

OVERVIEW

This Report contains six chapters. The first two contain the observations of Audit on the Accounts of the State Government for 2000-2001 and the other four contain eight reviews and 42 paragraphs based on the audit of certain selected schemes and programmes and financial transactions of the Government. A synopsis of the findings of the reviews and important paragraphs is presented in this overview.

1 An overview of the finances of the Government of Gujarat

All the five years (1996-2001) ended with revenue deficits. The year 2000-2001 registered steep increase in revenue deficit to Rs.6302 crore up by 78 *per cent* over the deficit of Rs.3545.66 crore in 1999-2000.

The aggregate of the amount received by the State Government on account of the State's share of Union Taxes, Duties and Grants-in-aid increased from Rs.2029 crore in 1996-97 to Rs.3343 crore in 2000-2001 implying an increase of 65 *per cent*. The amounts of Grants-in-aid received from the Government of India increased from Rs.1154 crore in 1999-2000 to Rs.1769 crore in 2000-2001. Tax receipts of the State increased marginally to Rs.9047 crore in 2000-2001 compared to Rs.8162 crore in 1999-2000.

The Non-Plan revenue expenditure increased to Rs.19040 crore (28 *per cent*) in 2000-2001 from Rs.14837 crore in 1999-2000. This was partly attributed (Rs.497 crore) to the relief and assistance provided to the victims of the earthquake in the State. The expenditure on pension and interest payments were Rs.1439 crore and Rs. 3131 crore respectively. These two together constituted 21 *per cent* of the revenue expenditure.

As at the end of 2000-2001, total investment in statutory corporations, Government companies etc., worked out to Rs.4706.65 crore (against Rs.3489.44 crore as at the end of 1996-97). Dividend and interest received from these companies etc. were negligible.

Public Debt of the State increased by 130 *per cent* from Rs.11976.01 crore at the end of 1996-97 to Rs.27539.65 crore at the end of 2000-2001. The repayment of principal and payment of interest towards Loans and Advances from GOI increased by 28 *per cent* from Rs.2397 crore in 1999-2000 to Rs.3060 crore in 2000-2001.

During the year total amount of guarantees increased by Rs.3851 crore mainly due to guarantees given to Statutory Corporations and Statutory bodies.

* The abbreviations used in this Report are listed in the Glossary in Appendix -LXXXIII.

As on 31 March 2001, a total amount of Rs.537.65 crore including interest of Rs.78.12 crore was overdue for recovery against loans advanced to Municipalities, Panchayati Raj Institutions, Other Local Bodies and Public Sector Undertakings, etc.

(Paragraphs 1.1 to 1.11)

2 Appropriation Audit and control over expenditure

Against total budget provision of Rs.37247 crore (including supplementary), actual expenditure was Rs.31528 crore. Overall saving of Rs.5719 crore was the result of excess of Rs.379.62 crore in 24 grants and appropriations and saving of Rs.6099.02 crore in 157 grants and appropriations. The excess required regularisation by the Legislature under Article 205 of the Constitution of India.

In 29 cases, supplementary provision of Rs.164.69 crore obtained in March 2001 proved unnecessary and/or could have been restricted to a token amount.

In 53 cases, expenditure fell short by more than Rs. one crore and also by 10 per cent of total provision.

In 8 cases, expenditure of Rs.90.19 crore was incurred without budget provision. In five cases expenditure of Rs.125.83 crore was incurred without obtaining requisite approval of Legislature, since the cases attracted the limitation of "New Service/New Instrument of Service". Therefore, prior approval of the Legislature or advance from the Contingency Fund was required.

(Paragraphs 2.1 to 2.3)

3 Working of Animal Husbandry wing including Dairy Development

Animal Husbandry wing of Agriculture and Co-operation Department is responsible for developing live stock and its products by extending genetic improvement and veterinary services. Animal Husbandry wing was spending most of its funds on establishment while the expenditure on the animals for medicines and treatment was negligible. There was significant shortfall in artificial insemination and in achieving the goal of improving high yielding cattle by selective breeding. Working of livestock farms needed review due to the huge loss incurred by them. Average percentage of lactating cows was far below the norm.

