consultancy work:

2.4.9.1 Acceptance of single tender

According to Paragraphs 2.086 (2) and (4) of the MPWD Manual, single tender is not to be accepted in the first call.

Due to acceptance of single tender in first call the benefit of competitive rates could not be ensured

Scrutiny of tender document revealed that during the period 2010-13, 13 single tenders for consultants (6 in 1st phase, 3 in 2nd phase and 4 in 3rd phase) for works aggregating ₹ 320.40 crore were accepted in the first call. The works were awarded in violation of the provisions of the Manual and benefit of competition also could not be ensured due to acceptance of single tender in first call. We observed that in seven cases of acceptance of single tender, the rates sanctioned were 17 to 57 *per cent* higher than the estimated rates quoted in the Notice Inviting Tender (NIT), as detailed in ***Appendix-2.26.***

At the exit conference, the Additional Chief Secretary accepted the facts that the rates were higher than the estimated rates. Order was issued by Government in November 2012 regarding non-opening the single tender in the first invitation. Thereafter no single tender was accepted in the first invitation.

2.4.9.2 Irregular payment to consultants for preparation of inaccurate DPR

As per clause 14 of terms of reference, the Consultants shall be responsible for the accuracy of the data collected, designs, drawings and estimates prepared by them while preparation of the DPRs as a part of the project. They shall indemnify the Client against any inaccuracies in the work which might surface out at the time of ground implementation of the project, including stacking out. For this purpose, five *per cent* amount as performance security of DPR preparation and setting out (putting up sign board etc.) amount shall be held deposited till successful completion of project. During implementation of project, consultant shall be responsible to correct the drawings/ design including resurvey investigation as required or directed by the Executive Engineer/ Project Manager concerned. If the required corrections are not done by the consultants in the given time frame, the Executive Engineer or Project Manager shall have liberty for getting the corrections done by other means and recover the cost of correction from the consultant from the amount due to consultant.

During test check of records of ten divisions[110] out of 22 test checked divisions it was noticed that the estimates prepared by five consultants were not accurate and deviations were more than 30 *per cent* in all cases. As a result, the quantity of items of works was increased/decreased during execution of work and nine items of five road works, which were not included in the estimates, were executed. Thus, it is clear that the estimates were not prepared by the consultant in accordance with clause 14 of agreement. In Gwalior Division the DPRs were got revised by the Departmental officers or by consultants of next phase which necessitated payment of ₹ 0.42 lakh which could be avoided if the DPRs were got revised by the consultants who prepared them.

Irregular payment ₹ 85.81 lakh was paid to consultant for preparation of inaccurate DPRs

- Further, the payment schedule to the consultant provided for payment of 25 *per cent* of total amount before technical approval of the DPR. During scrutiny of records in five test checked Divisions, it was found that out of 1534 DPRs, 350 DPRs were not technically approved till March 2013 though 25 *per cent* payment for issue of DPRs amounting to ₹ 85.81 lakh[111] was made to the consultants .
- In Hoshangabad Division estimates were signed by the Departmental officers. Hence, it could not be ensured whether the estimates were prepared by the consultants. But, the payment of ₹ 32.18 lakh was made to the consultant.

At the exit conference, the Additional Chief Secretary accepted the facts and stated that the DPRs would be checked and if similar points are repeated responsibility would be fixed and amount would be recovered from the consultants/ Executive Engineers.

2.4.9.3 Irregularities in appointment of consultancy firms

As per para 6.1.2 of Letter of Invitation, the Evaluation Committee for evaluation of the technical proposals shall be appointed by the client. The Committee will carry out its evaluation applying the criteria for evaluation prescribed in para 6.1.1[112]. The consultants were required to fulfill the conditions of NITs/contract.

In test check of records of ten divisions[113] we observed the following:

[110] Annuppur, Chhindwara, Damoh, Dewas, Gwalior, Hoshangabad , Jabalpur, Raisen, Rajgarh and Umaria

[111] Chhindwara ₹ 9.02 lakh, Dewas ₹ 8.01 lakh, Jabalpur ₹ 11.31 lakh, Raisen ₹ 24.47 lakh and Rajgarh ₹ 33.00 lakh

[112] Consultants should have experience of providing consultancy services for supervision and quality control of road and bridge construction work at least for three preceding years.

[113] Annuppur, Chhindwara, Damoh, Dewas, Gwalior, Hoshangabad, Rajgarh, Raisen, Sehore and Umaria

- The Department appointed the consultants without verification of their experience, as prescribed in para 6.1.1 of Letter of Invitation.
- Though the consultant was required to appoint the staff after getting approval from the executing agency, the staff was appointed by the consultant without their approval resulting in deployment of unqualified/inexperienced staff.
- The consultants also did not arrange vehicles for staff to facilitate visit from headquarter to project sites and to ensure regular and timely presence at site.

20 consultants failed to fulfill the conditions of NITs and ₹ 5.30 crore was paid to them

We observed that in 10 districts 20 consultant failed to fulfill the conditions prescribed in the NITs and criteria for evaluation of performance. During the period 2010-13 ₹ 5.30 crore[114] was paid to 20 ineligible consultants, no deduction was made from the consultant for not fulfilling the prescribed conditions of staff. Details of violation of the conditions are given in ***Appendix-2.27.***

At the exit conference the Additional Chief Secretary stated that this will be reviewed and necessary action would be taken.

