HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 Medical Education in Chhattisgarh

3.1.1 Introduction

Chhattisgarh is a poor state with health indices much lower than national average. The Maternal Mortality Rate was 221 per lakh, Infant Mortality Rate was 46 per thousand and Total fertility Rate was 2.6 compared to the national average of 167,40 and 2.3 respectively as of March 2013[1].

The primary objective of the medical education is to ensure availability of highly skilled manpower such as doctors, nurses etc., for effective and quality tertiary medical care to the people and also to promote medical research for enhancing the quality of human life. The Government of Chhattisgarh (State Government) has established Director, Medical Education (DME) for development, expansion, management and administrative control of Medical Education under Health and Family Welfare Department (department).

As of August 2015, 6273 doctors (under Allopathy stream) were registered with the Chhattisgarh Medical Council (CGMC), out of which only 1642 doctors (26 *per cent*) were serving in Government Sector. Of these, 421 doctors were posted in rural areas and 1221 in urban areas. The State Government proposed (August 2015) to achieve doctor-patient ratio of 1:1000. As per census 2011, the state has population of 2.55 crore and six medical colleges (five Government and one Private) with intake capacity of 700 students and doctor-patient ratio of 1:17000 against the national average of 1:1700[2] and world average of 1.5:1000.

As per World Health Organisation norms, 255 nurses are required for one lakh population. However, the State has 21 nurses per one lakh population against the national average of 75 nurses.

The Principal Secretary, Health and Family Welfare Department is responsible for managing the affairs and policies of the department. At apex level, he is assisted by the DME, two Joint Secretaries, two Deputy Director and four Assistant Directors while at institution level, Deans, Superintendents, Principals are overall in charge of the Medical Colleges, Teaching Hospitals and Government Nursing Colleges (GNC) respectively.

Audit was conducted between April 2016 and July 2016 covering the period 2011-16. Audit scrutinised the records of DME Raipur, Chhattisgarh Medical Council (CGMC) Raipur, Chhattisgarh Nurses Registration Council (CGNC) Raipur, Ayush and Health Sciences University[3] of Chhattisgarh Raipur, all

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1 As per Press Information Bureau, MoH & FW Department, dated 24 July 2015

2 MCI vision document 2015

3 Ayush and Health Sciences University of Chhattisgarh is responsible for Affiliation of Medical, Dental, Nursing, physiotherapy, Ayurved, Siddha, Biotechnology, pharmacy and Paramedical colleges and to regulate and organize examinations in affiliated colleges

five[4] Government Medical Colleges (GMC) along with attached teaching hospitals and five[5]out of eight GNCs.

An entry conference was held on 8 April 2016 with the Secretary of the department to discuss the audit objectives, scope and methodology. An exit conference was held with the Principal Secretary on 4 February 2017 to discuss the audit finding and the replies of the Principal Secretary have been appropriately incorporated in the report.

Audit findings

3.1.2 Overall status of Medical Education in the State

Comprehensive plan was not prepared to achieve doctor-patient ratio

At the time of creation (2000) of the State, there was only one Government Medical College at Raipur functioning in the State. After that, the State Government established (between 2001 and 2014) four medical colleges and eight GNCs and accorded sanction (2013) for establishment of one private medical college and 73 private nursing colleges.

Presently, there are six medical colleges in the State having intake capacity of 700 students in Under Graduate (MBBS) and 95 Post Graduate seats while eight[6] GNCs have annual intake capacity of 370 students and 73 private nursing colleges have total intake capacity of 3230 students.

Although, the State has an adverse doctor-patient ratio (1:17000) and an adverse nurse-population ratio (21:1,00,000), the State Government did not prepare any comprehensive plan or vision document to bridge the gaps to achieve the projected/required doctor-patient ratio or nurse-population ratio.

Government stated (February 2017) that it has not prepared any plan for establishing/up-gradation of new medical and nursing colleges. However, it was successful in establishing five new Government Medical Colleges and three Private Medical Colleges. It was also stated that persistent efforts are being made by the State to prepare a vision document to achieve the desired doctor-patient ratio.

Fact remains that Government has failed to prepare a comprehensive plan to achieve the desired ratio. Further, the Government also lost an opportunity to reduce the acute shortage of doctors in rural areas by using the services of newly graduated doctors under bond as discussed in paragraph 3.1.7.4.

3.1.3 Efforts to increase intake capacity of UG (MBBS) Courses

3.1.3.1 Delay in establishment of medical college at Surguja

Establishment of Surguja medical college was delayed by two years

Government of India (GoI) approved (2014) a plan for setting up of two new medical colleges in Rajnandgaon and Surguja districts under Centrally

[4] Pt. Jawaharlal Nehru Memorial Medical College Raipur (GMC, Raipur), Chhattisgarh Institute of Medical Sciences Bilaspur (CIMS, Bilaspur), Late Bali Ram Kashyap Memorial Government Medical College Jagdalpur (GMC, Jagdalpur), Government Medical College Rajnandgaon (GMC, Rajnandgaon) and Late Shri Lakhi Ram Agrawal Memorial Government Medical College Raigarh (GMC, Raigarh)

[5] Bilaspur, Jagdalpur, Raigarh, Raipur and Rajnandgaon

[6] Bilaspur, Durg, Jagdalpur,Kawardha, Raigarh, Raipur, Rajnandgaon and Surguja

Sponsored Scheme (GoI: State-75:25) with an annual intake of 100 seats for each college. Accordingly, a Memorandum of Understanding (MoU) was executed (April 2014) between GoI and State Government for providing financial assistance of ₹ 189 crore for each college. Against the plan outlay of ₹ 189 crore (141.75 crore GoI share and 47.25 crore State share), an amount of ₹ 53.02 crore was released (March 2015 to March 2016), by the GoI. As per the MoU, the State Government was required to draw a detailed action plan and form a committee for implementation of the scheme.

Audit observed that the State Government established (September 2014) the medical college at Rajnandgaon as per approved plan. However, the medical college at Surguja could be established only after delay of two years in September 2016 due to failure of the State Government to constitute the committee as required under MoU for undertaking the civil construction works and procurement of equipment besides arranging the teaching faculties as per MCI norms.

Government stated (February 2017) that it has submitted application for opening of new medical college at Surguja in August 2015. However, MCI rejected the proposal in December 2015 and granted approval in September 2016. The Principal Secretary further stated that due to delay in commencement of construction activities funds could not to be utilised.

Fact remains that the opening of new medical college at Surguja was delayed by the two years despite availability of funds.

3.1.3.2 Deficient services of consultant

The State Government executed (2006 and 2007) an agreement with International Consociation of Medical Education & Research (ICMER), New Delhi to provide consultancy services to establish 100 seated new medical colleges at Jagdalpur and Raigarh and with M/s Muralage, Gaziabad (April 2014) to establish another medical college at Rajnandgaon. The consultants were responsible for providing necessary teaching faculty like professors, associate professors, assistant professors and demonstrators as per MCI norms to meet the shortages and to assist the State Government in creation of infrastructure facilities.

The consultants failed to discharge their contract obligations in providing teaching faculties for setting up of medical colleges

Audit observed in GMC Jagdalpur and GMC Raigarh that the consultant (ICMER) failed to provide teaching faculties to fulfil the MCI norms while the State Government could not create infrastructure facilities as per MCI norms. As a result, the Ministry of Health and Family Welfare, (GoI) restricted the intake capacity to 50 students only against the proposed intake capacity of 100 in both the colleges from the year 2006 (Jagdalpur) and 2013 (Raigarh). Thus, even after engagement of a consultant, the State Government failed to get the letter of intent for 100 seats according to their envisaged plan. However, GMC Jagdalpur got permission for admission of 100 seats by default from 2013-14 upon completion of five years of opening of the college.

It was further noticed that despite engagement of the consultants, these three medical colleges suffered from shortage of teaching staff which ranged from 15 *per cent* to 86 *per cent* during the period 2011-16. As a result, the colleges engaged teaching faculties on contractual basis. However, the consultants were paid ₹ 5.48 crore as of July 2016 despite their failures to discharge their contract obligations.

Government stated (February 2017) that services of the consultants have been reviewed and the consultants have been directed to deliver services as per agreement. Further, DME has been instructed to impose penalty on the consultants for poor delivery of services. Government also stated that a proposal for terminating services of consultant engaged for medical college Rajnandgaon is under consideration and security deposit of ₹ 25 lakh deposited by the consultant will be forfeited.

3.1.3.3 Establishment of medical college under Public Private Partnership

State Government formulated (September 2010) policy for establishment of medical colleges in private sector under Public Private Partnership (PPP) mode.

No medical college was established under PPP mode for lack of encouragement from Government

Audit observed that DME invited (2011 and 2012) applications for opening up new medical colleges under PPP mode against which 17 applications were received and of these, 10 applications[7] were shortlisted. However, no follow up action was initiated to execute MoUs with the shortlisted applicants.

Resultantly, no college could be opened under PPP. However, one private medical college with an intake capacity of 150 MBBS students was opened in the State in 2013.

Government stated (February 2017) that since none of the applicants have given serious offer to start medical college under PPP model, the process cannot be initiated. The policy with new terms and conditions is being framed to attract private participation to provide better health services.

Fact remains that Government failed to encourage participation of private sector in setting up new medical colleges under PPP mode.

3.1.4 Post Graduate Courses

3.1.4.1 Shortage of specialist doctors

Chhattisgarh is deficient in specialist doctors (PG doctors). The State Government sanctioned 963 posts of specialist doctors (under Allopathy Stream) for Civil Hospitals and Community Health Centres (CHCs). Against this, only 46 specialist doctors were posted in these hospitalsas of March 2016 as shown in **Table-3.1.1**:

Table -3.1.1: Statement showing position of specialist doctors in the State

Name of the hospital	Sanctioned strength	Person in Position(*per cent*)
Civil Hospitals	810	18 (2.22)
CHCs	153	28 (18.30)
Total	**963**	**46 (4.77)**

Source: Director Health Services, Raipur

It could be seen from the above table that the Civil Hospitals and CHCs are running with a minimal (4.77 *per cent*) specialist doctors. Hence, it is all the

7 Seven applications were shortlisted out of 12 applications were received in 2011 and three applications were shortlisted out of five applications were received in 2012

more important that PG courses are run efficiently and the intake capacity is increased to desired level. The management of PG courses by the DME is reviewed by audit and the findings are discussed below:

3.1.4.2 Super Speciality Courses

Government decided (2013) to open a Super Speciality Post Graduate Institute and Research Centre for 12 courses[8] and handed over (March 2013) the old *Mantralay* building to the Health Department for the institute. A setup of 142 staff was also sanctioned (June 2013).

Audit observed that the Institute has not been established while the executive committee had not yet framed rules for recruitment (December 2016) of staff. As a result, no super speciality courses could be conducted in the State.

Government stated (February 2017) that efforts were being made to start the institute from April 2017.

3.1.4.3 Shortage of Post Graduate courses

MCI has an approved list of 139 PG degree/diploma and 51 super specialty courses for all over India.

Audit noticed that GMC Raipur and CIMS, Bilaspur have been offering 24 (17.26 *per cent*) out of 139 PG degree/ diploma courses with an annual intake capacity 95 seats. During the period 2011-16, applications for admission into PG courses ranging from 700-800 per year were received. However, 88 to 90 *per cent* of the eligible candidates could not get admission in the PG courses due to limited number of PG seats in the State. As a result, the state was deprived of PG (Specialist) doctors.

Government stated (February 2017) that efforts were being made to open new PG courses.

3.1.4.4 Opening of new PG courses under Centrally Sponsored Scheme

(a) Under Centrally Sponsored Scheme (GoI:State-75:25) for strengthening and upgrading of Government medical colleges, GoI approved (April 2011) a plan for starting new PG courses and increasing the existing 60 PG seats in GMC Raipur with an additional intake capacity of 79 seats (total 139) in 18 disciplines. Against plan outlay of ₹ 32.73[9] crore, first instalment of ₹ 16.37[10] crore was allotted (between November 2011 and February 2012) to the medical college.

Though 83 *per cent* of CSS funds were spent, the intake capacity of PG courses remain 16 against targeted 79 seats

Audit observed that the college increased the intake capacity in seven disciplines only by increasing 16 (20.25 *per cent*) seats against the target of increasing 79 seats. On this the college incurred an expenditure of ₹ 14.64 crore (83.46 *per cent*). However, the college could not increase seats in 11 other disciplines as MCI rejected (February 2014) the proposals for opening of new courses due to shortage of teaching faculties and infrastructure. But no efforts were made to appoint the teaching faculties and

8 Neurosurgery, Plastic Surgery, Paediatrics Surgery, Infertility, Cardiology, Nephrology, Organ Transplantation, Cosmetic Dentistry, Urology, Gastrology, Haematology and Oncology

9 ₹ 24.55 crore GoI share and ₹ 8.18 crore State share

10 ₹ 12.28 crore GoI share and ₹ 4.09 crore State share

create infrastructure facilities which prevented release of second instalment (December 2016).

Government stated (February 2017) that 30 PG seats were increased under CSS and DME was instructed to pursue with MCI for getting permission for opening more seats as envisaged in plan.

The reply is not acceptable as the GMC Raipur could increase only 16 PG seats against the target of 79 despite availability of funds while the 30 PG seats reported by Government including seats opened prior to the approval of the plan in 2010.

(b) The GoI approved (May 2011) another plan with outlay of ₹ 39.78[11] crore for starting new PG disciplines and increasing PG seats in CIMS Bilaspur.

Audit observed that recognition of CIMS Bilaspur was rejected by GoI in 2012 due to failure to fulfil the MCI norms and funds were not released by the GoI. In 2013, though the recognition was restored the department did not get funds from GoI as of December 2016 for which no reasons were on record. As a result, no new PG courses could be started. This indicates lack of efforts by the department to pursue with GoI to start new PG courses.

Government stated (February 2017) that GoI has stopped funding to medical colleges for opening new PG courses. However, fresh proposals will be sent to GoI for providing funds for CIMS Bilaspur.

Fact remains that the plan for opening of new PG courses could not be achieved even after four years of launch of the scheme.

3.1.4.5 Poor efforts to increase the PG seats

MCI stipulates that for opening of PG courses/ increase of admission capacity of existing courses, the applicant college has to submit applications to the GoI within stipulated period[12] with all requisite certificates for next academic year. GMC Raipur and CIMS Bilaspur submitted (April 2013 and April 2015) applications to MCI for opening/ increasing the intake capacity of seats in 19[13]disciplines along with essentiality certificate, affiliation certificate, authorisation letter to banks and demand draft of ₹ 38 lakh (at rate of two lakh for each discipline).

(i) Audit observed in GMC, Raipur and CIMS Bilaspur that the MCI noted (January & February 2014 & January 2016) deficiencies in faculties, infrastructure, facilities, books, equipment, low bed occupancy and dedicated transportation facilities in these colleges. On the recommendations (January & February 2014 & January 2016) of MCI, GoI disapproved (February 2014 & February 2016) commencement of eight courses and rejected to increase the seats for 11 courses for the academic session 2014-15 and 2016-17 to GMC Raipur and CIMS Bilaspur respectively.

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11 ₹ 29.83 crore GoI share and ₹ 9.95 crore State share.

12 Between 15 March to 7 April (both days inclusive of any year)

13 Anatomy, Bio Chemistry, Pharmacology, Physiology, Anaesthesia, General Surgery, General Medicine, MS obstetrics & Gynaecology (OBG), Community Medicine, Radio therapy, Radio Diagnosis, Paediatrics, Forensic Medicine, ENT and Ophthalmology

Thus, without meeting the MCI requirements for conducting PG courses, both the medical colleges applied for starting new PG courses/ increasing the existing PG seats and incurred an expenditure of ₹ 38 lakh towards inspection fee to MCI resulting in wasteful expenditure.

Government stated (February 2017) *inter-alia* that it is a routine practice to apply for increase in PG seats and applications are sent only after evaluation of faculties, infrastructure, lab, library and clinical work load as per MCI norms for respective disciplines.

The reply is not acceptable as both the colleges submitted applications without ensuring availability of faculties and infrastructure facilities which resulted in wasteful expenditure.

(ii) Audit noticed that the GMC Raipur submitted[14] applications to increase the intake capacity of existing capacity of Radiotherapy department from one PG seat to six seats for the academic years 2014-15 to 2017-18. But the applications were submitted after cut-off date (7 April of every year) with delays ranging from one to 62 days to MCI. As a result of delay, MCI rejected (every year between June and July) the proposals in each year.

Government stated (February 2017) that due to administrative delay and change in cut-off date, the applications could not be sent on time for approval. The reply is not acceptable as Government cannot absolve its responsibility of sending the applications on time by coordinating with the MCI.

3.1.4.6 Running unauthorised PG courses

The MCI granted permission for increasing the seats in six post graduate courses[15] from the academic year 2010-11 in GMC Raipur with annual intake of 10 seats per year and one PG course with one seat in Community Medicine in CIMS Bilaspur from 2011-12. The permission was valid till such time the batch of students appears for the final examination in the subject.

Seven PG courses were not recognised by MCI and as such the degree awarded by the university became invalid

Audit observed in GMC Raipur and CIMS Bilaspur that MCI did not recognise these seven PG courses on the grounds of shortage of equipment, infrastructure and facilities during the annual inspections (2012-13 to 2015-16). These deficiencies were not addressed as of December 2016.

As a result, the validity of degree of pass out students' limits to the jurisdiction of the university and the students were deprived to appear for the supplementary courses in other universities or to apply for higher courses.

Government stated (February 2017) that the matter will be taken up with MCI for recognition of the seven PG courses.

The fact remains that admissions were made without MCI recognition and as such the PG degrees are not valid outside the university jurisdiction.

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[14] 8 April 2013 for 2014-15, 29 April 2014 for 2015-16, 7 July 2015 for 2016-17 and 26 April 2016 for 2017-18

[15] Anaesthesiology (1), General Surgery (2), Obstetrics & Gynaecology (3), ENT (1), Community Medicine (1) and Pathology (2)

3.1.5 Lack of academic and research activities

The MCI prescribed (June 2015) the requirement of Medical Education Unit (MEU) in a medical college which *inter-alia* includes Journals, infrastructure and equipment. One of the main objectives of the department is to pursue and encourage research in the field of medical sciences to update the knowledge of the medical professionals.