The expenditure of the Department was mainly (82 per cent) on non-plan during 1997-2000. The Department and the Director did not maintain control registers to monitor expenditure *vis-à-vis* grants. Department did not obtain utilisation certificates for grants-in-aid for Rs.63.93 crore released during 1994-2000 to the District Panchayats.

Director failed to critically evaluate working of livestock farms despite huge loss incurred by these farms during 1976-2001.

Average percentage of lactating cows ranged between 32 and 58 as against the norm of 70 *per cent*.

Though the shortfall under Artificial Insemination were reported to be between 9 and 12 *per cent* for the State as a whole, in test-checked districts it ranged between 26 and 35 *per cent*.

The goal of improving proportion of high yielding selective cattle by selective breeding and artificial insemination was not achieved during 1991-99.

Average cost of production per litre of Liquid Nitrogen by the department was Rs.30.29 as against average market rate of Rs.11.53.

Though Rs.1.63 crore was spent, the work of Livestock Census was incomplete for more than three years.

While the establishment expenditure per cattle per year was Rs.9.76, expenditure on medical treatment per cattle was only Re.0.47.

Rupees 2.33 crore were spent by the department on *Rozamdars* in excess of norms by seven Poultry and two Cattle Breeding Farms during 1990-2000.

(Paragraph 3.1)

4 Non Formal Education

Non-formal education introduced by Government of India to provide elementary education to out of school children in the age group of 6-14 and to bring them in the main stream of formal education was launched in the State of Gujarat in 1989-90.

Out of total Rs.5.24 crore spent on the scheme, state sector accounted for only Rs.63.01 lakh indicating very little participation. Of the total NFE centres 68 to 85 *per cent* were in city slums and only 15 to 32 *per cent* centres were in tribal and hilly areas. During 1995-2000 1.52 lakh children were covered under the scheme. Shortfall in providing training to instructors/supervisors by project officers ranged from 42 to 97 *per cent*.

(Paragraph 3.2)

5 Audit of earthquake relief expenditure

A major earthquake occurred in the Saurashtra and other parts of Gujarat on 26 January 2001 causing more than 17 thousand deaths and 19 thousand injuries. Besides, there was estimated damage of Rs. 15,300 crore to property

and infrastructure. The relief measures undertaken by the Government of Gujarat were reviewed in audit.

Rupees 683 crore and Rs.603 crore was spent by Government of Gujarat and GSMDA upto October 2001 on the relief and reconstruction works. The immediate relief to be provided to the victims were delayed in several cases upto seven months and cash doles and assistance were paid in excess by Rs. 31 crore in test checked talukas. Issues of excess ration cards, re-survey of the damaged households facilitated excess payments. Only 10 per cent of the debris were cleared so far in Morbi and Malia Talukas and expenditure of funds placed with the municipalities for restoration of basic services were not monitored. Though adequate funds were available, pace of reconstruction of damaged schools and classrooms was very slow. Adequate controls are not in place over purchase of materials; as the accounts of materials donated by other countries were not maintained, there was unnecessary purchase of similar material, and theft and malpractice in distribution of such material was not ruled out.

There is scope for better monitoring of the relief and reconstruction works. Actual participation of NGO's in the relief works did not match the initial enthusiasm of such organisations.

(Paragraph 3.3)

6 Prevention and control of diseases

To combat the diseases like Tuberculosis, Blindness, Leprosy and AIDS causing major global health problems Government of India introduced various schemes to control and prevent such diseases.

During 1996-2001, patients discontinuing Tuberculosis treatment vis-à-vis patients put on treatment ranged between 56 per cent and 74 per cent. Expected cure rate of 85 per cent and sputum conversion rate of 90 per cent was not achieved. Prevalence rate of blindness reached 1.07 per cent (more than 10 persons per 1,000 population 1998) against target of 0.3 per cent (3 persons per 1,000 population) by end of 2000. Prevalence rate of Leprosy remained higher in six tribal districts. 41 per cent of key posts remained vacant. Confirmed AIDS cases increased by 864 per cent during 1996 to 2000 and Human Immuno Deficiency Virus positive cases by 3097 per cent during 1991 to 2000. Out of 152 Blood Banks only 55 were modernised.