2.4.9.4 Appointment of debarred firm

The MPRRDA and RES are the work executing agencies under the P&RDD. Krishna Techno Consultant Pvt. Ltd. Bhopal was debarred (September 2010) and restricted by the MPRRDA, as the firm could not provide the services as per agreement. The firm was however, awarded consultancy work in six divisions for eight packages valued ₹ 7.07 crore[115] by RES (between 2011-12 and 2012-13)

Payment of ₹ 10.84 lakh was made to a debarred firm

As per agreement conditions mentioned in para 4.3 and 4.4, sufficient and experienced staff was to be engaged by the consultants. We observed in the test checked Chhindwara Division that against required 22, only six field engineers were deployed and no Assistant Material Engineer was appointed by the consultant. Thus, the work performed by the consultant was deficient and the Executive Engineer Chhindwara pointed out (May 2012) many other deficiencies[116] in preparation of DPR and supervision and quality control work. In spite of this, the consultant was allowed to continue work and ₹ 10.84 lakh was paid to consultant during 2011-13. The RES awarded consultancy service without verifying the track record of the firms. Since the MPRRDA and RES are functioning under the same Department (P&RDD) allotment of work to a debarred firm by the RES was incorrect.

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114 Annuppur ₹ 3.05 lakh (2 consultants), Chhindwara ₹ 31.37 lakh (3), Damoh ₹ 129.66 lakh (3), Dewas ₹ 18.68 lakh (3), Gwalior ₹ 32.99 lakh (2), Hoshangabad ₹ 43.00 lakh (1), Raisen ₹ 30.82 lakh (1), Rajgarh ₹150.43 lakh (3), Sehore ₹ 36.07 lakh (1) and Umaria ₹ 53.50 lakh (1).

115 Chhatarpur-II phase- ₹ 55.69 lakh , Chhatarpur and Panna- III phase- ₹ 52.58 lakh, Chhindwara-II phase ₹ 195.95 lakh, Neemuch- II phase ₹ 99.25 lakh III phase-₹ 86.70 lakh, Seoni-III phase ₹ 69.74 lakh, Tikamgarh-I phase ₹ 91.07 lakh and II Phase ₹ 55.69 lakh.

116 Provisions for some items not made in DPRs, Design life of roads was not taken as per MMGSY norms, Width of forest roads was not taken as per Scheme guidelines and Estimates were prepared on the basis of District SOR while DPRs should have been prepared on the basis of State SOR.

At the exit conference the Additional Chief Secretary stated that audit point has been noted; in future, care would be taken to make appropriate provisions in the bid document.

2.4.9.5 Non-deduction of Royalty

As per clause 36 of the agreement on Form 'A' as prescribed in MPPWD manual, the Executive Engineer of the division concerned is responsible for making deduction of amount of royalty from the contractor's running account bill at the prevailing rates at that time, if clearance certificate from the Collector is not submitted.

Scrutiny of records revealed that royalty of ₹ 1.39 crore[117] deducted from the running account bills of contractors was not deposited into the Government account of Mining Department. Royalty of ₹ 14.90 lakh was deposited (December 2011 to March 2013) in the Mining Department as against the deducted amount of ₹ 16.98 lakh in the Mandsaur Division. In Badwani Division, an amount of ₹ 81.51 lakh was paid to three contractors towards value of works done. However, lumpsum amount of ₹ 0.57 lakh was recovered (between July 2011 to March 2013) as royalty from only two contractors. Further, ₹ 45.69 crore (Ashoknagar ₹ 43.83 crore and Ujjain ₹ 1.86 crore) was paid to contractors during 2010-13 by the divisions. However, no royalty was deducted from the contractors. The amount of royalty to be deducted in these cases could not be ascertained by Audit due to non-preparation of consumption statement of material actually used by the contractors.

At the exit conference, the Additional Chief Secretary stated that royalty would be deducted from the final bills of the contractor and the same would be deposited in the Government account.

The reply was not acceptable as royalty was to be deducted from running account bills as per rate fixed by the Mining Department. Consumption statement of material used by the contractor was also not worked out by the consultants.

2.4.9.6 Non-deduction of tax at source at prescribed rate

As per section 194 (J) of the Income Tax Act, tax deducted at source (TDS) was to be made at 10 *per cent* on the amount paid as fees for professional services or technical services.

Scrutiny of records of test checked Damoh Division revealed that TDS on payment made to various consultancy firms has either not been deducted or deducted at lower rate (2.24 *per cent*), which resulted in non/short deduction of TDS of ₹ 40.22 lakh[118].

[117] Dewas- ₹ 20.50 lakh , Guna ₹ 64.97 lakh, Katni-₹ 0.77 lakh and Shajapur ₹ 52.99 lakh

[118] Ashoknagar- Beocon RVS associate ₹ 17.19 lakh, Chhindwara-Sharp engineer ₹ 0.95 lakh, Krishna techno ₹ 1.34 lakh, Pipely ₹ 0.34 lakh, Damoh-PKS infra engineer ₹ 1.18 lakh, Krishna Consultant ₹ 8.43 lakh, Anushka infrastructure ₹ 1.58 lakh,Katni-L.N.Malvia ₹ 0.63 lakh, Icon consultant ₹ 1.11 lakh, Raisen-Manglam

At the exit conference the Additional Chief Secretary stated that the TDS amount would be recovered from the pending bills of the contractor.

The reply itself suggests that TDS was not deducted from the payment made to contractors at prescribed rates in violation of the provision of the Income Tax Act.

2.4.10 Inspection of roads

MMGSY guidelines envisage that all works were to be effectively supervised since quality of work is very important. For this purpose, the consultants, departmental officers and the State Quality Monitor (SQM) are required to inspect the MMGSY roads regularly.

Inspection of road works by the departmental officers and the SQM was inadequate

Test check of records revealed that SQM started the work of inspection of roads from January 2013 only i.e. towards the end of the period scheduled for completion of work. Out of 542 roads (76 completed and 466 work in progress) inspected by the SQM during the period January 2013, 356 roads were found satisfactory (S), 157 roads were satisfactory but require improvement (SRI) and quality of work was deficient in 29 roads. Action taken reports have not been submitted by the divisions to SQM. Notices were issued by the EEs (March 2013) to contractors and consultant concerned to rectify the deficiencies.

