

## CHAPTER III Performance Reviews

This Chapter includes three performance reviews and two long paragraphs viz. 3.1 Implementation of the Acts and Rules relating to Consumer Protection, 3.2 Upgradation and improvement of roads from Mandi funds and loans obtained by MPRRDA (Kisan Sadak Nidhi), 3.3 Implementation of Integrated Child Development Services, 3.4 Implementation of National Project for Cattle and Buffalo Breeding Programme and 3.5 Payment of Pension through Treasuries and Public Sector Banks.

### Food, Civil Supplies and Consumer Protection Department

#### 3.1 Implementation of the Acts and Rules relating to Consumer Protection

##### *Highlights*

*The Consumer Protection Act, 1986 provides for establishment of a separate three-tier quasi-judicial consumer dispute redressal machinery at the National State and district level to provide speedy, simple and inexpensive redressal to consumer disputes. Implementation of the Act was not fully ensured and consumers right to seek redressal was not fulfilled. Adequate infrastructure facilities and staff were not provided in the forum. Action plan/policy for creating awareness among consumers was not framed. Required meetings of consumers protection councils were not held for effective implementation of the Act. Adequate initiative was not taken to generate awareness and empowerment of consumers. Some other salient points in the review are given below:*

Regular district Forums were not established in 21 districts out of 48 districts and were not established in 3 new districts even after lapse of more than 2 years since creation of new districts. Circuit benches of State Commission were not established.

*(Paragraphs 3.1.6.1 and 3.1.6.3)*

Shortage of Food and Weights and Measures Inspectors led to shortfall in inspections and lifting of food samples etc. thereby affecting the enforcement of Acts and depriving the consumers of the envisaged benefits. 12 Secondary laboratories out of 13 laboratories have not been upgraded.

*(Paragraphs 3.1.9.1, and 3.1.9.5)*

**State Consumer protection council was not functioning regularly and district consumer protection councils were non-functional.**

*(Paragraphs 3.1.10.1 and 3.1.10.2)*

**Members of district forums were not appointed in 4 district forums, while in 15 district forums one post of member was vacant. Panel of members were not maintained for immediate appointment.**

*(Paragraph 3.1.11)*

**Adequate staff was not provided in all district forums, while in 4 part time district forums no staff was posted and in 12 district forums only one Class IV was posted.**

*(Paragraph 3.1.11)*

**Adequate steps to implement Jagrati Shivir Yojna and for setting up of District consumer information centre were not taken to ensure wider awareness and empowerment of consumers.**

*(Paragraphs 3.1.12)*

### **3.1.1 Introduction**

In order to provide simple, speedy and inexpensive redressal for consumers' grievances. "The Consumer Protection Act, 1986 (Act)" was enacted by Government of India (GOI). The object of the Act was also to ensure rights to consumers, viz. the right of choice, safety, information, public hearing, redressal and consumer education. The Act came in force from 1st July 1987. In exercise of the powers conferred by the Act, the State Government framed the Madhya Pradesh (M.P.) Consumer Rules, 1987. The Act provides for establishment of separate three-tier quasi-judicial Consumer Dispute Redressal Machinery at the National, State and District Level. The Act empowers Consumers and Consumer Organisations to file complaints in the Consumer Courts. The Act has been amended in 2002 to facilitate quicker disposal of complaints, enhance the capability of redressal agencies, strengthen with more powers, stream line procedures and widen the scope of the Consumer Protection Act, 1986 to make it more functional and effective and also to strengthen the consumer movement at grass root level.

With a view to ensure availability of unadulterated food and beverages to consumers, the Government of India enacted "The Prevention of Food Adulteration Act, 1954" and framed "The Prevention of Food Adulteration Rules, 1955". Under the Adulteration Act, the samples of various categories of food items are required to be taken for analysis and to enforce the standards of weights and measures the Government of India enacted "The Standard of Weights and Measures (Enforcement) Act, 1985". Under the Weights and

Measures Act the weighing and measuring instruments used in trade and commerce are controlled by periodical checking.

### **3.1.2 Organizational setup**

The Principal Secretary Food, Civil Supplies and Consumer Protection Department is responsible for implementation of Acts and Rules relating to consumer protection at State level and Commissioner-Cum-Director is the head of the Department assisted by one Joint Director, three Deputy Directors and at district level by District and Civil Supplies Officers who are designated as District Consumer Protection Officers.

### **3.1.3 Audit objectives**

Main objectives of the review were to assess:

- The extent to which the adjudication mechanism has been created as had been prescribed in the Act with reference to period of operation;
- whether any documented policy for achieving the intended objectives and strengthening of infrastructure of the adjudication mechanism, greater involvement of NGOS and for empowerment of the consumers existed;
- whether rules governing implementation of the Act particularly with respect to staffing, governance by state Commission and District forum have been formulated;
- the extent to which the infrastructure created for disposal of complaints had met the expectation of the consumers;
- whether there was adequate mechanism for administering various Acts for consumer protection;
- whether a uniform plan for staffing and operation had been prescribed and is being adhered in staffing and manning of District Forum and State Commission for ensuring their proper functioning;
- whether various steps and initiatives including schemes by GOI / State Government had succeeded in creating awareness amongst the populace with regard to knowledge about consumer dispute redressal machinery including procedure of filling of complaints and;
- whether adequate system of monitoring of the grievances made by consumers had been created and extent to which mid course corrective and rectificatory measures were introduced with a view to ensure timely disposal of the grievances.

### **3.1.4 Audit coverage**

Review covers the implementation of acts and rules relating to consumer protection for the period 2000-2005, based on test check of the records of

Commissioner-cum-Director Food, Civil Supplies and Consumer Protection (Commissioner), State Commission, ten\* district forums and district councils, Controller, Weights and Measures and 4 district offices, Controller, Food and Drug Administration and 5 district offices and three Voluntary Consumer Organizations (VCOs) located at Bhopal,

Entry Conference was held in April-May 2005 with the Principal Secretary Food, Civil Supplies and Consumer Protection Department and Chairman of the State Commission in which audit plan as applicable to the entity consisting of audit objectives etc. were discussed. The Governments views have been taken into account while finalising the review.

ORG Centre for Social Research was also entrusted to conduct survey on functional status of the Consumer Protection Act in ten districts of M.P. The Government was informed about this survey in July 2005. The survey conducted during second week of July to fourth week of August is based on 2234 consumers, 448 complaints, 11 manufacturers/service providers and 2 NGOs. The details of ORG findings are given in *Appendix-XXIX*.

### Audit Findings

#### 3.1.5 Financial outlay and expenditure

The budget provision and expenditure during 2000-05 was as under :-

(Rupees in crore)

Year	For running State Commission and District Forums		
	Budget Provisions	Expenditure	Saving
2000-01	2.87	2.42	0.45
2001-02	2.03	2.03	-
2002-03	3.72	2.61	1.11
2003-04	2.99	2.83	0.16
2004-05	4.41	3.97	0.44

Persistent and substantial savings during 2002-05 were due to non-filling up of vacant posts. Audit observed that provision for vacant posts was being made in Budget estimates in contravention of financial rules.

#### 3.1.6 Implementation

##### 3.1.6.1 Creation of adjudication mechanism

The Act provides creation of separate quasi-judicial consumer dispute redressal machinery at State level as well as District level. The responsibility

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\* Balaghat, Barwani, Bhopal, Chhatarpur, Damoh, Dewas, Pana, Rewa, Sagar & Neemuch.

of setting up the State Commission and the District Forums and to make them functional effectively rested with the State Government.

**State Commission started functioning after a lapse of more than three years from the date of enactment of the Act.**

The State commission was created by a notification (10th January 1990) and started functioning (1st September 1990) after a lapse of more than three years and from the date of enforcement of the Act. Thus there was substantial delay in establishment of the redressal machinery at State level.

**District Forums started functioning after a lapse of more than three to four years from the date of enactment of the Act.**

The district forums were created in 38 districts one each in a district in phased manner, seven independent district forums, (viz, Jabalpur, Gwalior, Rewa in January 1990 and Bhopal, Indore, Sagar, and Ujjain) were notified for creation in March 1990. While remaining 31 district forums were notified (April 1991) with sitting District and Session Judge of the concerned district. Four district forums started functioning as independent district forums (viz Rewa, Indore in May 1990 Gwalior, Ujjain in July 1990 after lapse of about three years from the date of enforcement of the Act). The delay and slow pace of establishment of redressal machinery reflected that consumers were deprived to get inexpensive and speedy redressal of their grievances. All the 38 district forums started functioning in May 1991 to September 1992 with the District and Session Judge as the President of district forums. It was an adhoc arrangement of a separate quasi-judicial consumer dispute redressal machinery at district level which continued up to August 1997 despite the order of January 1993 of Hon'ble Supreme Court of India in Common Cause versus Union of India to discontinue adhoc arrangement and take steps to constitute independent district forums in each district within a period of one year as discussed below. Three new districts (Anuppur, Ashok Nagar and Burhanpur) were created in March 2003 but district Forums were not established as of September 2005. Thus consumer forums are not available within easy reach of 12.39 lakh consumers of these three districts.

**District Forums were not established in three districts.**

**Independent full fledged District Forums could not be established in 21 districts.**

Despite the orders (August 1991 and January 1993) of the Hon'ble Supreme Court of India in Common Cause Versus Union of India that it is the statutory obligation of State Government for setting up a District Forum in every district and as envisaged in Section 9 of the Act, only 24 District\* Forums are functioning as full-fledged District Forums and in the rest 21 Districts\*\* the President of the full-fledged District Forums hold link sittings. Thus these are part time District Forums and are partly functional in nature as they are not available on every working day. In these districts 1400 cases were pending as of March 2005. Thus after lapse of more than 18 years since the enactment of the Act independent full fledged District Forums could not be established in 21 districts.

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\* 14 districts Forums from September 1997, 6 districts Forums from June 1998 and 4 districts Forums from March 2003.

\*\* Balaghat, Barwani, Betul, Chhatarpur, Datia, Dewas, Dindori, Harda, Jhabua, Mandleshwar, Narsinghpur, Neemuch, Panna, Raisen, Rajgarh, Sehore, Sidhi, Shahdol, Shajapur, Sheopur Kala and Umaria.

**Seven part-time district Forums started functioning as sitting district Forums after more than two years from the date of creation of districts.**

Seven part-time district forums (Barwani, Dindori, Harda, Neemuch, Katni, Sheopur Kala and Umaria) were notified (November 1999) to be created, consequent upon formation of new districts (May-July 1998). These started functioning as sitting district forums during April 2000 to December 2001 after delay of more than two years from the date of creation of districts.

Thus due to delay in establishment and non establishment of consumer dispute redressal machinery, the implementation of the Act was not fully ensured and the right of consumers to seek redressal were not fulfilled.

### **3.1.6.2 Non-shifting/delay in shifting of cases**

Eight complaint cases of consumers of Neemuch district were transferred by district forum, Mandsaur to district forum, Neemuch in April 2001 though it started functioning in April 2000. While 5 complaint cases of consumers of Neemuch were decided in Mandsaur. Similarly 5 complaint cases of consumers of Umaria district were not transferred to district forum, Umaria but decided in district forum, Shahdol during November 2000 to December 2004 despite the order (April 2000) of the State Commission to decide the cases in the concerned forum. Complaints of these districts had to bear hardships in pursuing their cases as the forums were located in other districts.

### **3.1.6.3 Non-establishment of circuit benches**

**Circuit benches has not been established.**

To cover the vast geographical territory and to reach out to the consumers, mechanism of Circuit Bench was introduced. No circuit bench has been notified and established by the State Government even after lapse of two years. The National Consumer Dispute Redressal Commission (NCDRC) proposed two additional benches of the State Commission in the interest of the consumers as intimated (May 2004) by the GOI. The Registrar replied (September 2005) that State Commission is presently holding circuit sitting at Jabalpur, Indore and Gwalior for 2-3 days each month along with necessary minimum staff as no separate staff have been recruited for the additional circuit courts.

How the consumer perceive Government's inaction to increase the capacity of the State Commission and the district forums to deal with more cases came out in the survey conducted by the ORG MARG. They reported that almost 83 percent of the consumers responded that the Government was not doing enough to safeguard consumers rights or that they were not aware of such efforts by the Government.

State Government should provide sufficient funds for creation of additional benches for the State Commission and district forums to provide timely and expeditious redressal to consumers' grievances.

### **3.1.7 Formulation of policy and notification of rules :-**

#### **3.1.7.1 Non-preparation of policy**

**Neither action plan nor has any policy been framed for creating awareness among the people.**

Neither action plan nor any policy has been framed with which various consumer welfare objectives could be achieved or awareness created among the people such as creation of State Consumer Welfare Fund for providing financial assistance to Voluntary Consumer Organizations (VCO's)/Non-Governmental Organizations (NGOs) for developing consumer awareness and strengthening the consumer movement in the State, particularly in rural areas. Even no initiative had been taken to involve VCOS and NGOs to spread consumer awareness to strengthen consumer movement and to file complaints in redressal machinery. Non-preparation of any policy or action plan for empowerment of consumers by the Government resulted in non-achievement of objectives of the Act to ensure the rights of the consumers, viz the right of choice, information, consumer education, safety, public hearing and redressal. Thus the implementation of the Act was not ensured.

**No complaint of consumers grievances was lodged by Consumer Protection officers in district Forum or State Commission.**

The District Food and Civil Supplies Officers have been declared (March 2004) as Consumer Protection Officer (CPO). Any consumer aggrieved with any irregularity, etc. may lodge report before the CPO who after verification may lodge complaint before consumer forums. It was noticed that no complaint was lodged by CPO in district forum or state commission so far which was indicative of the fact that adequate awareness amongst the populace of this initiative of Government has not been made.

#### **3.1.7.2 Notification of rules**

**MP Consumer Protection Rules, 1987 were not amended though the Act was amended in December 2002.**

Madhya Pradesh (M.P.) consumer protection Rules, 1987 were notified in September 1987. The Act was further amended in December 2002 and the amended Act has been brought into force with effect from 15 March 2003. The basic objectives of the consumer protection (Amendment) Act, 2002 are to facilitate quick disposal of complaints, enhance the capability of redressal agencies, strengthen them with more powers, streamline the procedures, widen the scope of Act to make it more functional and effective and also to strengthen the consumer movement at grass root level. While sub-section (2) of section 30 empowers the State Government to make rules for carrying out the provisions of the Act.

The State Government has not initiated action for amending/framing M.P. Consumer protection Rules, 1987 even after lapse of more than two years of the amended enactment of 2002.