Though the intake capacity of UG courses was increased from 300 to 550 seats during the period 2011-16 in all Government Medical Colleges, sufficient academic and research activities were not organised for teaching faculty in test checked colleges. The deficiencies are:

- Physical verification of MEU revealed that required infrastructure like computers, multimedia projector, multi function printer with scanning and copying facility, laptop and journals were not made available in the colleges for conducting training activities. However, the colleges did not place any demand for funds to the DME.
- All the medical colleges neither maintained central database of training activities nor conducted any research activities during 2011-16. Lack of research work impairs the capacity building of the students of the medical colleges.
- The DME provided an amount of ₹ 50 lakh to CIMS Bilaspur for invention and research during 2014-16, however, the same was not utilised due to lack of proposals. Further, no funds were provided to other four GMCs for invention and research. This restricts invention and research work in Government medical colleges while the students were deprived of the opportunity to enhance their skills.
- As per MCI norms, 100-150 Continuing Medical Education (CME) programmes per year has to be conducted in a college. However, neither database has been maintained by the medical colleges nor the number of CMEs conducted during 2011-16 was reported to audit. Hence, the number CMEs conducted could not be ascertained.

Government stated (February 2017) that efforts were being made to equip the MEU unit to fulfil MCI norms and directions were being issued to all medical colleges to maintain central database for training and research activities and to conduct CME programmes in accordance with MCI norms.

3.1.6 Overall status of Nursing Education in the State

The State Government followed a private sector route to improve the capacity of Nursing Students. While there are only eight GNCs with an intake capacity of 370, Government gave recognition to 73 private nursing colleges with an intake capacity of 3230 students. Thus, there is a combined intake of 3600 students.

The State Government sanctioned 3869 posts of nurse for District Hospitals, Civil Hospitals, CHC's and Primary Health Centres (PHC).Against this, 2506 nurses (65 *per cent*) were posted in these hospitals while 1363 (35 *per cent*) posts were lying vacant as of March 2016 as detailed in **Table-3.1.2**:

Table -3.1.2 :Statement showing position of Nurses in the State

Name of the hospital	Sanctioned strength	PIP (Per cent)	Vacant
Civil Hospital	194	144 (74.23)	50
CHCs	1550	939 (60.58)	611
PHCs	1289	889 (68.97)	400
District Hospital	836	534 (63.88)	302
Total	**3869**	**2506 (64.77)**	**1363**

(Source: Director Health Services, Raipur)

It could be seen from the above table that the Government Hospitals in the State are running with shortage of nurses ranging from 39 *per cent* to 25 *per cent*. Further, out of the total passed out students, only 720 (17 *per cent*) took permission of the authorities to go outside the State. Hence, there is a mis-match between the availability and recruitment in Government hospitals.

3.1.7 Financial Management

3.1.7.1 Under utilisation of budget

The State Government makes budget provisions for medical education under plan and non-plan heads and provides allotments to the medical colleges, attached teaching hospitals and nursing colleges for their functioning through DME Raipur. The allotment of funds under plan and non-plan heads and expenditure incurred for medical education is given in **Table-3.1.3:**

Table 3.1.3 : Statement showing allotment and expenditure under state plan and non-plan for medical education

(₹ in crore)

Year	Plan Expenditure			Non-plan Expenditure		
	Allotment	Expenditure	Savings in (*per cent*)	Allotment	Expenditure	Savings in (*per cent*)
2011-12	185.75	116.05	69.70 (37.52)	67.29	62.36	4.93 (7.33)
2012-13	161.68	95.97	65.71 (40.64)	77.61	66.53	11.08 (14.28)
2013-14	194.67	107.21	87.46 (44.93)	99.55	82.33	17.22 (17.30)
2014-15	217.25	170.05	47.2 (21.73)	109.54	97.86	11.68 (10.66)
2015-16	401.06	254.59	146.47 (36.52)	131.48	111.62	19.86 (15.10)
Total	**1160.42**	**743.86**	**416.56 (35.90)**	**485.47**	**420.70**	**64.77 (13.34)**

(Source : Data provided by the DME and complied by audit)

Department failed to utilise funds worth ₹ 416.55 crore out of allotment of ₹ 1160.42 crore

From the above table, it could be seen that there was persistent savings ranging from 22 to 45 *per cent* under the plan head. However, allotment of funds was continuously increased during 2011-16 except in 2012-13. The major savings in plan head was due to delay in finalisation of tenders, release of funds to medical colleges at the fag end of the financial year by the DME, posts lying vacant, improper assessment of requirement of medicines and equipment by the medical colleges and delay in receipt of administrative approvals. Moreover, abnormal delay in completion of major civil construction works also resulted in less spending of budget under infrastructure head. In contrary, the savings under the non-plan head was nominal and ranged between seven *per cent* and 17 *per cent*.

Government accepted (February 2017) the audit observation and informed that efforts will be made for optimum utilisation of funds in future.

3.1.7.2 Cost of residential quarters not obtained from Guru Ghasidas University

As per the norms and requirement of MCI, 173 staff quarters were constructed at Koni (outside medical college campus) for use of CIMS Bilaspur staff and faculty. Audit noticed that the construction of staff quarters were completed at a cost of ₹ 18.65 crore and handed over to CIMS Bilaspur in March 2006. It was observed that the State Government ordered (December 2012) to transfer the staff quarters to Guru Ghasidas University upon payment of ₹ 17.58 crore to CIMS as the quarters were not utilised by the CIMS staff. However, the university acquired the staff quarters, without paying the cost of quarters.

Government stated (February 2017) that efforts were being made to obtain payment from the university and inter-departmental meeting will be conducted with the Higher Education department to sort out the matter. Fact remains that the outstanding amount could not be recovered despite Government orders.

3.1.7.3 Irregular retention of interest of ₹ 2.42 crore

The DME authorised (between March 2008 and January 2014) the Dean GMC Raipur to open a Letter of Credit (LoC) account to facilitate payment to vendors under rate contract against every procurement order.

The interest earned in the LoC account was not credited into the Government account

Audit observed that the college earned interest of ₹ 2.42 crore in the LoC account during April 2008 to January 2014 but the same were not credited into Government account.

The Principal Secretary stated (February 2017) that interest amount would be deposited into Government Account. However, the Principal Secretary did not give any justification for not crediting it to Government account in more than three years.

3.1.7.4 Irregular retention of bond money worth ₹ 66 lakh

With a view to provide better health facilities in rural areas, Government framed a policy that every candidate taking admission in the MBBS course shall have to execute a bond[16] to work in rural areas for two years after getting their graduation degree. If a candidate fails to serve, then the bond amount (₹ 40000 - ₹ 75000) will be forfeited and same would be deposited into Government account.

Audit observed that 1116 candidates of CIMS Bilaspur, GMC Raipur, and GMC Jagdalpur got MBBS degree during the period 2011-16. Out of these, 171 doctors signed the bond and agreed to serve in rural areas by depositing bank guarantee of ₹ 88.97 lakh but the State Government did not engage them.

[16] The value of bond for General category students fixed as ₹ 75000/- and for reserved category of students it shall be ₹ 40000/-

Interestingly the State Government illegally forfeited (between 2007 to 2010) their bank guarantees and doctors approached (between 2007 to 2010) the High Court Bilaspur to release forfeited amount. Further, 945 doctors refused to serve in the rural areas but their bond money worth ₹ 2.93 crore were irregularly parked in the Dean's Account instead of remitting into Government Account.

Government stated (February 2017) that CIMS Bilaspur deposited (April 2016) ₹ 1.06 crore and GMC Raipur deposited (September 2016) ₹ 1.21 crore into Government Account. The Principal Secretary further stated that in future the MBBS graduate will be engaged in rural services in co-ordination with DHS.

Fact remains that the scheme ended up in a fiasco as Government on one hand failed to appoint 171 doctors who were willing to serve in rural areas and illegally forfeited their bond money while the rest 945 passed out graduates escaped rural service obligation by preferring forfeiture of their meagre bond money.

3.1.8 Infrastructure

3.1.8.1 Failure to rectify deficiencies pointed out by MCI

The medical colleges failed to rectify the deficiencies pointed out by MCI

Audit observed that deficiencies such as lack of infrastructure, faculty and human resources as noticed by MCI during 2014-15 and 2015-16 were not rectified by the CIMS Bilaspur, GMC Jagdalpur, GMC Rajnandgaon and GMC, Raigarh. It was also noticed that residential quarters were not made available to the staff in the college campus since the establishment of CIMS Bilaspur. Despite rectification of deficiencies still to be carried out, MCI permitted (July 2015) admission into medical colleges on the basis of undertaking given by the Secretary of the department.

MCI also observed (November 2015) that lack of infrastructure, faculty and other human resources may lead to churning out of half-baked doctors, who may not be clinically trained and equipped to meet the requirement of medical profession, thereby posing risk to human life. However, Government failed to address the deficiencies pointed out by MCI.

Government stated (February 2017) that some of the deficiencies like distance between two beds, central oxygen system and central suction will be rectified in the new hospital building at GMC Jagdalpur and Raigarh. However, Government did not fix any time frame to rectify the deficiencies pointed by the MCI.

3.1.8.2 Abnormal delay in completion of civil construction works

Civil construction works of medical colleges were delayed inordinately defeating the objective of meeting the MCI norms

During 2011-15, DME allocated ₹ 528.68 crore to Public Works Department (PWD) for construction of three medical colleges and attached hospitals as detailed in **Appendix-3.1.1,** in order to fulfil the infrastructure standards laid down by the MCI.

Government sanctioned construction of new medical college buildings at Jagdalpur (September 2007) and Raigarh (January 2010) for ₹ 174.35 crore completion by March 2009 and January 2013 respectively. However, the works could not be completed (January 2017) even after incurring expenditure of ₹ 322.25 crore. As a result of the inordinate delays in construction works on grounds of change of construction site, delay in finalisation of drawings and designs, post-tender changes in items of works etc, the estimated cost of the works was revised to ₹ 481.18 crore.

Similarly, Government also sanctioned (March 2010-September 2013) six construction works worth ₹ 47.50 crore in the existing Government medical college at Raipur. However, the works were not completed (January 2017) despite incurring expenditure of ₹ 30.36 crore on these works.

As a result of delay in completion of these works, the equipment, furniture and instruments procured (July 2015 and March 2016) at a cost of ₹ 4.02 crore[17] were kept idle (January 2017) and not put to use for the intended purposes as required under the MCI norms.

Government stated (February 2017) that the construction works of two medical colleges got delayed due to increase in scope of work in order to meet the norms of MCI. In the case of six works of Government medical college, Raipur, it was stated that minor works were pending such as installation of lift, modular cabinets etc and these will be completed within a short period. The fact remains that the objective of creation of infrastructure to fulfil the MCI requirements was not achieved.

3.1.8.3 Shortage, procurement and management of medical equipment

As per the standards prescribed by the MCI, medical colleges are required to maintain medical equipments for various departments.

(i) In five test checked medical colleges, audit observed shortages of medical equipment ranging from 19 to 83 *per cent* in various departments. These were in Radio-diagnosis, Forensic Medicine, Community Medicine, Micro Biology, Pharmacology and Anatomy departments as detailed in **Appendix-3.1.2.**

Government replied (February 2017) that steps were being taken to sort out the shortage of equipment and procurement process were being carried out through Chhattisgarh Medical Services Corporation Limited (CGMSCL).

(ii) The five medical colleges and attached hospitals made advance payment of ₹ 90.16 crore during the period 2013-14 to 2015-16 to CGMSCL for procurement of equipment. However, CGMSCL supplied equipment worth ₹ 31.92 crore only and equipment for the remaining amount of ₹ 58.23 crore (65 *per cent*) were not supplied (January 2017).

Government stated (February 2017) that tender process is completed by the CGMSCL and the major equipment will be installed by the end of March 2017.

(iii) Audit observed that in 11 departments of CIMS, Bilaspur and GMC, Jagdalpur, 51 high value equipment worth ₹ 3.73 crore installed during 2003-2015 were not in working condition as these equipment were not

[17] GMC Raigarh- ₹ 2.08 crore, GMC Jagdalpur– ₹ 1.64 crore and GMC Raipur-₹ 0.30 crore

maintained after expiry of warranty period as detailed in **Appendix-3.1.3**. Thus, the shortages may affect the practical training and education of the medical students.

Government stated (February 2017) that the obsolete equipment will be disposed-off as per rules.

3.1.8.4 Bed Occupancy

As per provisions of MCI guidelines, average occupancy of indoor beds shall be a minimum of 75 *per cent* per annum for a Teaching Hospital.

Audit observed that in CIMS Bilaspur and GMC Raigarh, the bed occupancy during 2011-16 was low in comparison to the prescribed norms of MCI as detailed in the **Table – 3.1.4**:

Table 3.1.4 :Statement showing the Inpatient bed occupancy against availability of beds

Year	Total no. of beds available	Total no. required for 100 *per cent* bed occupancy	Actual bed occupancy	Actual occupancy in *per cent*	Total no. of beds available	Total no. required for 100 *per cent* bed occupancy	Actual bed occupancy	Actual occupancy in *per cent*
	CIMS, Bilaspur				GMC, Raigarh			
2011	550	200750	34739	17.3	--	--	--	--
2012	550	200750	36679	18.27	--	--	--	--
2013	550	200750	39811	19.83	300	109500	15302	13.97
2014	750	273750	41468	15.15	300	109500	18124	16.55
2015	750	273750	62137	22.7	300	109500	18209	16.63

(Source: Data provided by the Medical Superintendent, CIMS Bilaspur & KGH Raigarh)

From the above details it could be seen that indoor bed occupancy ranged between 13.97 and 22.7 *per cent* during the years 2011 to 2016 which was far less than the criteria of 75 *per cent* prescribed in MCI guidelines.

Government stated (February 2017) that the records were not adequately maintained so as to reflect the actual number of bed occupancy. New software is installed to capture the details prospectively as required by MCI. Fact remains that the low bed occupancy could adversely affect the prescribed and necessary level of clinical training and exposure of medical students.

3.1.9 Human Resources Management

3.1.9.1 Shortage of teaching and para medical staff

Deployment of adequate faculty is the main criterion for getting recognition from MCI so that qualitative education could be imparted in a medical college.

(i) Audit observed that in CIMS Bilaspur, GMC Jagdalpur, GMC Raipur and GMC Raigarh there was shortfall in teaching faculties ranging from 17.52 to 68.54 *per cent*, against the sanctioned strength while against MCI norms the shortage was upto 14.01 *per cent* as detailed in **Appendix-3.1.4**.

Audit further observed that in GMC, Raipur there was excess posting of seven professors appointed against the sanctioned strength in Anatomy, Medicine, Orthopaedic, Obstetrics & Gynaecology, Radio Diagnosis and Anaesthesia departments, whereas in other colleges of the State, there was shortage of professors and they engaged professors on contract basis.

Deans of CIMS Bilaspur, GMC Jagdalpur, GMC Raipur and GMC Raigarh stated that as per the MCI norms the recruitment process was being conducted in order to accomplish the shortage of teaching staff. The Dean, GMC, Raipur stated that posting of professors were done by the State Government.

(ii) In GMC Raipur, GMC Jagdalpur and GMC Raigarh, 1395 (65 *per cent*) paramedical staff were posted against 2147 sanctioned posts and remaining 752 (35 *per cent*) posts were lying vacant. Despite availability of 4249 trained nurses, no efforts were made to fill the 150 vacant posts of nurses in these medical colleges.

Government stated (February 2017) that posting orders for 167 Demonstrators, Senior Resident and Junior Resident doctors were issued (February 2017) for six medical colleges. The shortage of teaching faculties persists due to low retention of teaching faculties in the Government sector while excess Professors were posted at GMC, Raipur in order to get more PG Seats. Fact remains that despite engagement of excess Professors, the department failed to get more PG seats.

3.1.9.2 Shortage of teaching faculty in nursing colleges

In five test checked GNCs, audit observed that 94 teaching faculties were posted against the sanctioned strength of 202 and remaining 108 (53.47 *per cent*) posts were lying vacant as detailed in **Appendix-3.1.5.** It was observed that the shortage of staff ranged between 38.82 to 100 *per cent* in all the cadres. The posts of Principal and Vice-principal of all five GNCs remained vacant throughout the period (2011-16). Lack of qualified teaching faculties could adversely affect the quality of education imparted to nursing students.

Government stated (February 2017) that eligible faculties were not available for the post of Principal and Vice Principal. For the vacant posts, walk-in interviews were conducted as and when deficiencies were noticed.

3.1.9.3 Lack of facilities in nursing colleges

Audit observed that GNC, Raigarh has been running in rented premises with acute shortage of space for hostel, library, class rooms, principal, staff rooms and laboratory rooms. It was also observed that in GNC Jagdalpur, Raigarh and Rajnandgaon there was shortage of equipment/ laboratory items ranging from three to 73 *per cent* against the INC norms as detailed in **Appendix-3.1.6**. This could adversely affect the teaching of nursing students.

Government stated (February 2017) that to create infrastructure facilities in compliance with INC norms, new nursing college Buildings at Rajnandgaon and Raigarh is under construction and orders were being issued to purchase laboratory items to fulfil the deficiency of equipment.

3.1.10 Conclusion

Though the State Government intends to bring down the adverse doctor-patient ratio from 1:17000 to 1:1000 and nurse-population ratio from 21:100000 to 75:100000, it did not prepare any comprehensive plan to achieve this objective.

Even though there are only 1642 doctors in the State under Allopathy stream against the projected target of 25500, the State could not establish any medical college under PPP mode to bridge the gap despite availability of funds due to poor planning. Further, the State has only 46 (4.77 *per cent*) specialist doctors in its Civil Hospitals and Community Health Centres (CHCs) against the sanctioned posts of 963 specialist doctors (Allopathy). However, the State Government failed to create required infrastructure facilities and recruit faculty in line with MCI instructions to commence the required PG courses to create specialist doctors. Besides, the State Government also failed to establish super speciality courses in the State.

