

## OVERVIEW

This Report includes two chapters on the finances and accounts of the Government of Chhattisgarh and 5 Chapters comprising 5 reviews and 45 paragraphs arising out of the financial transactions of Government. A summary of main audit findings is presented in this overview.

### 1. Finances of the State Government

The revenue receipts during the year (Rs.4376 crore) were less than the revenue expenditure (Rs.4945 crore) resulting in a revenue deficit of Rs.569 crore. The revenue receipts comprised of tax revenue (Rs.1993 crore), non-tax revenue (Rs.722 crore), State's share of Union taxes and duties (Rs.1176 crore) and grants-in-aid from the Central Government (Rs.485 crore). The main sources of tax revenue were Sales tax (47 *per cent*), State excise (16 *per cent*), Stamps and registration fees (6 *per cent*) and taxes on goods and passengers (10 *per cent*). Non-tax revenue came mainly from mining and metallurgical industries (63 *per cent*) and Forestry and Wild life (14 *per cent*).

The capital receipts comprised of Rs.4 crore from recoveries of loans and advances and Rs.995 crore from public debt. Against this, the expenditure was Rs.476 crore on capital outlay, Rs.50 crore were on disbursement of loans and advances and Rs.184 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.5620 crore, against which the disbursements of Rs.5223 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase in the cash balance by Rs.91 crore at the end of the year.

The funds were mainly applied for revenue expenditure and its share was 88 *per cent*, higher than the share of the revenue receipts (78 *per cent*) in the total receipts of the State Government. This led to Revenue deficit of Rs.569 crore during the period. The percentage of capital expenditure declined from 10 *per cent* to 8.5 *per cent* not commensurate with the combined shares of 22 *per cent* of Public debt and Receipts from Public Account in total receipts.

Rupees 1598 crore were blocked in 59 incomplete projects and substantial funds (Rs.146 crore) were transferred to Deposit Account, after booking them as expenditure.

During the period, the Government raised Rs.2149 crore (through Public debt) and its total liabilities as of 31 March 2002 stood at Rs.7463 crore. However, the repayments obligations of Rs.2764 crore left very little of the fresh borrowings for investment and other expenditure.

#### *Indicators of the financial performance of the State Government*

The State Government had a positive Balance from Current Revenue (BCR) during the period and could contribute Rs.105 crore from current revenues to finance its Plan expenditure. A realistic picture of the financial position of the new State will emerge only after completion of process of apportionment of

pre-November 2000 assets and liabilities of the composite State of Madhya Pradesh and of other financial adjustments. While the State had a revenue deficit of Rs.569 crore during the year, the Government has to keep a wary eye on the high interest payments (Rs.731 crore representing 15 *per cent* of the total revenue expenditure of Rs.4945 crore) and repayment liabilities, leaving very little of the borrowings available for investment and to take steps to augment the share of capital expenditure and that of Economic Services in its total expenditure.

(Paragraph 1)

## **2. Appropriation audit and control over expenditure**

As against the revised grants/appropriation of Rs.8026.61 crore, the actual expenditure was Rs.5735.50 crore resulting in saving of Rs.2291.11 crore.

Supplementary provision of Rs.214.99 crore obtained in 41 cases proved unnecessary. In 16 cases, the expenditure exceeded the provision by Rs.115.90 crore.

In 59 cases, there was a saving of Rs.one crore or more in each case and also more than 10 *per cent* of the provision. This included 2 cases where entire provision totalling Rs.10.26 crore remained unutilised. In 15 cases, the entire budget provision of Rs. one crore and more in each case aggregating to Rs.102.16 crore under various Central schemes remained unutilised.

In 13 schemes, expenditure in each case was in excess by Rs.5 crore or more and also by more than 100 *per cent* of the provision aggregating to Rs.138.09 crore. In 26 schemes, there were substantial savings of Rs.5 crore or more and also more than 80 *per cent* of the provision in each case totalling Rs.1928.11 crore. In 15 out of 26 schemes, the entire provision remained unutilised.