The Act provided that every complaint filed (w.e.f. 15 March 2003) in Consumer dispute redressal agencies is to be accompanied with appropriate amount of fee. In exercise of powers conferred by Sub-Section (i) of Section 30 of the Act. Central Government formulated (March 2004) rules for depositing fee in respect of complaints upto Rs.20 lakh in District forums after delay of one year from amendment of Act. Rules were further amended (February 2005) for depositing fee for making complaints of more than Rs.20

lakh to Rs.one crore before State Commission. This resulted in non-collection of fees along with complaints in district forums during 2003-04 and in the State Commission during 2003-05. Fees amounting to 2.85\* lakh was not collected with complaints during 2003-05 in the Commission and in nine district forums.

**No laboratory has been accredited by the State Government for testing of products.**

Rule-2 A of Central Consumer Protection Rules provide that State Government should notify a laboratory as an appropriate laboratory for the purpose of the Act for a period of three years. The Registrar State Commission stated (September 2005) that no laboratory had been accredited by the State Government for the purpose of testing of products.

**34 per cent of the complaints used stamp papers to file the case on advice of lawyers.**

The result of ORG MARG survey also revealed that about one third (30 per cent) of the complaints reported that they registered the complaint at the district Forum in person, while more than half (62 per cent) reported that they registered the complaint through an agent or lawyer. Nearly 34 per cent of the complainants used stamp paper to file the case which though was not required and in majority of cases (85 per cent) the lawyers / agents advised them to do so.

### **3.1.8 Adequacy of infrastructure :**

#### **3.1.8.1 Delay in utilisation of one time grant**

To Strengthen the infrastructure of State Commission and district Forums, GOI provided one time financial assistance of Rs.5 crore (State Commission: Rs.0.50 crore and 45 district Forums: Rs.4.50 crore) between October 1995 to March 1999 to the State Government. The assistance was to be utilized on the infrastructural needs like accommodation for the consumer forums, office equipment, library books, computers, furniture, for the purpose of liquidation of pending cases in consumer forums. The following points were noticed.

An amount of Rs.4.53 crore (Rs.24 lakh for seven months, 215 lakh for one year, 194.33 lakh for three years and 20 lakh for four years) was locked in civil deposit for a period of seven months to four years resulting in delay in creation of required infrastructure. An amount of Rs.474.70 lakh was utilized upto March 2005 and Rs.25.30 lakh (Rs.25 lakh with PWD and Rs.0.30 lakh with State Commission) lying unutilised.

**Buildings of two district Forums and one building of Circuit Bench were not constructed.**

Building of three district Forums (Betul, Sehore and Raisen) were under construction as of September 2005. Buildings of two District Forums (Jabalpur and Ujjain) and one building of Circuit Bench, Jabalpur were not constructed as land was not made available, while construction of one building of district Forum, Vidisha was held up due to dispute of land. An amount of Rs.25 lakh (Rs.10 lakh each for district Forums Jabalpur and Ujjain and Rs.5

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\* State Commissioner (Rs.0.92 lakh) Barwani (Rs.0.02 lakh) Bhopal (Rs.0.84 lakh) Chhatarpur (Rs.0.04 lakh), Damoh (Rs.0.09 lakh), Dewas (Rs.0.09 lakh), Neemuch (Rs.0.07 Lakh) Panna (Rs. 0.10 lakh) Rewa (Rs.0.41 lakh) Sagar (Rs. 0.27 lakh).



lakh for Circuit Bench, Jabalpur) was lying unutilised with PWD since March 2000.

Three district forums were running in hired buildings. An expenditure of Rs.11.52 lakh was incurred during 2000-05 on payment of rent which could have been avoided had the effective steps been taken for construction of buildings in the interest of 50.77 lakh consumers of these districts.

### 3.1.8.2 Infrastructure facilities

**No infrastructure facilities were available in two district Forums, while in four district Forums adequate facilities of drinking water were not available.**

It was noticed that in 4 district Forums (Balaghat, Chhatarpur, Dewas and Panna) no supporting office infrastructure such as xerox machine, fax, computer hardware, etc., were provided. In 4 district Forums (Balaghat, Chhatarpur, Panna, Sagar) adequate facilities of drinking water were not available for consumers, while in 3 district Forums (Balaghat, Chhatarpur and Rewa) furniture were not available for consumers. There was no infrastructure facilities available in 2 district Forums (Barwani and Neemuch) created (November 1999). The State Government did not take effective measures to provide minimum infrastructure facilities in consumer forums.

### 3.1.9 Enforcement mechanism

#### 3.1.9.1 Prevention of Food Adulteration Act

With a view to ensure availability of unadulterated food and beverages to consumers, the Government of India enacted "The Prevention of Food Adulteration Act, 1954 (Act) and framed "The Prevention of Food Adulteration Rules, 1955. In exercise of the powers conferred by the Act, the State Government framed the M.P. Prevention of Food Adulteration Rules, 1962. The Controller, Food and Drug Administration has been declared as the Food (Health) Authority who is in charge of administration and enforcement of the Act at the State level. Following points were noticed.

Section 10 (2) of the Act envisage that the Food Inspectors were to inspect all establishments licensed for manufacture, storage of an article of food within the area assigned to him and were responsible for implementation of the Act. The working strength of Food Inspectors was far less than the sanctioned strength. There were 275 sanctioned posts of Food Inspectors as of April 2000 against which only 71 men were in position (MIP). Their number decreased year by year and was only 39 at the end of March 2005 as under.

**Shortage of Food Inspectors ranged from 74 to 87 per cent which affected implementation of the Act.**

Year	Sanctioned strength	Working strength	Vacant posts	Percentage of vacant posts
2000-01	275	71	204	74
2001-02	275	52	223	81
2002-03	275	45	230	84
2003-04	275	36	239	87
2004-05	275	39	236	86

In nine\* Districts no regular food inspector was posted. Thus 51.58 lakh consumers of these districts were not being ensured of the availability of unadulterated food and beverage due to non-availability of regular enforcement mechanism for regulation of the Act.

Controller intimated (September 2005) that posts of Food Inspectors were not sanctioned for these newly created districts so Food Inspectors of near by district is holding additional charge of these districts.

Inspection is an important regulatory function through which the Act is administered. Rules provided that the Food Inspector has to inspect all establishments licensed for the manufacture, storage or sale of an article within the area assigned to him.

To implement the provisions of the rules, it is essential that the Department prescribe the norms of staff pattern of Food Inspectors (FIs) on the basis of population of the area, prepare an exhaustive list of various manufacturers of food articles, wholesalers, retailers, vendors, etc. by conducting detailed survey of the market and also prescribe the norms/target for inspection and lifting of sample by each inspector annually.

During test check of records of Controller, it was revealed that target for inspection of such establishments were fixed as 180 and for lifting samples were fixed 120 per inspector annually. The inadequate number of FIs during 2000-05 not only adversely affected the implementation of the Act but also the rights of 6.03 crore consumers of the state as under :-

There were shortfall in conducting inspections from 2 to 22 percent and in lifting of sample from 22 to 55 percent by the inspectors during 2000-05 as detailed in **Appendix-XXX**. The year wise details of prosecution launched against adulterant, cases decided by the court as on 31st March 2005 and pending in the court during 2000-05 is given in **Appendix-XXXI**. It would be seen that in 31 to 50 percent cases adulterants were acquitted and in 50 to 69 percent cases adulterants were convicted. No appeal was made against the acquittal by the department in higher court. On being pointing out Deputy Director, Bhopal intimated that for pleading the cases of prevention of food adulteration, Government advocate was not appointed. So in most of the cases adulterants were acquitted and also due to non-availability of witness for old cases. Year wise details of pendency of 10,277 cases as on 31st March 2005 (details given in **Appendix-XXXI**) was not available with Controller. In test checked 4 districts 680 (Bhopal 178, Damoh-210, Dewas-40 and Sagar-252) cases were pending for the period more than 10 year and 276 (Bhopal-104, Damoh-11, Dewas-63, and Sagar-98) were pending for more than 5 years.

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\* *Anuppur, Ashok Nagar, Burhanpur, Dindori, Harda, Sheopurkala, Neemuch, Katni and Umaria*

### 3.1.9.2 The Standards of Weights and Measures (Enforcement) Act, 1985

With a view to provide enforcement of the standards of weights and measures for regulation of inter state trade and commerce, export and import, the Government enacted "The Standards of Weights and Measures (Enforcement) Act, 1985".

The Principal Secretary Food, Civil Supplies and Consumer Protection Department also administer the Standards of Weights and Measures (Enforcement) Act, 1985 and Standard of Weights and Measures (Packaged Commodities Rules, 1977). The Controller of Weights and Measures is the regulatory authority. Following points were noticed:

### 3.1.9.3 Non-maintenance of Register of Users

**Discontinuation of registration of users of weight or measure affected the implementation of the Act.**

Act and Rules provided that no person can use any weight or measure in any transaction or for industrial production unless he is registered for this purpose. A register of users is required to be maintained and a certificate is issued to the users of weights and measures which is valid for a period of five years and required to be renewed. The Act further provided that use of any weight and measure is a punishable offence unless it is registered.

During test check of records of Controller, it was revealed that register of users was not maintained. On being pointed it was replied that fees for registration was discontinued in the provisions since July 1996. As much stationary and labour was consumed so its maintenance discontinued. The reply is not tenable as the registration has not been discontinued. Thus discontinuation of maintenance of Register of users adversely affected the implementation of the Act as it is the primary source of information for enforcement of the Act.

Inspection is an important regulatory function through which the Act, is administered. The Act, provided that an inspector has to inspect and test any weight and measure within the area assigned to him. For efficient enforcement of the Act, the norms of staff pattern, regular survey of users of weights and measures were required to be prescribed. However, norms of staff pattern was not formulated and maintenance of Register of users was also discontinued.

During test check of records of controller, it was revealed that targets of 3000 inspections of such establishments and 240 for framing cases against offenders per inspector annually were prescribed. Against 109 sanctioned posts of inspectors 70 to 90 inspectors were in working position during 2000-05, as shown in *Appendix-XXXII*. Shortage of inspectors adversely affected the implementation of the Act as under :

There were shortfall in conducting inspections from 11 to 54 percent and framing cases 55 to 70 percent by the inspectors during 2000-05 as detailed in *Appendix-XXXII*.

**Shortage in conducting inspections ranged from 11 to 54 per cent and 55 to 70 per cent framing cases.**

Thirty seven thousand six hundred and three cases were framed against the offenders of weights and measures during 2000-05 as detailed in *Appendix-XXXIII*. Of these 31,834 (85 percent) cases were compounded with offenders. Only 172 (0.4 percent) cases were launched in Court while 5594 (14.6 percent) (1143 of 2000-01, 1277 of 2001-02, 940 of 2002-03, 811 of 2003-04 and 1423 of 2004-05) were lying with the Department. Effective action was not taken against these offenders which affected enforcement of the Act.

#### **3.1.9.4 Non-verification of secondary standard and working standard**

**Non adherence of periodicity of verification of secondary and working standard affected accuracy of weights and measures used in trade and commerce.**

Act and Rules provided that every secondary standard\* or working standard\*\* requires to conform to the standard established under the standards Act. Every secondary standard has to be verified against the appropriate reference standard at an interval not exceeding two years, while every working standard has to be verified against the appropriate secondary standard at an interval not exceeding one year. The act further provided that an unverified secondary standard or working standard shall not be deemed to be a secondary standard or a working standard. An unverified secondary standard shall not be used for the verification of any working standard and an unverified working standard can not be used for verification of any weight and measure.

Test check of records of Assistant Controller, Sagar revealed that all the three sets of Secondary Standards were first verified on 9<sup>th</sup> February 2001 and subsequently on 14<sup>th</sup> October 2004 after lapse of three years and eight months, while their validity to the secondary standards expired on 8<sup>th</sup> February 2003. No working standard was verified during 2001-02 and 29 sets of working standards (5 sets on 04-06-2003 and 24 sets during 25-09-2004 to 11-10-2004) were verified with those unverified secondary standards. Thus weights and measures used in trade and commerce in five districts (Chhatarpur, Damoh, Panna, Sagar and Tikamgarh) during 2001-02 and 2003-05 were not verified as per standards prescribed under the Act.

#### **3.1.9.5 Laboratories not upgraded to electronic system**

**Laboratories were not equipped with electronic balances.**

The weights and measures department of the state is functioning with 13 secondary standard laboratories equipped with mechanical balances are required to be upgraded to electronic balances for verification and stamping of electronic balances and instruments used in trade and commerce. Out of these 13 laboratories only one laboratory was upgraded to electronic system with the help of grant provided by the Central Government. Twelve Secondary laboratories were not upgraded to Electronic system thus regulating all the weighing and measuring instruments used in trade and commerce was not

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\* *Secondary Standard: The set of standard weight or measure which is made or manufactured by or on behalf of the Central or State Government for the verification of any working standard.*

\*\* *Working Standard: The set of standard weight or measure which is made or manufactured by or behalf of Government for the verification of any working standard weight or measure other than a national prototype or national reference or secondary standard.*

possible as accuracy of the instruments could not be ensured. On being pointed out the Controller replied (September 2005) that proposal had been sent to GOI for upgradation of 12 Secondary laboratories. Reasons for not upgrading the balance 12 laboratories were not indicated.

### **3.1.10 Functioning of Consumer Protection Councils**

The primary object of the State Consumer Protection Council is to promote and protect the six rights of consumers viz right to safety, right to be informed, right to choose, right to be heard, right to seek redressal and to consumer education within the state as laid down in section 6 of the Act.

#### **3.1.10.1 State Consumer Protection Council**

In terms of Section 7 (3) of the Act, the State Council must hold at least two meetings in a year. Under section 7 (4) of the Act, it is provided that State Government formulate rules or procedures regarding conducting business at the meeting of the State Consumer Protection Council. The rules have not been framed by Government.

During test check of records of the State Commission it was revealed that the State Council was established in August 1995 and its first meeting was held in November 1995. During 2000-05 only one meeting was held on 26 July 2003.

The Government was requested (September 2005) to intimate the reasons for not formulating rules or procedure regarding conducting business at the meeting of the State Council even after lapse of 18 years. Reply of Government is awaited. Thus due to non-functioning of State Council, 6.03 crore consumers of the State were deprived of benefits as laid down in the Act.

#### **3.1.10.2 District Consumer Protection Council**

The objects of the District Council are to promote and protect within the district the rights of consumers laid down in section 6 of the Act. Collector of the district functions as the Chairman and such number of other official and non-official members as prescribed by the State Government. Section 8A of the Act provided that the District Council must hold at least two meetings in a year. The rules or procedure for conducting business at the meeting were required to be formulated by the State Government.

The rules and procedures for conducting business at meeting of the district council were not formulated even after lapse of 2 years. On being pointed (April 2005), Commissioner replied (September 2005) that formulation of rules is under process.

The district council were created (February 2004) after lapse of one year from the date of enforcement of the Act. No meetings of District Consumer Protection Councils was held in 10\* test checked districts.