While the State was suffering from shortages of doctors, nurses, civil infrastructure, speciality and super-speciality courses, funds worth ₹ 416.55 crore (35.9 *per cent*) against the allotment of ₹ 1160.42 crore for Medical Education in the State could not be utilised due to planning and implementation failures. As a result, the existing Government colleges are running with deficit staff (ranging from 17.52 to 68.54 *per cent*), lack of equipment (19.25 to 82.7 *per cent*) and inadequate occupancy of beds compromising the professional exposure of the medical students.

The Government scheme of signing Bond for serving in rural areas was a complete failure as willingness of 171 doctors to serve in rural areas were not accepted by the department while their bond money worth ₹ 66 lakh was illegally forfeited. At the same time, 945 passed out graduates escaped rural service obligation by preferring forfeiture of their meagre bond money.

3.1.11 Recommendations

The Government should prepare a comprehensive plan to achieve the desired doctor-patient ratio by addressing the bottlenecks in establishing required numbers of medical colleges under government sector or private sector or under PPP mode. Further, the students graduating from the medical colleges should be engaged gainfully for delivering the medical services as required.

Government should take urgent steps to form a steering committee at departmental level to facilitate its medical colleges to meet and maintain the MCI requirements for holding the PG courses on a regular basis. The deficiencies such as shortages of infrastructures, equipment, laboratory facilities, human resources etc in the existing medical colleges should be addressed.

The super-speciality institute should be established and made functional at the earliest.

Government should devise an incentive driven mechanism to encourage the MBBS graduates and the Specialists to serve in rural areas.

PUBLIC WORKS DEPARTMENT

3.2 Construction of bridges in Chhattisgarh

3.2.1 Introduction

Public Works Department (PWD) is the principal agency of the Government of Chhattisgarh (GoCG) for survey, design, improvement and maintenance of roads, bridges and public buildings of the State. For bridge work, the Executive Engineer (EE) of the concerned PWD (Bridge) division submits proposals for construction of bridges along with its estimate through the Superintending Engineer (SE) and Chief Engineer (CE) for administrative approval (AA).

During 2011-16, the department took up construction of 495 bridges of which 264 bridges were sanctioned prior to April 2011 but were under construction during 2011-16. For this, the department allocated ₹ 1714.38 crore and spent ₹ 1159.87 crore.

The PWD is headed by Principal Secretary (PS) at the Government level while the Engineer-in-Chief (E-in-C) is the technical advisor to the Government and responsible for the overall working of the PWD. The E-in-C is assisted by six[1] Chief Engineer (CEs), 14[2] Superintending Engineers (SEs) and 54 EEs for discharging the responsibilities. Out of which one CE, three SEs and six EEs are responsible for construction and supervision of bridges in the State.

Audit was aimed at assessing whether (i) planning for construction of bridges was appropriate; (ii) works were executed in accordance with the standard/approved design and specifications issued by Indian Road Congress (IRC) and (iii) monitoring and control mechanism was adequate and effective.

Audit examined (April-July 2016) the records of construction of bridges in the office of the E-in-C, CE (Bridge), two SEs (Bridge)[3] and six Executing Bridge Divisions[4] covering the period 2011-12 to 2015-16. 126 out of 495 bridge works (121 bridges across nalla/rivers, four Rail Over Bridges/Rail under Bridges and one Overpass) were selected in audit for scrutiny using Probability Proportional to Size With Replacement (PPSWR) method. An entry conference was held (July 2016) with the Secretary, PWD to discuss the objective, scope and methodology of audit. An exit conference was held (December 2016) with the Secretary, PWD to discuss the audit findings. The replies received from the Government have been appropriately incorporated in the report.

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[1] Raipur , Bastar, Bilaspur , Surguja, National Highway (NH) zone, Bridge zone

[2] Raipur-1, Raipur-2, Durg, Jagdalpur, Kanker, Bilaspur, Ambikapur, NH Raipur, NH Bilaspur, Bridge Raipur, Bridge Raigarh, Bridge Ambikapur, E&M Raipur, E&M Bilaspur

[3] Bilaspur and Raipur

[4] Ambikapur, Bilaspur, Jagdalpur, Raigarh, Raipur and Rajnandgaon

Audit findings

3.2.2 Planning

The department prepared working plan for construction of bridges only from the year 2015-16 onwards. Prior to this, the department did not prepare any plan for the bridges. The working plan includes quarterly physical and financial targets along with the achievements for the bridges under construction. During exit conference (December 2016), the Secretary, PWD accepted that working plan was prepared from 2015-16 onwards. However, reasons for not preparing the plan prior to 2015-16 were not stated. In this regard, the following are observed:

3.2.2.1 Failure to achieve specified milestones

The status of construction of bridges during 2011-12 to 2015-16 is given in **Table 3.2.1.**

Table 3.2.1 :Status of the bridges constructed by PWD

Sl. No.	Name of Division	Number of ongoing bridges as on 01.04.2011	Number of bridges taken up between 2011-12 and 2015-16	Total bridges	Number of bridges completed during 2011-16			Ongoing as on 31.03.16	Works not started as on 31.03.16
					Before preparation of working plan (2011-12 to 2014-15)	After preparation of working plan (in 2015-16)	Total		
1	Ambikapur	49	42	91	32	15	47	38	6
2	Bilaspur	59	49	108	53	7	60	36	12
3	Jagdalpur	30	34	64	26	7	33	26	5
4	Raigarh	30	13	43	20	3	23	16	4
5	Raipur	50	43	93	44	12	56	29	8
6	Rajnandgaon	46	50	96	43	14	57	28	11
	Total	**264**	**231**	**495**	**218**	**58**	**276**	**173**	**46**

(Source: Information provided by CE, Bridge Zone and Bridge divisions and compiled by audit)

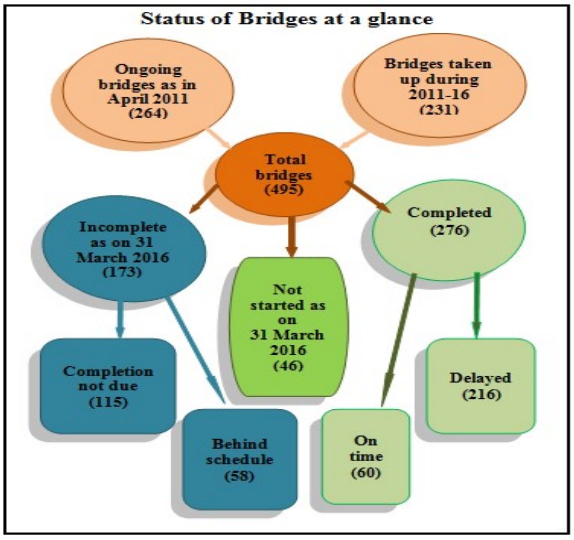
As per clause 1.13 of the agreement executed between the EEs and the contractors, three milestones are set for the construction of bridges such as (i) completion of 12.5 *per cent* of work in 25 *per cent* of time, (ii) 37.5 *per cent* of work in 50 *per cent* of time and (iii) 75 *per cent* of work in 75 *per cent* of time. Analysis of 126 bridge works revealed that the specified milestones were not achieved in 117 bridge works by the contractors. Details of bridge works in which the contractors failed to achieve the specified milestones are given in **Table 3.2.2** below:

Table 3.2.2 : Shortfall in achievement of milestones

Sl No.	Name of Division	Number of sampled bridge works	Number of bridge works where specified milestones were not achieved		
			First milestone	Second milestone	Third milestone
1	Ambikapur	22	16	12	20
2	Bilaspur	19	17	14	16
3	Jagdalpur	25	19	18	25
4	Raigarh	15	12	12	14
5	Raipur	22	14	14	22
6	Rajnandgaon	23	14	13	20
	Total	**126**	**92**	**83**	**117**

(Source: Information provided by department and compiled by audit)

The department could complete only 60 bridges out of 276 completed bridges within the stipulated time



Scrutiny in audit further revealed that during 2011-16, out of 276 completed bridges, only 60 bridge works were completed as per schedule and in the remaining 216 bridge works, there were delays of one month to eight years**.** Further, as on 31 March 2016, out of total 173 ongoing works, 58 bridge works were running behind schedule date of completion by one month to more than seven years and in remaining 115 works stipulated date of completion was not yet due (March 2016)**.** Besides, 46 works sanctioned between September 2012 and March 2016 could not be commenced as these were at land acquisition/estimate/tender stages. The delays in completion of works were mainly due to delayed approval of drawings and designs (36 works), award of work without land acquisition (33 works), delayed action against defaulting contractors (19 works) etc as discussed in the subsequent paragraphs.

In the exit conference (December 2016), the Secretary stated that though work programmes were prepared for completion of the projects, progresses were hindered due to the factors like changes in site conditions, changes in alignment, changes in drawing, changes in length of bridge, delayed finalisation of land acquisition cases, inefficiency of agencies to execute the works, naxlite problems, un-seasonal rains etc.

Secretary further stated that one of the major factors for the delay was land acquisition and future tenders for the work would not be invited unless and until 90 *per cent* of the land acquisition process is completed.

3.2.2.2 Time and cost overrun due to inadequate survey, delayed approval of drawing and design and award of work without acquisition of land

As per IRC specification (IRC-SP: 54), detailed survey and investigation of the final site is to be conducted prior to preparation of General Arrangement Drawing (GAD). As per clause-4.3 of the agreement, on approval of the tender on contractor’s design, the contractor shall submit drawing and design to the Chief Engineer (CE) for approval. Further, as per Para 2.104 of Chhattisgarh Works Department (CGWD) Manual, notification for land acquisition must be issued before the work is put to tender.

Works were awarded on the basis of inadequate survey and without acquisition of land resulting in cost overrun of ₹ 9.53 crore and work variation of ₹ 44.81 crore

Audit observed that the 126 test checked bridge works were awarded to the contractors based on the GAD which were prepared after preliminary survey instead of detailed survey. This resulted in major changes in 33 bridge works once detailed surveys were carried out by the contractors after award of the works. The changes included major deviations in design such as changes in formation level, foundation, approaches, protection work, toe wall, diversion road and structures. These changes were included by the contractors in the working GAD which were prepared on the basis of strata found in confirmatory boring for approval of the CE. However, the CE delayed the approval of the GADs for 36 bridge works taking liberty of the absence of manual or contract provisions for time bound approval of GAD. Besides, the process of land acquisition was initiated by the EEs after award of the 33 bridge works in violation of CGWD Manual.

As a result, in 87 out of 126 test checked bridges under six bridge divisions, the department granted extensions of time to the contractors who delayed execution of the bridge works on account of changes arising from inadequate survey, delayed approval of drawing and design of the bridges by the CE and delayed initiations of land acquisition process. Consequently, there was time overrun of one to 81 month and cost overrun of ₹ 9.53 crore besides variation in nature and quantities of work valuing ₹ 44.81 crore due to inadequate estimation as shown in **Appendix-3.2.1.**

In the exit conference, the Secretary agreed with the audit observation and stated that the department had already initiated planning for confirmatory boring in each and every location of the bridge before preparation of departmental GAD in order to avoid major deviation after award of work. Regarding delay in process of land acquisition, the Secretary also assured that tenders for future works would not be invited unless and until 90 *per cent* of the land acquisition process is completed.

3.2.2.3 Inaction/delayed action against defaulting contractors

As per clause 1.13 and 1.14 of the contract, in case of failure of the contractor to complete the work within stipulated period, the EE should levy on the contractor, compensation equal to 0.5 *per cent* for each week of delay, subject to a maximum six *per cent* of the value of work. The EE may terminate the contract, if the contractor causes a fundamental breach of the contract and recover compensation at the rate of 10 *per cent* of the balance value of work left incomplete.

Scrutiny of records of 126 test checked bridge works revealed that 19 contractors did not complete 19 works within the stipulated time. Show-cause notices were issued repeatedly by the EEs to the contractors to accelerate the progress of works. However, the works remained incomplete at the end of scheduled periods. Subsequently, agreements of three works were rescinded after 19 to 29 months of the scheduled completion dates while in 13 cases, compensation for the delays was not levied. However, in three bridge works lesser penalty was imposed and recovered.

Thus, delayed action against the defaulting contractors resulted in undue benefit of ₹ 7.22 crore and in admissible payment of ₹ 31.37 lakh as price adjustment for the period for which no extension of time was granted by the SE (**Appendix-3.2.2).** Further, failure to levy appropriate penalty in 19 delayed/rescinded bridge works also resulted in undue benefits of ₹ 7.53 crore to the contractors.

In the exit conference (December 2016), the Secretary while accepting the observation stated that in one case recovery was made by the department. In the remaining cases, efforts are being made for recovery from the bills of the contractors and through issue of Revenue Recovery Certificate[5] (RRC).

3.2.3 Execution of works

3.2.3.1 Wasteful expenditure of ₹ 11.79 crore on damaged bridges

Six bridges damaged within three to 10 years of their completion/ during construction

As per Para 104.1.3.4 of IRC:5, design life of all structural components of bridge shall be 100 years. However, Audit observed that six bridges failed prior to their design life of 100 years as discussed below:

(i) Three bridges[6] completed at a cost of ₹ 6.86 crore between 2005 and 2009 by Bridge division Ambikapur were completely damaged within three to 10 years of their completion between August 2012 and August 2015 due to execution of lesser thickness of concrete in apron, onslaught by flood etc. State Government sanctioned ₹ 9.62 crore for construction of new bridges in place of these three damaged bridges. Thus, the expenditure of ₹ 6.86 crore on these bridges proved wasteful. However, responsibility was not fixed by the Government against the contractors/officials for substandard execution of the works.

(ii) Similarly, bridge across Arpa river on Mangla-Turkadih-Koni road of Bilaspur Bridge division completed in January 2007 at a cost of ₹ 3.30 crore was partially damaged in May 2014 due to use of inferior quality of material in construction, failure to fix steel liner in piles etc. The bridge was repaired (September 2016) at a cost of ₹ 2.76 crore. However, only ₹ 50 lakh was recovered from the defaulting contractor and no efforts were made to recover the balance amount of ₹ 2.26 crore.

Photograph (May 2014) showing damage pillar of the bridge across Arpa river on Mangla-Turkadih-Koni road

(iii) Two bridges[7] were completely damaged (July 2011 and January 2014) during construction due to sub-standard execution of work and abandoned (June 2013 and January 2014) after incurring expenditure of ₹ 2.93 crore. Thus, the expenditure of ₹ 2.93 crore on these bridges proved wasteful. In respect of one bridge, the proposal for new work was sent (June 2013 and November 2015) to the State Government for ₹ 4.46 crore while the other bridge work was transferred for execution under Pradhan Mantry Gram Sadak Yojana (PMGSY). However, the department recovered ₹ 26.25 lakh from one contractor and no efforts were made to recover the balance amount of ₹ 2.67 crore from the defaulting contractors.

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5 RRC-issued by the Collector for recovery of an arrear of land-revenue, or a sum recoverable as an arrear of land-revenue from a defaulter

6 Choti Pangan river (Kundru-Trisul road), Rigged river (Balrampur Chando-Samri road) and Mahan river on (Ambikapur-Karsai road)

7 Geji river (Khargawan-Geji road) and Lawa river (Karradarri-Hardeepa road)

Thus, damage of bridges due to substandard execution of works resulted in loss of ₹ 11.79 crore[8] to the State.

During exit conference (December 2016), the Secretary stated that the contractors involved in the works were black listed and their registrations were cancelled. Recoveries from the contractors were under process and efforts will be made to issue RRC in case of failure to recover from the contractors. Fact remains that Government could not ensure the quality of the bridge works which resulted in loss of ₹ 11.79 crore to the Government.

3.2.3.2 Inadmissible payment of ₹ 71.09 lakh

As per clause 4.15 and 4.16 of the agreement executed between the EEs and the contractors, modification in the dimensions of structural members shall have to be carried out by the contractor within the lumpsum cost and the contractor may be permitted to modify the design without any variation in the lumpsum price.

For construction of High Level bridge across Mahanadi river on Birgudi-Bhumka-Belargaon road, the contractor opted for well foundation (friction well). Further, in the tender liability GAD, sand filled pier wells were designed but in the structural drawing, the pier wells were designed as hollow. However, the design was again changed to sand filled in the execution structural drawing. Besides, there was also difference between the dimensions of pier wells in both structural liability drawing and structural execution drawing.

Audit observed that an amount of ₹ 73.72 lakh was paid to the contractor as extra item for execution of sand filled pier wells and carrying out the changes in dimensions. As per clause 4.16 of the agreement, these structural modifications were to be executed by the contractor within the contract price and as such, the payment for extra item was inadmissible.

In the exit conference (December 2016), the Secretary stated that after confirmatory boring, the foundation level and Safe Bearing Capacity (SBC) was finalised by the SE which necessitated variation in dimension of the pier wells. As per clause 4.15, change in the basic data of the design (as mentioned in the Annexure-N) was changed. Accordingly extra[9] and rebate[10] was calculated. However, deductions of extra work of ₹ 2.63 lakh on account of sand filling in well foundation was recovered from the final bill.

Reply is not acceptable as extra payment for increase in dimensions of the structural member was not admissible.

3.2.3.3 Execution of works in violation of specifications

According to para 120.1 of IRC-5, width of approach road on either side of a bridge shall be equal to the width of the bridge. Audit noticed in seven bridge works that the widths of approaches were not kept equal to the width of the bridges. In six bridges, widths of approaches were 3.75 metre whereas widths of bridges were 7.5 metres. Likewise, in one bridge width of approaches were seven metres against 11 metres width of the bridge as detailed in

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8 ₹ 6.86 crore + ₹ 2.26 crore + ₹ 2.67 crore =₹ 11.79 crore

9 Extra: Amount to be paid extra in favour of contractor in addition to the lumpsum contract cost on account of increase in the scope of work

10 Rebate: Amount to be deducted in favour of department from the bill of lumpsum contract cost on account of reduction in the scope of work

Appendix-3.2.3. Thus, the constructions of approaches were not in conformity with the specifications.

In the exit conference (December 2016), the Secretary accepted the Audit observation and stated that specification will be adhered to in future. However, the Secretary did not provide any justification for not adhering this in these bridge works.

3.2.3.4 Excess payment to contractors

As per para 2.178 of the Chhattisgarh Works Department (CGWD) Manual, a completion certificate should be issued by the EE after completion of work. Further, as per para 10.5.19 of CPWA Code the account of a contractor should be closed as soon as the contract is completed.