Government of Gujarat failed to avail of Central assistance of Rs.2.96 crore meant for purchase of anti Tuberculosis drugs during 1996-2001.

Patients discontinuing treatment to patients put on treatment ranged between 56 and 74 per cent under National Tuberculosis Control Programme.

Desired new sputum positive case detection rate of 50 per lakh, sputum conversion rate of 90 per cent and cure rate of 85 per cent were not achieved under Revised National Tuberculosis Control Programme.

Blindness Registers maintained by District Blindness Control Societies were incomplete and the prevalence rate reached 1.03 *per cent* in 1998 as against 0.3 *per cent* by end of 2000.

Reported cases of shortfall in achievement of targets in cataract operations under National Blindness Control Programme was 11 *per cent* (1999-2000) in the State while it ranged between 16 and 67 *per cent* in test-checked districts.

Three mobile ophthalmic vans valued Rs.81 lakh were not put to use for rural eye camps for want of air-conditioning.

Utilisation of eyes by Eye Banks ranged between 41 *per cent* (1998-99) and 50 *per cent* (1999-2000).

As against target of 1, prevalence rate of Leprosy was 1.75 in the State as of March 2001 and ranged upto 5.17 in Bharuch during 2000-2001. No annual action plan for the programme was prepared during 1996-2000 by the Deputy Director (Leprosy).

Target for case detection, treatment and discharge of Leprosy patients were very low compared to population in the State. Achievements under treatment and case discharge were only 76 *per cent* and 60 *per cent* in Vadodara and Ahmedabad Districts respectively.

Shortfall in establishing Survey Education and Treatment Centre, Leprosy Control Unit and Urban Leprosy Centre in test-checked districts ranged between 39 *per cent* and 63 *per cent*, 33 *per cent* and 37 *per cent* and upto 90 *per cent* respectively.

Utilisation certificates under National AIDS Control Programme for Rs.0.52 crore were not furnished by four non-government organisations.

Human Immuno Deficiency Virus positive cases increased in the State from 465 in 1991 to 14402 in 2000 and confirmed Acquired Immuno Deficiency Syndrome cases increased from 117 in 1996 to 1011 in 2000.

Though expenditure of Rs.4.93 crore was incurred by 38 Non Government Organisations during 1997-2001, the vulnerable groups like truck drivers, injecting drug users etc. were not covered by them.

Out of 152 blood banks in the State only 55 were modernised. In six Zonal Blood Testing Centres 50 *per cent* of the posts of Laboratory Technicians were vacant.

Due to vacancy in key-posts, main activities like surveillance, blood-safety and STD were affected resulting in adverse impact on programme.

(Paragraph 3.4)

7 Tribal Area Sub-Plan

Tribal Area Sub-Plan was implemented in 10 districts of the State for improvement of socio-economic condition of tribes. Scrutiny revealed that Rs 56.13 crore shown as expenditure were actually lying either unutilised in the Personal Ledger Accounts of District Development Officers or were subsequently refunded to Government. Funds allotted for construction of hostel and primary school buildings were not utilised. Below Poverty Line tribal families increased by 8 per cent though Rs.1886.91 crore was reportedly spent on various schemes during 1991-98 for upliftment of tribals.

While 17.57 per cent of the total State outlay was to be allotted for Tribal Area Sub-Plan, actual allocation was 10 to 14 per cent during 1996-2001. Of this outlay 19 per cent was not spent.

Though Rs.53.82 crore was not spent but transferred to Personal Ledger Accounts of District Development Officers, these were reflected as expenditure during 1999-2000 by Project Administrators. Unspent balance of Rs.2.84 crore of Special Central Assistance was either deposited in Personal Ledger Accounts, Revolving Fund or Credited to State Revenue or diverted for Pay and Allowances.