**District Councils remained non-functional.**

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\* *Bhopal, Balaghat, Barwani, Chhatarpur, Dewas, Damoh, Panna, Neemuch, Rewa and Sagar.*

Thus due to non-functioning of district council and irregular functioning of State Council the rights of consumers, as envisaged in the Act were neither promoted nor protected. Monitoring of functioning of consumer Forums were never conducted

**On an average the complainant had to spend Rs.2453 to resolve the case.**

ORG survey also revealed that hardly any of the respondents reported to have learnt about the Acts and Rules from the NGOs. Main source of knowledge about the Acts and Rules is electronic and print media were 84 per cent and 61 per cent respectively. On an average the complainant had to spend Rs.2453 to resolve the case of which a large proportion (average amount of Rs.2034) comprised of the advocate's fee. Majority of the complainants resided in urban areas (92 per cent), and almost all were literate (98 percent). The average monthly house hold income of complainants was Rs.11953. This implied that facilities provided by redressal agencies were availed mostly by residents of urban areas and that too by the upper or middle income strata of the community. The manufacturers and service providers were well aware of the Acts and Rules. Overall all the stakeholders and the complainants perceive the redressal as simple and in expensive but not very speedy.

### **3.1.11 Adequacy of staffing and funding for operations**

It is the responsibility of the state Government to make the State Commission and each district forum functional by providing adequate staff. The State Commission and 45 district forums are running in the State. For efficient functioning of the State Commission and District Forums the norms of Staff pattern were to be prescribed. But norms for staff pattern were not formulated. The recommendations of Bagla Committee (June 2000) to maintain uniform staffing pattern for all district forums were not implemented at all and there exists wide variation in staffing pattern in various district forums as under :-

**District Forums are not functioning on all working days.**

Twenty four posts of Presidents are sanctioned to run 45 district forums. As only 24 district Forums are functioning as full fledged district forums and rest 21 district Forums are functioning as sitting district forums and attached with full fledged district Forums, so these are not functioning on all working days. The norms for visiting the full fledged districts by Presidents in their sitting district forums were not prescribed by the Government or the State Commission. In test checked districts, 6 district Forums are functioning only one to six days in a month (Barwani and Panna: 1 day; Dewas: 2 days; Chhatarpur: 4 days, Balaghat: 5 days and Neemuch: 6 days).

The Presidents of these districts Forums stated that they visited in these sitting district Forums on their convenience and keeping in view the pendency of cases.

**Two district Forums remained non-functional for period ranging 18 to 19 months.**

Two district Forums remained non-functional for periods ranging from 18 months to 19 months (Dindori, April 2003 to September 2004 and Umaria, May 2003 to November 2004). Fourty three complaints (Dindori: 13 and Umaria: 30) of consumers remained pending for redressal as President had not visited on sitting days of these forums.

For 45 districts Forums 90 posts of members were sanctioned. In four district forums (Chhatarpur July 2004, Mandsaur July 2003, Sidhi March 2004 and Vidisha August 2003) both the two posts of members were vacant, while in 15\* district forums one post of member was vacant.

The Central Consumer Protection Council in its XXIII meeting held on 16th July 2003 recommended that a panel of members may be prepared in advance of creation of vacancy of member but no action was taken in this regard. On being pointed out the Registrar, State Commission replied (September 2005) that the delay in appointment of members are due to non receipt of panels of members from the Collectors and delay in appointment of members was on the part of Government.

Three district Forums remained non-functional for a period ranging from six months to nine months due to non posting of members and 521 complaints of consumers remained pending till alternative arrangement of additional posting of members of near by districts were not made as under :

Name of district forums	Period during which posts of both member were vacant	No of complaints were pending before existing vacancy of both members	No. of complaints filed during the period	Total No. of complaints remained pending	Period of pendency (In months)	Date on which alternative arrangement was made
Sidhi	Mar 04 to Nov.04	165	NIL	165	9	30th November 2004 One member of Rewa was given additional charge
Chhatarpur	July 04 to Dec 04	113	02	115	6	30th Nov.2004 One Member of Damoh was given additional charge
Mandsaur	Aug-03 to Feb-04	243	24	267	7	5th March 2004 One member of Neemuch was given additional charge
<b>Total</b>		<b>521</b>	<b>26</b>	<b>547</b>	<b>-</b>	

**No staff is posted in four district Forums, while 12 district Forums had only class IV staff.**

Two posts (1 Lower Division Clerk and 1 Class-IV) for each 21 part-time district Forums were sanctioned (December 2002). Four district Forums (Chhatapur, Dindori, Umaria and Sidhi) were running without any staff, while 12 district Forums (Datia, Dewas, Barwani, Betul, Harda, Panna, Shajapur, Neemuch, Jhabua, Shadol, Sheopur Kala and Mandleshwar) had only Class IV staff.

**In five district Forums there was no arrangement to receive the complaints on every working day.**

In five district Forums (Barwani, Chhatarpur, Dewas, Dindori and Neemuch) there was no arrangement to receive the complaints of consumers on every working day. The Presidents of these district forums stated that complaints of consumers were received on sitting days of district forums. Thus 48.71 lakh consumers of these district could not file their complaints in district forums on every working day.

\* *Balaghat (January 2004), Betul (August 2002), Bhind (July 2002), Datia (December 2001), Dindori (November 1999), Panna (December 2003), Ratlam (May 2003), Rajgarh (January 2005), Satna (March 2004), Seoni (July 2003), Sehore (October 2004), Shadol (July 2004), Tikamgarh (February 2004), Indore (January 2005) and Morena (July 2003)*

Inadequate staff was posted in 24 district Forums which were functioning as full-fledged district Forums as under:

Sl. No.	Name of posts	No. of post sanctioned for each district forum	No. of district forum for which posts were sanctioned	No. of district forums in which posted	No. of district forums in which posts are vacant	Period from which vacant
1.	Superintendent of Court	1	20	11	9	Bhind, Chhindwara, Damoh and Khandwa since December 2002, Guna and Mandsaur from February 1996, Morena from December 2001, Sagar February 2004 and Ujjain March 2004.
2.	Upper Division Clerk	1	20	14	6	Guna, Hoshangabad, Mandsaur, Rewa, Satna and Seoni since December 2002.
3.	Readers	1	24	15	9	Bhind, Chhindwara, Damoh, Khandwa, Katni, Sagar and Shivpuri since August 2004, Mandsaur December 2002 and Rewa October 2002
4.	Steno typist	1	24	6	18	Bhopal, Bind, Chhindwara, Damoh, Dhar, Guna, Gwalior, Hoshangabad, Indore, Khandwa, Mandsaur, Morena, Rewa, Sagar, Satna, Shivpuri, Ujjain and Vidisha since August 2004.
5.	Stenographer	1	24	23	1	Mandla since December 2002.

The Registrar, State Commission stated (September 2005) that existing vacancies could not be filled due to ban imposed by the Government on appointment.

It was the responsibility of the State Government to provide adequate staff in district Forums for their effective, smooth and un-interrupted functioning so that the complaints of consumers are disposed off as quickly as possible within the time as prescribed in the Act. But the Government failed to provide even minimum sanctioned staff. Thus the implementation of the Act was not ensured as envisaged.

### 3.1.12 Awareness and empowerment of consumer

**Jagrati Shivar Yojna was not implemented to create awareness.**

Government of India launched (December 2003) a scheme Jagrati Shivar Yojna to create awareness among the consumers at district level by holding consumer awareness camps, meetings, functions, etc, with the help of State Government, District Authorities.

The Government had not taken initiative to implement the scheme for creating awareness among 6.03 crore Consumers and particularly to those 4.43 crore Consumers living in rural areas about their rights and ensuring the implementation of Act.



Commissioner replied (September 2005) that information from District Collectors was under process and no fund was received from the Government of India.

**District Consumer Information Centre was not established in each district.**

GOI introduced (October 2000) a scheme for setting up at least one District Consumer Information Center (DCIC) with the help of Zila Parishad and reputed Voluntary Consumer Organizations (VCOs) with objects to disseminate information on all aspects of consumer protection. A financial assistance of Rs.5 lakh was admissible for each DCIC in phased manner covering 3 years (Rs.2.5 lakh first year, Rs.1.75 lakh in second year and Rs.0.75 lakh in third year)

Test check of the records of Commissioner revealed that no information was available regarding establishment of DCIC in districts. On being pointed out it was replied (September 2005) that no grant was sought by State Government/NGO/VCO, for establishment of DCIC.

Scrutiny of records of 3\* VCOs of Bhopal district revealed that Rs.4.50 lakh (Rs.2.75 lakh in July 2001 and Rs.1.75 lakh March 2004) was provided by the GOI to National Center for Human Settlement and Environment, Bhopal and DCIC was set up (July 2001) in Bhopal and guidance were provided to 1521 consumers (198 in 2001-02, 386 in 2002-03, 557 in 2003-04 and 380 in 2004-05) while the other two VCOs/NGO stated that they did not receive financial assistance.

**Media policy was not formulated to create awareness about the Act.**

No media policy was formulated for dissemination of information pertaining to awareness about the act, mechanism for filing of complaints and procedure of adjudication including location of district forum and state commission to facilitate the consumers. The guidelines such as filing of complaints on plain paper, no lawyers required, prescribed fee are not displayed in the premises of district forums or out side the premises to educate the consumers.

**81 per cent of the consumers were not aware of their rights, while only 5 per cent of rural population had heard about it.**

Results of the ORG MARG survey revealed that 81 per cent of the consumers were not aware of their rights as consumers and 87 per cent were still unaware of Consumer Protection Act. The Act is envisaged to benefit all the consumers in urban and rural areas, but only 5 per cent of the rural population had heard about it. The analysis for the for the showed that among those who were aware of the Act, most belonged to the educated lot (20 per cent), self employed (30 per cent), employed with Government (45 per cent) and retired of the survey revealed that 76 per cent of the consumers at large believed that it is important for every consumer to know about his rights.

### **3.1.13 Monitoring mechanism**

#### **3.1.13.1 Disposal of consumers grievances**

Age wise analysis of 7698 pending cases (State Commission : 2203 cases and district Forums : 5495) as on 31 March 2005 were as under:

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\* *National Centre for Human Settlements and Environment, all India Consumer Congress and Bhopal Upbhogta Hit Chintak Parishad.*

**In State Commission and district Forums 7698 cases of consumers were pending on 31 March 2005.**

Sl. No.	Particulars	State Commission	District Forums	Total
1.	Cases outstanding for more than six months	870	2823	3693
2.	Cases outstanding for more than six months upto one year	883	1394	2277
3.	Cases outstanding for more than one year upto three years	398	1025	1423
4.	Cases outstanding for more than three years	52	253	305
	<b>Total cases outstanding</b>	<b>2203</b>	<b>5495</b>	<b>7698</b>

The delay in disposal of complaints of consumers in district forums was due to delay in appointment of members, providing inadequate staff and inadequate infrastructural facilities, etc.

Consumer Forums have not been interlinked through computer network with State/National Commission.

**Around 26 per cent of cases were still unresolved after about 9 hearings.**

ORG survey also revealed that there were 78 cases where the decree was passed and compensation was yet to be received on an average the compensation was due for 18 months. For those received compensation the same was received within an average period of four months. On an average 6.9 hearings were required to resolve the case. Around 26 per cent of cases were still unresolved even after about 9 hearings. To resolve a case on an average 9 months were spent. In case of unresolved case the same were pending for past 25 average months. Majority of complaints (82 per cent) were against services such as electricity, banking, insurance, communication and other financial services while only about 18 per cent of the complaints were against products, mostly consumer durables (60 per cent).

### **3.1.14 Conclusion**

Consumer right to seek redressal of grievances was not fulfilled. District Forums established in 45 districts were not functioning regularly due to non-establishment of regular forum in 21 districts. Adequate infrastructure facilities (including sitting accommodation) were not provided in district forums. District forums were inadequately staffed while in some district forums no staff was posted leading to cases not being disposed off speedily. Vacancies of members in district forums remained unfilled. No action plan or policy has been framed for creating awareness among the people. State Consumer Welfare Fund to be created for strengthening the consumer movement in the State was not created so far. There was shortage of enforcement staff for enforcement of Food Adulteration and Standard of Weights and Measures Acts. Meetings of State consumer Protection Council were not held and district consumer protection councils have not started functioning. Adequate initiative was not taken to generate awareness and empowerment of consumer.

### 3.1.15 Recommendation

- There is a need to establish independent full fledged district Forums in each district, and circuit benches of the State Commission at the earliest.
- Adequate infrastructural facilities like proper accommodation, furniture, drinking water facilities, xerox machine, computers etc. in all district Forums needs to be provided.
- Secondary laboratories of weights and measures department require upgradation to electronic system to ensure proper regulation of all the weighing and measuring instruments used in trade and commerce.
- There is need to provide adequate staff in district Forums and appointment of members should be made on time to ensure effective functioning.
- District Consumer Information Centres need to be established in each district to enforce awareness among the consumers. Consumer welfare fund should be created for generating consumer movement with the help of VCO's/NGOs.

The matter was reported to Government in November 2005; reply had not been received (January 2006).

## Public Works Department

### 3.2 Upgradation and improvement of roads from Mandi funds and loans obtained by MPRRDA (Kisan Sadak Nidhi)

#### *Highlights*

*The Government decided (September 2001) to utilise the Mandi funds (created for development of roads for Krishi Upaj Mandi Market area) for repair and maintenance of State roads in view of their poor condition and shortage of funds. Accordingly 323 roads of different category with length of 5839.95 km were taken up for up-gradation/improvement by the Public Works Department(PWD) in a phased manner for completion by the end of March 2003 at an estimated cost of Rs.648.97 crore. However, only 230 roads with length of 4876.90 km had been completed after incurring an expenditure of Rs.568.90 crore up to March 2005. The performance was deficient as implementation of the works was lagging behind schedule. The criteria of selection of roads having width of 3.75m was not followed and the specifications of MORT&H were not adhered to. There were cases of acceptance of substandard works and excess payment made to the contractor due to incorrect application of rates. Some important findings of the review are given below:*

**An expenditure of Rs.17.17 crore was incurred on works against the sanctioned amount of Rs.15.93 crore resulting in unauthorized expenditure of Rs.1.24 crore; blockage of funds amounting to Rs.5.18 crore due to demand of funds in excess of requirement resulting in loss of interest of Rs.17.23 lakh.**

*(Paragraph 3.2.6.1 & 3.2.6.4)*

**The department failed to achieve the target even after overrun of two and half years and 93 roads remained incomplete as of March 2005.**

*(Paragraph 3.2.8.1)*

**Incorrect selection of State Highways and other roads having width of more than 3.75 m for up-gradation against the criteria of the guidelines resulted not only in degradation of roads Wasteful expenditure of Rs.31.51 lakh due to incorrect selection of Lunera-Mandev road for widening up to 3.75m against actual requirement of 5.5 m was noticed.**

*(Paragraph 3.2.8.2)*

**Extra cost of Rs.3.94 crore was incurred due to execution of surface dressing without assessing its requirement and adoption of higher specification for tack coat.**

*(Paragraph 3.2.10.1 & 3.2.10.5)*

**Excess payment of Rs.3.54 crore was made to the contractors due to incorrect computation and incorrect application of rates and undue financial aid of Rs.85.64 lakh was also extended to the contractors by granting them inadmissible advances.**

*(Paragraph 3.2.10.6 to 3.2.10.12)*

### **3.2.1 Introduction**

The Government of Madhya Pradesh (GOMP) issued a Gazette notification on 15 March 2000 to levy a market fee of 2 per cent on every sale of “agriculture produce” brought from outside the State or that were sold in the State, under MP Krishi Upaj Mandi Adhinyam, 1972. The fee was to be collected by Mandi Committees. According to gazette notification dated 13 July 2001 the committees were to deposit 85 per cent<sup>@</sup> of the fee to the MP State Agriculture Marketing Board (Board) under the head “Kisan Sadak Nidhi” (Mandi Funds) for development of roads of Krishi Upaj Mandi Market area. Government, however, launched a programme (March 2001) with the object of utilising this fund to upgrade and improve the deteriorated existing bituminous Major and Other District roads having width up to 3.75 m.