Scrutiny of records in three bridge divisions[11] revealed that the contracts were not closed in seven cases even after three months to over three years of completion of the works (**Appendix-3.2.4**) on grounds of pending approval of revised AAs, unadjusted excess payments to the contractors etc. Of this, in Bridge division Raipur, rebate[12] of ₹ 96.03 lakh and ₹ 69.22 lakh were not calculated at the time of making on account payments (March 2011) to the two contractors for construction of bridge across Banjarinalla in km 13/6 to 14/2 of Limtara-Bhatapara road and construction of fly over bridge across Raipur-Balodabazar road on Jora-Saddu-Dhaneli by-pass road respectively. However, the department after adjustment of price escalation and royalty charges, prepared (July 2015 and November 2014) minus bills of ₹ 84.79 lakh and ₹ 75.21 lakh but recoveries could not be made from the contractors. This led to excess payment of ₹ 1.60 crore to the contractors.

In the exit conference (December 2016), the Secretary accepted the audit observation and stated that in both the agreements the final measurements were not accepted by the contractors and the cases are pending with the arbitration tribunal. The deduction will be effected after decision of the arbitration tribunal.

The facts remains that no action had been taken or contemplated against the Engineers responsible for making overpayment of ₹ 1.60 crore to the contractor.

3.2.3.5 Extra cost due to violation of codal provision

As per Para 2.075 of CGWD manual, tender must be invited for all works proposed to be given on contract, costing more than ₹ 50,000 and above**.** Note (c) of the para further stipulates that all the tenders of the work above ₹ 10 lakh shall be processed using e-procurement system.

Scrutiny of records of EE, PWD (Bridge) division, Bilaspur revealed that AA of ₹ 3.62 crore was accorded (September 2015) for repair work of High Level bridge across Arpa river at km 1/ 4-6 on Mangla-Koni road of Bilaspur division by the State Government. Technical Sanction was granted (October 2015) by CE, Bridge Zone, Raipur for ₹ 2.95 crore. The work was awarded (October 2015) at 18.90 *per cent* above SOR without inviting tender to a contractor who was working in another bridge division at Rajnandgaon as

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[11] Ambikapur, Raipur and Rajnandgaon

[12] Rebate: Amount to be deducted in favour of department from the bill of lumpsum contract cost on account of reduction in the scope of work

supplementary work. However, the contractor commenced (March 2015) work before AA, TS and work order was issued and completed it (March 2016) at a cost of ₹ 2.65 crore (₹ 2.23 crore + 18.90 *per cent*). Further, scrutiny revealed that the same contractor had been executing three bridge works in Bridge division Bilaspur at the rate of 5.42 *per cent* below, 5.04 *per cent* above and 9.25 *per cent* above the estimated costs. However, awarding the repair work at 18.90 *per cent* above the estimated cost instead of the maximum premium of 9.25 *per cent* at which the contractor had been doing the works in the said division resulted in extra cost of ₹ 42.14 lakh.

In the exit conference (December 2016) the Secretary stated that the work was of special nature which required specific infrastructure and blocking of traffic for repairing the bridge work. Further, the work was to be completed on priority basis as there was heavy traffic in the road. In view of this, under Para 2.120 of Works Department Manual the work was executed on oral consent of the contractor in anticipation of sanction and AA from the competent authority in view of the urgency of the work. The Secretary further stated that the work was executed on negotiation basis in view of emergent nature of work, so tender was not invited.

However, the department could not justify the emergent nature of the work as it took 13 months to get the work executed through the contractor. Hence, the award of work without tender at negotiated premium of 18.90 *per cent* above the estimated cost was not backed by evidence of emergency.

3.2.3.6 Excess payment on account of price adjustment of ₹ 60.39 lakh

Scrutiny revealed that excess payment of ₹ 60.39 lakh for price adjustment was made by the EEs to four contractors in four agreements under three divisions[13]. The reasons for excess payments were on account of discrepancies in calculation and consideration of erroneous value of work done by overwriting in Measurement Books, as detailed in **Appendix-3.2.5**.

In the exit conference (December 2016), the Secretary directed the E-in-C and CE to further verify the cases. Fact remains that ₹ 60.39 lakh remained to be recovered from the contractors.

3.2.3.7 Unauthorised expenditure of ₹ 64.39 lakh

As per para 2.005 of CGWD Manual, revised AA of the competent authority should be obtained when the expenditure exceeds or is likely to exceed the amount approved by more than 10 *per cent.*

Scrutiny of records (May 2016) of three bridge divisions[14] revealed that unauthorised expenditure of ₹ 64.39 lakh was incurred beyond 10 *per cent* of AA in one work. Further, contract amount of five bridge works exceeded by ₹ 15.40 crore (beyond admissible 10 *per cent* of original AAs) due to subsequent increases in contract amounts, but revised AAs have not been obtained even after lapse of 18 to 62 months of award of the works as detailed in **Appendix-3.2.6.**

In the exit conference (December 2016), the Secretary intimated that revised AA is under process.

[13] Bilaspur, Jagdalpur and Raipur

[14] Ambikapur, Bilaspur and Jagdalpur

3.2.4 Internal control and monitoring

3.2.4.1 Irregular grant of extension of time without imposition of penalty

Scrutiny of three agreements executed between the EEs and the contractors in two divisions[15] revealed that the extensions of time were granted to the contractors by the SE with imposition of penalty under clause 1.13 of the agreements as the delays were caused by the contractors. However, the decisions were changed by the SEs and extensions of time without imposition of penalty were accorded. As per clause 1.13 of the agreement, the SE was not competent to change the decision which resulted in undue benefit to the contractors and at the same time loss to Government.

Further, an amount of ₹ 33.65 lakh as compensation for delayed execution of works ranging from 13 to 30 weeks was to be recovered from three contractors. However, the EEs of two[16] bridge divisions recovered ₹ 11.31 lakh only resulting in undue benefit of ₹ 22.34 lakh to the contractors in three bridge works[17]. Besides, the contractors were also paid an amount of ₹ 2.78 lakh on account of inadmissible price adjustment for this period.

In the exit conference (December 2016), the Secretary accepted the audit observation and directed the department to review the cases pointed out by Audit. Fact indicates absence of an established mechanism in the department to track these cases independently.

3.2.4.2 Inspection and monitoring

(i) As per the CGWD Manual, SE is required to inspect every divisional office at least once in a year and sub division office once in four years. The SE is also required to supervise and inspect the work under his jurisdiction and to forward his report to CE.

Scrutiny of records of CE, Bridge Zone, Raipur and SE Bridge Circles Ambikapur and Raipur revealed that some inspection notes were kept in files but no abstract of inspection reports or consolidated data of inspection of sub-ordinate offices conducted by CE and SEs were maintained. This indicates that regular inspections were not conducted as required under provision of CGWD Manual.

(ii) As per directions (April 2012) of the State Government, the CE, SE and EE are responsible to inspect the works[18] at least once in every month and submit the inspection report to the State Government. However, scrutiny of records in the offices of the CE and EEs revealed no such work wise monthly inspection reports. This indicates that inspections, as per directions of State Government, were not being conducted.

In the exit conference (December 2016), the Secretary stated that inspections are being done by the CE/SE. Online instruction and directives were issued on

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15 Raigarh and Rajnandgaon

16 Raigarh and Rajnandgaon

17 Kinkarinalla bridge at km 2/6 on Tausir lendhra Road-₹ 6.54 lakh, Patharinalla bridge at Km 12/2 on Nandeli-Chaaple road -₹ 3.66 lakh and Banjar river bridge on Usarbahi-Pandaria Damoh road -₹ 1.11 lakh

18 CE: For the works costing more than ₹ 7.50 crore; SE: For the works costing ₹ 3.00 crore to ₹ 7.50 crore and EE: For the works costing ₹ 50.00 lakh to ₹ 3.00 crore

the basis of inspection. However, the reply is not backed by evidence of inspection in the absence of records in the offices of the CE, SEs or EEs.

3.2.5 Remedial action taken and recovery made at the instance of Audit

At the instance of Audit, the department/Government in 26 bridge works have accepted the audit observations and agreed to recover ₹ 7.86 crore and recovered ₹ 6.62 crore on account of rebate, penalty for delayed execution of works, wrong calculation of price adjustment etc. in 20 bridge works **(Appendix-3.2.7)**. Further, the department/Government also made changes or assured to make changes in the rules/procedure at the instance of Audit in the following cases:

Sl. No.	Observation made by Audit	Changes effected by department
1	As per agreement clause, index of "Steel (Bar and Rods)" and "Cement" component published by Ministry of Commerce and Industries is to be considered for calculation of price adjustment for steel and cement component respectively. But Indices of cement and steel (bar and rods) was not available at the website of the ministry of commerce and industries. As a result, no uniformity was found in considering indices in different divisions and payment of price adjustment were made arbitrarily.	Index of cement was replaced with grey cement and index of steel (bar and rods) was replaced with Rebars.
2	Award of work without detailed survey resulting in time and cost overrun.	Department accepted to award work after detailed survey and on percentage rate basis instead of on lumpsum contract.
3	Award of work without acquiring requisite land resulting time overrun and cost overrun.	Department accepted to invite tender only upon acquisition of 90 *per cent* of the land required for the work.

3.2.6 Conclusion

PWD prepared working plan for construction of bridges only from the year 2015-16 while prior to this period, the bridges were constructed on need basis. The department did not create a monitoring framework for ensuring time bound completion of bridge works and as a result, 216 bridge works taken up during 2011-16 were completed with delays between one month and eight years. Besides, there were delays in approval of drawing and design by the Chief Engineer and instances where the land acquisition was initiated by the Executive Engineers only after award of bridge works to the contractor. As a result, in 87 out of 126 test checked bridges, there was time overrun of one month to nearly seven years, cost overrun of ₹ 9.53 crore and variation in nature and quantities of work worth ₹ 44.81 crore.

Six bridges could not withstand the design life of 100 years and were damaged only within three to 10 years of their completion or during construction owing to substandard execution of works resulting in wasteful expenditure of ₹ 11.79 crore. Besides, there was inadmissible payment of ₹ 71.09 lakh for carrying out modifications in the structures of the bridge work although the same was to be done by the contractor within the contract price. Further,

₹ 1.60 crore was overpaid to the contractors in two bridge works as rebate on account of reduction in scope of work was not applied while making on account payments.

Internal control mechanism in the department was absent as the department was not aware of extensions of time granted to the contractors irregularly without imposition of penalty though the delays were attributable to the contractors. This resulted in undue benefit and inadmissible payment of price adjustment of ₹ 25.12 lakh to the contractors in three bridge works.

3.2.7 Recommendations

The department should conduct detailed survey and investigations of selected sites before preparation of estimates and award of work to contractors.

The department should establish a framework for ensuring time bound completion of the bridges by addressing all bottlenecks such as land acquisition, finalisation of drawing and design etc. The department may also explore the possibility of changing contracting methods from lumpsum to percentage basis as done in other public works to avoid post tender changes and delay in approval process.

The department should strengthen monitoring mechanism and establish a robust internal control system to identify the systemic and implementation impediments at an early stage to facilitate corrective actions on time.

Penal action should be initiated against the defaulting contractors and Engineers for collapse of the bridges before time and causing delays in completion of bridges.

LIVESTOCK DEVELOPMENT DEPARTMENT

3.3 Distribution of livestock by Livestock Development Department

3.3.1 Introduction

In Chhattisgarh State, cattle are the most important economic assets in the rural agrarian sector. Livestock Development Department (department), Government of Chhattisgarh (GoCG) facilitates animal health protection, animal cultivation, animal husbandry, improved reproduction of animals and development of animals. As per the cattle census 2012, the livestock population of the State was 1.50 crore with an increase of 4.32 *per cent* over the previous census 2007 (1.44 crore). The objectives of the livestock distribution by the department are preservation, conservation and increase in livestock, breed improvement of cattle and generating supplementary family income for financially weaker section through sale of livestock products such as milk, meat and eggs.

To achieve these objectives, the department has been implementing seven[1] schemes for distribution of livestock to the targeted beneficiaries by providing subsidies between 25 *per cent* and 100 *per cent*.

The department is headed by the Additional Chief Secretary (ACS) at the Government level while the overall administrative and technical controls are vested with the Director, Veterinary Services (DVS) who is assisted by Joint Directors, Veterinary Services (JDVS) and Deputy Directors, Veterinary Services (DDVS) at headquarters and field levels.

Audit was conducted during April to August 2016 covering five[2] out of seven schemes for the period 2011-16 in the offices of DVS, Raipur, JDVSs/DDVSs at seven[3] out of 27 districts in the State. The districts were selected on the basis of Simple Random Sampling without Replacement (SRSWOR) method. Audit visited 15 nationalised banks[4] involved in sanctioning the scheme loans and also conducted beneficiary survey along with the departmental officers.

An entry conference was held (July 2016) with the Officer on Special Duty (OSD), Livestock Development Department wherein the audit objectives, scope and methodology were discussed. An exit conference was held (November 2016) with the ACS of the department to discuss the audit findings. The replies furnished by the ACS have been suitably incorporated in the Report.

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1 (1) State Sponsored Dairy Entrepreneurship Development Scheme, (2) Backyard Poultry (3) Male Pig Distribution (4) Pig Trios Distribution (5) Bull Distribution (6) NABARD Sponsored Dairy/Goat/Poultry Scheme and (7) Distribution of Male Goat

2 (i) State Sponsored Dairy Entrepreneurship Development Scheme, (ii) NABARD Sponsored Dairy/Goat/Poultry Development, (iii) Trios Distribution, (iv) Male pig Distribution and (v) Bulls Distribution schemes

3 Bastar, Bilaspur, Durg, Koriya, Raigarh, Raipur and Surguja

4 Allahabad Bank, Andhra Bank, Bank of Baroda, Corporation Bank, Canara Bank, Central Bank, CG State Gramin Bank, Dena Bank, District Co-operative Bank, Indian Bank, Oriental Bank of Commerce, Punjab National Bank, State bank of India, Syndicate Bank and Vijaya Bank

Audit Findings

3.3.2 Financial Management

In the State, 10393 beneficiaries were covered under the five selected schemes during the period 2011-16. The State Government provided ₹ 51.87 crore and incurred expenditure of ₹ 37.59 crore under these five schemes during 2011-16. Details of allotment, expenditure and beneficiaries of these schemes in the State and in seven selected districts are as under:

Table 3.3.1: Budget allocation, expenditure and beneficiaries during 2011-16

(₹ in crore)

Name of the Schemes	State			In seven selected districts		
	Allotment	Expenditure	Beneficiaries (Nos.)	Allotment	Expenditure	Beneficiaries (Nos.)
State Sponsored Dairy Entrepreneurship Development Scheme	14.97	9.93	1248	5.00	3.22	339
NABARD[5] Sponsored Goat/Poultry/ Dairy Entrepreneurship Development	27.93	19.17	1513	10.96	7.85	732
Trios Distribution	4.33	4.04	3408	1.88	1.53	1369
Male pig (boar) distribution	1.18	1.14	2428	0.56	0.45	1020
Bull distribution	3.46	3.31	1796	1.66	1.42	707
Total	**51.87**	**37.59**	**10393**	**20.06**	**14.47**	**4159**

(Source: Information provided by the department)

Funds were not fully utilised by the department due to lack of coordination with banks

From the above table it can be seen that out of ₹ 51.87 crore, the department could utilise ₹ 37.59 crore while ₹ 14.28 crore (28 *per cent*) could not be spent during 2011-16. This was mainly due to failure to utilise the funds under the bank linked schemes of Dairy Entrepreneurship Development (₹ 5.04 crore) and NABARD Sponsored Dairy/Goat/Poultry Entrepreneurship Development (₹ 8.76 crore) on account of loans not sanctioned by the banks.

Government stated (November 2016) that the department sent 3,835 cases to the various banks for sanctioning of scheme loan and of this, 1,176 cases were pending at bank level. Due to this, target could not be achieved and expenditure could not be incurred on the schemes. Also, the department had requested (January 2016) the banks to dispose the pending cases at their level.

5 "NABARD Sponsored dairy/goat/poultry scheme" is a state scheme. State Government allots the amount on the scheme heads (7471) and provides subsidy to the beneficiary whose loan sanctioned by the bank

The reply is not acceptable as no efforts were seen on paper by the JDVS/DDVS to facilitate clearance of the pending cases in co-ordination with the banks. Further, the reply confirms that the department took up the matter with the bank only in January 2016 whereas targets were not being achieved since the year 2011.

3.3.3 Implementation of schemes

As per the Statistical Report 2014 of the Livestock Development Department, production of milk, eggs and meat in the State was 1231 MT, 14731 lakh and 37764 Kg respectively which was 0.84 *per cent*, 1.88 *per cent* and 0.56 *per cent* of the national production of milk, eggs and meat respectively. Availability of milk (per day), eggs (annually) and meat (annually) per person at national level was 295 gram, 57 numbers and 4.27 kg respectively while the availability in the State was 130 gram, 56 numbers and 1.41 kg. Audit observed that the department did not prepare any plan to increase the productivity to reach the national level and instead set the targets far below the national average. As a result, the targets and achievement of milk, eggs and meat during 2011-16 was almost achieved by the department while the production and availability of milk and meat per person in the State remained less than that of the national level. This is detailed in the table below:

Table 3.3.2: Status of Target and Achievement of Milk, Eggs and Meat

Year	Milk (MT)		Egg (Nos.)		Meat (Kg)	
	Target	Achievement	Target	Achievement	Target	Achievement
2011-12	960	1119	19109	29601	9980	12998
2012-13	1225	1164	32148	33965	13360	13711
2013-14	1230	1209	34945	36182	13930	14330
2014-15	1235	1231	38666	37764	15150	14732
2015-16	1296	1277	41270	41383	15900	15028

(Source: Information provided by the Department)

As per the guidelines of the schemes, an interested beneficiary is required to submit an application for a scheme to the concerned *Gram Panchayat* which will send the application to the Veterinary Assistant Surgeon (VAS) at block level. VAS obtains the approval of *Janpad Panchayat* and forwards the same to the DDVS of the district. Of the five schemes, two schemes viz. State Sponsored Dairy Entrepreneurship Development Scheme and NABARD Sponsored Dairy/Goat/Poultry Development Scheme are bank loan linked schemes against which JDVS/DDVS sanctions subsidy in the name of beneficiaries as per demand note of bank. However, in other three schemes (Male Pig Distribution, Pig Trios Distribution and Bull Distribution), there is no role of bank and DDVS selects the beneficiaries keeping in view the budget allotment and releases subsidy after obtaining the approval of the *Krishi Sthai Samiti* of *Jila Panchayat.*

The department provides subsidy of 25 *per cent* and 33.3 *per cent* of the cost of dairy/goat/poultry unit to the general and ST/SC beneficiary respectively in the

State /NABARD Sponsored dairy/goat/poultry scheme while 100 *per cent* and 90 *per cent* subsidy is given to the beneficiary under the Bulls and Trios/Male Pig Distribution Scheme respectively.