Against the target for terracing of 32455 hectare land, only 14918 hectare was covered resulting in shortfall of 54 per cent of target. As against the admissibility of 33.33 per cent as administrative expenditure actual expenditure was 106 per cent. Despite availability of funds target fixed for coverage of farmers was very low *vis-à-vis* farmers available in the area. Coverage of farmers for distribution of input kits was a meager 6 per cent to 10 per cent and coverage of area was 1 per cent to 3 per cent during 1996-2001 reflecting poor execution.

Assistance of Rs.67.06 lakh to 3490 below poverty line tribal families for establishing poultry units during 1996-2001 was of no use.

Safe drinking water was to be provided in urban and rural areas through village/regional water supply schemes, installation of hand pumps etc. Non completion of Machhannala Regional Water Supply Scheme resulted in blocking of Rs.1.68 crore since April 1998 and wasteful expenditure of Rs.0.15 crore. Executive Engineer, Mechanical Division, Godhra spent Rs.6.92 crore on handpumps in violation of norms and also installed 174 handpumps valued Rs.0.49 crore in non-tribal villages. Due to slow progress and delay in fixing agencies 30 village Water Supply Schemes could not be completed and put into operation. Executive Engineer, Godhra installed 232 handpumps valued Rs.0.70 crore in 35 villages even after commencement of Village Water Supply Schemes.

Dairy activities intended to increase subsidiary income of small and marginal farmers covered supply of liquid Nitrogen, milch animals, setting up of chilling plants etc. Panchmahals District Milk Producers Union Limited, Godhra was irregularly assisted by Rs.0.70 crore for

conversion of 10,000 litre per day capacity chilling plant into 30,000 litres per day capacity. Delay in establishing chilling plant in Narmada district resulted in blocking of Rs.60 lakh for 16 months and deprived 3.28 lakh tribals in 2 districts of the intended benefits.

Central assistance of Rs.3.29 crore for construction of school and hostel buildings for tribal children in 4 districts remained unutilised during 1997-2001. Rupees 10.37 crore earmarked during 1995-99 for construction of classrooms in 358 schools in Dahod and Valsad districts were refunded to Government (Rs.8.82 crore) in August and December 2000 by the DDO, Dahod and Valsad and credited to State Revenue (Rs.1.55 crore) denying intended benefits to tribal people.

Decision of the Government to dispense with time limit for completion of construction of houses resulted in non-completion of houses by tribal beneficiaries and infructuous expenditure of Rs.3.85 crore during 1996-2001.

Delay in execution of Lift Irrigation schemes deprived 678 tribals in Dahod district of the irrigation facilities in 1707 hectare of land and additional annual income of Rs.59.27 lakh.

Rupees 86 lakh was spent on non-entitled beneficiaries by providing free electric connections.

Despite spending of Rs.1886.91 crore during 1991-98 on Tribal Sub plan, below poverty line tribal families increased from 6.89 lakh in 1991-92 to 7.46 lakh in 1997-98. However, below poverty line tribal population decreased during the period.

(Paragraph 3.5)

8 State Highways

Second Road Development Plan (1981-2001) for Gujarat envisaged increase of the road length of State Highways to 16834 kilometres by 2001. As against target of 7134 km. intermediate lane and 9956 km. single lane road only 11730 km. single lane road was constructed.

Excess expenditure under capital outlay and maintenance and repairs ranged upto 26 per cent and 29 per cent respectively during 1995-2001. As against norms, excess expenditure on maintenance and repairs ranged between 199 per cent and 346 per cent.

Unauthorised financial aid of Rs.1.01 crore was extended to a consultant besides excess payment of Rs. one crore towards his tax liabilities.

Execution of Special Repair works by Executive Engineer very next year resulted in wasteful expenditure of Rs.1.91 crore.

Irregular execution and non-completion of various link works resulted in unfruitful expenditure of Rs.5.64 crore.

Execution of works valued Rs.1.02 crore in violation of norms made the works susceptible to fast deterioration.

(Paragraph 4.1)

9 Implementation of acts and rules relating to air pollution and waste management

To maintain the quality of air and check pollution the concerned Acts/Rules were to be implemented by the State Governments. In Gujarat this was handled mostly by the State Pollution Control Board.