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<sup>@</sup> Balance 15 percent was to be retained by the board for agriculture research and infrastructure development.

### **3.2.2 Organisational Set up**

The planning and implementation of the scheme was the responsibility of the Engineer-in-Chief (E-in-C), PWD. The up-gradation and improvement of roads were being executed through 52 out of 94 divisions of PWD in the State, each headed by an Executive Engineer (EE) under the administrative control of Chief Engineers (CE).

### **3.2.3 Objectives of Audit**

The audit objectives were to assess :

- whether selection of roads was as per guidelines and prescribed criteria;
- efficacy of the planning and economy in implementation ;
- adequacy of system of accounting ;
- the extent to which the technical specifications had been followed; and
- effectiveness of supervision, quality control and monitoring.

### **3.2.4 Audit Criteria**

The Audit findings are based on the following Audit Criteria:

- Guidelines issued by Government of Madhya Pradesh for upgradation and improvement of roads with Mandi funds.
- General Financial Rules/Treasury Rules and circular issued by Government of Madhya Pradesh.
- CPWD Code and Madhya Pradesh Works Department manual specifying the rules and regulation for execution of Public Works including deposit works.
- Ministry of Road Transport and Highways specifications for Road and Bridge works.
- Practices/recommendations published by Indian Road Congress for roads works.

### **3.2.5 Scope of Audit**

The performance audit is based on test check of records of 13 (out of 52) PWD divisions relating to the period from 2001-05, conducted during April 2005 to September 2005. Information and data were also collected from the office of the E-In-C, PWD. The points noticed during audit are discussed in succeeding paragraphs.

## Audit Findings

### 3.2.6 Financial Management

The Mandi funds were collected by the Board and were deposited with Madhya Pradesh Rural Road Development Authority (MPRRDA) for execution of works under the scheme on the basis of demands made by the CE. These funds were released by MPRRDA directly to executing divisions of PWD for execution of work.

It was assessed (March 2002) by MPRRDA that Rs.350 crore would be available through the board (Mandi funds) for upgradation of roads. However, as the PWD proposed to General Body of MPRRDA to take up roads works for an amount of Rs.650 crore, therefore, a loan of Rs.250 crore (April 2003 - Rs.200 crore, and March 2004-Rs.50 crore) was taken by MPRRDA from the Financial Institution (HUDCO) on the guarantee of the State Government. Out of Rs.250 crore obtained as loan from HUDCO, Rs.193.75 crore was swapped (October 2004) with ICICI bank. An amount of Rs.41.17 crore was paid (up to March 2005) as interest including prepayment charges to HUDCO. Further, an amount of Rs.25 crore was also borrowed (May 2005) from ICICI bank by MPRRDA.

During the period 2001-05 Rs.570.08 crore were released by MPRRDA against which Rs.568.90 crore were expended by the PWD in the upgradation and improvement of roads through these funds.

Audit scrutiny revealed the following:

#### 3.2.6.1 Unauthorized transfer and blockage of funds.

As per instructions of E-in-C issued in June and December 2002, the funds were required to be demanded on actual requirement for works already awarded and likely to be utilized within 15 days failing which, the funds were required to be refunded to the MPRRDA immediately to avoid blockage of funds.

**Blockage of funds of Rs. 5.18 crore resulting in a loss of interest of Rs.17.23 lakh**

It was, however, seen in audit that in seven divisions<sup>\$</sup>, the funds were demanded in excess of requirement and unauthorisedly kept in their saving bank accounts for a period of more than 6 months in some cases, instead of surrendering to the MPRRDA. This has resulted not only in blockage of funds to the tune of Rs.5.18 crore but also in a loss of interest of Rs.17.23 lakh<sup>#</sup> on account of loan taken from HUDCO/ ICICI due to difference in rates of interest on loan to be paid and interest earned.

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<sup>\$</sup> Hoshangabad- Rs.1.07 crore (9 months), Dewas- Rs. 0.68 crore (10 months), Vidisha- Rs. 0.38 crore (17 months), Ratlam- Rs. 0.34 crore (17 months), Ujjain- Rs.0.78 crore (12 months) & Rs. 0.95 crore (6 months), Seoni- Rs. 0.61 crore (6 months) and Sidhi- Rs.0.37 crore (12 months).

<sup>#</sup> Interest was calculated on average rate of 8 per cent minus 4 percent earned on saving bank deposits.

### 3.2.6.2 Irregular payment of secured advances

**Secured Advance of Rs. 16.04 lakh was paid to contractors against provision**

There was no provision in the contract agreements entered for execution of works with the contractors for payment of secured advances on perishable material brought to the site. It was however, observed in test check of records of Betul division that secured advance of Rs. 16.04 lakh was paid on bitumen and cement during January 2004 to September 2004. This was not as per the provisions of the contract and was thus undue financial aid to the contractors.

### 3.2.6.3 Diversion of funds

In contravention to the instructions (August 2002) of Government, an amount of Rs.39.52 lakh<sup>@</sup> recovered on account of income tax, commercial tax etc. from the bills of contractors during 2002-05, was diverted and intermittently utilised for payment of work done instead of remitting at the end of same month to the heads of account for which recovery was made. These amounts were remitted to concerned Departments after delay ranging between 2 and 6 months from date of recovery.

### 3.2.6.4 Unauthorised expenditure

As per administrative approval for the various works undertaken from these funds, the expenditure was not to exceed the sanctioned cost.

**A sum of Rs.1.24 crore was incurred unauthorisedly in excess of cost of works sanctioned by Government.**

It was however, noticed in four divisions, that as against sanctioned cost of Rs.15.93 crore, an expenditure of Rs.17.17 crore had been incurred on the works executed through 7 agreements. Thus, an amount of Rs.1.24 crore\* was unauthorisedly spent on the works in excess of sanctioned cost. The increase in cost was mainly due to tender premium, payment of escalation and unrealistic estimates. The revised administrative approval has also not been obtained so far (July 2005).

### 3.2.7 System of accounting

As per the provisions of MP Works Department Manual and CPWD Account Code, the deposit work should be executed by PWD only after the funds are deposited by the department/ agency for which work is undertaken in Government account through treasury chalan. The accounts of the transactions under deposit work were required to be maintained/ prepared in form-65 "Schedule of Deposit Works" and rendered to the Accountant General. The Government ordered (October 2001) to execute the Mandi works as deposit works.

**The accounting of receipt and expenditure on work was not as per codal provision**

It was, however, observed that the codal provisions to be adhered to in pursuance of execution of work as deposit work were not followed. No accounts were also rendered to the Accountant General as has been prescribed

<sup>@</sup> Mandla- Rs. 19.74Lakh, and Raisen- Rs19.78 Lakh.

\* Betul- Rs.0.41 crore, Hoshangabad – Rs.0.50crore, Mandla- Rs.0.07crore and Seoni- Rs.0.26 crore.

for deposit works. Further, a separate saving bank account was opened by EEs for execution of these works and subsidiary registers including cash book for these accounts were also separately opened. Audit scrutiny revealed that Government instruction of treating these works as deposit works was not correct, since the Government only had allowed for opening of separate bank accounts for execution of these works which though was not mandatory as per provisions for execution of deposit works.

Thus, the accounting of entire expenditure of Rs.568.90 crore on Mandi works was not as per the codal provisions. The accounts of the expenditure were also not rendered to the Accountant General thereby, keeping beyond the purview of the Accountant General. It was further observed that, neither the bank reconciliation of balances was done nor the subsidiary registers relating to advances, Income tax, Commercial tax, security deposit etc. of contractors were maintained in the divisions as directed by the E-in-C (June 2002). This was indicative of ineffective internal control. The possibility of misappropriation of funds in these circumstances cannot be ruled out due to unreconciled differences between the balances as per cash book and bank pass book.

### 3.2.8 Planning

For successful implementation of a time bound programme, the financial and physical planning in phased manner with overall implementation schedule in PERT Chart/ CPM with all construction activities is essential. But no such planning with priority for number of roads of entire zones of the state to be upgraded/ improved in a systematic manner under the programme was done.

#### 3.2.8.1 Target and achievement

No specific overall target with category of roads for completion of its improvement / up-gradation was fixed. However, as per instructions issued by the E-in-C (September- 2001), the works were to be completed within a period of 6 months to 11 months from the date of issue of work order. Similarly a time frame of two months was provided for issue of work order from date of sanction.

The position of target and achievement of works as of March 2005 is detailed below:

Phase of Sanction	Target		Achievement			Shortfall		
	No. of roads	Length in km	Sanctioned cost	No. of roads	Length in km	Expenditure	No. of roads	Length in km
Phase-I (works sanctioned in Sept 2001) 2001-02	101	1950.65	216.68	76	1719.27	201.59	25	231.38
Phase-II (works sanctioned in March 2002) 2001-02	222	3889.30	432.29	154	3157.63	367.31	68	731.67
<b>TOTAL</b>	<b>323</b>	<b>5839.95</b>	<b>648.97</b>	<b>230</b>	<b>4876.90</b>	<b>568.90</b>	<b>93</b>	<b>963.05</b>

(Rupees in crore)



**The PWD failed to complete the work within the period stipulated in the agreements.**

Although, the Mandi works of phase-I and II were to be completed by November 2002 and March 2003 respectively, however, the completion of works was delayed mainly due to lack of planning, delay in fixing of agencies, award of works of Phase- I with a period of execution ranging from 15 months to 21 months, poor performance of contractors and ineffective monitoring. It was seen that the Department failed to take timely action to check the slippages, as a result 93 roads (25 of Phase-I and 68 of Phase-II) remained incomplete as of March 2005.

### **3.2.8.2 Incorrect selection of roads**

The original objective of construction of roads with these funds was to improve access to market places and accordingly the Gazette Notification was also issued (July 2001) by Government specifying that these funds would be utilised for development of roads of “Krishi Upaj Mandi Market area”. It was, however, observed that these funds were also utilised even for upgradation work of State Highways and improvement of roads connecting to tourist centres as discussed below:

#### **State Highways**

The work of improvement of roads was also extended to State Highways (SH) which had already been laid with road width of five metre to seven metre. However, as per directions of the Government (October 2001) the up-gradation/ improvement of roads through these funds was to be restricted to a width of 3.75 metre only. The E-in-C while, expressing (October 2001) reservations had observed that if improvement of the roads to 3.75 m width only is carried out instead of full width of the road it may lead to mishaps and deterioration of the created assets. But this suggestion was not responded by the Government.

**Selection of SH & other roads having width in excess of 3.75m for upgradation was in contravention of laid down criteria resulting in diversion of funds Rs.92.76 crore**

Audit observed that 41 works of SHs with a length of 1023.50 km having carriage way width of more than 3.75 m (ranging up to 7 m) had been selected for up-gradation/ improvement at a sanctioned cost of Rs.105.74 crore. The restriction for improvement in a width of 3.75 m in the state highways only at a cost of Rs.92.76 crore (March 2005) by leaving remaining crust of roads, actually had led to degradation of the State Highways and also was one of the cause for mishaps due to rise in levels in the improved middle portion of these SH Roads and deterioration of crust in the remaining widths.

#### **Roads connecting tourist centres**

The roads named Lunera-Mandev (14 kms) and Mandla-Seoni (21.8 Kms) connecting Mandev and Kanha National Park respectively were selected for improvement under the scheme at a cost of Rs.4.96 crore\* without considering their utility for the market area, thereby defeating the very purpose of creation of fund.

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\* Mandla- Seoni road Rs. 3.28 crore and Lunera- Mandev road Rs. 1.68 crore.

**Wasteful expenditure of Rs.31.51 lakh due to incorrect selection of Lunera- Mandev road for widening upto 3.75m against actual requirement of 5.5m width.**

Further, Lulera-Mandev road, a part of Dhar-Mandev Road was taken up (August 2002) for widening from 3 m to 3.75 m and improvement of existing crust with hard shoulders on the ground of insufficient width for heavy traffic connecting famous tourist place Mandev. It was noticed that after one year of its completion (August 2003) at a cost of Rs.1.66 crore, the road was again taken up (January 2005) for further widening up to 5.5 m at an additional cost of Rs.2.02 crore under 'Special Central Assistance'. The widening and improvement of crust is always designed for a period more than 10 years after considering all aspects including growth of traffic. However, these aspects had been overlooked while selecting the road under Mandi fund, even though the Department was well aware of the fact of the requirement of 5.50-m considering aspects including growth in traffic. Thus, incorrect selection of road for Mandi work has resulted in wasteful expenditure of Rs.31.51 lakh due to change of centre line and excavation of hard shoulders constructed only one year back.

EE stated that this was consequent to the decision taken by higher authorities.

### **3.2.9 Implementation of the contracts**

#### **3.2.9.1 Imposition of nominal penalty beyond the scope of agreement**

**Imposition of nominal penalty for delay against the scope & spirit of agreement led to loss of Rs.62.84 lakh to Govt.**

As per orders of Government (September 2001) the stipulated period for completion of work was to be strictly adhered to. In case, the completion of work is delayed, timely action for granting of time extension in terms of the provisions of agreement was to be taken. No payment was to be made till the approval / sanction of time extension. It was, however, observed in test check that the completion of works was delayed abnormally but, time extension had not been sanctioned by the CE even after release of final payment in six contracts (Betul-3 and Hoshangabad-3).