Audit observed that subsidies were released without verifying the beneficiary documents, livestock were not distributed to selected beneficiaries, excess disbursement of subsidies were made and targets were not met as discussed in the succeeding paragraphs.

3.3.3.1 State Sponsored Dairy Entrepreneurship Development Scheme and NABARD Sponsored Dairy/Goat/Poultry Entrepreneurship Development Scheme

The main objective of the scheme is to increase milk production and generate employment by encouraging establishment of modernised dairy/goat/poultry farm. Interested beneficiary shall prepare the project of dairy schemes with the help of departmental officers and submit it to the nationalised/regional *gramin* bank for loan. Bank scrutinises the project and if it is found acceptable, sanctions the loan. After releasing the first installment of loan to the beneficiary, bank sends the claim of subsidy to the JDVS/DDVS of the concerned district who releases the subsidy. After sanction of the loan, beneficiary purchases the animals from the market, the cost of which is decided by a three member committee comprising of bank manager, beneficiary and VAS. Thereafter, VAS issues health certificates of the livestock. In this regard, the following are observed:

Funds of ₹ 4.89 crore not utilised

The department allotted ₹ 15.96 crore to the seven test checked districts for these two schemes against which expenditure of ₹ 11.07 crore was incurred on 1071 beneficiaries and ₹ 4.89 crore remained unutilised during 2011-16. This amount was to be spent as subsidy to the beneficiaries to whom loans were to be sanctioned by the banks based on their projects but as the banks did not sanction loans, the amount of subsidy could not be spent.

Further, in the seven sampled districts, the JDVS/DDVS did not maintain records of numbers of applications received from the beneficiaries which were sent to the bank and actually passed by the bank. As a result, the JDVS/DDVS could not coordinate with the banks to facilitate clearances of the pending cases which prevented utilisation of the entire earmarked fund under the scheme.

Government stated interalia that fund could not be utilised due to less release of subsidy to the beneficiaries against the fixed target. Government further stated that the department had instructed the bank to dispose the pending cases at their level.

The reply is not convincing as the department cannot absolve its responsibility to facilitate clearance of the pending cases in coordination with the banks by ensuring timely intervention to realise the scheme objectives.

Release of subsidy without verifying documents

Before releasing subsidy to the bank, district offices are required to verify and keep the documents such as the application form of beneficiary, loan sanction letter of bank, releasing of loan amount to the beneficiary account, committee report of purchase of livestock, purchase bill and health certificate of livestock.

Subsidies were released without ensuring purchases by the beneficiaries

Audit noticed in seven test checked districts that JDVS/DDVS released subsidy of ₹ 8.30 crore for 794 beneficiaries during 2011-15 on the basis of demand notes of the banks. However, records in support of verification undertaken by the JDVS/DDVS to ascertain purchases made by the beneficiaries were not maintained. As such there was no evidence of purchase by the beneficiaries before releasing the payment of subsidy to the banks.

Further, Rule 11 of Chhattisgarh Financial Code provides that expenditure shall be incurred on the purpose for which fund is received. In absence of the requisite records with the DDOs, compliance of Rule 11 also could not be ensured in audit.

Government stated (November 2016) that department revised the guideline and issued (September 2016) instructions to all the JDVS/DDVS to keep all the above information in district offices.

Reply confirms that no clear guideline was issued by the department before implementing the scheme and payments of subsidy were made without ensuring purchases of livestock by the beneficiaries.

Excess release of subsidy of ₹ 27.83 lakh

Cross verification of records of 295 beneficiaries from 44 branches of 15 banks in seven test checked districts revealed that the banks sanctioned (2011-16) loans amounting to ₹ 2.80 crore to 62 beneficiaries for establishment of dairy/poultry units. Against this, only ₹ 2.22 crore were released by the banks. However, JDVS/DDVS released subsidy of ₹ 85.97 lakh to the banks based on the sanctioned loan amount of ₹ 2.80 crore and not as per the disbursed loan amount of ₹ 2.22 crore. Thus, excess subsidy of ₹ 27.83 lakh was released to the beneficiaries as detailed in **Appendix-3.3.1.**

Government stated (November 2016) that information on release of subsidy to the banks have been sought from them and if additional subsidy has been released to the bank, it would be adjusted.

As per the guidelines of NABARD Sponsored Dairy/Poultry/Goat Development Scheme, subsidy is to be paid at the rate of 15 *per cent* of the unit cost. During scrutiny of 13 cases of 2011-12 in JDVS Raipur, audit observed that subsidy was paid at the rate of 25 *per cent* instead of 15 *per cent* in nine cases resulting in excess payment of subsidy of ₹ 0.90 lakh to the bank.

Government stated (November 2016) that letter was issued to the Dena bank, Arang for returning excess payment of subsidy.

Cross verification of records of JDVS Raipur with Punjab National Bank (PNB), Abhanpur in respect of two cases of loans sanctioned under NABARD sponsored dairy units for the year 2013-14 revealed that subsidy of ₹ 2.50 lakh was released to the PNB, Abhanpur against the loan amount of ₹ 10 lakh. However, the beneficiaries purchased 16 animals (eight animals each beneficiary) worth ₹ seven lakh only for which subsidy of ₹ 1.75 lakh (25 *per cent* of seven lakh) was to be released. Thus, subsidy worth ₹ 0.75 lakh was released in excess over admissibility to the bank without verifying the purchase bills.

Government stated (November 2016) that letter was issued to the bank for returning excess subsidy.

Violation of *Chhattisgarh Krishik Pashu Parirakshan Niyam, 2014*

As per the *Chhattisgarh Krishik Pashu Parirakshan Niyam,(Niyam) 2014*, cows were to be purchased from the registered firms in 2015-16. Scrutiny of records of seven test checked districts revealed that the JDVS/DDVS released subsidy amount of ₹ 1.94 crore to 243 beneficiaries in 2015-16 for establishment of dairy units without ensuring purchase of cows by the beneficiaries from the registered firms. As the JDVS/DDVS did not keep any track of purchases made by the beneficiaries, there was no documentary evidence in the offices of the JDVS/DDVS to prove that cows were purchased from the registered firms. Thus, the department did not adhere to the provision of *Niyam,* 2014.

Government stated (November 2016) that the scheme was followed according to the guideline and the provision of *Niyam,* 2014 was not mentioned in the scheme guideline. However, revised guideline was issued in 2016-17 and was followed.

The reply was not acceptable as the *Niyam* was notified (January 2014) in the gazette of the State Government making it mandatory to be followed from the year 2015-16.

Results of beneficiary survey

During beneficiary survey and joint physical verifications of 14 Poultry units, 35 Dairy units and three Goat units by Audit team with VAS/Assistant Veterinary Field Officer (AVFO), it was found that five poultry units, eight dairy units and three goat units were closed by the beneficiaries due to financial losses. Further, it was seen that one poultry and one dairy unit did not exist at the place of beneficiaries in Raigarh district.

This resulted in wasteful subsidy amount of ₹ 26.99 lakh as detailed in **Appendix-3.3.2.** This also indicates that the department neither developed any framework to support the beneficiaries to run their dairy/poultry/goat units efficiently nor monitors the beneficiaries to prevent closure of their units by making timely interventions.

Government stated (November 2016) that some beneficiaries closed their dairy/poultry/goat unites due to increase in cost of fodder and loss of business etc. Government further stated (November 2016) that departmental instructions were issued to the VAS/AVFO for monitoring/verification/inspection of the dairy/poultry/goat units. The reply is not acceptable as monitoring/inspection reports of those dairy/poultry/goat units which were subsidised by the department from 2011-16 were not found in the file and the reasons of closing of dairy/poultry/goat units and efforts to address the causes were not found in the correspondence files of JDVS/DDVS.

3.3.3.2 Distribution of Pig Trios

The scheme aims to improve the breed of local pigs, increase meat production and improve economic condition of beneficiaries. Under this scheme, pig trios of improved breed (one male and two female pig trios and breed of Middle White Yorkshire) are to be given to the SC/ST beneficiaries. The department fixed the cost of one unit of pig trios (one male and two female) at ₹ 9000. Beneficiaries are to be subsidised ₹ 9000 or 90 *per cent* of the actual cost of one unit pig trios whichever is less. During scrutiny of records of the scheme, the following irregularities were noticed:

Denial of scheme benefit to the beneficiaries

Shortfall in achieving target of distribution of livestock

Scrutiny of records of seven test checked districts revealed that the department allotted ₹ 1.88 crore for providing pig trios to 2288 targeted beneficiaries during 2011-16. Against this, the JDVS/DDVS spent ₹ 1.53 crore in purchasing pig trios units which were given to 1369 beneficiaries. Thus, the department could not achieve the target and 919 beneficiaries were deprived of the benefit of the scheme even after lapse of two to four years of their selection as detailed in **Appendix-3.3.3.**

Government stated (November 2016) that Pigs were distributed from the Government Breeding Farms (GBFs) Bastar and Ambikapur and average production of the two GBF was 250 to 300 pigs per year and those were distributed. The production of pigs is less than the target and the department is trying to increase it. The reply is not acceptable as livestock could be provided to the beneficiaries by purchasing the animals from the market when GBF could not supply the livestock after fixing of target and selection of beneficiaries as in the case of other two bank linked schemes.

Receipts of beneficiaries not available

Beneficiaries are to be selected on the basis of recommendations of *Sarpanch* of *Gram Panchayat*. As an evidence of distribution of livestock, signed receipt should be collected from the beneficiary and got attested by the Veterinary Officer/Veterinary Assistant Surgeon and *Sarpanch* of *Gram Panchayat*.

Scrutiny revealed that 1369 pig trios were distributed in seven test checked districts during 2011-16. However, only 268 receipts were available and remaining 1101 receipts were not available in the offices of the JDVS/DDVS. In the absence of receipts, authenticity of distribution of pig trios to the targeted beneficiaries could not be ascertained in audit. This indicated that the department did not ensure transparency in actual distribution of animals.

Government stated (November 2016) that receipts were maintained in the district offices.

The reply was not acceptable because receipts were neither available during the course of audit nor provided by the department during the exit conference or enclosed with the reply of department.

3.3.3.3 Distribution of Male Pig (Boar)

The scheme is introduced to improve the breed of local pigs, increase meat production and improve economic condition of the beneficiaries. Under this scheme, one male pig of improved breed (Middle White Yorkshire) is to be given to the SC/ST beneficiaries who already have at least three female pigs. The department fixed cost of one male pig at ₹ 3500. The beneficiaries are to be given subsidy of ₹ 3500 or 90 *per cent* of the actual cost of pig whichever is less. Scrutiny of records of the scheme revealed the following irregularities:

Selection of ineligible beneficiaries

Test check (May 2016) of records of DDVS Raigarh revealed that 35 ineligible beneficiaries (not having female pig) were selected and provided male pigs worth ₹ 1.10 lakh during the period 2011-16. Thus, DDVS, Raigarh extended benefit to the ineligible beneficiaries worth ₹ 1.10 lakh in violation of scheme objective.

Government stated (November 2016) that the beneficiaries filled incomplete forms for which audit assumed that beneficiaries did not have female pigs. While selecting beneficiaries, the VAS always keep in mind the availability of female pigs.

Government reply is not based on facts as the beneficiaries have left the application columns meant for availability of female pigs blank. As such there was no evidence of availability of female pigs on record for the VAS to select them as beneficiaries under the scheme.

Beneficiaries deprived of the benefit of the scheme

In seven test checked districts, 1482 beneficiaries were targeted for distribution of Boar under the scheme. Against the fund provision of ₹ 56 lakh to meet the cost of Boar, the JDVS/DDVS incurred expenditure ₹ 45.43 lakh during 2011-16 for purchase of Boar units for 1020 beneficiaries against the selection of 1482 beneficiaries as detailed in **Appendix-3.3.4.** Thus, 462 beneficiaries (31 *per cent*) were deprived of the benefit of the scheme despite availability of funds and lapse of two to four years of their selection.

Government stated (November 2016) that the target could not be achieved due to lack of availability of upgraded animals and the department is trying to increase the production of animals at GBF.

The reply is not acceptable as the target was to be fixed as per the availability of upgraded animals at GBF and if not available at GBF, it could have been provided to the beneficiaries by purchasing from market after fixing of target and selection of beneficiaries.

3.3.3.4 Distribution of Bulls

The scheme objective is to improve the breed of local (*deshi)* cow through natural insemination. This scheme is implemented for ST/SC and general beneficiary. The scheme provides for distribution of one bull of improved species having two to four teeth to the each selected *gram panchayat* on 100 *per cent* subsidy. Transportation charges and book value of the bulls would be included in the unit cost of bulls purchased from government farms or minimum rate of the tender including transportation charges are to be included in the unit cost. In this regard, the following observations are made:

Distribution of unserviceable bulls

As per scheme guidelines of bull distribution, bulls having two to four permanent teeth are to be distributed to the beneficiary. Two to four permanent teeth comes at the age of 18 to 24 months.

Audit noticed in three[6] test checked DDVS offices that 52 bulls below the age of 18 months were supplied by the GBF to the beneficiaries. As under-aged bulls were supplied, the beneficiaries were forced to bear unwanted expenditure on maintaining these bulls till they reach the breeding age.

Government stated (November 2016) that those bulls which were having two to four permanent teeth were not available in the GBF. Therefore, 52 bulls were distributed below age of 18 months.

Reply confirms that serviceable bulls were not distributed to the beneficiaries in violation of the guideline.

Target not achieved

Scrutiny of records of seven test check districts revealed that the department allotted ₹ 1.66 crore for the distribution of bulls to 762 beneficiaries during the period 2011-16. The JDVSs/DDVSs of the districts incurred expenditure of ₹ 1.42 crore for extending the benefits of the scheme to 707 beneficiaries. Thus, JDVS/DDVS failed to utilise the allotted fund and achieve the target.

Government stated (November 2016) that production at GBF was less in comparison to the target fixed by the department. At present, department is trying to increasing the production at GBF to clear the pending case in coming years.

Fact remains that the department failed to make alternative arrangements to purchase the deficit animals from the market when GBF failed to supply it like in the cases of other two bank linked schemes.

Violation of Scheme guidelines

Scrutiny of records of bull distribution in seven test checked districts revealed that the department allotted ₹ 1.66 crore to the JDVS/DDVS for distribution of 762 bulls to the beneficiaries during 2011-16. Against this, the JDVS/DDVS selected 707 beneficiaries and distributed bulls to them.

Of this, 254 beneficiaries were approved but the rest 453 beneficiaries were not approved by the *Gram Panchayat/Janpad Panchayat/Krishi Sthai Samiti* of *Jila Panchayat*. It was noticed in audit that the concerned JDVS/DDVS selected these 453 beneficiaries at their own level and distributed bulls to them without adhering to the scheme guidelines. Further, as per the scheme guidelines, the department had to insure the bulls before distributing to the beneficiaries. However, the department did not insure 659 out of 707 bulls in violation of the scheme mandate.

Government stated (November 2016) that insurance companies did not take interest for insurance of the animals despite requesting them. As such insurance could not be done during 2011-13. But, insurance of bulls was being done from

[6] Durg, Koriya and Surguja

the year 2014-15. Reply confirms scheme violation till 2011-13 while no justification for not approving 453 beneficiaries was given.

3.3.3.5 Monitoring and Evaluation of schemes

Monitoring ensures implementation of schemes in a time bound manner according to the defined procedure with efficiency and effectiveness. Deficiencies noticed in monitoring and evaluations of the schemes by the department are discussed below:

Monitoring of the schemes

Periodical reports and returns on progress of scheme implementation are important tools in the hands of management to keep a check on the activities relating to proper implementation of schemes by subordinate units.

Audit noticed that there was no mechanism of periodical reports/returns in the department. The districts send reports of physical and financial achievements to the Directorate as and when asked. Further, on receipt of physical and financial targets of the schemes from the Directorate, the JDVS/DDVSs withdraw the amount of subsidy and deposits it in the bank accounts. After selection of beneficiaries of pig trios/male pig/bulls distribution schemes, JDVS/DDVS deposits the amount of subsidy into government account or issues cheque to the GBF. After launch of Direct Benefit Transfer (DBT) Scheme the subsidy is credited into the bank accounts of the selected beneficiaries from the year 2015-16.

Scrutiny of reports and returns revealed discrepancies in reporting distribution of livestock as actual distribution reported to the Directorate by JDVS/DDVS varied from the figures reported to Audit by the districts. This is detailed in the table below –

Table 3.3.3: Reporting of distribution of livestock

Scheme names	Reported distribution by JDVS/DDVS to the Directorate	Actual distribution (As reported to Audit by JDVS/DDVS)
	Achievement (in units)	Achievement (in units)
State Dairy	385	339
NABARD	586	728
Pig Trios	1574	1369
Male Pig	1102	1020
Bulls	650	707

Further, the department did not monitor the results of the post implementation of the schemes. As a result of such incorrect reporting and lack of post implementation monitoring, the department could not take appropriate action in case of shortfall in implementation of the schemes.

Government stated (November 2016) that data may differ as distribution of animals is a continuous process in the block/village level. Website of distribution of livestock is being prepared and would be monitored through the above application.

Reply is not acceptable as the data reported to Audit and Directorate by the JDVS/DDVS pertains to the same period which should not have been different which confirms that monitoring in the department is weak.