Ninety five per cent of the industrial units in the State were functioning without consent under the Air Act. Board had no knowledge about the extent of pollution caused by these units. Board did not evolve any mechanism to ensure that industrial units did not operate after rejection of consent or renewal thereof. Applications for consent of 7767 units were rejected upto March 2001. The Board did not prepare comprehensive programme and plan for prevention, control or abatement of air pollution as required under the Air Act.

Though 0.03 lakh industrial units were granted authorisation under Hazardous Waste Rules, only 0.02 lakh units had the facility of safe disposal sites. Percentage of waste disposed off unscientifically ranged from 44 to 100 during 1996-2001.

Only nine hospitals in the State obtained authorisation under Bio-Medical Waste (BMW) Rules. Rest were disposing of bio-medical waste alongwith municipal waste or burnt these in the open compound. None of the private hospitals in the State obtained authorisation of Board.

No internal or external monitoring or evaluation has been carried out by the Board or by the State Government.

Only 0.03 lakh units out of 0.8 lakh units who were given consent, installed air pollution control facilities. Four regional offices collected only 11 per cent of the required number of samples.

None of the brick manufacturers in the State obtained consent under Air Act and installed fixed chimneys.

Ninety-two per cent of industrial units in Hazardous Waste generating sector were functioning without authorisation from the Board. Several cases of injury/ damage to the health of people due to exposure to hazardous waste were reported from Vadodara and Vapi. Only 30 industrial units had the facility of incinerators for disposal of hazardous wastes.

(Paragraph 6.2)

10 Accelerated Rural and Urban Water Supply Programmes

To provide safe drinking water to villagers in a sustainable manner Government of India launched various water supply programmes since 1972-73. Despite spending Rs.1014 crore during 1997-2001, 11 per cent of habitations in the State were still without any source of water.

In the absence of assured and sustainable source, 81 per cent of habitations of Saurashtra region were facing acute water scarcity since last three years. Uncontrolled exploitation of sub soil water for agriculture purpose and lack of its monitoring led to alarming depletion of water table.

Under Accelerated Urban Water Supply Programme though the expenditure under seven schemes was only Rs.0.45 crore (18 per cent) cent per cent Central assistance amounting to Rs.2.55 crore was released in violation of programme guidelines.

Excess expenditure of Rs.25.44 crore beyond sanctioned cost on 15 schemes was debited to Accelerated Rural Water Supply Programme instead of Minimum Need Programme in violation of scheme guidelines. Rupees 51 crore being expenditure on 11 schemes under Minimum Need Programme and Accelerated Urban Water Supply Programme was booked under Accelerated Rural Water Supply Programme.

Out of 0.45 lakh bores drilled during 1997-2001, 0.07 lakh bores failed involving an expenditure of Rs.10.16 crore. Expenditure of Rs.0.45 crore proved unfruitful due to drilling of bores in contaminated sub-soil water.

Government of India assistance of Rs.0.63 crore released for 23 defluoridation plant remained unutilised for six years. Twenty six defluoridation plants costing Rs.2.24 crore remained defunct due to non-maintenance by local bodies and failure of sources.

Gujarat Water Supply and Sewerage Board irregularly retained Rs.27.66 crore received for sector reform.

(Paragraph 6.3)

11 Other points of interest

(a) Foreign Travel

Foreign Travel was performed by a team headed by the Minister of Energy and Petrochemical though the same was not recommended by the General Administration and Finance Department but approved by the Chief Minister after the Minister received the invitation for the purpose. In majority cases of foreign travel Government of India guidelines were routinely flouted.

(Paragraph 3.10)

(b) Personal Ledger Accounts

Rupees 11.55 crore credited by three Drawing and Disbursing Officers in their Personal Ledger Accounts were lying unutilised for more than one to three years. Rupees 3.40 crore were un-authorisedly credited to Personal Ledger Accounts.

(Paragraph 3.8)

(c) Injudicious/idle investment

(i) Rupees 1.20 crore were invested by Government in a loss making sugar co-operative society which is presently under liquidation. There is little prospect of recovery of these amounts.