Further, the agreement provided that in the event of the contractor failing to give the proportionate progress of work, the compensation on account of liquidated damages equal to 1/16 per cent of the value of work per week or Rs.20000/- per day limited to 6 per cent value of work done was to be levied. The decision of the CE in the case of dispute on any account except other wise than specified in the agreement would be final.

It was, however, seen in audit that while finalising the time extension of 14 cases, the CE imposed nominal penalty ranging between Rs.0.20 lakh to Rs.2.20 lakh without analysing the period of delay attributed to the contractors. The EEs of concerning divisions had however computed and analysed the number of days of delay attributed to contractors. Thus, the imposition of nominal penalty in contravention to the scope of agreement and in disregard to delays that has been worked out by EEs resulted in undue financial benefit to the contractor of Rs.62.84 lakh as detailed in **Appendix-XXXIV**.

**Extra payment of Rs.2.11crore on account of escalation due to incorrect provision of period for completion with more than 12 months**

### 3.2.9.2 Extra payment on account of escalation

The test check of records in seven divisions revealed that works were awarded with a stipulated period of completion ranging from 15 to 21 months instead of 6 to 11 months as per the instruction of E-In-C (September 2001). As the stipulated period of completion of these works was beyond one year the clause of escalation was also incorporated in the agreement and accordingly extra payment on account of escalation amounting to Rs.2.11 crore<sup>@</sup> was also paid to contractors.

EEs stated (April 2005 to September 2005) that the works were awarded as per approved NIT by the CE and escalation was paid accordingly. The reply is not acceptable as the instructions of E-in-C to complete the work with in a period of six to eleven months were not kept in view while approving the NITs.

### 3.2.10 Execution of the works

#### 3.2.10.1 Execution of unwarranted item of surface dressing

**Unwarranted execution of surface dressing below BM & SDBC resulting in extra cost of Rs.1.60 crore**

As per MORT&H specifications and Manual for construction and supervision of bituminous roads, surface dressing is to be provided as an intermediate wearing course on freshly laid Water Bound Macadam (WBM) surface to prevent deterioration of WBM surface when it is not possible to lay designed bituminous overlay immediately.

It was, however, seen in seven divisions that, inspite of the fact that the BM/SDBC was to be laid without delay, the provision of surface dressing prior to laying of BM & SDBC was unwarrantedly made in estimates and executed.

Thus, unwarranted provision of surface dressing & its execution has resulted in an extra cost of Rs.1.60 crore<sup>\*</sup>.

On this being pointed out, the EEs stated (April 2005 to September 2005) that the surface dressing was done as per the sanctioned estimates. The reply is not tenable in view of the specifications.

#### 3.2.10.2 Acceptance of Sub-standard work

**Unauthorised acceptance of substandard work costing Rs.5.70 crore**

As per the provisions of SOR, sub-standard work can be accepted at a reduced rate only after analysis of the rates under the approval of the CE. It was however, seen in test audit that in three divisions four sub-standard works<sup>\*\*</sup> valuing Rs.5.70 crore<sup>#</sup> were accepted without any reduction in rates/ cost by

<sup>@</sup> Raisen- Rs.0.14 crore, Khandwa- Rs.0.57 crore, Dewas- Rs.0.21 crore, Guna- Rs.0.28 crore, Jhabua- Rs.0.17crore, Tikamgarh- Rs. 0.05 crore and Damoh- Rs. 0.69 crore.

<sup>\*</sup> Dewas- Rs.0.17 crore, Dhar- Rs.0.23 crore, Damoh- Rs.0.17 crore, Hoshangabad- Rs. 0.25 crore, Jhabua- Rs.0.17 crore, Khandwa- Rs.0.41 crore and Raisen- Rs. 0.20 crore.

<sup>\*\*</sup> Improper grading of aggregates, less bitumen contents, uneven surface and less compaction.

<sup>#</sup> Dhar- Rs0.87. crore, Hoshangabad- Rs. 0.48 crore and Khandwa- Rs.4.35crore.

the EEs during October 2003 to July 2005 disregarding the provision of ensuring analysis of rates and prior approval of the CE.

EEs stated (May 2005 to August 2005) that approval of reduced rates would be taken from the CE. Reply is not acceptable as the approval of reduced rates was to be obtained before release of payment.

### 3.2.10.3 Deviation from specifications

**Execution of SDBC against MORT&H specifications resulting in extra cost of Rs.14.14 lakh.**

As per provisions of MORT&H specifications and manual for construction and supervision of bituminous roads, Semi Dense Bituminous concrete (SDBC) can be laid only on previously prepared bituminous bound surface. It was, however, observed in two divisions that, in four roads, SDBC was laid over granular base at a cost of Rs.1.15 crore<sup>@</sup> instead of Open Graded Premix Carpet (OGPC) with seal coat. This resulted not only in deviation from specifications but also in an extra cost of Rs.14.14 lakh<sup>§</sup>. In reply EEs stated (August 2005) that the SDBC was executed as per sanctioned estimate. Reply is not acceptable in view of the specifications.

### 3.2.10.4 Doubtful measurements and unauthorised payment

According to technical note of Government for execution of Mandi works enclosed with each administrative approval, the work of patch repairs was to be got executed and measured on the basis of cubic contents and not on square metre (sqm).

**Doubtful measurements and unauthorised payment of Rs 10.49 crore on account of BUSG.**

Scrutiny of records of 11 divisions revealed that disregarding the above orders, the work of patch repairs with BUSG valuing Rs.10.49 crore<sup>^</sup> was got executed in square metre with uniform depth of 75 mm by making provision in estimates. Plotting cross-sections at suitable intervals was not carried out. As the patches in roads can never be of uniform depth of 75 mm the absence of plotting the extent to which incorrect provision was made in the quantities was not readily verifiable. Thus, an expenditure of Rs.10.49 crore had been incurred on the patch repairs. The quantity of work and cost that was avoidable could not be ascertained as a uniform depth of 75mm had been considered throughout the entire road.

In reply the EEs stated (March 2005 to September 2005) that the patch repair was done as per the provision of sanctioned estimates. The reply is not acceptable in view of orders of Government.

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<sup>@</sup> Hoshangabad- Rs. 0.82 crore and Shajapur- Rs.0.33 crore,.

<sup>§</sup> Shajapur- Rs.4.48 lakh and Hoshangabad-Rs.9.66 Lakh.

<sup>^</sup> Betul- Rs.0.43 crore, Dewas- Rs.0.70 crore, Dhar- Rs. 1.99 crore, Damoh- Rs. 0.15 crore, Guna- Rs.0.40 crore, Hoshangabad- Rs. 0.75 crore, Jhabua- Rs.1.86 crore, Mandla- Rs.1.53 crore, Raisen- Rs.0.93 crore, Shajapur- Rs.1.52 crore and Datia- Rs. 0.23 crore.

### 3.2.10.5 Execution of tack coat against the specifications

**Extra cost of Rs.2.34crore due to execution of tack coat with bitumen instead of bitumen emulsion as provided in specifications.**

As per MORT&H specifications, the tack coat for laying bituminous course should be applied only with bitumen emulsion. It was, however, seen in audit that in 12 divisions, tack coat was applied with bitumen (costlier item) instead of bitumen emulsion. The application of costlier item beyond the scope of specifications resulted in an extra cost of Rs.2.34 crore\*.

On being pointed out in audit, the EEs stated (March 2005 to September 2005) that the tack coat with bitumen was applied as per provision of approved estimates. The reply is not tenable in view of MORT&H specifications.

### 3.2.10.6 Non- reduction in rates of NP-3 Hume pipes

**Excess payment of Rs.16.29 lakh made to contractors due to non application of reduced rate of NP-3 pipes of IS-458-1988.**

An item for providing and fixing of NP-3 Hume pipes of different diameters with the specifications of IS-458-1971 in construction of CDs based on Bridge –SOR was provided in the schedule of items of work appended with the agreements. But the pipes of these specifications were not available due to revision of specifications to IS-458-1988. Looking to the lighter specification of new standard, the rates were to be analyzed for reduction to the extent of Rs.452 and Rs.722 per RM for 1000 mm and 1200 mm diameter respectively as decided (May 2002) by the MPRRDA.

It was, however, seen in audit of seven divisions that CDs were constructed by using pipes of lighter specifications (IS-458-1988) but payment was made without reduction in the rates. This has resulted in an excess payment of Rs.16.29 lakh<sup>ψ</sup>.

### 3.2.10.7 Non utilisation of excavated soil and incorrect payment for hard shoulders

**Excess payment of Rs.80.04 lakh due to non utilisation of excavated soil and incorrect payment of hard shoulders.**

The scrutiny of measurements recorded in Measurement Books in five divisions revealed that an excess payment of Rs.80.04 lakh\* was made to the contractors due to non utilisation of excavated soil obtained from widened portions and drains. Further, the payment for hard shoulders was made at the rate of Rs.152 per cu m (granular soil brought from borrow area) instead of Rs.86.20 per cum (soil obtained from excavation) as the roads were passing through moorum areas.

\* Betul- Rs.0.21 crore, Dewas- Rs.0.16 crore, Damoh- Rs. 0.36 crore, Hoshangabad- Rs. 0.16 crore, Jhabua- Rs.0.29 crore, Khandwa- Rs.0.19 crore, Mandla- Rs. 0.26 crore, Seoni- Rs.0.24 crore, Tikamgarh- Rs.0.15 crore, Chhindwara- Rs.0.04 crore, Chhatarpur- Rs.0.05 crore and Raisen- Rs.0.23 crore.

<sup>ψ</sup> Betul- Rs.1.75 lakh, Dewas- Rs.2.88 lakh, Dhar- Rs.2.64 lakh, Hoshangabad- Rs. 1.60 lakh, Jhabua- Rs.1.22 lakh, Khandwa- Rs.1.41 lakh, Raisen- Rs.4.79 lakh.

\* Dhar – Rs. 14.62 lakh, Khandwa- Rs.19.16 lakh, Raisen - Rs.7.43 lakh, Mandla- Rs.33.09 lakh and Betul - Rs.5.74 lakh.

On this being pointed out, the EEs stated (March 2005 to September 2005) that the excavated soil was not usable for construction of embankment and the payment for construction of hard shoulder would be verified. The reply is not tenable as the excavation was done for widening of existing roads and the earth which was excavated should have been utilised.

### 3.2.10.8 Incorrect adjustment of cost of bitumen

**Excess payment of Rs.95.21 lakh due to non adjustment / incorrect adjustment of difference in cost of bitumen.**

As per guidelines and special condition of contract, 60/70 grade packed bitumen only was required to be procured and used in the work. However, 12 contractors in six divisions were allowed unauthorisedly to procure and utilise the bulk bitumen in bituminous works even without reduction in cost on this account being cheaper material. This has resulted in an excess payment of Rs.66.76 lakh\*.

On being pointed out, the EEs agreed to recover the excess payment and stated that the contractors were allowed to use bulk bitumen due to non - availability of packed bitumen.

Further scrutiny revealed that as per SOR, if the consumption of bitumen in the mix of SDBC is less or more than five per cent of weight of total mix based on job mix design as per MORT&H specifications, the rate of SDBC was to be reduced/ increased, as the case may be.

It was seen in audit that the cost of bitumen consumed in excess over five percent was adjusted considering the weight of mix as 2100 to 2200 kg instead of actual weight of designed mix varying between 2350 and 2512 kg. This has resulted in excess payment of Rs.28.45 lakh@ to the contractors.

In reply, the EEs stated (April 2005 to September 2005) that the difference was worked out on the basis of standard weight of mix. The reply is not acceptable as the difference should be worked out only on the basis of actual weight of designed mix.

### 3.2.10.9 Incorrect application of item

As per provisions of SOR (Bridge) and MORT&H specifications, the granular soil was to be utilised for back filling, filling between the returns and behind abutments in construction of Hume pipe culverts for which item D-26 of SOR @ Rs.165 per cum was applicable.

It was, however, seen in test check of records of 4 divisions that another item D-11 of SOR @ Rs.467 per cum applicable for Moorum filling in haunches of arch type culverts/ Bridges, was applied for back filling behind the abutment

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\* Betul- Rs. 2.84 lakh, Dewas- Rs.10.60 lakh, Tikamgarh- Rs. 16.84 lakh Chhatarpur- Rs.17.61 lakh, Raisen- Rs. 17.75 lakh and Seoni Rs.1.12 lakh.

@ Raisen- Rs. 5.05 lakh, Khandwa – Rs.5.38 lakh and Betul- Rs.18.02 lakh.

and between the pipes instead of item D-26. This has resulted in an excess payment of Rs.11.14 lakh<sup>§</sup>.

EEs stated (March 2005 to August 2005) that the item was executed as per the provision of sanctioned estimates. The reply is not acceptable in view of the specifications.

### 3.2.10.10 Non recovery of excavated rock

As per mandatory provision of SORs (Bridge and roads) all excavated rock should be issued to the contractor at the rate of Rs.200 and Rs.100 per cum respectively for utilization in the work.

The test check of records of two divisions, however, revealed that recovery for 1688.48 cum of excavated rock was not effected from the contractors. This has resulted in excess payment of Rs.1.82 lakh\* made to the contractors.

While EE (Raisen) agreed to recover the excess payment, the EE (Mandla) stated that the hard rock was utilised in stone pitching work without payment. The reply is not acceptable as no such work was executed by the contractor.

### 3.2.10.11 In admissible payment for tack coat between two bituminous courses

**Inadmissible payment of Rs.1.27 crore due to unwarranted application of tack coat between two bituminous courses.**

As per MORT&H specifications no traffic should be allowed over freshly laid Bituminous Macadam (BM) without its sealing by wearing course. Moreover, as per SOR (roads) the tack coat is not required to be applied over a freshly laid bituminous course for laying another bituminous course except in extraordinary circumstances under the prior written permission of the Chief Engineer (CE).

It was, however, noticed that the payment for tack coat for laying wearing course over freshly laid BM was irregularly made to 18 contractors in eight Divisions. This has resulted in inadmissible payment of Rs.1.27 crore\* for tack coat between two bituminous courses. On being pointed out, the EEs agreed to recover the inadmissible payments.

### 3.2.10.12 Incorrect application of rates

**Excess payment of Rs.22.15 lakh due to incorrect application of rate of BM.**

As per SOR (roads), in the case of non-utilization of Sensor Paver Finisher<sup>♥</sup> for laying of BM, the rate of BM was to be reduced by three percent.

<sup>§</sup> Dhar- Rs.3.87 lakh, Hoshangabad- Rs.1.74 lakh, Mandla- Rs. 1.99 lakh, Dewas- Rs.3.54 lakh.

\* Raisen- Rs. 1.56 lakh and Mandla- Rs. 0.26 lakh.