Evaluation of the schemes

The schemes of distribution of livestock to beneficiaries are implemented with the objective of providing low cost and nutritious animal protein for human consumption and employment opportunities for people. During scrutiny of test checked districts, audit observed that post implementation evaluation of the schemes was not carried out through beneficiary survey to evaluate the achievement of the scheme and improvement of the economic condition of the beneficiaries.

Audit along with the departmental officials conducted 52 joint physical verifications of dairy/poultry/goat units of beneficiaries and found irregularities which were discussed in paragraph 3.3.3.1. However, the extent of contribution of the schemes implemented to increase the production of Livestock could not be assessed for want of post implementation evaluation of impact on the beneficiaries.

Government stated (November 2016) that regular evaluation was being done at the village level by the VAS. Department instructed (September 2016) all the field offices to verify the establishment of earlier dairy/poultry/goat unit under the scheme of State Dairy/NABARD Dairy Entrepreneurship Development Scheme. After getting the physical report, it would be intimated to the audit.

Reply confirms that the department did not have a mechanism for evaluation of the established dairy/poultry/goat units after giving subsidy to study the upliftment of the economic status of the beneficiaries as envisaged in the scheme objective.

3.3.4 Conclusion

The department set the targeted production of milk, eggs and meat below the National average during 2011-16. As a result, the availability of milk (per day) and meat (annually) per person in the State in comparison to National level was less by 165 gram milk (per day) and 3.86 kg meat (annually). However, the department did not develop a suitable framework to increase the productivity to reach to the National level.

Under State/NABARD sponsored Dairy Entrepreneurship Development Scheme, the department could not utilise ₹ 14.28 crore (28 *per cent)* of the allotted funds during 2011-16 on account of failure to coordinate with the banks in facilitating sanction of loans to the beneficiaries to achieve the scheme objectives. Further, under these two schemes subsidy of ₹ 8.30 crore was released to 15 banks without verifying documents of purchases of livestock by the beneficiaries which included excess subsidy of ₹ 27.83 lakh released on the basis of loans sanctioned by the banks instead of actual loans disbursed by the banks.

Under the schemes of Pig Trios, Male Pig and Bulls, livestock were not distributed to 1,436 selected beneficiaries despite availability of funds. Consequently the beneficiaries of these three schemes were deprived of the scheme benefits. However, for those beneficiaries who got the livestock under these schemes, the department did not assess the improvement in their economic conditions for evaluating the scheme benefits.

3.3.5 Recommendations

The department should develop a framework to increase the productivity of livestock at its breeding farms to reach at least to the national level to facilitate supply of livestock to the targeted beneficiaries under the schemes being implemented by the Government.

Government should make efforts to coordinate with banks in facilitating sanction of loans to the beneficiaries of State/NABARD sponsored Dairy Entrepreneurship Development Schemes to utilise the earmarked funds optimally and to achieve the scheme objectives.

The department should ensure payment of subsidy to the banks only upon verification of purchases of livestock by the beneficiaries and that subsidy should be given on loans disbursed by banks and not loans sanctioned by banks.

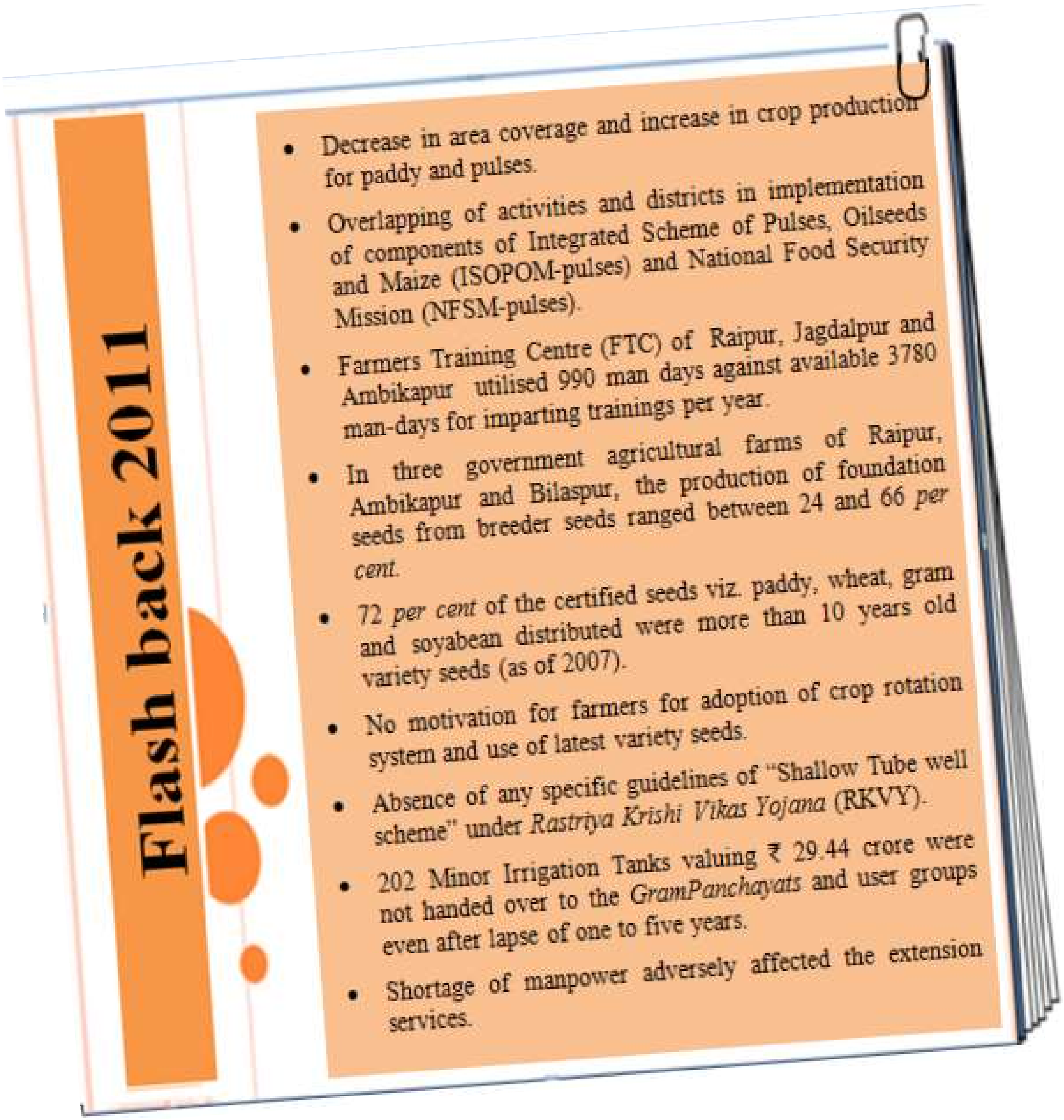
The department should ensure post implementation evaluation of the schemes to assess the extent of fulfillment of schemes objectives and their impact.

AGRICULTURE DEPARTMENT

3.4 Follow-up Audit of the Performance Audit of Agriculture wing of Agriculture Department

3.4.1 Introduction

The performance audit of Agriculture wing of Agriculture Department covering the period 2007-11 was included in the Report of the Comptroller and Auditor General of India (Civil and Commercial) for the year ended 31 March 2011, Government of Chhattisgarh (GoCG). The Report was laid in the State Legislative Assembly in April 2012. The audit conclusions/recommendations were accepted (November 2011) by the State Government for implementation. The highlights of the audit findings are as below :


Flash back 2011

- Decrease in area coverage and increase in crop production for paddy and pulses.
- Overlapping of activities and districts in implementation of components of Integrated Scheme of Pulses, Oilseeds and Maize (ISOPOM-pulses) and National Food Security Mission (NFSM-pulses).
- Farmers Training Centre (FTC) of Raipur, Jagdalpur and Ambikapur utilised 990 man days against available 3780 man-days for imparting trainings per year.
- In three government agricultural farms of Raipur, Ambikapur and Bilaspur, the production of foundation seeds from breeder seeds ranged between 24 and 66 *per cent*.
- 72 *per cent* of the certified seeds viz. paddy, wheat, gram and soyabean distributed were more than 10 years old variety seeds (as of 2007).
- No motivation for farmers for adoption of crop rotation system and use of latest variety seeds.
- Absence of any specific guidelines of "Shallow Tube well scheme" under *Rastriya Krishi Vikas Yojana* (RKVY).
- 202 Minor Irrigation Tanks valuing ₹ 29.44 crore were not handed over to the *GramPanchayats* and user groups even after lapse of one to five years.
- Shortage of manpower adversely affected the extension services.

The objective of the Follow up Audit was to assess the extent of implementation of audit recommendations accepted by the State Government and whether the deficiencies as pointed out in the Report have been adequately addressed with remedial measures.

The Follow-up Audit for the period from 2011-12 to 2015-16 was conducted between April and July 2016 covering five out of the six districts covered in the performance audit on the basis of Simple Random Sampling Without Replacement (SRSWOR) method. Audit examined the records in office of the Director, Agriculture, Deputy Director, Agriculture (five[1] DDAs), Assistant Soil Conservation Officer (five[2] ASCOs). Besides, Audit also collected information from Government Agriculture Farms, Farmer Training Centres and Soil Testing Laboratories. An entry conference was held on 30 July 2016 with the Director, Agriculture Department to discuss the audit objective, criteria, scope and methodology of the follow up audit. An Exit Conference was held on 4 November 2016 with the Additional Chief Secretary (ACS) to discuss the audit findings. The replies of the ACS have been suitably incorporated in the report at appropriate places.

Audit Findings

3.4.2 Fixation of targets and achievement

Audit observed (2011) that during the period 2007-11, against the target of area coverage and crop production, there was decrease in area coverage by 0.03 *per cent* for paddy and three *per cent* for pulses. However, increase in production was noticed by 15 *per cent* for paddy and 24 *per cent* for pulses while reference to target area to be achieved by the end of XIth Plan (2011-12).

Based on the audit findings, Audit had recommended that in addition to targets to be achieved over the plan period, annual targets of production should also be fixed under various schemes for different crops to allow specificity of targets and better monitoring to achieve the desired production in a particular period.

Follow up Audit revealed that the department runs various schemes such as National Food Security Mission (NFSM) to increase the production of pulses and rice, Integrated Scheme of Oil Seeds, Pulses and Maize (ISOPOM) to augment the production and productivity of oil seeds, pulses and maize, *Rastriya Krishi Vikas Yojana* for increasing the production and productivity of various components of agriculture and allied sectors, Micro Management of Agriculture (MMA) scheme for expenditure on focused areas for the development of agriculture, Minor irrigation schemes to provide irrigation facilities to the farmers by constructing Minor Irrigation Tanks and Farm Mechanisation scheme for financial assistance for agriculture implements to the farmers. However, the department did not fix separate targets for these

[1] Bilaspur, Mungeli, Janjgir-Champa, Jagdalpur and Kondagaon
[2] Bilaspur, Pendra Road, Sakti, Jagdalpur and Kondagaon

schemes and the old practice of fixing of targets for each crop both area wise and production for each district continued during 2011-16.

Further, in the five test checked districts, it was noticed that crop[3] wise annual targets of area coverage and crop production both were fixed during the period 2011-16 for *Kharif* and *Rabi* season in all the districts except in Bilaspur where only annual target of area coverage was fixed. However, the department failed to achieve the targets fully. The shortfall in area coverage ranged from 0.18 to 47 *per cent* in Janjgir-Champa district, six to 15 *per cent* in Mungeli, three to 10 *per cent* in Bilaspur, 0.03 to 38 *per cent* in Jagdalpur and one to 16 *per cent* in Kondagaon. The shortfall in production ranged from 11 to 22 *per cent* in Janjgir-Champa, two to four *per cent* in Mungeli, three to 43 *per cent* in Jagdalpur and 14 to 50 *per cent* in Kondagaon.

Government replied (November 2016) that it is not possible to fix targets under each scheme since the effort of scheme cannot be seen within a year. Government further stated that crop wise and district wise target of area coverage and crop production was set during the period 2011-16. However, Audit observed that for *Kharif* season, crop wise target of area coverage was achieved but there was shortfall in crop production. Further, for *Rabi* season, both area coverage and crop production could not be achieved.

Thus, neither the recommendation for setting scheme wise targets was implemented nor the crop wise and district wise target of area coverage and crop production could be fully achieved by the department.

3.4.3 Allotment and expenditure of funds under schemes

Audit observed (2011) that during the period 2007-11, shortfall in utilisation of the released funds ranged between two and 19 *per cent.* It was also observed that various agricultural implements were distributed both under Macro Management of Agriculture (MMA) and *Rashtriya Krishi Vikas Yojana* (RKVY) schemes which resulted in overlapping of activities. Similarly, there was overlapping of districts in implementation of components of Integrated Scheme of Pulses, Oilseeds and Maize (ISOPOM-pulses) and National Food Security Mission (NFSM-pulses).

Based on the audit findings, Audit had recommended that scheme funds should be utilised for the purpose as envisaged in the guidelines.

During scrutiny of records of five test checked districts, Audit did not notice cases of overlapping of activities and diversion of funds under various schemes. However, there was short utilisation of fund worth ₹ 31.23 crore under various schemes and the short fall ranged between 14.42 and 64.79 *per cent* during the period 2011-16 (**Appendix-3.4.1***)*. At State level, the short fall in utilisation of fund ranged between 7.11 and 23.82 *per cent* during the period 2011-16 as detailed in **Appendix-3.4.2.**

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[3] Crops includes paddy, pulses and oil seeds.

On this being pointed out, Government provided (November 2016) the revised figure of expenditure incurred under various schemes of selected districts for the period 2011-16.

Even then the shortfall remained at ₹ 26.75 crore **(Appendix-3.4.3)** for which no justification was given. Thus, the recommendation was partially implemented.

3.4.4 Functioning of Farmers Training Centre and Soil Testing Laboratory

Audit observed (2011) that during the period 2007-11, against the available 3780[4] man days for imparting trainings, only 990 man days were utilised by the three Farmers Training Centre (FTC) viz. Raipur, Jagdalpur and Ambikapur per year. Further, four Soil Testing Laboratories (STL) had conducted tests covering upto 79 *per cent* of the samples received (162329 samples received and 128624 samples analysed).

Based on the findings, Audit had recommended that functioning of FTC and soil testing laboratory should be reviewed and these units may be revitalised to ensure optimum utilisation of staff.

Follow-up audit of the functioning of the FTC in Jagdalpur district revealed that against the target of 360 man days, only 90 man days (25 *per cent)* of training programme were conducted during the year 2011-12. However, there was no shortfall against the target of training during the period 2012-16 in that FTC.

Government stated (November 2016) that on an average 89 *per cent* man days were utilised in imparting training during the period of 2011-16 in four[5] FTCs. Hence the recommendation is being implemented.

Further, the functioning and utilisation of soil testing laboratories and the samples of soil tested in soil testing laboratories during the period 2011-16 was as follows:

Table-3.4.1: Statement showing the position of soil testing done during 2011-16.

District	No. of Sample		Percentage of sample tested
	Received	Tested	
Bilaspur	103220	70041	68
Janjgir-Champa	90197	55132	61
Mungeli (sample tested from Bilaspur)	10500	3693	35
Jagdalpur	77872	48838	63
Kondagaon (sample tested from Jagdalpur)	11727	7117	61
Total	**293516**	**184821**	**63**

(Source: Information provided by the department and compiled by audit)

4 3,780 = 270 X 14
5 Ambikapur, Jagdalpur, Raipur/Durg and Pakhanjur

From the above table, it could be seen that the overall percentage of samples checked was only 63 *per cent* against 79 *per cent* during 2007-11. Thus, even though number of samples received has doubled during the past five years, the percentage of samples testing has come down.

The Government replied (November 2016) that five soil testing laboratories were operational till 2010-11 and now capacities of soil testing laboratories have been increased by establishing 33 soil testing laboratories and 111 mini laboratories. Government further replied that 1,62,196 samples of soil were tested (55.26 *per cent*) against the collection of 2,93,496 samples in all seven laboratories established in the State during 2015-16.

Reply indicates that despite increase in soil testing capacities, the percentage of samples tested has gone down to 55.26 *per cent* (2015-16) as compared to 79 *per cent* during 2007-11. Thus, the government has made efforts to increase the capacities of the soil testing laboratories and improve the utilisation of man days for FTC. Though the recommendation was implemented, testing of samples has come down which needs to be increased.

3.4.5 Functioning of Government Agricultural Farms

Audit observed (2011) that during the period 2007-11, in three government agricultural farms viz. Raipur, Ambikapur and Bilaspur, the production of foundation seeds from breeder seeds ranged between 24 and 66 *per cent.*

Based on the audit findings, Audit had recommended that functioning of government agricultural farms should be reviewed to ensure achievement of target of seed production.

In the Follow-up audit in five test-checked districts, it was noticed that the government agricultural farms were functional in Bilaspur and Janjgir-Champa and in both the districts, crop wise annual target was fixed for production of foundation seed. The achievement of production of foundation seed ranged between 20 and 56 *per cent* in Bilaspur and between 89 and 94 *per cent* in Janjgir-Champa.

Government stated (November 2016) that production of foundation seeds from breeder seeds were taken up in government agriculture farms and target of production of foundation seeds was not set but production of foundation seed was done to maintain the seed chain. It was also stated that due to lack of adequate irrigation facilities and land having nature of quick drainage of rain water, target of production of foundation seeds could not be achieved fully at government agriculture farm in Bilaspur for which remedial measures would be taken. Thus, the recommendation was partially implemented.

3.4.6 Distribution of latest variety of seeds

Audit observed (2011) that during the period 2007-11, 72 *per cent* of the certified seeds viz. paddy, wheat, gram and soya bean distributed were more than 10 years old variety seeds (as of 2007).

Based on the audit findings, Audit had recommended that demonstration of more than 10 years old variety seeds and seeking relaxation from Government of India (GoI) for distribution of old variety seeds should be avoided and distribution of latest variety seeds should be promoted.