As per Government orders of March 2010, 100 *per cent* roads were to be inspected by the Assistant Engineers, the Executive Engineers were to inspect at least 10 *per cent* items of each work and the Superintending Engineer was to inspect at least two *per cent* of the road works.

We observed in test checked divisions, there were no records to show that any inspection of work was conducted by the Departmental officers above the rank of Assistant Engineer. In the 13 test checked Divisions, 24 unsatisfactory, 47 satisfactory but require improvement (SRI) roads were identified by the SQM, on which an expenditure of ₹ 16.39 crore was incurred as given in ***Appendix-2.28***.

At the exit conference, the Additional Chief Secretary stated that this shall be ensured as per the prescribed norms and in order to streamline the inspection system, the Department is working to start electronic measurement system.

2.4.11 Conclusion

During the period 2010-13, against total allotment of ₹ 1,737.32 crore for the Scheme there was unspent balance of ₹ 826.28 crore, which was kept in Civil Deposit Account as of March 2013. Due to deficient planning about availability of labour through MGNREGS, ₹ 1555 crore originally provided under MGNREGS, was later provided from the State budget, which has put

associate ₹ 0.11 lakh, Rajgarh-M/s Scape associate ₹ 2.64 lakh, Rewa- PKS infra engineer ltd ₹ 1.08 lakh, Sehore-M/s Nayak syndicate ₹ 0.19 lakh, Umaria-Mahamaya ₹ 2.35 lakh and Ujjain-M/s Redicon pvt.ltd ₹ 1.10 lakh extra burden on the State exchequer. The planning for selection of roads was deficient since large number of roads taken up in disputed land (forest land, encroachment land, etc.) remained incomplete. At the end of 2012-13 only 2300 gravel roads (34 *per cent)* were completed and road work up to the level of sub grade was done in 56 *per cent* of road length. Thus, the intended benefit for the targeted beneficiaries could not be fully achieved. There were irregularities in appointment of consultants by accepting single bid thereby not availing the competitive rates. There were instances of engagement of ineligible firms, awarding work to debarred firm, non deduction of royalty/TDS and payment for preparation of DPRs before those are technically approved. The quality control inspection by State Quality Monitor and Departmental Officers was inadequate.

2.4.12 Recommendations

The Government may consider the following:

- Ensure optimum utilisation of funds and compliance with the financial rules to avoid drawal of funds in excess of required and keeping the unspent funds in Civil Deposits beyond a financial year.
- Expedite completion of all the road works so that connectivity can be provided to the targeted habitations.
- Ensure strict compliance with the conditions of contracts agreement to avoid irregular/unauthorised payment.
- Ensure action taken in the cases where the road work was found deficient by the State Quality monitoring and conduct of inspections of roads by the EEs as per prescribed norms.

AYUSH Department
(Ayurved, Yoga & Naturopathy, Unani, Siddha and Homeopathy)

2.5 Working of AYUSH Pharmacies

Executive Summary

The Indian System of Medicine and Homeopathy Department was renamed as AYUSH with the objectives to provide treatment under the Ayurved, Yoga & Naturopathy, Unani, Siddha and Homeopathy systems of medicine. Two pharmacies i.e. Unani Pharmacy, Bhopal and Ayurved pharmacy, Gwalior were set up to manufacture and supply quality medicines to Ayush hospitals and dispensaries.

- There was no working plan for optimum utilisation of production capacity of the pharmacies. Also there was absence of working manual. No yearly target was fixed except once in 2005.
- The pharmacies failed to produce medicines to meet the requirement of the hospitals /dispensaries and medicines were purchased from other agencies to meet their demand. The procurement of raw herbs was inadequate to meet the requirement for production of medicines, which ultimately resulted in short production. During the years 2009-10 and 2011-12, there was no procurement of raw herbs.
- There was huge process loss. In the absence of any norms for permissible process loss, the Department could not ascertain the excess loss.
- The pharmacies were to work on no profit no loss basis. However, for each rupee of medicine produced the expenditure was in the range of ₹ 2.93 to ₹ 7.02.
- The pharmacies were not fully equipped as required under the Drugs and Cosmetics Rules, 1945 and the available machinery/ equipment were not used fully for production of medicines.
- There were shortfalls in departmental inspection and internal audit of the pharmacies.

Thus, the objective of setting up the pharmacies for supply of quality medicine was not achieved.

2.5.1 Introduction

The Indian System of Medicine and Homeopathy (ISM&H) Department (Department) was established in the year 1977-78 for providing alternative healthcare facilities to the people of the State. The Department was renamed in September 2008 as AYUSH (Ayurved, Yoga & Naturopathy, Unani, Siddha and Homeopathy). As per the information made available by the Commissioner, the medical facilities were made available to 4.44 crore (January 2010 to December 2012) patients through hospitals attached with nine Ayush Colleges, 24 Ayush Hospitals, 1773 Ayush Dispensaries and 36 Ayush wing in allopathic hospitals.

There are two Ayush pharmacies viz Government Unani Pharmacy, Bhopal and Government Ayurved Pharmacy, Gwalior headed by Superintendents and under the administrative control of Commissioner cum Director (Commissioner). The Ayush pharmacies manufacture and supply medicines to Ayush hospitals/ dispensaries on receipt of demand from them.

The audit of these pharmacies was conducted to assess whether planning process of the Department / Pharmacies for production of quality medicines was effective; operational controls were adequate, the process loss was realistic; inventory controls were adequate; quality controls were effective; and internal controls was effective. The audit was conducted (March to October 2013) by test check of records maintained in the offices of the Commissioner, Superintendent Government Unani Pharmacy, Bhopal and Superintendent Government Ayurved Pharmacy, Gwalior covering the period from 2010-13. The audit was conducted with reference to the existing rules[119].