<sup>♦</sup> Dewas- Rs.0.006 crore, Dhar- Rs.0.08 crore, Damoh- Rs.0.16 crore, Hoshangabad- Rs.0.10 crore, Khandwa- Rs.0.27 crore, Mandla- Rs. 0.31 crore, Shajapur- Rs. 0.31 crore and Raisen- Rs.0.03 crore.

<sup>♥</sup> A sensitive computerised machine for laying of bituminous overlay uniformly and smooth pavement.

Audit observed that, the full rate for item of BM was paid to contractors in three divisions, without any evidence for use of sensor paver finisher. This has resulted in an excess payment of Rs.22.15 lakh\* .

In reply, the EE, promised to take appropriate action after verification.

### **3.2.11 Monitoring**

Effective monitoring of the programme is the key factor to achieve the objectives and benefits timely. As per instructions, the implementation of the programme was required to be monitored by the E-in-C and CEs of the zones with a view to ensure that the targets relating to the time, cost and economic benefits were achieved. Although the prescribed status reports were regularly submitted to the CEs by the EEs, however, the steps for expediting the execution of work and removal of bottlenecks, adherence to time schedule, deviation from specification etc. were not taken. It indicates ineffective monitoring and internal control mechanism.

### **3.2.12 Conclusion**

Restriction of taking up improvement upto a width of 3.75 m did not fulfil the prescribed objectives of improvement in the entire width of SH roads. There were cases of incorrect selection of roads. The programme was lagging behind the schedule as 93 roads were not completed as of March 2005. Cases of deviation from specifications and guidelines, execution of surface dressing without requirement, application of costlier specifications and excess payments due to incorrect determination of quantities of items of works were noticed.

### **3.2.13 Recommendations**

- Accounting system as per codal provisions for deposit works should be adopted and accounts thereof should be rendered to the Accountant General.
- Work should be executed strictly as per the MORT&H specifications.
- The decision of improvement of SH roads up to a width of 3.75 m needs to be reviewed.
- A system of close monitoring so as to ensure speedier development and completion of various works should be put in place.

The matter was reported to Government in November 2005; reply had not been received (January 2006).

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\* *Hoshangabad- Rs. 5.82 lakh, Raisen- Rs. 10.74 lakh and Betul Rs. 5.59 lakh.*



## Mahila Evam Bal Vikas Department

### 3.3 Implementation of Integrated Child Development Services

#### *Highlights*

*With a view to improve socio-economic, health and nutritional status of women, creating awareness about laws and schemes relating to welfare of women and improving physical, psychological nutritional status of children and protection from malnutrition, various schemes such as ICDS, National Nutrition Mission and Adolescent Girls Scheme were being implemented by the Department. However, impact of implementation of these schemes was marginal on health and nutritional status of children as more than 55 per cent of the children were malnourished in the State. Nutritional support could not be provided to all eligible beneficiaries due to inadequate budget provisions. Instances of procurement of substandard nutritional food, non observance of prescribed procedure in procurement and distribution to the beneficiaries were also noticed.*

**Substantial and persistent savings due to preparation of budget estimates on adhoc basis, parking of funds in civil deposits, irregular/ unauthorised re-appropriation showed poor budgetary and expenditure control.**

*(Paragraphs 3.3.5.1 to 3.3.5.3)*

**Large number of posts remaining vacant and improper manpower planning affected the implementation and monitoring of schemes in field adversely.**

*(Paragraph 3.3.6)*

**Due to inadequate budget provision for nutrition and delay in release of funds to district offices, 52 to 62 per cent children and 46 to 59 per cent expectant and nursing mothers were deprived of the nutritional support.**

*(Paragraphs 3.3.7.1 and 3.3.7.2)*

**Procurement of substandard dalia, non-adherence of prescribed procedure for procurement of nutritional food, payment without receipt of material and at higher rate, etc. resulted in irregular purchase valuing Rs.4.66 crore and avoidable expenditure of Rs.10.51 crore besides non-purchase of jaggery and salt inspite of crediting Rs. one crore to the accounts of AWWs.**

*(Paragraphs 3.3.8.1 to 3.3.8.7 and 3.3.8.10)*

**Payment of fuel charges on take home ration resulted in unjustified and avoidable expenditure of Rs.15.22 crore.**

*(Paragraph 3.3.8.9)*

### **3.3.1. Introduction**

Mahila Evam Bal Vikas Department (Department) came in existence in 1988 in the State with the responsibilities inter-alia to (i) improve socio-economic, health and nutritional status of women; (ii) improve physical, psychological, social and nutritional status of children in the age group of 0-6 years and protect them from malnutrition; (iii) create awareness about laws and schemes relating to welfare of women and (iv) co-ordinate with other Departments which have been implementing the schemes for overall development of women and children. The Department was implementing various schemes, such as Integrated Child Development Services (ICDS), National Nutrition Mission, Adolescent Girls Scheme, organisation of women awareness camps, etc.

Of total population of 6.04 crore of the State, population of women and children (in the age group of 0-6 years) were 2.89 crore and 1.06 crore respectively, as per Census Report, 2001.

### **3.3.2. Organisational set up**

The Department is headed by the Principal Secretary at the Government level. Commissioner, Women and Child Development (Commissioner) is the nodal officer at State level and responsible for day to day planning, guidance, monitoring and supervision. At the district level, the District Programme Officer (DPO) / District Women and Child Development Officer (DWCDO) is responsible for co-ordination, monitoring, supervision and implementation of the schemes while at the block levels this work is assigned to the Child Development Project Officer (CDPO).

The focal point for delivery of package of services is Anganwadi Centre (AWC) set up in a village or a ward of urban slum area with population of about 1000 (700 in tribal areas). AWC was being attended by Anganwadi Worker (AWW).

### **3.3.3. Audit Objectives**

Integrated Audit of Women and Child Development Department was taken up to assess.

- Adequacy and effectiveness of budgetary and expenditure control meant for safeguarding against unauthorised excess expenditure and excessive savings.
- Economy and efficiency in implementation and quality of nutritional food supplied to beneficiaries.
- Impact of implementation of ICDS on nutritional and health status of women and children.
- Effectiveness of monitoring and supervision of the schemes.

### 3.3.4 Audit Criteria

The implementation of various components and progress made under ICDS was evaluated with reference to :

- Budgetary and expenditure control system maintained at the Directorate and district level.
- Instruction issued by GOMP pertaining to procurement, distribution, maintenance and quality specification for supply of nutritional food.
- Manual on ICDS implementation and issued by the GOI.
- Guidelines and instructions issued by GOI and GOMP for selection of beneficiaries and opening of AWCs.

### 3.3.5 Audit Coverage

Test check of records for the period 2000-05 was conducted during April – September 2005 and November-December 2005 in the Directorate and offices of 4\* DPO, and 3@ DWCDO out of 48 DPOs/DWCDOs. Further 39 CDPOs#, were covered out of 336 CDPOs in the State.

### 3.3.6 Financial management

#### 3.3.6.1 Persistent savings

Department incurs expenditure from Grant No.15, 41, 55, 64, 80 and 82. Position of budget provision and expenditure during 2000-05 was as under.

(Rupees in crore)				
Year	Total budget Provision	Expenditure	Savings	Percentage of saving
2000-01	272.97	199.62	73.35	27
2001-02	274.06	189.58	84.48	31
2002-03	335.86	261.78	74.08	22
2003-04	393.89	275.86	118.03	30
2004-05	408.86	283.50	125.36	31

**Persistent savings of 22 to 31 per cent were due to defective budgetary estimation**

There were substantial and persistent savings of 22 to 31 per cent during the period 2000-05 due to preparation of budget estimates on adhoc basis without obtaining estimates of requirement from field offices. Further the savings were mainly due to non filling up of the vacant posts. Thus, persistent substantial savings underline the need for better estimation of requirement of funds.

\* Damoh, Indore, Khandwa (including Burhanpur) and Sehore.

@ Mandla, Mandsaur and Vidisha.

# Damoh (6), Indore (5), Khandwa (2), Mandla (9), Mandsaur (5), Sehore (5) and Vidisha (7).

### 3.3.6.2 Irregular re-appropriations

**Irregular re-appropriation of Rs.27.54 crore was made.**

According to instructions (August 1996) of State Government and financial rules, re-appropriation from Central Sector Scheme (cent per cent centrally aided) and cent per cent externally aided scheme to other schemes/State Sector Scheme is prohibited. Re-appropriation from the savings under pay and allowances and wages to another head is also prohibited. However, re-appropriation of Rs.27.54 crore was incorrectly made from Central sector scheme to State sector scheme in February 2004. Of Rs.27.54 crore re-appropriated, Rs.13.84 crore pertained to savings that were available under pay and allowances.

### 3.3.6.3 Parking of funds in civil deposits and in Personal deposit accounts

**Rs.70.01 crore were parked in civil deposits of which Rs.5.47 crore had also lapsed.**

Treasury Rules provide that no money shall be drawn from treasury unless required for immediate disbursement. It was noticed that Central assistance of Rs.70.01<sup>@</sup> crore were drawn and parked under Civil Deposits during 2001-05 to avoid lapse of budgetary provisions by inflating expenditure. However, Rs.52.86 crore were drawn from Civil Deposits in subsequent years while Rs.5.47 crore were allowed to lapse in March 2005 to Government due to non-utilisation within 3 years after deposits. Balance of Rs.11.68 crore was lying in Civil Deposits as of March 2005.

Contrary to Treasury Rules, funds amounting to Rs.5.24 crore were parked in personal deposit accounts of Madhya Pradesh Laghu Udyog Nigam during 1999-2003 (Rs.2.92 crore) and 2004-05 (Rs.2.32 crore).

### 3.3.7 Vacancies in posts of field officials

Position of manpower sanctioned and available with the department for implementation of various schemes for achieving the objectives was as under:-

Name of post	Number of posts		
	Sanctioned	Filled in as March 2005	Vacant
District Programme Officer	29	23	6
District women and Child Development officer	34	24	10
<b>Project Officer ICDS</b>	336	257	79
<b>Assistant Statistical Officer</b>	241	171	70
Assistant Project Officer	108	88	20
Assistant Women & Child Development Extension officer	592	529	63
Supervisors	2063	1514	549
	<b>3403</b>	<b>2606</b>	<b>797</b>

**50 to 75 per cent posts of CDPOs were vacant in the state and 50 to 83 per cent posts ASOs were vacant in 10 districts.**

The work relating to implementation, coordination, monitoring and supervision of various schemes in the districts suffered adversely as 16 posts of DPO and DWCDO were vacant. Project officers were responsible for implementation, supervision and monitoring of programmes in their project areas. However, implementation, supervision and monitoring of schemes in

<sup>@</sup> 2001-02: Rs.34.21 crore; 2002-03: Rs.18.52 crore; 2003-04: Rs.6.47 crore and 2004-05: Rs.10.81 crore.

field was adversely affected as 79 posts of Project Officers were vacant. In Datia, Khargone, Mandsaur, Raisen, Sidhi and Shivpuri districts, 50 to 75 per cent posts of Project Officers were vacant.

The work of monitoring and reporting was not being done properly as 70 posts of Assistant Statistical Officers (ASO) were vacant. Audit scrutiny further revealed that five ASOs were working in excess of sanctioned strength in Balaghat, Dindori and Ujjain districts (one each) and Directorate (2), no ASO was posted in Anuppur district against four sanctioned posts. Posts that were in this category vacant (47) in ten districts\* worked out to 50 to 83 per cent of posts that had been sanctioned (64).

The work of assisting and guiding the AWWs, mobilising and motivating beneficiaries, co-ordination between AWWs and CDPOs was adversely affected as 549 posts of Supervisors were vacant. Though, six Supervisors were working in excess of sanctioned posts in Bhopal (1) and Jabalpur (5) districts, one hundred and sixty posts of supervisors lying vacant in seven districts^ worked out to 50 to 76 per cent of sanctioned posts (276).

Thus, lack of proper manpower planning and a number of posts remaining vacant had affected the implementation, coordination and monitoring and supervision in the districts and field adversely.

### 3.3.8 Execution of ICDS

Schemes viz ICDS, National Nutrition Mission, Adolescent Girls Scheme, organisation of Women Awareness Camps, etc., were implemented by the Department. Funds provided under Minimum Needs Programme for Special Nutrition Programme (SNP) were to be utilized for supplementary nutrition and with the introduction of ICDS, SNP was merged with ICDS. Of the total expenditure (Rs.1210.34 crore) incurred by the Department during 2000-05, expenditure of Rs.1088.62 crore (90 per cent) was incurred on ICDS which comprised of Rs.406.28 crore (37.32 per cent) on nutrition. Remaining expenditure of Rs.682.34 crore (62.68 per cent) on ICDS was mainly on pay and allowances, honorarium, etc. of the staff. ICDS was under implementation since fifth five year plan to improve nutritional and health status of children in the age group up to six years, for laying foundation for proper psychological, physical and social development of child, reducing the incidence of mortality, malnutrition and school dropouts and enhancing the capability of mother to look after the normal health, nutrition and health education. Under ICDS uptill the year 2002-03 uncooked food was also obtained from WFP/CARE. The package of services provided by the Department under the scheme, comprised supplementary nutrition, nutrition and health education and non formal pre school education. The scheme was implemented through 336 projects and 49,784 AWCs in all 48 districts of the State.

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\* Ashoknagar (3), Bhind (5), Khandwa (4), Morena (5), Rajgarh (3), Rewa (6), Sagar (8), Sidhi (4), Shivpuri (5) and Tikamgarh (4).

^ Ashoknagar (13), Bhind (34), Dewas (23), Mandsaur (25), Rajgarh (25), Sidhi (25) and Umaria (15).

### 3.3.8.1 Inadequate budget provision for assisting identified beneficiaries

According to norms laid down by GOI, supplementary nutrition was required to be provided to the beneficiaries for 300 days in a year. Scrutiny of records of Directorate revealed that budget provision made for supplementary nutrition was not sufficient for 300 feeding days in the year as per details given below:-

*(Rupees in crore)*

Year	No. of beneficiaries identified for daily coverage (in lakh)			Funds required for assisting identified beneficiaries			Actual expenditure	Shortfall in provision
	WFP/ CARE projects	Non WFP/ CARE projects	Total	WFP/ CARE projects	Non WFP/ CARE projects	Total		
2001-2002	21.01	37.04	58.05	8.85	131.99	140.84	65.78	75.06
2002-2003	21.73	40.71	62.44	9.14	144.35	153.49	84.39	69.10
2003-2004	4.54	60.39	64.93	1.25*	214.45	215.70	86.49	129.21
2004-2005	3.14	65.28	68.42	1.33	230.26	231.59	77.27	154.32
<b>Total</b>	<b>50.42</b>	<b>203.42</b>	<b>253.84</b>	<b>20.57</b>	<b>721.05</b>	<b>741.62</b>	<b>313.93</b>	<b>427.49</b>

\* Reduction was due to discontinuance of World Food Programme (WFP)/Co-operation for American Relief Everywhere (CARE) scheme of distribution of food.