Follow-up audit revealed that more than 10 years old variety seeds were used in demonstration as well as for distribution in four out of five test checked districts (except Bilaspur) during 2011-16 as follows:

Table-3.4.2: Statement showing use of more than 10 years old variety seeds in demonstration and distribution during 2011-16

Sl. No.	District	Quantity of more than 10 years old variety (paddy/wheat) seeds in demonstration (in quintal)	Quantity of seeds distributed to farmers (in quintal)
1	Mungeli	3298.20	3298.20
2	Janjgir-Champa	7640.00	7640.00
3	Jagdalpur	16976.11	136424.46
4	Kondagaon	8347.37	8347.37

(Source: Information provided by the department and compiled by audit)

Government stated (November 2016) that variety of paddy seeds less than 10 years old viz. Indira Barani Dhan-1, Indira Maheshwari, Swarna Sub-1 and IR-64 have less productivity in local climate and land. Besides, these varieties of paddy seeds are not much popular with farmers in comparison to old variety paddy seeds viz. Swarna, MTU-1010, Mahamaya etc. Government further stated that there was limited scope of promotion of less than 10 years old variety seeds since farming is an activity in which farmer's choice is important. However, efforts were being made for distribution of available latest variety of seeds.

The reply indicates that the department has not been able to promote distribution of latest variety seeds to implement the recommendation made by the audit except in Bilaspur. Further, no documents were provided to the audit in support of efforts made for distribution of available latest variety of seeds. Thus, the recommendation was partially implemented.

3.4.7 Promotion of crop rotation system and early variety of paddy seeds

Audit observed (2011) that during the period 2007-11, the department failed to motivate farmers for adoption of crop rotation system and use of latest variety seeds through field demonstration with latest and high yielding variety seeds.

Based on the audit findings, Audit had recommended that the department should promote other good practices such as crop rotation system and use of early variety seeds of paddy to increase production of crops other than paddy.

Follow-up audit in five test-checked districts revealed that in Jagdalpur district, early variety seeds of paddy were used in 5,398 to 9,264 hectare during 2011-16 and after taking the early variety paddy crop, *Ramtil* and *Toriya* crops were cultivated in 2,644 to 3,427 hectare and in 2,272 to 6,396 hectare respectively. Further, it was also noticed that the production of *Ramtil* and *Toriya* crop increased from 2,392 to 5,785 MT during 2011-16. However, in other four test-checked districts, crop rotation system and use of early variety paddy seeds were not adopted.

Government stated (November 2016) that the crop intensity has been increased from 107 to 138 *per cent* and crop rotation was being in practice in Bastar region due to soil and climate aspect whereas in plain region paddy was being grown preferably by farmers.

Fact remains that department implemented the crop rotation system in the Bastar region only but failed to motivate the famers to adopt the crop rotation system and use of early variety paddy seeds in the plain region.

Thus, the recommendation was implemented only in one out of five test checked districts.

3.4.8 Preparation of scheme guidelines and its dissemination

Audit observed (2011) that during the period 2007-11, due to absence of any specific guidelines of "Shallow Tube well scheme" under *Rastriya Krishi Vikas Yojana* (RKVY), the tube wells were drilled near the ponds, canals and 100 metres to 1000 metres from the banks of the rivers with depths ranging between 60 and 110 feet. There was lack of uniformity in implementation of the scheme in various districts.

Based on the audit findings, Audit had recommended that guidelines for implementation of all the schemes should be prepared and issued to ensure uniformity in implementation of schemes.

Follow-up audit revealed that the guidelines for implementation of "Shallow Tube well scheme" was prepared (March 2012) and circulated (March 2012) to all the districts for implementation. Further, it was also noticed that guidelines of all the schemes operating in the State were prepared and circulated to all the districts. Thus, the recommendation was fully implemented.

3.4.9 Handing over of Minor Irrigation Tanks (MITs) to the user groups

Audit observed (2011) that during the period 2007-11, 343 of the 356 Minor Irrigation Tanks (MITs) sanctioned were reported to have been completed by Assistant Soil Conservation Officer. Out of these, 202 MITs valuing ₹ 29.44 crore were not handed over to the *Gram Panchayats* and user groups even after lapse of one to five years.

Based on the audit findings, Audit had recommended that MITs created by the department should be handed over to concerned user groups/*gram panchayats* to ensure their maintenance and utilisation.

Follow-up audit in five test-checked districts revealed that 73 MITs[6] were constructed and handed over to the user groups/*gram panchayat* during 2011-16. It was also observed that the 202 MITs which were not handed over during the period 2007-11 have been handed over to the user groups/*gram panchayats.* Thus, the recommendation was fully implemented.

[6] Bilaspur-28, Janjgir Champa- 14, Mungeli-4, Jagdalpur-16, Kondagaon-11.

3.4.10 Testing and distribution of fertilisers and pesticides

Audit observed (2011) that during the period 2007-11, out of 3,588 samples of fertilisers tested in laboratory, 212 samples (six *per cent*) were found to be sub-standard. Similarly, out of 625 samples of pesticides tested, 38 samples (six *per cent*) were found sub-standard. However, the whole quantity of fertilisers and pesticides were distributed before receipt of the laboratory report. Thus, due to supply and distribution of fertilisers before the outcome of testing, the basic purpose of collection and analysis of samples for providing quality inputs to the farmers could not be fulfilled.

Based on the audit findings, Audit had recommended that distribution of fertilisers and pesticides should be done only after receipt of the outcome of the test report to prevent supply of sub-standard seeds.

The position of testing and distribution of fertilisers and pesticides in five test-checked districts during 2011-16 is as under:

Table-3.4.3: Statement showing the position of testing and distribution of fertilisers and pesticides during 2011-16

Sl No.	District	Period	No. of samples		Total quantity distributed after receipt of the test report		Total quantity distributed before receipt of the test report	
			Fertilisers	Pesticides	Fertilisers in MT	Pesticides in Litre/kg	Fertilisers in MT	Pesticides in Litre/kg
1	Bilaspur	2011-16	32	85	789.90	NA	5.2	NA
2	Janjgir- Champa	2011-16	455	245	0	0	6804	5372 litre
3	Mungeli	2012-16	214	40	0	0	7342.55	21290 litre and 13759 kg
4	Jagdalpur	2012-16	80	29	524.20	0	8542.50	3044 litre
5	Kondagaon	2012-16	63	37	0	0	1807.30	16819.35 litre and 518 kg

(Source: Information provided by the department and compiled by audit)

Although, State Government accepted the recommendations of supplying fertilisers and pesticides only after receipt of test report, Follow-up audit revealed that in three[7] out of five test checked districts, the fertilisers were distributed before the test reports were received whereas the pesticides were distributed before receipt of test report in all the five test checked districts.

State Government stated (November 2016) that primarily inspection was done at manufacturing sites by the government inspecting authority wherein only material found standard were permitted for packing. Consequently, fertilisers and pesticides were delivered to main distribution centres from the manufacturing sites and again testing was done and if found standard then dispatched to selling centres. Thus, it is ensured that only standard quality of fertilisers and pesticides are sent to selling centres. Government further stated that there is no provision in act for holding up selling and distribution of fertilisers and pesticides till the receipt of the test report. It was also stated that distribution/selling of lot found sub standard are prohibited. Hence, due to

[7] Janjgir-Champa, Mungeli and Kondagaon

absence of such provision in the act, the implementation of recommendation made by audit is not feasible.

The reply is not tenable as the act, though permits distribution of fertilisers and pesticides, pending test reports, did not prevent the Government to get the test reports before the supply of fertilisers and pesticides to ensure its quality which was noticed fully in Bilaspur and partially at Jagdalpur. Hence, the recommendation was partially implemented.

3.4.11 Shortage of field staff

Audit observed (2011) that as of March 2011 only 64 *per cent* posts were filled which adversely affected the extension services viz. distribution of implements, collection of samples of soil, analysis of results of demonstrations, training and monitoring etc.

Based on the audit findings, Audit had recommended that the department should take necessary steps to reduce the shortage of field staff through recruitment to provide better extension services in the fields.

Follow-up audit revealed that 5,832 personnel were deployed against the sanctioned posts of 7,746 while 1,914 (*25 per cent*) posts remained vacant as on March 2016 in the State. Thus, the vacancy situation improved from 36 to 25 *per cent* over the five years period.

Further, during scrutiny of records of five test checked districts, the following staff strength and persons in position was noticed on March 2016:

Table-3.4.4: Statement showing the position of field staff strength in sampled districts

(Figures in numbers)

District	Sanctioned posts	Person in position	Vacant post
Bilaspur	270	252	18 (7)
Mungeli	143	113	30 (21)
Janjgir-Champa	332	265	67 (20)
Jagdalpur	158	137	21 (13)
Kondagaon	106	83	23 (22)
Total	**1009**	**850**	**159 (16)**

(Source: Information provided by the department and compiled by audit)
Figures in parenthesis shows the percentage of vacant post

It could be seen from the table that government had taken action on the audit recommendation and the percentage of vacancy has come down from 36 *per cent* as at 2011 to 25 *per cent* in State level and 16 *per cent* in five test checked districts as at March 2016 indicating that recommendation of audit was implemented.

3.4.12 Conclusion and Recommendation

The State Government fully implemented four out of the 10 audit recommendations which includes functioning of FTC and soil testing laboratory, preparation of scheme guidelines and their dissemination, handing over of completed MITs to the user groups/*gram panchayat* and reducing the shortage of field staff.

Five recommendations were partially implemented relating to allocation and utilisation of scheme funds, functioning of government agricultural farms, distribution of latest variety of seeds, promotion of crop rotation system and early variety of paddy seeds and testing and distribution of fertilisers and pesticides.

One recommendation on fixation of scheme wise targets has not been implemented.

The assurance given to implement all the recommendations should be ensured.

3.5 Audit Paragraphs

Audit observed significant deficiencies in critical areas, which impact the effectiveness of the State Government. Some important findings arising out of compliance audit (seven paragraphs) are featured in the Report. The major observations relate to absence of compliance with rules and regulations, audit against propriety, cases of expenditure without adequate justification and failure of oversight/administrative control. These are mentioned below:

Tourism Department

3.5.1 Unfruitful/Unproductive expenditure and excess payment

A building executed at a cost of ₹ 18.90 crore remained incomplete for more than eight years and there was also recoverable payment of escalation of ₹ 61.97 lakh and unproductive expenditure of ₹ 3.72 crore on idle staff

Ministry of Tourism, Government of India accorded (December 2006) administrative and financial approval for ₹ 13.09 crore for construction of Institute of Hotel Management, Catering Technology and Applied Nutrition (IHM) at Raipur to impart courses and training in the field of Hotel Management. Technical Sanction (TS) for the work was granted (July 2008) by Chief Engineer, Public Works Department, Government of Chhattisgarh for ₹ 13.83 crore.

Scrutiny (February 2016 and further information collected in January 2017) of the records of the Director, Tourism Department revealed that the construction work was awarded (May 2008) to a contractor for ₹ 16.78 crore for completion of the work by April 2009 extended up to December 2013. The contractor executed work worth ₹ 15.08 crore up to September 2013 and after receiving the payment stopped (September 2013) further work. The Principal, IHM issued (March 2014) notice for termination of the contract and ordered forfeiture of security deposit and completion of the balance work at the risk and cost of the defaulting contractor.

However, action as per contract was not taken and the contractor was allowed to execute the work without recording any justification. The contractor executed work worth ₹ 16.53 crore up to January 2017 and received payment for it. Besides, additional works of boundary wall, approach roads, internal roads etc. worth ₹ 2.37 crore was also executed. In addition, another estimate of ₹ 2.94 crore for construction of training building and electrification work prepared (January 2015) by Rural Engineering Services, Raipur was not approved by the Tourism Department as of January 2017. Thus, the building could not be completed (January 2017) in all respect despite incurring expenditure of ₹ 18.90 crore.

Meanwhile, the department appointed (April 2009 to June 2011) one Principal, three faculty members and 13 allied staff to operate the Institute and paid salary and wages worth ₹ 3.72 crore between April 2009 and January 2017. Besides, the Principal also made an excess payment of ₹ 61.97 lakh to the contractor on account of price escalation between May 2013 and October 2013 by inflating the value of work done by ₹ 1.44 crore (**Appendix-3.5.1**). This was done by not deducting the value of secured advance worth ₹ 1.44 crore while calculating the value of work done to work out the price escalation value in violation of contract clause 11(c).

Audit subsequently noticed that to operationalise the institute, affiliation was to be obtained from National Council of Hotel Management and Catering Technology (NCHMCT) Noida. However, NCHMCT did not grant (September 2013) affiliation to the Institute on the ground that the construction of the building and installation of equipment were not proper while the qualifications of the faculty members recruited the Principal IHM were not as per NCHMCT standards. However, these deficiencies were not rectified (January 2017) and consequently the Institute could not be put of function and lying idle (January 2017).

Institute of Hotel Management, Raipur not functional as on January 2017

Thus, the Institute could not be put to operation in more than eight years due to failure of the Tourism Department to complete the building and obtain the necessary affiliation while the expenditure of ₹ 18.90 crore on the incomplete building proved unfruitful which included excess payment of ₹ 61.97 lakh and unproductive expenditure of ₹ 3.72 crore on idle staff.

The Secretary, Tourism Department stated (December 2016) that the affiliation was not granted by NCHMCT as the qualifications of faculty engaged by the IHM were not as per their standard and there was lack of lab equipment. He further stated that the matter of irregular appointment of faculty and other staff has been referred to Law Department for examination and action is being taken at Government level against them. As regards, excess escalation payment, the Principal, IHM assured (April 2016) to recover/adjust the excess paid amount.

The fact remains that despite incurring expenditure of ₹ 22.62 crore, the Institute of Hotel Management could not be made functional in more than eight years of commencement of the work by the department while the excess payment of escalation worth ₹ 61.97 lakh to the contractor was not recovered (January 2017).

Home (Police) Department

3.5.2 Idle Investment

Delay in finalisation of modalities to make the Police Public School operational resulted in idle investment of ₹ 6.24 crore besides not fulfilling the intended objective of imparting education to the children of the police fraternity

Home (Police) Department, Government of Chhattisgarh (GoCG), accorded (July 2006) administrative approval (AA) of ₹ 3.14 crore for construction of a Police Public School (PPS) at Raipur. The objective of the school was to provide better educational facilities to the children of the officers/officials of the Police department, especially of those posted in the *Naxal* affected areas of the State.

Scrutiny (December 2015) of records of Director General of Police (DGP), Chhattisgarh and further information collected (May-December 2016) revealed that the school building was completed (December 2013) at an expenditure of ₹ 6.24 crore and handed over to the department in January 2014. The excess expenditure was regularised through a revised (September 2013) AA. However, the PPS could not be made operational as of December 2016 as necessary modalities such as appointment of teachers, approval of their set up, budget provision to run the school etc. was not finalised.

Scrutiny further revealed that the department tried (January 2014) to run the PPS through DAV College Trust and Management Society, New Delhi but could not succeed in the absence of funding arrangements. Subsequently, the department invited (June 2015) Expression of Interest for establishing the PPS under Public Private Partnership (PPP) mode. However, this also could not succeed as the arrangement did not comply with the requirements of the PPP policy 2013 enforced in the State such as pre-feasibility analysis, value for money analysis of the project, approval of the project from the PPP Assessment Committee (PPPAC) of the State Government. As a result, the department initiated (January 2016) the process of establishing the PPS under PPP mode denovo which had not been finalised as of January 2017.

Police Public School, Raipur not functional as on January 2017

Thus, failure of the department to operationalise the PPS resulted in the building constructed at a cost of ₹ 6.24 crore remaining idle for more than three years besides frustrating the intended objective.

The Principal Secretary, Home (Police) Department interalia stated (December 2016) that after being pointed out in audit, the committee for finalisation of proposal, guidelines and NIT to run the school under PPP mode was reconstituted, revised RFP has been issued and tendering process and award of work would be finalised by January 2017 while the school is proposed to start from April 2017.

However, further information collected from DGP Chhattisgarh revealed that tendering process and award of work had not been finalised (10 February 2017).

Panchayat and Rural Development Department

3.5.3 Loss to Government

Failure to adhere to contract norms resulted in ₹ 5.62 crore remaining unrecovered from the defaulting contractors

As per clause 33.1 (Section 2) of the contract for the construction and maintenance of rural roads under the Pradhan Mantri Gram SadakYojna (PMGSY), the successful bidder shall, within 15 days after receipt of letter of acceptance, deliver to the Chhattisgarh Rural Road Development Agency (CGRRDA), Performance Security of five *per cent* of the contract price, for a period of five years after the completion of work plus additional security for unbalanced bids[1].

The tenders for construction, upgradation and maintenance of rural roads under PMGSY in Janjgir district in seven packages[2] were accepted (September 2008 to April 2010) by the Chief Engineer (CE), CGRRDA. Accordingly, the works were awarded (October 2008, May 2007 and December 2010) to the contractors by the Executive Engineer (EE), Project Implementation Unit (PIU) No. 1, CGRRDA, Janjgir by executing seven agreements[3]. In the tender acceptance letters, the CE, CGRRDA directed the contractors to deposit ₹ 2.31 crore as security along with additional performance security deposit of five *per cent* of contract price before executing the agreements for the works as detailed in the **Appendix-3.5.2**.

Scrutiny (February 2015) of records of EE, PIU No. 1, CGRRDA, Janjgir and further information collected (August-November 2016) revealed that all the seven agreements were terminated between July 2008 and May 2013 under clause 52.2 of the General Conditions of the Contract as the contractors failed to execute the works as stipulated in the contracts. Subsequently, under contract provisions, ₹ 7.94 crore was worked out for recovery from the defaulting contractors by the EE. Of this, an amount of ₹ 2.27 crore was adjusted (December 2010, November 2011 and May 2013) through the securities available with the division while for the balance dues of ₹ 5.62 crore, the EE reported (July 2016) that Revenue Recovery Certificates (RRC) have been issued by the District Collector, Janjgir-Champa.