Audit findings

2.5.2 Planning

2.5.2.1 Working Manual of the Pharmacies.

There is no Departmental manual for operation of the Pharmacies. In absence of manual, the duties and accountabilities at different level cannot be fixed and justified. Similarly, process loss in manufacturing of medicines, method of valuation of medicines prepared in pharmacies are also not manualised.

2.5.2.2 Planning for production of medicines

A Committee was set up in April 2004 to assess the production capacity of pharmacies and to recommend targets of production. The Committee recommended (April 2005) manufacturing of Unani and Ayurved medicines with yearly production targets after taking into consideration the demand for special medicines and availability of human and technical resources of the pharmacies. The same were approved by the Commissioner in May 2005.

2.5.2.3 Non-fixation of yearly targets for production

No yearly target for production of medicines fixed by the Commissioner

We observed that the Commissioner fixed yearly targets of medicine-wise production only once in May 2005. Thereafter, the targets were not fixed or revised by the Department. On audit enquiry about the details of yearly requirement of medicines, the Commissioner stated (May 2013) that demand was received from Ayush hospitals and dispensaries, but the same were not consolidated at Directorate level. The Central Purchase Committee recommends the quantities for purchase of raw material for medicines as per the available budget allotment.

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[119] Provisions of the Madhya Pradesh Treasury Code (MPTC), Madhya Pradesh Financial Code (MPFC) and MP Store Purchase Rules, targets set for production of medicines by the Department, Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945.

It is evident from the above that there was no working plan for production of medicines in pharmacies based on regular assessment of production capacity and need of the hospitals and dispensaries. As a result, the pharmacies could not fulfil the requirement of the hospitals and dispensaries.

It is suggested that the Government should consider fixing of yearly targets of production for the pharmacies based on requirement.

2.5.2.4 Budget and Expenditure

During the period 2010-13, expenditure incurred in Government Unani Pharmacy was ₹ 256.65 lakh[120] against allotment of ₹ 374 lakh. Similarily, in Government Ayurved Pharmacy, the expenditure incurred during the period was ₹ 740.12 lakh[121] against allotment of ₹ 1087.75 lakh.

We observed that during the period 2010-13, fund utilisation by the pharmacies under pay & allowances was 79 to 82 *per cent* of allotment, while it was only 49 to 57 *per cent* in case of purchase of raw material. We also observed that fund allocation for raw material was insignificant (40 to 43 *per cent* of total allocation) while actual expenditure was further low (29 to 35 *per cent* of total expenditure) during 2010-13.

The Commissioner stated (June 2013 and October 2013) that during discussion of Departmental budget by the Secretary with the Finance Department, allocation for raw material was increased during the year 2011-12.

2.5.3 Operational control

2.5.3.1 Annual requirement of raw herbs

The pharmacies stated that the requirement of raw herbs is worked out as per Government order of May 2005 on the basis of the following norms:

(i) target and minimum quantities fixed by the directorate,
(ii) prepared medicines supplied during the last year, and
(iii) stock in hand.

The requirement for a year is worked out in the previous year. Thus, sufficient time is available for finalising purchase orders by the Commissioner and supplies to be made by the suppliers. The Superintendents send the requirement to the Commissioner who in turn calls for tenders and places the purchase orders. After placing the purchase orders the copy of the purchase orders are sent to the concerned pharmacy for receiving the supplies and making the payment to the suppliers. In case of delay in supplies, the penalty would be levied on the suppliers. As already discussed in para 2.5.2.3, there was no plan for production of medicines or procurement of raw material.

[120] Pay and allowances ₹ 165.23 lakh, machinery and equipment ₹ 0.82 lakh and purchase of raw material ₹ 90.60 lakh.
[121] Pay and allowances ₹ 528.09 lakh, machinery and equipment ₹ 0.34 lakh and purchase of raw material ₹ 211.69 lakh.

2.5.3.1(a) Procurement of raw herbs

We observed that the items and quantity of herbs for which supply orders were issued by the Commissioner were in variation with the requirement assessed and intimated by the Superintendents. This resulted in excess or shortage of supply as detailed in ***Appendix 2.29***. Besides, no purchase order were issued during the years 2009-10 and 2011-12 for production in 2010-11 and 2012-13.

Raw herbs purchased centrally by the Commissioner were in variations with the requirement of the pharmacies resulting in shortages or excess of raw material

We observed that for Government Unani Pharmacy, Bhopal against the requirement for the year 2011-12, supply orders for 1498 kg and 64 litre consisting of 22 herbs were not placed in previous year. During 2010-11, supply orders were placed for lesser quantities of 10158 kg and 765 litre of 20 raw herbs while supply orders for excess quantity of 15 kg of one raw herb and 100 kg of one raw herb were placed without requirement for 2011-12.

Similarly, for Government Ayurved Pharmacy, Gwalior against the requirement for the year 2011-12, supply orders of 12291.640 kg (49 solid herbs) and 1892.500 litre (3 liquid herbs) were not placed in the year 2010-11. During 2010-11, supply orders were placed for lesser quantities of 15066.490 kg of 38 raw herbs while supply orders were placed for excess quantities of 743.900 kg of 9 raw herbs and 400 kg of one raw herb without any requirement for 2011-12.

The Commissioner stated (June 2013/October 2013) that central purchase was cancelled in 2009-10 as the purchase procedure could not be completed up to the end of the year 2009-10. For the year 2011-12 the supply order could not be issued, as proceedings of tender opening committee were not approved by the Commissioner. Thus the supply order could not be placed for requirement for the years 2010-11 and 2012-13. Further the supply orders for lesser quantities were placed due to limited budget provision.

The reply confirms that the purchase procedure of the Directorate needs to be strengthened and the Commissioner needs to take adequate action for supply of raw herbs for production of medicines. However, the reply was silent about the excess purchases made. The argument of limited budget provision does not hold good since the Department failed to utilise the funds amounting to ₹ 69.40 lakh in Unani Pharmacy and ₹ 2.21 crore in Ayurved Pharmacy for purchase of raw material for medicines during 2010-13. Government may consider decentralisation of purchase of raw herbs.

