

OVERVIEW

This Report contains six chapters. The first two contain the observations of Audit on the Accounts of the State Government for 2001-2002 and the other four contain three reviews and 26 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

The revenue deficit of the state increased from Rs.1018 crore in 1997-98 to Rs.6732 crore in 2001-2002. The fiscal deficit too increased from Rs.3174 crore to Rs. 6511 crore. As proportion to state's gross domestic product revenue deficit had increased to 5.68 *per cent* in 2001-2002 and fiscal deficit to 5.49 *per-cent*.

Revenue receipts of the state increased from Rs.11125 crore in 1997-98 to Rs.15986 crore in 2001-2002. But rate of growth during the year significantly moderated to 1.57 *per cent*. The buoyancy of its own taxes was greater than one. The state's non-tax revenue and grants-in-aid also had a high buoyancy of 2.646 and 2.747 respectively. However, Central tax transfers had a low buoyancy of 0.524.

Overall expenditure of the state comprising of revenue expenditure, capital expenditure and the loans and advances increased at an average annual trend of 16.65 *per cent* to Rs.24704 crore in 2001-2002 from Rs.14428 crore in 1997-1998. In 2001-2002, total expenditure witnessed a decline due mainly to a reduction of expenditure on economic services. Interest payment and expenditure on general services considered as non-developmental, accounted for nearly 30 *per cent* of total expenditure.

By the end of 2001-2002, total investment in statutory Corporations etc. stood at Rs.4978 crore compared to Rs.3600 crore in 1997-98. Dividend and interest received from these companies etc. were negligible.

Fiscal liabilities of the state increased from Rs.20139 crore in 1997-98 to Rs. 45301 crore in 2001-2002 at an average annual rate of 22.82 *per cent*. The net funds available towards the internal debt, loans and advances from Government of India and other liabilities after providing for interest and repayments declined to a level of three *per cent* of total fresh liabilities in 2001-2002.

In addition Government had given guarantees which stood at Rs.16219 crore.

Overall interest received against the advances of Rs.4744 crore as on 31st March 2001 had declined from 6.87 to 1.78 *per cent* during 2001-2002.

(Paragraphs 1.1 to 1.12)

2. Appropriation Audit and control over expenditure

Against the total budget provision of Rs.50156 crore actual expenditure was Rs.43689 crore. Overall saving of Rs.6467 crore was the result of excess of Rs. 2640 crore in 14 grants and appropriations and saving of Rs.9107 crore in 99 grants and appropriations. The excess expenditure of Rs.2640 crore required regularisation by the Legislature under Article 205 of the Constitution of India.

In 24 cases, supplementary provision of Rs.332.66 crore proved unnecessary.

In 78 cases, the expenditure fell short by more than Rs.1 crore and also by 10 *per cent* of total provision.

In 21 cases, expenditure of Rs.84.17 crore was incurred without budget provision. In 16 cases expenditure of Rs.282.58 crore was incurred without obtaining requisite approval of Legislature on "New Instrument of Service".

In 36 grants, Rs.1000.33 crore was surrendered on last two days of the year. In 20 cases, funds of Rs.425.45 crore were surrendered against available saving of Rs.372 crore. In eight other cases, although expenditure exceeded the grant, Rs.12.05 crore was surrendered.

In 15 treasuries and 116 cases, overpayment of Rs.26.76 lakh occurred on payment of pension and family pension.

(Paragraphs 2.1 to 2.3)

3. Integrated Audit and Manpower Management of Co-operation Department

The Co-operative movement spread to all spheres of economic activities in the State with major thrust on agriculture. But Government could not meet the demand of Rs. 76 crore of Gujarat State Farmers Co-operative Bank for conversion of farmer's short-term loan. Gujarat State Co-operative Bank created fictitious assets of Rs. 30.13 crore during 1981-2002 and failed to credit Rs. 3.30 crore to Credit Stabilisation Fund.

Share capital of Rs. 1.46 crore was not retired by Gujarat State Co-operative Agriculture and Rural Development Bank.

Eleven Sugar Co-operative Societies had not paid dividend of Rs. 34.29 crore.

Urban Co-operative Banks and District Central Co-operative Banks suffered a loss of Rs. 140.48 crore due to irregular investment.

(Paragraph 3.1)

4. Rural Housing (Indira Awaas Yojana)

Only 14 per cent of housing shortage noticed during 1997-98 was covered during 1997-2002. Central assistance of Rs.2.21 crore was foregone due to delay in submission of proposals and non-utilisation of funds.