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1 A bid is unbalanced if the bid amount is less than the estimated cost of the work by more than 10 *per cent*

2 *CG-06-46, CG-06-48, CG-06-50, CG-06-46, CG-06-29, CG-06-34 and CG-06-39*

3 *1/PMGSY 03.10.08, 3/PMGSY 03.10.08, 2/PMGSY 03.10.08, 5/PMGSY 04.12.10, 5/PMGSY 16.05.07, 9/PMGSY 13.10.08 and 1/PMGSY 09.05.08*

However, scrutiny (August 2016) of the copies of RRCs provided by the EE, revealed that these were only letters issued (June 2013 and October 2015) by the District Collector, Janjgir-Champa to the District Collectors of Bilaspur, Surguja and Koltaka (West Bengal) to issue RRCs. On further enquiry (August-September 2016) from Collector, Bilaspur and Collector, Surguja, it was observed that the RRCs for recovery of ₹ 3.17 crore[4] was issued (September 2016) after being enquired in Audit and RRCs for ₹ 1.83 crore[5] was not issued (November 2016) by the Collector, Surguja. As regards, RRCs for ₹ 62.48 lakh pertaining to Collector, Kolkata the information was not available with the EE, PIU, Janjgir-Champa.

Audit further observed that the EE lost an opportunity to adjust ₹ 1.62 crore out of the unrecovered amount of ₹ 5.62 crore from the defaulting contractors due to failure to invoke the contract clauses, as detailed below:

Against the required additional performance security deposit of ₹ 96.65 lakh in six out of seven agreements, the contractors deposited ₹ 1.86 lakh only in two packages (CG-06-29, CG-06-39) while in four packages the same was not deposited by the contractors before executing the agreements. As a result, the EE could not recover ₹ 94.79 lakh from the defaulting contractors.

In package CG06/39/2008, the EE failed to encash the Bank Guarantee of ₹ 35 lakh before its validity period (17 June 2010) after termination (7 June 2010) of the contract resulting in loss to the Government.

An amount of ₹ 32.18 lakh was paid in excess of work done in two packages (CG-06-46-2010 and CG-06-29-2008) by the EE but could not be recovered as it was detected only after termination of the contracts indicating inflated recording of measurements over actual execution of the works.

Thus, ₹ 1.62 crore of the recoverable amount of ₹ 5.62 crore could have been adjusted from the defaulting contractors had the contract clauses been adhered.

The Chief Executive Officer, CGRRDA stated (December 2016) that all possible efforts are being made to recover the balance amount and after recovery, the same would be intimated to audit. Fact remains that recovery from the defaulting contractors had not been made (January 2017).

The matter was reported to the Government in October 2016 and reminded on 10 February 2017. However, reply has not been received (13 February 2017).

Public Works Department

3.5.4 Irregular and excess payment

Inflated recording of work done in the measurement book over actual execution of work at site in violation of the codal provisions resulted in excess payment of ₹ 1.67 crore over work done while an amount of ₹ 2.57 crore for excess payment/penalty was due for recovery from the defaulting contractor

Clause-8 of contract executed between the Executive Engineer (EE) and the Contractor stipulates that the bill submitted by the contractor for payment must

[4] ₹ 1.90 crore (Package No. 06-34 & 06-39) + ₹ 1.27 crore (Package No. 06-46)

[5] ₹ 81.44 lakh (Package No. 06-50) + ₹ 49.17 lakh (Package No. 06-48) + ₹ 52.38 lakh (Package No. 06-46)

be supported by records of detail measurement of quantities of all executed items of work along with true copies of record. Based on the records, measurement bill should be prepared and contractor should sign the measurement and the bill.

Further clause-2 of the contract stipulates that in the event of the contractor failing to observe the time allowed for carrying out the work as entered in the tender form, the EE should levy on the contractor, as compensation an amount equal to 0.5 *per cent* of the value of work for each week of delay subject to a maximum of six *per cent* of the value of the work. Besides, clause-3 of the contract empowers the EE to terminate the contract if the contractor causes a fundamental breach[6] of the contract. After termination of the contract, the EE shall in addition to the provisions contained in clause-2, forfeit the earnest money and or security deposit and further recover/ deduct/adjust compensation at 10 *per cent* of the balance of work left incomplete.

Construction of Jashpur-Sanna road (22 km) estimated at ₹ 17.42 crore was awarded (November 2012) to a contractor for ₹ 15.07 crore by the EE, Public Works Department (PWD), Building and Roads (B&R) division, Jashpur for completion by May 2014. However, the EE rescinded (May 2015) the contract due to fundamental breach of contract clause-3 such as unauthorised stoppage of work, delay in completion of work etc. The work done by the contractor was measured (June 2015) and was found worth ₹ 4.40 crore. Meanwhile, the contractor was already paid ₹ 6.07 crore up to March 2013, an excess of ₹ 1.67 crore over work done. However, the Collector, Jashpur informed (July 2014) the Principal Secretary, PWD that ₹ 4.29 crore paid to the contractor in March 2013 was not supported by detailed measurements of items of work and of this, ₹ 2.04 crore stands recoverable. On the instructions of the Secretary PWD, the EE lodged (May 2015) First Information Report (FIR) against the then EE, Divisional Accounts Officer, Senior Accounts Clerk and the contractor. Following this, the EE issued (July 2015) a recovery notice of ₹ 2.85 crore to the contractor. Against this, ₹1.51 crore was adjusted by forfeiting Performance Guarantee/Additional Performance Guarantee of ₹ 1.18 crore, Security Deposit (SD) of ₹ 26.33 lakh and Earnest Money Deposit (EMD) of ₹ 6.59 lakh.

Scrutiny (July 2015) of records of EE B&R division, Jashpur and further information collected in May 2016 revealed that as per the terms and conditions of the contract clauses, ₹ 3.75 crore[7] was to be recovered from the contractor excluding the SD and EMD. Hence, the balance amount of ₹ 2.57 crore (₹ 3.75 crore - ₹ 1.18 crore) excluding interest as per applicable bank rates was still to be recovered (January 2017).

Thus, inflated recording of work done in the measurement book over actual execution of work at site in violation of the codal provisions resulted in excess payment of ₹ 1.67 crore over work done while recovery of ₹ 2.57 crore including penalty could not be made as of January 2017.

[6] Fundamental breach such as the contractor stops the work for four weeks, when no stoppage of work is shown on the current programme or the stoppage has not been authorised by the EE

[7] Extra payment over work done- ₹ 1.67 crore +10 per cent balance work as per contract clause 3- ₹ 1.07 crore + six per cent penalty as per contract clause 2- ₹ 90.44 lakh + Royalty- ₹ 10.16 lakh + Bad work- ₹ 1.53 lakh = ₹ 3.75 crore

The Secretary, PWD stated (October 2016) that departmental inquiry has been constituted (June 2016) against the erring officials by the State Government. The fact remains that recovery from the contractor and further action against the erring officials is awaited (January 2017).

Water Resources Department

3.5.5 Unfruitful expenditure

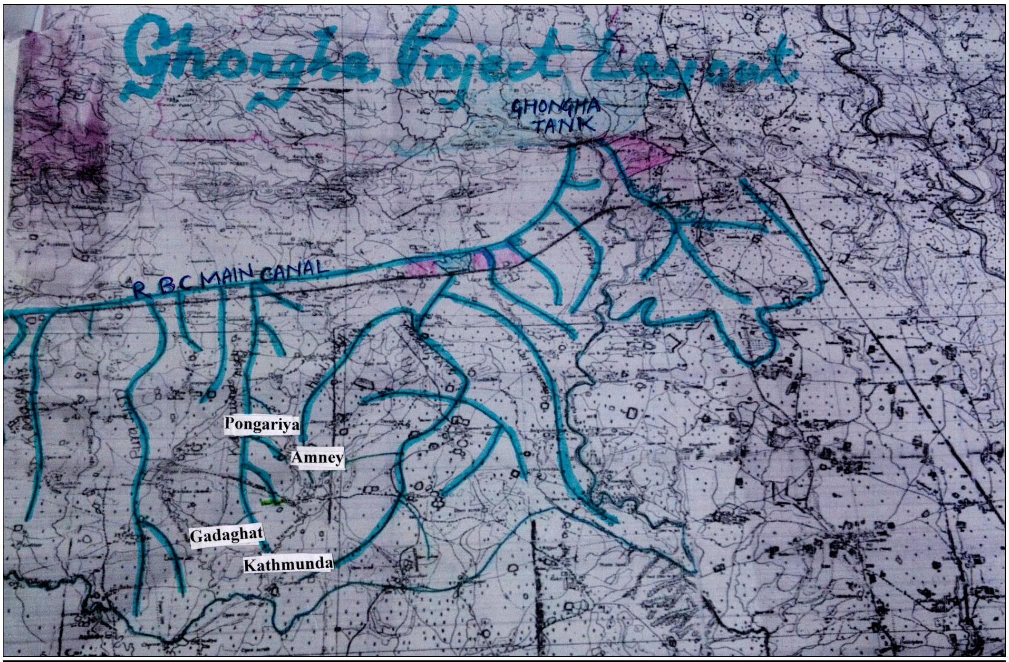
Failure to identify overlapping command area with existing Ghongha project while sanctioning the *Kathmunda* diversion scheme resulted in unfruitful expenditure of ₹ 1.71 crore on idle weir

As per procedure for surveys and investigation of irrigation works stipulated in para 2.026 of Works Department Manual, project report for obtaining administrative approval from Government should be prepared after detailed investigation.

Water Resources Department (WRD) accorded (August 2012) administrative approval (AA) of ₹ 3.57 crore for construction of *Kathmunda* diversion scheme in Bilaspur district. The scheme envisaged creation of 192 hectare (ha) irrigation potential for the farmers of four villages (Pongariya, Amney, Kathmunda and Gadaghat) through construction of a diversion weir (headwork) across *Karuwa Nalla* and a canal of 5.2 km length for supply of water.

Audit observed (between September 2015 and September 2016) that these four villages were already located in the command area of the Right Bank Canal of Ghongha project as mentioned in the Detailed Project Report and the project layout. However, WRD without ensuring the necessity of the construction of *Kathmunda* diversion scheme to serve the same villages accorded AA on the pretext of demand of surrounding villagers.

Project layout of Ghongha project (RBC canal system)



Command area of Right Bank Canal system of Ghongha project showing the same four villages planned to irrigate under Kathmunda diversion scheme

The Executive Engineer (EE), WRD, Kota without investigating the fact that sanction of *Kathmunda* diversion scheme would lead to overlapping command area with RBC of Ghongha Project falling under the same division granted (January 2013) technical Sanction (TS) for the work for ₹ 1.80 crore for diversion weir (headwork) and ₹ 74.34 lakh for the canal system. Further, the Additional Collector of Bilaspur instead of reporting the fact to Government issued a certificate (July 2012) that there would be no difficulty in acquisition of land from the villagers for the canal system. The work was thus awarded (March 2013) to a contractor for ₹ 2.17 crore for completion in six months.

Audit further observed in the office of the EE, WRD, Kota that the contractor completed (February 2014) the headwork and received (March 2014) payment of ₹ 1.71 crore. However, the contractor could not construct the canal as the department failed to acquire the land for canal system due to opposition of the villagers who were reportedly provided with irrigation facility from the Ghongha project. The canal system remained unexecuted as of January 2017 rendering the headwork unusable. Thus, the expenditure of ₹ 1.71 crore incurred on the headwork without the canal system became unfruitful.

The EE, WRD, Kota stated (September 2015) that the agreement was closed due to change in procedure for land acquisition Act "the right to fair compensation and transparency in land acquisition, rehabilitation and resettlement Act, 2013." Based on the new Act, proposal for acquisition of land was submitted in October 2013.

The reply was not acceptable as the *Kathmunda* diversion scheme was sanctioned either without proper survey and investigation of its proposed command area or suppression of facts which led to unfruitful expenditure of ₹ 1.71 crore on idle headwork for which neither any action was taken nor contemplated.

The matter was reported to State Government in March 2016 and May 2016. Further, reminders were also issued in October 2016 and January 2017. However, no reply was furnished (13 February 2017).

Commerce and Industries Department

3.5.6 Loss to Government

Failure to recover subsidy on interest from five industries after they became defunct resulted in loss of ₹ 1.14 crore to the State Government

In order to reduce the production cost of the small and medium-major industries of the state, create maximum employment opportunities in the private sector, ensure balanced regional development and increase the participation of Scheduled Caste/Scheduled Tribe and weaker sections in the process of industrial development, the Government of Chhattisgarh, Commerce and Industries department notified (August 2005) Chhattisgarh State Interest Subsidy Rule (CSISR) 2004 under Industrial Policy 2004-09. Similarly, CSISR 2009 was also notified (October 2010) by the State Government under Industrial Policy 2009-14.

Clause 8.1 of CSISR 2004 and 2009, stipulates that after the disbursement of the subsidy, if it is found that any fact has not been disclosed or misrepresented or incorrect information has been provided for obtaining subsidy by the industrial unit/bank/financial institution, the amount of subsidy along with interest will be recoverable from the industrial unit/bank or both. Simple interest at the rate of two *per cent* above the Prime Lending Rate (PLR) of the Reserve Bank of India in force on the date of issue of recovery order shall be chargeable. The recoverable amount can be recovered in the form of Arrears of Land Revenue.

Further, as per clause 9 of the CSISR 2004 and 2009, the industries can make an appeal to the Deputy Director, Industries against any order issued by the Chief General Manager (CGM), District Trade and Industry Centre (DTIC).

Scrutiny (March 2016) of records of CGM, DTIC, Raigarh and further information collected between July 2016 and November 2016 revealed that during the period 2008 to 2012, interest subsidy amounting to ₹ 69.67 lakh was paid to three[8] industries under the CSISR 2004 and ₹ 19.14 lakh was paid to one[9] industry under CSISR 2009.

However, these industries were found defunct during inspection (January 2014) by Collector, Raigarh. Further, it was found that these industries had furnished materially incorrect/wrong information in their affidavit submitted to the DTIC. Taking cognisance of the wrong information furnished by the industries, recovery of ₹ 94.46 lakh including interest up to January 2014 under clause 8.1 of CSISR 2004 and 2009 were issued by the CGM, DTIC to these industries. However, the total outstanding value became ₹ 1.19 crore as of January 2017. Of this, ₹ five lakh only was paid by one industry while balance amount of ₹ 1.14 crore along with interest up to January 2017 as detailed in **Appendix-3.5.3** was still to be recovered (January 2017) from the industries. Efforts to recover the amount in the form of Arrears of Land Revenue were also not done. Failure to recover the subsidy from these defunct industries resulted in a loss to the State Government.

Government stated (January 2017) that recovery was not made from three industries to which subsidy was paid under CSISR 2004 because the clause 10.2 of CSISR 2009, which stipulates that the industries remain operational up to five years after grant of subsidy was not applicable on these industries. As regards one industry to which subsidy was paid under CSISR 2009, it was stated that action is being taken to recover the amount.

The reply is not acceptable because the recovery notice issued by the CGM, DTIC were due to violation of Clause 8.1, which stipulates recovery of the interest subsidy from the industries in the case of furnishing of wrong information by them. Further, appeal made by these industries against the recovery notice issued as required under Clause-9 of CSISRs was also not found.

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8 (i) M/s Bhagbati Agro Food Processing, Raigarh :₹ 25.69 lakh, (ii) M/s Bhagbati Paddy Para Boiling, Raigarh : ₹ 25.91 lakh and (iii) M/s Bhagbati Agro Industries, Raigarh : ₹ 18.07 lakh

9 (i) M/s Jindal Sariya Limited, Unit-2, Raigarh :₹ 19.14 lakh

Horticulture Department

3.5.7 Excess reimbursement of assistance

Failure to adhere to the operational guidelines of Mission for Integrated Development of Horticulture resulted in excess reimbursement of assistance worth ₹ 1.46 crore to 5,646 scheme beneficiaries for purchase of power sprayers

Under Mission for Integrated Development of Horticulture (MIDH) a Centrally Sponsored Scheme for the holistic growth of the horticulture sector covering fruits, vegetables, root and tuber crops, mushrooms, spices, flowers, aromatic plants, coconut, cashew, cocoa and bamboo, assistance for procurement of power operated machines and tools besides import of new machines was to be provided. As per para 7.43 read with Annexure V of operation guidelines of MIDH, the pattern of assistance prescribed for the purchase of Power Knapsack sprayer/Power operated Taiwan sprayer (Capacity 12 to 16 litres) with a cost norms of ₹ 7,600 per unit was ₹ 3,000 per unit for general category farmers and of a maximum of ₹ 3,800 per unit for Scheduled Caste (SC), Scheduled Tribe (ST) and marginal farmers, women farmers and beneficiaries in North East states. The State Government also issued (May 2012) orders to reimburse the assistance directly into the bank account of the beneficiary. As per further directions (September 2014) issued by the State Government, the farmers could purchase the materials from the firms registered by Chhattisgarh *Rajya Beej Evam Krishi Vikas Nigam* Ltd or from open market in accordance with the specified standards. The subsidy is to be transferred to the bank account of the beneficiary or with his consent to the supplier on presentation of the bill of the material purchased before the competent authority and after physical verification by the official of the horticulture department.

Scrutiny of records (June and August 2015) of Deputy Director Horticulture (DDH), Ambikapur and Assistant Director Horticulture (ADH), Surajpur and Balodabazar and further information collected between May 2016 and September 2016 revealed that during 2014-15 and 2015-16, an amount of ₹ 3.39 crore was paid to different suppliers towards the full cost of power sprayers purchased by 5,646 (Ambikapur: 1,667, Surajpur : 2,000 and Balodabazar : 1,979) farmers at the rate of ₹ 6,000 each against the admissible assistance of ₹ 3,000 for 2,783 General/OBC farmers and ₹ 3,800 for 2,863 SC/ST/female farmers under the orders of Mission Director (MD), State Horticulture Mission (SHM), Chhattisgarh. Thus, payment of assistance against full cost of the sprayers exceeding the prescribed monetary limits resulted in excess reimbursement of ₹ 1.46 crore **(Appendix-3.5.4).**

Secretary, Agriculture Department accepted (September 2016), the audit observation and stated that subsidy of ₹ 6,000 was paid inadvertently for purchase of powered sprayer of 16 litres capacity due to misinterpretation of guidelines and would be revised in future.

The fact remains that the assistance for full cost of the power sprayer was made in violation of MIDH operational guidelines for which no accountability was fixed against the MD, SHM who ordered such payments.

Raipur
The 14 March 2017

(BIJAY KUMAR MOHANTY)
Accountant General (Audit), Chhattisgarh

Countersigned

New Delhi
The 15 March 2017

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India