2.5.3.1(b) Under-utilisation of raw herbs

Purchases of raw herbs were made without considering huge stock in hand resulting in idling of stock

An analysis of the stock in hand and the purchases made during the period 2010-13 revealed that the Unani Pharmacy, Bhopal placed demand for 1128 kg of 10 herbs in the year 2010-11 for meeting requirement for the year 2011-12. Against this, herbs received were 945 kg. There was opening balance of 2174 kg of these herbs. During that year, only 1450 kg of raw herbs was used and the closing balance was 1669 kg. as shown in ***Appendix-2.30.*** This indicates that the assessment of requirement and purchase was not judicious. Further, supplies of 5494 kg and 750 litre of 34 raw herbs were received in 2010-11 against demand of 6389 kg and 1515 litre for the year 2011-12 out of which only 3344 kg and 600 litre were consumed in the year 2011-12 which indicates that available raw-herbs were not used for production of medicines as shown in ***Appendix-2.31***.

Audit analysis of the stock in hand and the purchases made during the period 2010-13 revealed that in Ayurved Pharmacy, Gwalior 3611 kg of 10 raw herbs were received in 2010-11 for meeting the assessed requirement of the year 2011-12 (4661 kg). There was opening balance of 5921 kg of these herbs. During the year only 2958 kg of raw herbs were used; however the closing balance was 6574 kg. as shown in ***Appendix-2.32.*** Thus the supplies received were not consumed in the year 2011-12. Against supplies of 8759 kg of 18 raw herbs received in 2010-11 for requirement of the year 2011-12 (11623 kg), 3785 kg were consumed in 2011-12. Thus, the purchases were more than requirement for 18 herbs in the year 2011-12 as shown in ***Appendix-2.33***.

On this being pointed out (June 2013), the Superintendent Government Unani Pharmacy, Bhopal stated that all of the components required for production of medicines were not available which resulted in non-production of medicine and non-consumption of raw herbs. Herbs would be used in future. The Superintendent Government Ayurved Pharmacy, Gwalior stated that due to incomplete medicine components medicines could not be produced.

The replies are not in order since the Commissioner purchased some raw herbs without requirements sent by the pharmacies, as discussed in previous paragraph.

2.5.3.2 Non-achievement of target of production

As already discussed (Paragraph 2.5.2.3), there was no working plan for production of medicines during the period 2010-13. There was also no plan for utilisation of production capacity of the Pharmacies. The position of targets fixed in May 2005 and actual production during the years 2010-11 to 2012-13 are shown below in succeeding sub paragraphs:

The targets for production of medicines set up in 2005 were not achieved. The shortfalls raised between 70 *per cent* and 100 *per cent*

Table 1: Details of targets of production and achievement

Government Unani Pharmacy, Bhopal							
Year	**Targets set by Directorate (2005)**		**Actual production**		**Shortfall in production**		**Percen-tage of shortfall**
	No of medicines	**Quantity**	**No of medicines**	**Quantity**	**No of medicines**	**Quantity**	
A-Production of liquid medicines (in litre)							
2010-11	14	10701	-	-	14	10701	100
2011-12	14	10701	4	262	10	10439	98
2012-13	14	10701	1	80	13	10621	99
Total	**42**	**32103**	**05**	**342**	**37**	**31761**	-
B-Production of solid medicines (in quintal)							
2010-11	86	370.94	19	66.50	67	304.44	82
2011-12	86	370.94	53	111.37	33	259.57	70
2012-13	86	370.94	25	86.89	61	284.05	77
Total	**258**	**1112.82**	**97**	**264.76**	**161**	**848.06**	**-**
Government Ayurved Pharmacy, Gwalior							
A-Production of liquid medicines (In litre)							
2010-11	13	49700	3	990.000	10	48710.000	98
2011-12	13	49700	5	2587.150	8	47112.850	95
2012-13	13	49700	4	1363.700	9	48336.300	97

B-Production of solid medicines (In quintal)							
2010-11	46	702.65	31	218.60	15	484.05	69
2011-12	46	702.65	30	176.02	16	526.63	75
2012-13	46	702.65	34	165.88	12	536.77	76

Source : Figures provided by the concerned Pharmacy

We observed that the pharmacies failed to achieve the targets of production and shortfall ranged from 98 *per cen*t to 100 *per cent* in liquid medicines and 70 *per cent* to 82 *per cent* in solid medicines in Unani Pharmacy Bhopal. Besides, 95 to 98 *per cent* in liquid medicine and 69 to 76 *per cent* in solid medicines in Ayurved Pharmacy, Gwalior during the period 2010-13. A list of some medicines to be produced is given in ***Appendix 2.34.*** We observed deficiencies in procurement and utilisation of raw herbs as discussed in paragraph 2.5.3.1(a) and 2.5.3.1(b). We also observed that medicines were purchased from other agencies[122] for supply to the hospitals/dispensaries. Thus, the purpose of setting up the pharmacies for production of quality medicine has not been fully achieved.

On this being pointed out (May 2013) the Superintendents stated that the shortfall in production was due to non-availability of all components of raw herbs for producing medicines. The shortage of production was also attributable to non-working of old machinery and shortage of staff.

The reply confirms the audit findings. Further the Commissioner failed to provide raw herbs through central purchase system and did not utilise the budget made available for purchase of raw herbs.

2.5.3.3 Value of medicines produced vis-a-vis expenditure thereon

The sole purpose of establishment of pharmacies was to manufacture and supply quality medicines to the Ayush hospitals/dispensaries in the State, on no profit no loss basis.