**Expenditure for providing nutrition was only 42 per cent of the requirement**

Above table shows that actual expenditure on nutritional support during 2001-05 was 42 per cent of the requirement. Thus inadequate provision of funds on nutrition had resulted in denial of benefits to large number of identified beneficiaries.

### 3.3.8.2 Identification and coverage of beneficiaries

Number of beneficiaries identified, assisted and percentage of shortfall during 2000-05 in the State were as under :

*(Number in lakh)*

Year	Pregnant and nursing mothers			Children in the age group 6 months to 6 years		
	Identified	Assisted	Percentage of shortfall	Identified	Assisted	Percentage of shortfall
2000-01	8.49	3.45	59	39.27	14.89	62
2001-02	10.51	5.20	51	48.80	21.77	55
2002-03	11.06	5.77	48	51.38	24.26	53
2003-04	11.66	6.30	46	53.26	25.75	52
2004-05	12.03	6.24	48	56.39	26.24	53

**46 to 62 per cent beneficiaries were denied nutritional support.**

Thus, 52 to 62 per cent children and 46 to 59 per cent expectant and nursing mothers were denied supplementary nutrition though identified mainly due to insufficient budget provision for nutrition with reference to beneficiaries identified, non-release/ delayed release of budget provision to the districts. Position of test checked districts is given in *Appendix-XXXV*.

In test checked districts (except Mandla district) of the identified beneficiaries, 29 to 61 per cent pregnant and nursing mothers and 23 to 65 per cent children were deprived of the nutritional support during 2000-05. Thus large number of beneficiaries remained deprived of the benefits of the scheme mainly due to insufficient budget provision for nutrition.

### 3.3.8.3 Assistance to ineligible beneficiaries and in excess of norms

Survey of all the families was to be conducted by AWW in the entire area of the project with the objective of identifying eligible beneficiaries and to ascertain the level of malnutrition and to enroll them for providing supplementary nutrition to help in improving their health status. Survey was to be followed by a repeat survey in a quarter. Test-check of records of Mandla district revealed (June 2005) that there was abnormal increase of more than 51 per cent in expectant and nursing mothers and 54 per cent in children upto age of six years during 2001-02 as compared to those in 2000-01. On being pointed out in Audit, DWCDO intimated that all expectant and nursing mothers and children upto age of six years in nearby villages/habitations were provided nutritional food. Reply is not acceptable as the nearby villages/habitations were to be served through adjacent AWCs meant for these locations.

### 3.3.8.4 Improper establishment of AWCs

According to the norms laid down by Government, under ICDS, AWC was to be opened in urban and rural areas for an average population of 1000 (700 in tribal areas). Following points were noticed in test check:

**306 AWCs were established in excess of norms in 10 blocks.**

Against 884 AWCs required in Sehore district, only 690 AWCs were working. Due to shortage of 194 AWCs, 420 villages of Sehore district were deprived of the facilities under ICDS. Against 1135 AWCs required to be established as per norms in 10 blocks\* of Khandwa (5) and Mandla (5) districts, 1441 AWCs were found established, resulting into excess establishment of 306 AWCs. On the other hand, against 1157 AWCs required to be established in 7 blocks# of these districts, only 996 AWCs were established resulting into shortage of 161 AWCs. Thus, AWCs had not been established as per norms.

In 44 blocks, AWCs were established in those villages where population was far below the norms as per details give below:

District	Total AWCs	Number of AWCs opened				Total
		Less than 300 population	301 to 500 population	501 to 700 population	701 to 999 population	
Damoh	756	12	64	150	173	399
Indore	892	3	32	49	108	192
Khandwa	979	39	102	112	92	345
Mandla	1282	102	227	233	--	562
Mandsaur	792	9	22	86	176	293
Vidisha	848	17	132	188	198	535
<b>Total:</b>	<b>5549</b>	<b>182</b>	<b>579</b>	<b>818</b>	<b>747</b>	<b>2326</b>

\* Khandwa (Khandwa Rural, Chaigaon Makhani, Harsood, Baladi and Khalwa) Mandla (Bijadandi, Mawai, Mohgaon, Ghughari and Nainpur).

# Khandwa (Punasa, Khnadwa Urban, Pandhana) and Mandla (Mandla, Niwas, Narainganj and Bichhiya).

It was also observed that 4 AWCs were established in villages whose population was less than 100 in Mandla district.

DPO, Damoh and DWCDO, Vidisha stated that these AWCs were established by Panchayat and Rural Development Department and it was not possible to change location of AWCs due to public pressure. DWCDO, Mandla intimated that AWCs were opened according to the demand of public and sanction of Government. Reply was not tenable as AWCs were to be established as per norms.

Further opening of AWCs in disregard to the norms also resulted in recurring liabilities of pay and allowances of AWWs for these excess AWCs as more than 66 per cent of the expenditure that had been incurred on ICDS during 2000-05 had been on establishment.

### **3.3.8.5 Inadequate facilities in Anganwadi Centres**

AWCs were to be established in buildings having adequate space for physical and mental development of children. Proper facilities of safe drinking water and toilets were required to be provided. Each AWC was to be equipped with weighing machine and utensils.

**Basic facilities were not available in most of AWCs**

Position of AWCs working in Government buildings, rented building, residence of workers, availability of safe drinking water, toilets was not available in the Directorate. In six\* test checked districts, out of 5726 AWCs, 4251 AWCs were working in rented buildings/residence of workers where adequate and suitable space was not available for proper physical and mental development of children. Location of 185 AWCs was not known to the CDPOs and DWCDO in Mandla district. Test check further revealed that drinking water facilities and toilets were not available in 3156 and 2595 AWCs respectively in these districts. Storage bins for storage of nutritional food and utensils in good condition for cooking of dalia were not ensured in the AWCs functioning in the Mandla district. DWCDO, Mandla and Vidisha and DPO, Damoh intimated that facilities could not be provided due to non-availability of additional budget provision.

### **3.3.9 Procurement of supplementary nutrition**

Procurement of supplementary nutrition containing nutritional value as per norms to all eligible and identified beneficiaries was the most important activity entrusted to district officers of the Department. The position noticed in test check is mentioned below.

#### **3.3.9.1 Procurement of substandard dalia**

According to the orders of Government, each 80 gram nutritional food (73.6 gram dalia and 6.4 gram jaggery and salt) was required to contain 300 calories and 10 gram protein. Above nutritive value would be available in the mixture of dalia if the proportion of wheat dalia and soyabean/green moong dal was

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\* Damoh, Indore, Khandwa, Mandla, Mandsaur and Vidisha



9:1, as per Nutritive Value of Indian Foods – ICMR 1980. However, dalia mixture purchased in test checked districts contained wheat dalia and soyabean/moong dal in the ratio of 22:1 (in Vidhisha district ratio was 24:1 during 2003-05). Thus, supplies actually obtained deviated from the proportion laid down by Government and were deficit in calories to the extent of 17 to 22 while protein was less by 0.31 to 1.32 grams per 80 grams of food provided.

**Proportionate deduction of Rs.2.95 crore was not made for deficient nutritive value**

Nutritional food of 32532 tonne was purchased during 2000-05 from private suppliers and Self Help Groups (SHGs) in seven<sup>@</sup> districts at cost of Rs.46.25 crore which did not contain nutritive value as per norms prescribed in Nutritive value of Indian Foods - ICMR 1980. As per terms of agreement entered into with private suppliers and SHGs proportionate deduction was to be made for deficiency in nutritive value. However, test check in Audit revealed that proportionate deduction to the tune of Rs.2.95 crore was not made from the bills of suppliers for deficiency in nutritive value.

**Acceptance of short supply of moong dal resulted in undue benefit of Rs.26.34 lakh to SHGs.**

As per terms of agreement SHGs were to supply one kg moong dal per bag of 25 kg of nutritional food in Mandla district during 2001-05. Test check in Audit revealed that SHGs had supplied only half kg moong dal and remaining quantity was substituted by half kg wheat dalia. As the difference in cost of moong dal and wheat dalia was Rs.20 per kg, the undue benefit given to SHGs for 1317 quintal moong dal short supplied during 2001-05 in Mandla district worked out to Rs.26.34 lakh.

**Infected nutritional food valuing Rs.4.48 lakh was accepted**

Nutritional food of 418 quintal (Rs.4.48 lakh) supplied by SHGs to Indore Rural project in January 2004 and Gyaraspur project of Vidisha district in November 2004 were found (February and December 2004) infected and not fit for human consumption. However, instead of taking penal action such as recession of contract, payment was made in full in March-April 2004 and January 2005. DWCDO, Vidisha stated (September 2005) that the full quantity of dalia was replaced by the SHGs. Reply is not acceptable as concerned CDPO incharge of Gyaraspur block had confirmed (September 2005) that no replacement had been made. Further no steps were taken to rescind the contract.

### **3.3.9.2 Extra expenditure due to non-observance of prescribed procedure**

Financial Rules provide that purchases should be made in most economic manner. Government also reiterated adherence of Financial and Store Purchase Rules while purchasing nutritional food. Government instructed (May 2003) that purchase of dalia prepared by SHGs should be made at the rate decided on 'Cost plus' basis by a committee and cost of BPL wheat, processed soyagrit, processing and transportation charges, wastages, interest on capital and profit to the SHGs @ 10 per cent of cost were to be taken into account while deciding the rates on 'Cost Plus' basis.

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<sup>@</sup> *Damoh, Indore, Khandwa (including Burhanpur), Mandla, Mandsaur, Sehore and Vidisha.*

Test check of records of district offices\* involving procurement of 18,314 tonne of dalia revealed that there was no uniformity in deciding the rate for purchase of dalia on Cost Plus basis as detailed below:

(a) In Damoh, Mandla and Vidisha districts, the rates were not decided on Cost Plus basis as separate elements of cost towards processing, transportation, wastage, interest, etc. as had been specified, were not computed.

(b) In Khandwa, Mandsaur and Sehore districts the sale price of grinded Atta (Flour) that will be generated after grinding of wheat was found to be ignored in computation of rates.

(c) Profit element was considered at 20 per cent in Khandwa instead of 10 per cent specified.

**Incorrect fixation of rates resulted in extra expenditure of Rs.5.25 crore.**

Thus, due to incorrect fixation of rates of nutritional food extra expenditure of Rs.5.25 crore<sup>@</sup> was incurred on purchase of 18,314 tonne nutritional food in test checked districts as formulae prescribed for computation of the rates was not adhered.

On being pointed out in Audit, district officers stated that rates were decided according to instructions of Government. Reply was not tenable as orders of Government were not adhered to while deciding the rates.

### **3.3.9.3 Purchases in violation of agreements**

**Dalia valuing Rs.50.72 lakh was purchased in violation of agreements.**

According to the conditions of agreements executed with private suppliers and SHGs, nutritional food that was produced by them was only to be supplied. As such therefore as per terms of agreement the suppliers/SHGs were to supply their own produce and should not source it from another manufacturer. It was, however, observed that in three agreements 4180\* quintal dalia valuing Rs.50.72 lakh was supplied during 2001-03 which was not actually produced by the suppliers/SHGs who had entered into the agreements.

On being pointed out it was stated that dalia produced by other firms was accepted as there was technical fault in the plants of the approved suppliers. Verification in audit revealed that no such communication pointing out technical fault in the plants was on record.

### **3.3.9.4 Authorisation of middleman for supply of nutritional food**

Government issued (May 2003) instructions for purchase of nutritional food (dalia) from SHGs with a view to increasing opportunities for women

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\* *Damoh, Indore, Khandwa, Mandla, Mandsaur, Sehore and Vidisha.*

@ *Mandsaur (Rs.88.15 lakh), Khandwa (Rs.77.21 lakh), Indore (Rs.34.16 lakh), Mandla (Rs.156.73 lakh), Sehore (Rs.44.76 lakh), Damoh (Rs.39.23 lakh) and Vidisha (Rs.84.28 lakh).*

\* *Damoh (1650 quintal : Rs.19.27 lakh) and Vidisha (2530 quintal : Rs.31.45 lakh).*

empowerment belonging to economically weaker sections, increasing community participation and thereby improving the quality of the programme implementation. Orders for supply of nutritional food were to be given to the SHGs of high grade after assessing their managerial and financial capability for successful implementation of the programme. Records of Vidisha district revealed that out of eight SHGs selected for supply of nutritional food, six SHGs were not having any grinding, storage and transportation facilities. These selected SHGs also did not have the adequate working capital for processing such orders. Thus, these SHGs entered into agreements with firms based in Vidisha and Ganjbasoda for execution of supply and their role was only limited to preparation of bills. It was also noticed that one of the SHG was headed by AWW which was also not permitted. Total supply made by these six SHGs during 2003-05 was 22,885 quintal dalia costing Rs.2.86 crore.

**Authorisation of middleman for supply valuing Rs.2.86 crore was in violation of government orders.**

As such the instructions of the Government were violated since these 6 SHGs engaged other agencies as middleman for execution and supply of the orders. In reply, DWCD, Vidisha stated (September 2005) that middlemen were allowed by Commissioner. Audit verification revealed that no such instructions were issued by the Commissioner.

### **3.3.9.5 Irregular payment without receipt of material**

**Rupees 16.35 lakh were paid to supplier without receipt of material**

As per the prescribed procedure, the bills for payment of supplies made should be supported with the challans containing the acknowledgement of the receipt of the supplies by CDPOs. It was however, observed that DWCD Mandla paid Rs.16.35 lakh for 1417 quintal dalia during 2001-05 stated to have been supplied to three blocks although the bills for supplies were not supported by challans duly acknowledged by CDPOs of these blocks.

Further scrutiny in Audit revealed that the aforesaid quantity of dalia was not entered in stock registers of these blocks. CDPOs of these blocks (Bichhiya, Mohgaon and Bijadandi) also intimated (July 2005) that the stated quantities were not received by them. No reasons were extended by the DWCD Mandla as to how the payment was released by him without adhering to the prescribed procedure.

### **3.3.9.6 Procurement in excess of norms**

**Procurement in excess of norms resulted in doubtful purchases valuing Rs.1.28 crore.**

Wheat was released at BPL rates to SHGs for preparation and supply of dalia. As per instructions of DWCD Vidisha, SHGs were required to supply quantity of dalia which was to be 65 to 75 per cent of the quantity of BPL wheat lifted. SHGs lifted 20976 quintal BPL wheat during 2003-05 and maximum quantity of dalia likely to be prepared at 75 per cent worked out to 15732 quintals. However, SHGs supplied during this period wheat dalia of 27352 quintals which was more than 173 per cent of the expected quantity of wheat dalia from the wheat that was lifted by these SHGs. Thus, supply of more than 11,620 quintals of dalia valuing Rs.1.28 crore by the SHGs appears doubtful.