(Paragraph 3.6)

(ii) Chairman of Gujarat Maritime Board invested Rs.4.48 crore in co-operative banks in violation of provision of the Act and Government instructions. As the banks were practically defunct chances of recovery of Rs.4.48 crore and interest of Rs.3.13 crore were bleak.

(Paragraph 6.7)

(d) Disregard of Rules/instructions/agreements

(i) Rupees 7.05 crore were irregularly drawn by seven Executive Engineers in violation of codal provisions and Government instructions to avoid lapse of budget grant.

(Paragraph 4.2)

(ii) A private architect was appointed for renovation of Governor House by the Principal Secretary to Governor bypassing the concerned department and without inviting competitive rates. The consultant was paid at exorbitant rates.

(Paragraph 4.9)

(e) Blocking of funds

Failure of the Executive Engineer in synchronising work of railway crossing and pursuing the matter resulted in blocking of Rs.2.08 crore for more than eight years. The road was only partially used in these years.

(Paragraph 4.4)

(f) Loss of revenue

(i) Failure in departmental collection of toll tax resulted in loss of revenue of Rs.6.45 crore in 2 years.

(Paragraph 4.3)

(ii) Government receipts amounting to Rs.48.51 lakh was irregularly spent on purchase of vehicles, office equipments etc. by Executive Engineer, National Highway Division, Bharuch.

(Paragraph 4.7)

(iii) Executive Engineer, Ahmedabad Irrigation Division failed to raise demand of Rs.1.27 crore from Gujarat State Fertilisers Company for four years.

(Paragraph 4.16)

(g) Irregular expenditure

(i) Rupees 10 crore were irregularly donated by Gujarat Maritime Board to a society which had nothing to do with the Board's activities.

(Paragraph 6.5)

(ii) Gujarat Maritime Board spent Rs.77.80 lakh in advertisement campaign for National Maritime Day covering even the local papers having very low circulation.

(Paragraph 6.9)

(h) Accumulation of surplus fund

Failure of the District Registrar of Co-operative Societies in utilising surplus assets of wound up societies as envisaged in the Act resulted in non utilisation of assets valued Rs.38.93 lakh.

(Paragraph 3.7)

(i) Time and cost overrun

Failure of the Superintending Engineer to carry out Government instructions resulted in time overrun of five years and cost overrun of Rs.1.34 crore in construction of approaches to a Railway Over Bridge.

(Paragraph 4.5)

(j) Extra expenditure

Unjustified execution of canal lining work in left bank of the Kakrapar project at abnormally high rates on plea of doubtful urgency led to extra expenditure of Rs.48.57 crore and creation of a liability of Rs.82.13 crore.

(Paragraph 4.14)

(k) Unauthorised aid to contractor

Executive Engineer, Irrigation Project Division, Junagadh helped a contractor unauthorisedly for Rs.1.31 crore by not obtaining performance bond, security deposit and additional security deposit.

(Paragraph 4.15)

(l) Irregular purchase

Milk and diet material valued Rs.4.85 crore were purchased without inviting tenders by four Medical Superintendents of six Civil Hospitals.

(Paragraph 5.1.5)

(m) Injudicious purchase

(i) Government of Gujarat compelled Gujarat Maritime Board to purchase flats at a cost of Rs.7.19 crore at Mumbai though they were not required by the Board. The flats are lying unoccupied for more than two years.

(Paragraph 6.6)

(ii) Chief Minister's Secretariat induced Gujarat Maritime Board to purchase a totally unnecessary property valued Rs.84.71 lakh in disregard of public interest.

(Paragraph 6.8)

(n) Wasteful expenditure

Selection of incompetent contractor and architect by Gujarat Municipal Finance Boards for construction of office building led to faulty construction and wasteful expenditure of Rs.66.46 lakh.

(Paragraph 6.10)

(o) Lack of accountability

(i) Examiner Local Fund Accounts failed to apprise Legislature of the latest financial condition of District and Taluka Panchayats though audit of most of these institutions were completed upto 1998-99.

(Paragraph 6.1.4)

(ii) Though the Audit Reports of three bodies/authorities were issued between February 1999 and February 2001, those were not laid on the table of Legislature.

(Paragraph 6.1.7)