System for valuation of medicine was not prescribed. For each rupee of medicines produced expenditure was in the range ₹ 2.93 to ₹ 7.02

The cost of medicines produced are worked out by the pharmacies on the basis of cost of material used plus 30 *per cent* thereon added towards the cost of employee, electricity used in production and packing charges. We observed that there was no prescribed procedure for cost calculation. The pharmacies stated (May 2013) that this method was adopted as per past practice. However, Directorate stated (April 2013) that no order has been issued at their level in this regard. Thus, it is clear that a well-defined and authentic method for working out the cost was not in place. The pharmacies have not been preparing the manufacturing account.

Audit scrutiny of value of medicines produced by pharmacies and total expenditure revealed that value of medicines produced works out to 15 to 34 *per cent* of total expenditure incurred by Government Unani Pharmacy, during the years 2010-11 to 2012-13. The percentage was 14 to 23 in Government Ayurved Pharmacy, as shown in table below.

[122] Madhya Pradesh Laghu Udyog Nigam, Bhopal, Madhya Pradesh Laghu Vanopaj Processing and Research Centre,Bhopal, Madhya Pradesh State Laghu Vanopaj Sahakari Sangh, Bhopal , M/s Dawakhana Tibbia College, AMU Aligarh ,M/S Indian Medicine Pharmaceuticals Corporation Limited, Mohaan Distt. Almoda.

Table 2: Value of medicines produced *vis-a vis* expenditure incurred thereon

Year	Expenditure (₹ in lakh)	Value of medicines produced (₹ in lakh)	Ratio of value of medicine with respect to expenditure
Government Unani Pharmacy, Bhopal			
2010-11	74.95	13.26	1:5.65
2011-12	59.86	20.44	1:2.93
2012-13	121.84	18.73	1:6.51
Total	**256.65**	**52.43**	
Government Ayurved Pharmacy, Gwalior			
Year	**Expenditure** (₹ in lakh)	**Value of medicines produced** (₹ in lakh)	**Ratio of value of medicine with respect to expenditure**
2010-11	228.48	53.02	1:4.31
2011-12	207.74	42.94	1:4.84
2012-13	303.90	43.32	1:7.02
Total	**740.12**	**139.28**	-

Source: Information provided by concerned Pharmacy

The production expenditure was many times more than the value of medicines

Thus, for production of medicines valuing ₹ 1, the cost of production works out to between ₹ 2.93 and ₹ 6.51 in respect of Unani Pharmacy Bhopal and between ₹ 4.31 and ₹ 7.02 in the case of Ayurved Pharmacy Gwalior during the years 2010-11 to 2012-13. No proper costing of medicine was undertaken to avoid such losses.

On this being pointed out (June 2013), the Superintendents stated, that the shortfall in production was due to non-availability/inadequate supply of raw herbs for medicines.

The reply is not acceptable since for production of medicines in a year purchase of raw material is planned in the preceeding year. This also indicates lack of planning to utilise the production capacity leading to high cost of production.

2.5.3.4 Purchase of medicines from other agencies

Due to non production, large quantity (17 to *95 per cent*) of medicines were purchased from other agencies

The main objective for establishment of pharmacies was to supply quality medicines to State run hospitals/dispensaries. However due to inadequate production, the purchases of medicines were being made from other agencies. The details of cost of medicines produced in pharmacies and purchased from other agencies during the period 2010-13 are shown in table below.

Table 3: Details of purchase of medicines from other agencies

Year	Name of Pharmacy	Value of medicines			
		Produced in pharmacy (₹ in lakh)	Perce-ntage	Purchased from other agencies (₹ in lakh)	Percen-tage
2010-11	Unani Pharmacy Bhopal	13.26	(61)	8.58	(39)
2011-12	Unani Pharmacy Bhopal	20.44	(57)	15.68	(43)
2012-13	Unani Pharmacy Bhopal	18.73	(83)	3.83	(17)
2010-11	Ayurved Pharmacy Gwalior	53.02	(6)	799.66	(94)
2011-12	Ayurved Pharmacy Gwalior	42.94	(10)	372.45	(90)
2012-13	Ayurved Pharmacy Gwalior	43.32	(5)	777.42	(95)

Source: Information provided by concerned Pharmacies and Directorate

It is evident from above table that major portion of medicines particularly Ayurved medicines were being procured from other agencies. An illustrative list of medicines purchased from other agencies is shown in ***Appendix-2.35***. Thus, the main objective of supply of quality medicines produced by the Government pharmacies was not fulfilled.

2.5.3.5 Machinery / equipment

2.5.3.5(a) Inadequate machinery and equipment

There were shortage of 28 machines each in Unani Pharmacy and Ayurved pharmacy against the norms recommended under Drugs and Cosmetics Rules

The schedule T under rule 157 of Drugs and Cosmetics Rule, 1945 provides the list of machinery/equipment recommended for manufacturing of various categories of Ayurvedic and Unani systems of medicines. Audit noticed that out of 45 machinery/equipment recommended for Unani Pharmacy, 28 machinery/equipment were not available since inception. Similarly, 48 machinery /equipment were recommended under the rules for Ayurved Pharmacy, of which 28 were not available with the pharmacy, as shown in ***Appendix-2.36***.

On this being pointed out (May 2013), the Superintendent, Unani Pharmacy, stated (May 2013) that the proposal would be sent to Government for purchase of machinery/equipment. He further stated (October 2013) that the matter was brought to the notice of higher authorities. He also accepted that production is naturally obstructed due to non-availability of machines. As regards the Ayurved Pharmacy the Superintendent stated (May 2013) that capsules were not prepared in the pharmacy and *Gutika/Vati* were prepared by hand.

Inadequate machinery/equipment in pharmacies adversely impact the quality and quantity of production. The fund provided for purchase of machinery was also underutilised during the period 2010-13.

2.5.3.5(b) Idle machinery and equipment

We observed that five machines[123] and equipment worth ₹ 13.10 lakh procured during March 2004 to January 2005 were lying idle since 2010-11 onwards in Unani Pharmacy and 12 machines[124] and equipment worth ₹ 16.58 lakh procured during June 2004 to April 2005 were not utilised between June 2004 and October 2011 and were lying idle in Ayurved Pharmacy as of October 2013.