Rs.1652.44 crore were surrendered during the year, out of this in 75 cases, Rs.1642.81 crore (99.42 *per cent*) were surrendered on the last day of the financial year indicating inadequate financial control over expenditure. In 107 cases of grants/appropriation, savings of Rs.805.93 crore were not surrendered and were allowed to lapse. This included Rs.745.54 crore in 29 cases, where saving exceeded Rs.5 crore in each case.

In 20 cases expenditure of Rs.456.41 crore was incurred without the provision having been made in the original estimates/supplementary demand.

(Paragraph 2)

## **3. Integrated Audit of Public Works Department**

The Department had constructed 35082 km roads, 9.30 and 28.89 lakh sq. m residential and official buildings upto March 2001. Only 7805 villages out of 19607 villages were connected with roads. No targets for construction of roads and buildings were fixed. Loan of Rs.73.14 crore was sanctioned by National Bank for Agriculture and Rural Development (NABARD) for construction of

33 roads and 62 bridges to be completed by March 2002 of which 18 roads and 44 bridges were completed. The expenditure incurred on surplus staff was Rs.9.61 crore during 1999-2002 and utilisation of departmental plant and machinery was less than 30 per cent resulting in loss of revenue of Rs.1.51 crore. Following points also emerged from the Review.

- More than 37 per cent Plan allotment remained unutilised during 2001-02. Cheques issued in 9 divisions during 1998-2002 exceeded the Letter of Credit (LOC) by Rs.3.38 crore. Rs.9.29 crore was kept in Civil Deposit to avoid lapse of allotment.
- Accountant General's adjustment memo and Miscellaneous Public Works Advances (MPWA) of Rs.26.08 crore were outstanding in 10 Divisions. Expenditure of Rs.6.22 crore in excess of deposit was not recovered from the concerned agencies.
- Rs.6.14 crore being hire charges of plant and machinery for the period 1991-96 were outstanding.
- Five works for Rs.6.59 crore were taken up without administrative approval (AA). Expenditure on 27 works exceeded the AA by Rs.5.69 crore of which 19 works were incomplete for want of Rs.3.56 crore.
- Against the expenditure of Rs.66.90 crore, the Department claimed Rs.57.08 crore for reimbursement from NABARD and only Rs.41.41 crore was reimbursed.
- Extra cost of Rs.3.96 crore, substandard work of Rs.3.17 crore, unauthorised aid of Rs.1.33 crore, irregular payment of Rs.5.70 crore, outstanding recoveries Rs.50.32 lakh, embezzlement of Rs.6.07 lakh and material lying idle for Rs.1.13 crore were also noticed in test check.

*(Paragraph 4.1)*

#### **4. Rural Housing Scheme (*Indira Awas Yojana*)**

With a view to providing houses to Scheduled Caste, Scheduled Tribe and Freed Bonded Labourer (FBL) living below poverty line (BPL), *Indira Awas Yojana* (IAY) was launched in 1985-86 as a component of Rural Landless Employment Guarantee Programme (RLEGP) a fully funded scheme of the Central Government. It was merged with *Jawahar Rojgar Yojana* (JRY) from April 1989 and assistance extended to non-scheduled caste/scheduled tribe (SC/ST) families living below poverty line. It was made an independent scheme in January 1996. Expenditure under this scheme was shared between Centre and State in the ratio of 80:20 upto March 1999 and 75:25 thereafter. 20 per cent of available funds were to be utilised for conversion of kutcha houses into pucca houses. Besides the IAY, Pradhan Mantri Gramodaya Yojana (Gramin Awas) and credit-cum-subsidy scheme for Rural Housing were also made operative from April 1999. Following irregularities were noticed.