The survey conducted by District Rural Development Agencies for identification of families living below poverty line was found unreliable. Construction of 5990 houses were entrusted to contractors/Non Government Organisation etc. in violation of guidelines.

As against one lakh houses planned for victims affected by earthquake only 10675 houses were constructed in a year.

Rupees 1.62 crore meant for Scheduled Caste/Scheduled Tribes beneficiaries were diverted for non Scheduled Caste/Scheduled Tribes categories.

(Paragraph 6.1)

5. Swarnjayanti Gram Swarozgar Yojana

Swarnjayanti Gram Swarozgar Yojana was implemented in an un-planned and non-transparent manner. Guidelines for keeping separate accounts and adopting cluster approach was disregarded.

Sizeable funds of the programme was utilised for augmenting resources of the State Government.

As against the target of covering 18 per cent of families living below the poverty line, actual coverage was three per cent. Shortfall in coverage of women beneficiaries ranged from 11 to 30 per cent.

Ninety-six per cent of the Swarozgaries as interviewed by audit team did not earn Rs.2000 per month as envisaged in the Yojana.

Only 42 to 47 per cent of loan applications were sanctioned by banks.

(Paragraph 6.2)

6. Audit of earthquake expenditure

Failure to upgrade damaged houses in a uniform way and payment of housing assistance to ineligible beneficiaries led to increase in expenditure. Cases of reconstruction of houses without Seismic proof were noticed. Subsidy of Rs.9.83 crore was sanctioned to 121 industrial units in violation of norms.

(Paragraph 3.3)

7. National Scheme of Liberation and Rehabilitation of Scavengers

Only 16 per cent of Rs.20.93 crore were utilised reflecting slow progress in rehabilitation of Scavengers. As against 974 dry Latrines in the State 64195 Scavengers and their dependents were identified. Training and skill upgradation of Scavengers was severely neglected. On the other hand out of 128718 new houses constructed under Indira Awaas Yojana, 94986 houses were without sanitary latrines.

(Paragraph 3.6)

8. World Bank aided Gujarat State Highways Project

Lesser drawal of loan than contracted resulted in avoidable payment of commitment charges of Rs.3.38 crore. Defective designs, incorrect decisions and wrong selection of roads etc. led to wasteful expenditure of Rs.1.08 crore and additional financial burden of Rs.24.82 crore to state exchequer.

(Paragraph 4.1)

9. Other points of interest

Delay in issue of Government notification led to recurring loss of Toll tax of Rs.8.71 crore per annum in respect of a National Highway.

(Paragraph 4.2)

Rental charge of hiring a tug amounting to Rs.10.61 crore was not recovered from a Joint Sector Company by Gujarat Maritime Board.

(Paragraph 6.7)

Gross violation of Act and defective agreement resulted in undue favour to a private party and consequent loss of revenue of Rs.1.73 crore to Gujarat Maritime Board / Government.

(Paragraph 6.8)

Short levy of Wharfage charges by Gujarat Maritime Board resulted in loss of revenue of Rs.1.69 crore.

(Paragraph 6.9)

Wasteful expenditure of Rs.12.15 crore and blocking up of Rs.30.63 crore resulted in abandonment of Thebi Irrigation Project.

(Paragraph 4.7)

Investment of Rs.1.12 crore by Gujarat Rural Workers Welfare Board in Co-operative banks in violation of Government instructions, resulted in blockage of capital for more than five years.

(Paragraph 6.3)

Gujarat Housing Board unauthorisedly invested Rs.0.70 crore in a Co-operative Bank in violation of Gujarat Housing Board Act, 1961 and Government instructions leading to loss of Rs.1.19 crore including interest.

(Paragraph 6.10)

Use of quarry material from a distant quarry resulted in excess expenditure of Rs.1.06 crore.

(Paragraph 4.3)

Recovery of royalty for extraction of bamboo at lower rates resulted in undue financial favour of Rs.7.60 crore to a private Pulp Mill.

(Paragraph 3.4)

Rupees 36 lakh was incurred on fictitious works.

(Paragraph 4.9)

Non-synchronisation of canal work with construction of head works resulted in blocking of Rs.2.32 crore.

(Paragraph 6.4)

Expenditure of Rs.9.20 crore was incurred on payment of overtime allowance in disregard of Government instructions.

(Paragraph 6.6)