Plants and machineries were lying idle in both pharmacies affecting the quality and quantity of production

On this being pointed out (March 2013), the Superintendent ,Unani Pharmacy stated (March 2013) that the machines were lying idle due to non-posting of technical officials, non-availability of packing material. The Superintendent , Ayurved Pharmacy stated (May 2013) that the machineries were lying idle due to low capacity, non-purchase of packing material, use of plastic bottle in place of glass bottle, non-posting of technical official, non-making of capsules, availability of electricity etc.

[123] 1. Steam Distillation plant ₹ 3.20 lakh. 2. Tube Crimping with tube filling machine ₹ 0.22 lakh. 3. Generator ₹ 7.51 lakh. 4. Avaleh filling machine ₹ 1.06 lakh. 5. Tablet coating and polishing machine ₹ 1.11 lakh.

[124] 1. 6-Kharal ₹ 5.54 lakh 2. Tube crimping and filling machine ₹ 0.23 lakh 3. Horizontal Auto clave ₹ 2.16 lakh 4. Hygrometer ₹ 0.03 lakh 5. De-humidifier ₹ 0.43 lakh 6. Generator ₹ 7.45 lakh. 7. Automatic twin head liquid filling machine ₹ 0.74 lakh.

The replies indicated lack of initiatives to ensure optimum utilisation of machines for improvement in quality and quantity in production of medicines.

It is suggested that the Government may consider providing adequate machinery and equipment for improving production.

2.5.3.6 Norms for process loss not laid down

There was no prescribed norm for process loss. Actual process loss ranged up to 72 *per cent*

The Government/Department did not fix any norm for processing loss[125] during manufacturing of medicines. Audit scrutiny revealed that 19 to 57 types of *shastrokta* (Classical) medicines were produced in Government Unani Pharmacy Bhopal and 34 to 38 types in Government Ayurved Pharmacy, Gwalior during the period 2010-13. The cases of process loss (10 *per cent* and above) in manufacturing of medicines are shown in table below:

Table 4: Process loss in manufacturing of medicines

Sl. No.	Name of medicines Produced	Percentage of process loss incurred
Government Unani Pharmacy, Bhopal		
1	*Itrifal Shahtra*	32
2	*marham A Rall*	28
3	*Rogan A Sooranjan*	57
4	*Dawa A Surfa Syah*	23
5	*Sufuf Abyaj*	20
6	*Sufuf Chutki*	10
7	*Rogan A Turb*	72
8	*Dawa A Surfa jard*	13
Government Ayurved Pharmacy, Gwalior		
1.	*Kamdudha Ras*	21
2.	*Astang Lavan Churna*	10
3.	*Sudh Tankan*	43
4.	*Sudh Sfatika Churna*	48
5.	*Godanti Bhasm*	22
6.	*Mukta Sukti Bhasm*	13

Source: Information provided by concerned Pharmacies

In the absence of prescribed norms, optimum utilisation of the herbs and the reasons for excess process loss could not be ascertained.

On this being pointed out (March and May 2013), the Department and the Superintendents stated that the norms for process loss in manufacturing of medicines were not laid down by the Department. Government may consider fixing norms for manufacturing loss.

[125] Process loss is the difference between input quantity of raw material and output quantity of produced medicine.

2.5.4 Inventory Control

2.5.4.1 Excessive stock of raw herbs

The year-wise value of stock position of raw herbs and consumption in the pharmacies during the period 2010-13 were as under:

Stock position of raw herbs is shown in the table below:

Table 5:- Details of Stock position of raw herbs

(₹ in lakh)

Year	Opening Stock	Purchased during the year	Total	Consumption during the year	Closing Stock	Percentage of consumption
Government Unani Pharmacy, Bhopal						
2010-11	29.53	18.58	48.11	10.28	37.83	21
2011-12	37.83	0.50	38.33	15.81	22.52	41
2012-13	22.52	52.03	74.55	13.64	60.91	18
Government Ayurved Pharmacy, Gwalior (as per average[126] rate)						
2010-11	42.40	52.91	95.31	35.54	59.77	37
2011-12	59.77	2.91	62.68	26.92	35.76	43
2012-13	35.76	113.27	149.03	30.04	118.99	20

Source: Information provided by concerned Pharmacies

It may be seen from the above table that despite sufficient stock of raw herbs, purchases were made without ensuring consumption of stock in hand.

We also noticed that raw herbs valuing ₹ 60.91 lakh and ₹ 118.99 lakh (as per average rate) were lying in stock at the end of 2012-13.

In Unani Pharmacy, 29 items of raw herbs were lying in stock from 3 to 10 years

We further noticed that 29 items valuing ₹ 3.72 lakh were lying in stock for more than three to 10 years in Unani Pharmacy as shown in ***Appendix-2.37.*** Similarly in Ayurved Pharmacy five items[127] valuing ₹ 0.75 lakh were lying in stock for more than seven to 10 years and were time expired for use as medicines**.** The physical verification of raw material was not done in Unani Pharmacy, Bhopal during the period 2010-11 to 2012-13. In Ayurved Pharmacy, Gwalior physical verification was done only in 2010-11. Hence, both Superintendents were not aware of the situation during the current years.

On this being pointed out (June 2013 and May 2013), the Superintendents stated that the balance raw herbs would be consumed in manufacturing of medicines in future. As regard time expired stock, action would be taken according to guidance of Directorate.

[126] Average rate = Total Value / Total Quantity, where (Total Value = Value of old stock + Value of new purchases during the year) and (Total quantity = Quantity of old stock + Quantity of new purchase). Ayurvedic Pharmacy maintains stock account as per Average rate.