- Administration expenses of Rs.1.01 crore were irregularly charged to the scheme by 3 Zila Panchayats.
- Out of Rs.7.75 crore irregularly diverted towards Jawahar Rojgar Yojna; Rs.1.13 crore is still outstanding.
- Expenditure was inflated by Rs.3.48 crore and reported to Government of India.
- Rs.6.15 crore were irregularly paid to the contractors, departmental and private agencies instead of beneficiaries for construction of houses. 37579 dwelling units constructed at a cost of Rs.71.71 crore were irregularly allotted in the names of male members instead of female members or in joint names.
- Construction of sanitary latrines and installation of smokeless chulhas which was integral part of the scheme was not executed in 29 per cent (sanitary latrines) and in 41 per cent (smokeless chulhas) of houses.

*(Paragraph 3.1)*

## **5. Swarnjayanti Gram Swarozgar Yojana**

The Swarnjayanti Gram Swarozgar Yojana was introduced from April 1999 to raise the assisted families above the poverty line in three years by providing them with income generating assets through a mix of bank credit and Government subsidy. Test check of the implementation of the scheme in five sample districts revealed that families covered was less than targeted during the first three years, income accrued from projects was much less than projected and assistance extended for some activities was less than that approved. Cases of excess expenditure on training, subsidy and infrastructure were also observed. Over reporting of financial achievements was noticed and focus was not laid on group approach as required under the scheme.

- Expenditure reported was inflated to the extent of Rs.5.73 crore by three District Rural Development Agencies (DRDAs) which included Rs.0.64 crore irregularly incurred on administration by DRDA Bastar. Besides Rs.2.66 crore was incurred in excess on the development of infrastructure.
- 10,429 untrained swarozgaris were provided assistance whereas 13,063 were provided training though no assistance was provided to them.
- Out of 11,722 Self Help Groups (SHG) formed in 5 test checked districts only 375 SHGs (3.20 per cent) could start economic activities at the end of March 2002.
- As against the envisaged coverage of 1.10 lakh below poverty line (BPL) families in 5 sample districts the actual coverage was only 24,398.

- Cash credit was sanctioned to 251 SHGs out of 492 with delay ranging upto six months.
- Rs.2.49 crore was irregularly spent from infrastructure fund on special project in Bastar district. Central assistance of Rs.2.15 crore remained unutilised.

*(Paragraph 3.2)*

## **6. Dispensaries for the Welfare of the Backward Area**

The main objective of the scheme was to provide medical facilities to the population residing in predominantly tribal areas. Development of health infrastructure in these areas could not be achieved due to inadequate budget provisions and failure to complete basic infrastructure facilities. Number of specialists was inadequate as 20 to 65 per cent of posts lay vacant for 6 to 60 months in districts hospitals . Twenty eight per cent Primary Health Centres were running without doctors. There was mismatching of radiological facilities as well. X-ray machines were either not available or remained non functional. Some of important deficiencies were:

- The Budget provision fell short by 53 per cent of the actual requirement.
- Only 114 Community Health Centres (CHCs) were established as against the requirement of 170.
- Extra cost of Rs.19.61 lakh was incurred on irregular purchase of medicines.
- 4 hundred bedded hospitals and one upgraded (hundred to three hundred bed) hospital remained incomplete after incurring Rs. 3.90 crore.
- Non-availability of specialised treatment and basic-infrastructure facilities in CHCs resulted in low bed occupancy.
- Minimum and maximum stocks of life saving medicines were not fixed. Store Keepers were not trained in inventory control.

*(Paragraph 3.3)*

## **7. Special Nutrition Programme**

Supplementary Nutrition Programme was launched with a view to control protein and calorie malnutrition and to improve the health status of children below 6 years of age specially severely malnourished and expectant Women and nursing mothers by providing enriched nutritional intake. A household survey was to be conducted at Anganwadi level once every quarter for identification of eligible beneficiaries and to enroll them for providing supplementary nutrition. The coverage of children under 6 years of age and all nursing women and expectant mothers was expected to be 40 percent in rural and urban areas and 75 percent in tribal areas. A review of the implementation revealed the following:

- Out of 43.02 lakh population of children/mothers, 23.45 lakh beneficiaries were eligible, whereas only 10.41 lakh were covered.
- Thirty two percent of allotments remained unutilised. Rs.8.97 lakh short realized from suppliers affected the Anganwadis in processing the food.
- Due to inadequate supply of food materials the prime objective of providing supplementary nutrition for 300 days was not achieved. 20 per cent of Anganwadis could distribute supplementary nutrition for less than 200 days and 3 to 11 per cent anganwadis did not distribute supplementary nutrition even for a single day.