[127] *Jaypatri* ₹ 5,050, *Tel Sarso* ₹ 62,964, *Padhal ki chhal* ₹ 2,090, *Podina Sukha* ₹ 2,616, *Laksha* ₹ 2,684.

The reply is silent about the reasons for under-utilisation of raw herbs purchased. Besides, there was no laid down procedure for physical verification of stock.

2.5.5 Quality Control

2.5.5.1 Non-testing of raw material and medicines produced

Inadequate quality control of raw herbs and absence of quality control of medicines produced

As per provision of Schedule T part-I 1.1 General requirement 1.1 (F) (A) of Cosmetics Rule 1945, all raw material shall be sampled and got tested either by the in-house Ayurvedic, Siddha and Unani experts (Quality control technical person) or by the laboratories approved by the Government and shall be used only after approved verification. Records of the receipt, testing, approval or rejection and use of raw material shall be maintained. As per Schedule T part I 1.1(N) Quality control, every licensee is required to provide facility for quality control section in his own premises or through Government approved testing laboratory for testing of produced medicines. Quality control section shall have the equipment as recommended in Part II C.

We observed that the Commissioner, appointed Inward Committees consisting of experts in the field of Ayurved and Unani medicines for verification of receipt of raw material with reference to approved samples.

Audit scrutiny revealed that in the Pharmacies the samples of raw material were taken and tested either in-house by Ayurved and Unani experts or by the approved laboratories. No records were produced to Audit regarding testing, approval or rejection of samples of raw herbs. Scrutiny of records of pharmacies revealed that the pharmacies have neither drug testing laboratory in its premises with equipment recommended for in-house quality control of the medicine produced nor got them tested from the Government approved laboratory.

On this being pointed out (June 2013), both Superintendents stated that raw material was inwarded after approval by the Inward Committee after matching with the sample received from the Directorate. On non-checking of quality control of medicines produced, the Superintendents and Directorate stated (April 2013) that drug testing laboratories were not available in the premises and due to non-operation of Government drug testing laboratory, the medicines were not got tested for quality control.

Thus, the provisions of the Drugs and Cosmetics Rule 1945 were ignored. In the absence of quality testing the process of purchase of raw material and production of quality medicines becomes questionable and may have adverse effect on human health.

2.5.6 Internal Control

2.5.6.1 Inspection by departmental officers and internal audit

There were shortfalls in inspection and internal audit

Periodic inspections by departmental officers are an important and effective tool to ensure proper functioning of the Department according to laid down procedures. There is no prescribed internal control system for the functioning of the pharmacies.

Scrutiny revealed that neither any inspection of the Pharmacies was conducted by the departmental authorities except one visit of Commissioner, in Ayurved Pharmacy at Gwalior nor any audit was conducted by Internal Audit Wing of the Directorate during 2010-13 except in Government Unani Pharmacy Bhopal once for the period January 2009 to April 2011.

The above position shows that the system of inspection/internal audit was largely ignored.

It is suggested that the Government may consider strengthening control mechanism and inspections.

2.5.6.2 Maintaining report/return for monitoring

Absence of monitoring mechanism

The information essential for exercising control over the production were not maintained through reports/returns by the Superintendents. Thus the details of material issued from store to production section in a month and quantity produced by the section in that month were not readily available. Hence, it could not be ensured that production was made in accordance with material issued to section. We further noticed that no monitoring mechanism was evolved for reporting the monthly or periodical details of production to the Directorate. On being pointed out, it was confirmed (June 2013) that no report of production etc. was sent to the Directorate by the Superintendent Government Unani Pharmacy Bhopal. However, though the Gwalior Ayurved pharmacy was sending the reports, no action on non-achievement of targets was taken by the Commissioner.

2.5.7 Conclusion

The objective of establishment of Ayush pharmacies was to supply the quality medicines to all Ayush hospitals and dispensaries. However, there was general apathy towards working of pharmacies as there was lack of planning for optimum utilisation of production capacity of pharmacies. There was no working manual and the need based yearly targets of production of medicines were not fixed. The pharmacies failed to produce medicine to meet the requirement and medicines were purchased from other agencies. The central purchase system for procurement of raw herbs for production of medicines have failed to purchase and provide sufficient quantity of raw herbs to the pharmacies. Norms for process loss were not in place and there were huge losses in production. The pharmacies were to work on no profit no loss basis. However, for each rupee of medicine produced the expenditure was in the range of ₹ 2.93 to ₹ 7.02. The pharmacies were not fully equipped as required under the Drugs and Cosmetics Rules, 1945. Idle machinery / equipment were noticed. There was shortfall in inspection and internal audit by departmental authorities. Thus, the objective of setting up the pharmacies could not be achieved.

The matter was reported to the Government in August 2013 with reminders issued in October and November 2013; their reply has not been received (November 2013).

PREFACE

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor under Article 151 of the Constitution for being laid before the State Legislature.

The Report, covering the year 2012-13, contains significant results of the compliance audits and performance audits of the departments of the Government of Madhya Pradesh under General and Social (Non-PSUs) Sectors. The departments under the Economic Sector and Revenue Sector are covered in the Audit Report on the Economic Sector (Non-PSUs) and Audit Report on Revenue Sector respectively.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2012-13 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports. Matters relating to the period subsequent to 2012-13 have also been included, wherever necessary.

Audit has been conducted in conformity with the Auditing Standards prescribed for the Indian Audit and Accounts Department.

Chapter 1 of this report narrates the planning and conduct of audit, responses of the departments to draft audit paragraphs and the Audit Reports. Chapter 2 deals with the findings of Performance Audit on National Rural Drinking Water Programme, Working of Higher Education Department, Indira Awaas Yojana, Construction of Rural Roads under Mukhya Mantri Gram Sadak Yojana and Working of AYUSH Pharmacies. Chapter 3 deals with review of Implementation of Ladli Laxmi Yojana and audit findings of compliance audit in various Departments, autonomous bodies, societies, etc.