*(Paragraph 3.4)*

## **8. Audit Paragraphs**

- i. Expenditure of Rs.82.53 lakh on intake well, treatment plant and purchase of pipes was premature, as the works of other components of Naila Janjgir Water Supply Scheme were not taken up.

*(Paragraph 4.2)*

- ii. Injudicious acceptance of tenders at higher rates resulted in extra cost of Rs.12.55 lakh, undue benefit of Rs.6.68 lakh to the contractor besides avoidable expenditure of Rs.26.90 lakh on repair and maintenance of substandard work on Raipur-Bilaspur-Sarangarh-Raigarh road.

*(Paragraph 4.3)*

- iii. Unfruitful expenditure on marking of trees without felling, avoidable expenditure on transportation of felled material and excess working expenses on production of timber amounted to Rs.1.01 crore.

*(Paragraph 3.5)*

- iv. Rs.60.02 lakh were spent under Employment Assurance Scheme (EAS) on inadmissible works.

*(Paragraph 3.6)*

- v. Rs.18.17 crore earmarked for establishment of Sanitary Marts to liberate Scavengers were not spent.

*(Paragraph 3.7)*

- vi. Rs.91.40 lakh released for providing water facilities in primary and middle schools and improving sanitation in Girls' Schools were not spent.

*(Paragraph 3.8)*

- vii. 22 houses and 24 shops constructed by Madhya Pradesh Housing Board at Durg remained unsold resulting in blocking capital of Rs.1.56 crore.

*(Paragraph 6.1)*

## **9. Revenue Receipts**

### *(i) Commercial Tax*

- Application of incorrect rates of tax resulted in short-levy of tax aggregating Rs.37.71 lakh

*(Paragraph 5.9)*

- Incorrect exemption from payment of tax to new industries resulted in non-levy of tax aggregating Rs.40.33 lakh.

*(Paragraph 5.12)*

- Non-recovery of tax from closed units aggregated Rs.4.78 crore

*(Paragraph 5.13)*

### *(ii) Stamp Duty and Registration Fees*

- Under valuation of properties in 35 documents resulted in loss of revenue of Rs.1.22 crore.

*(Paragraph 5.16 (i)&(ii))*

- Misclassification of 147 documents by Sub-Registrars resulted in short-levy of duty and fees aggregating Rs.49.79 lakh.

*(Paragraph 5.17)*

**(iii) Other Tax Receipts**

-- Short production of alcohol resulted in loss of excise revenue of Rs.74.82lakh.

**(Paragraph 5.22)**

-- Penalty of Rs.2.56 crore was not imposed for non-maintenance of minimum stock limit of spirit.

**(Paragraph 5.23)**

-- Non-levy/non-payment of vehicle tax of Rs.1.09 crore and penalty of Rs.2.17 crore on various vehicles resulted in revenue loss of Rs.3.26 crore.

**(Paragraph 5.26)**

-- Demand of Rs.17.02 lakh for diversion rent, premium and cess was not raised.

**(Paragraph 5.28)**

**(iv) Other non-tax receipts**

-- Non-fixation of licence fee at prescribed rates and non-regularisation of leases of shops resulted in loss of revenue Rs.23.47 lakh.

**(Paragraph 5.32)**

-- Betterment contribution of Rs.3.21 crore was not levied as dates for its levy were not notified.

**(Paragraph 5.33)**

-- Low yield of bamboo resulted in loss of forest revenue of Rs.89.61 lakh.

**(Paragraph 5.39)**

-- Classification of timber logs as poles resulted in loss of revenue of Rs.43.87 lakh.

**(Paragraph 5.40)**