DWCD, Vidisha assured (September 2005) to maintain the ratio in future.

### 3.3.9.7 Supply of supplementary nutrition

**Jaggery and salt were not purchased and supplied to beneficiaries inspite of expending Rs. one crore.**

Scheme provided for supply of supplementary nutrition to each beneficiary for 300 days in a year. Under the scheme, 80 gram nutritional food was to contain 73.6 gram dalia and 6.4 gram jaggery and salt. In Indore, and Vidisha districts, 8,576 tonne dalia was purchased and supplied during October 2000 to March 2005 and Rs. one crore were credited in bank accounts of AWWs of 13 blocks<sup>#</sup> for purchase and supply of jaggery and salt in these districts. Scrutiny of stock registers and Form-7 revealed that jaggery and salt were neither purchased by AWWs nor were supplied to beneficiaries. Instead, dalia was supplied to beneficiaries at 80 gram per day without additions of prescribed quantities of jaggery and salt. No action has also been taken to recover the amounts paid to AWWs towards supply and addition of salt and jaggery.

### 3.3.9.8 Interrupted supply of nutritional food by SHGs

The supply of nutritional food was arranged through SHGs. As per the terms of agreement entered into with SHGs, in the event of non-supply of nutritional food deduction of Rs.10 per day was to be made and the scheme provided for supply of nutritional food for 300 days in a year. It was noticed that 690 AWCs of 5 projects of Sehore district failed to provide nutritional food for 4 to 7 months during 2003-04 and 6 months during 2004-05, due to insufficient resources for supplying adequate quantity of nutritional food with SHGs (2003-04) and delay in payment to SHGs (2004-05). Similarly, supply of nutritional food to beneficiaries was not made on 49 days during 2004-05 in 87 AWCs of Niwas block and 18 to 109 days during 2001-05 in Madhopur I of Bichhiya block of Mandla district. Supply was interrupted for 11 to 170 days in various AWCs of Gyaspur project of Vidisha during 2003-05. No supply was made to 166 AWCs from October 2003 to June 2004 in Damoh.

### 3.3.9.9 Avoidable expenditure on fuel charges

**Fuel charges of Rs.15.22 crore paid on THR were irregular and avoidable.**

As per the provisions of the scheme, an amount of Rs.62.50 per quintal of uncooked dalia supplied was to be paid as fuel charges to the AWWs who were responsible for cooking of dalia. Another provision of scheme allowed that prescribed quantity of uncooked dalia to be supplied as Take Home Ration (THR) by pregnant and nursing mothers for cooking by utilising their own fuel arrangements. As such AWWs were not to be paid fuel charges on THR since no cooking of this ration was done by them. It was, however, observed that fuel charges of Rs.15.22 crore were paid on 24.35 lakh quintal uncooked dalia distributed as THR. The payment of fuel charges on THR was thus irregular and was also avoidable. In reply Commissioner stated (September 2005) that fuel charges on THR were given to AWWs since fuel charges received by them otherwise for cooking of dalia were inadequate. Reply is not tenable as the payment of fuel charges on THR was in contravention of the Government orders.

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<sup>#</sup> Indore (6 blocks: Rs.65.44 lakh), Vidisha (7 blocks: Rs.34.56 lakh).

### 3.3.9.10 Excess payment for cooked food

**Rupees 1.84 crore were paid in excess due to non payment on dry weight.**

As per instructions of the Government, the suppliers were required to supply cooked nutritional food (dalia) in urban projects and urban slums to beneficiaries. Every 80 gram dry dalia was to contain 10 gram protein and 300 calories. Weight of cooked dalia out of 80 gram dry dalia was to increase to 120 gram on account of weight of water. It was noticed that the suppliers had supplied cooked dalia at 80 gram per beneficiary the dry weight of which was 53.33 gram. As such the nutritive value contained in 80 gram cooked dalia were 199.99 calories and 6.67 gram protein. In the test checked five<sup>ψ</sup> districts during October 2001 to November 2004 the dry weight of cooked Dalia that was supplied was only 3115 tonne on which the payment should have been made instead the district officers concerned authorised payment on gross weight which was higher on account of moisture due to addition of water. As the cooked food did not contain the prescribed nutritive value a deduction of 33.33 per cent towards deficit in nutritive value as provided in the agreements was to be made from the bills of suppliers. No such deduction was made resulting in excess expenditure of Rs.1.84\* crore in these districts to the supplier.

The DWCDO, Mandla and DPO Khandwa intimated that cooked nutritional food was provided as per instructions of Government after laboratory test from time to time. DWCDO Mandla assured for making payment for dry weight in future. DPO, Damoh stated that payment was made as per instructions of Government while DWCDO, Vidisha stated that payment was made as per agreement. DWCDO Mandsaur intimated that corrective measures were taken from April 2005. Replies were not tenable as agreement in Vidisha was defective and payment made in Damoh district was irregular. All district officers were reminded by the Commissioner in November 2003 for making payment for dried weight.

### 3.3.10 Internal audit

A separate Internal Audit Wing was set up in the Directorate under the supervision of Accounts Officer. Two Assistant Accounts Officers and two Senior Auditors were deployed as per sanctioned strength.

No auditing guidelines for selection of units, programming of audit, identification of key areas for check in audit, detailed duties and responsibilities assigned to each member of party, measures and time frame to comply with the objections raised, etc., were provided in departmental codes/manuals/standing instructions for Internal Audit Wing.

No internal audit was conducted during 2000-04. However, internal audit of 14 district offices was planned on adhoc basis for 2004-05 out of which

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<sup>ψ</sup> Damoh, Khandwa, Mandsaur, Mandla and Vidisha

\* Damoh (Rs.16.37 lakh), Khandwa (Rs.95.25 lakh), Mandsaur (Rs.15.21 lakh), Vidisha (Rs.25.70 lakh), Mandla (Rs.31.13 lakh)

internal audit of 9 units was conducted as of March 2005. Of 5 inspection reports issued upto March 2005, compliance of only two reports was received as of April 2005. Thus, internal audit wing was not effective in the Department.

### **3.3.11 Monitoring and impact evaluation**

Monitoring of ICDS Scheme was to be done through Monthly Progress Reports (MPRs) submitted by each AWW to CDPO through Supervisor, by CDPO to DPO/DWCDO and by DPO/DWCDO to Commissioner for furnishing report to GOI after consolidation. It was, however, noticed that data reported through MPRs were not reviewed and analysed at any level. Supervision by Supervisors / CDPOs was also deficient. Records of test checked districts revealed that the crude birth rate (CBR) reported in MPRs was below 21 per thousand births while it was 24 to 30.47 per thousand births in 2004-05 in test checked districts. CBR in Ghughari project of Mandla district was as high as 44.50 per thousand during 2004-05. Similarly infant mortality rate (IMR) was reported almost Nil in MPRs while IMR in the districts (Damoh, Mandla and Vidisha) was 75.80 to 96 per thousand live births during 2004-05. Further no maternal mortality was shown in MPRs. However maternal mortality rate found in districts was 324.55 to 700 per lakh during 2004-05.

According to the National Nutrition Monitoring Bureau Survey (2000), almost three-fourth of the tribal children were underweight and stunted and about 42 per cent tribal children were severely underweight. As more than 55 per cent children were malnourished in the State as of January 2005, nutritional food supplied to beneficiaries had only marginal impact on health and nutritional status of children due to non-supply of weaning food to infants, non supply of therapeutic food to severely malnourished children, inadequate nutritive value in nutritional food supplied to beneficiaries and interrupted supply thereof.

### **3.3.12 Conclusion**

Persistent savings due to preparation of budget estimates on adhoc basis, injudicious surrender of funds without assessing actual savings, parking of funds in civil deposits, etc., showed lack of proper budgetary control. Large number of posts remaining vacant and lack of proper manpower planning adversely affected the implementation and monitoring of various schemes. Non-establishment of AWCs as per norms with adequate basic facilities, purchase and supply of substandard and interrupted supply of nutritional food resulted in more than 55 per cent children remaining malnourished. Further 46 to 62 per cent identified beneficiaries were deprived of the nutritional support due to inadequate provision for nutrition and delay in release of provision to field offices. Besides, non adherence of purchase rules and norms in supply to beneficiaries, avoidable expenditure on fuel charges on take home ration were indicative of deficiencies in management of the scheme.

### 3.3.13 Recommendations

- Budget estimates need to be prepared only after assessing the actual requirement of funds for the Department.
- AWCs need to be established as per norms with adequate facilities to ensure proper physical, psychological and social development of children.
- Procurement and supply of nutritional food needs to be strictly ensured as per rules and norms.
- To ensure supply of nutritive food as per calorie and protein content prescribed, a system of quality check and periodic review of the performance of the suppliers/ SHGs/AWWs should be introduced.

The matter has been reported to Government in September 2005; reply has not been received (December 2005).

## Animal Husbandry Department

### 3.4 Implementation of National Project for Cattle and Buffalo Breeding

#### 3.4.1 Introduction

The Government of India (GOI) formulated (1997) a scheme for cattle and buffalo breeding with an aim to ensure sustainability of operations as well as quality in breeding inputs and services. These efforts culminated in merger of the ongoing Centrally Sponsored Scheme on cattle and buffalo breeding, namely Extension of Frozen Semen Technology and Progeny Testing Programme and National Bull Production Programme in to a new Centrally Sponsored Scheme the National Project for Cattle and Buffalo Breeding (NPCBB) with cent percent grant-in-aid by the Central Government to the State Implementing Agency (SIA). The Madhya Pradesh State Live Stock and Poultry Development Corporation (MPLPDC) Bhopal was designated as SIA for the project till December 2004 and thereafter Madhya Pradesh State Cooperative Dairy Federation (MPCDF) Bhopal was designated as SIA. The project period is spread over a period of 10 years to be completed in two phases. The first phase of the project was to be completed between 2000-05.

The main objectives of the project were to arrange delivery of improved Artificial Insemination (AI) services at the farmers' door steps, to bring all breedable female cattle and buffalo under organised breeding through AI or Natural Service (NS) by high quality bulls, to undertake breed improvement programme for indigenous cattle and buffalo breeds so as to improve their genetic qualities as well as their availability and to provide quality breeding inputs in breeding tract of important indigenous breeds so as to prevent the breeds from deterioration and extinction.

### 3.4.2 Financial Management

The position in respect of grants received and expenditure incurred against available fund was as under:

(Rupees in crore)

Year	Opening balance	Grant-in-aid received	Expenditure	Balance at the end of year
2000-01	2.78*	3.31	2.94	3.15
2001-02	3.15	8.29	4.35	7.09
2002-03	7.09	--**	5.79	1.30
2003-04	1.30	6.60	6.98	0.92
2004-05	0.92	6.62	3.93	3.61***

Note : \* Rs.2.78 crore available for April 2000 was the remaining balances of ongoing Centrally Sponsored Schemes on cattle and buffalo breeding, namely Extension of Frozen Semen Technology and Progeny Testing Programmes and National Bull Production Programmes transferred to this Project.

\*\* During 2002-03 funds were not received against the sanctioned amount of Rs.6.60 crore; these funds were released during 2003-04.

\*\*\* Rs.3.61 crore remained unspent at the end of Phase-I of the project due to non procurement of bulls for Natural Service .

It was observed that expenditure control register showing monthwise expenditure in respect of each component and progressive expenditure thereof was not maintained by the SIA.

### 3.4.3 Excess expenditure without approval of GOI

**Excess expenditure incurred in two components without approval of GOI**

To make the project effective, intercomponent flexibility of expenditure was allowed subject to approval of GOI. It was observed that expenditure to the tune of Rs.6.76 crore incurred mainly in two components was in excess of the sanctioned amount as detailed below:

(Rupees in crore)

Sl. No.	Name of component	Funds available	Expenditure	Excess expenditure
1.	Conversion of Stationary units into mobile AI units (2000-01 to 2004-05)	4.30	8.58	4.28
2.	Supply of bulls for Natural Service (2000-01 to 2003-04)	1.30	3.78	2.48
	<b>Total</b>	<b>5.60</b>	<b>12.36</b>	<b>6.76</b>

The excess expenditure shown above was met out from savings under various components such as strengthening of Training Centres, Frozen Semen Station and bank, training to private AI workers, supply of equipments to trained persons and supply of Liquid Nitrogen (LN<sub>2</sub>). The approval of excess expenditure was also not found obtained from GOI by the SIA.

### 3.4.4 Non achievement of target of Artificial Insemination

**Shortfall in achievement of AI due to deficiency in supply of equipments**

Out of total breedable population 93.17 lakh of the State (as per live stock census 1997) 55 percent (51.24 lakh) was to be covered between 2000-05 (Phase-I) out of which 60 percent (30.74 lakh) was to be covered through AI against which achievement of AI was 23.73 lakh. Hence there was



shortfall of AI by 23 percent. The reasons for the shortfall in achievement of AI were due to deficiency in supply of equipments to the AI centres/workers, absence of proper infrastructure and Frozen Semen Bank, shortfall in imparting of training to AI workers as discussed below:

### 3.4.5 Non providing of essential equipments for AI

**Non supply of essential equipments for AI to implementing agencies**

To promote mobile AI and conversion of existing stationary Government AI centres into mobile centres for door step delivery of AI, 5155 number of LN<sub>2</sub> containers, 3292 number of AI kits and 2373 number of castrators were purchased for supplying to implementing agencies. During test check of records of SIA/District offices it was observed that 495 LN<sub>2</sub> containers, 809 AI kits and 674 number of castrators valued Rs.80.19 lakh, Rs.11.38 lakh and Rs.26.05 lakh respectively (Total Rs.117.62 lakh) were lying idle with SIA and District offices\*.

### 3.4.6 Non-utilisation of procured infrastructure

**Infrastructure procured for storage and transportation of LN<sub>2</sub> remained unutilised**

Streamlining storage and supply of LN<sub>2</sub> was to be accomplished by sourcing supply from Industrial Gas Manufacturers and setting up infrastructure for bulk transport and bulk storage of the LN<sub>2</sub>. Accordingly SIA (MPLPDC) purchased six storage containers and three chassis valued Rs.62.37 lakh as detailed below:

(Rupees in lakh)			
Sl. No.	Particulars, No. of item and capacity	Month of purchase	Amount
1.	VIC – 5000 Bulk storage containers – 3 (5000 litre)	February 2002	27.87
2.	Tata – 709 Cab Chassis – 3	February 2002	13.79
3.	LN <sub>2</sub> Transport Tank – 3 (2000 litre)	October 2002	20.71
		<b>Total</b>	<b>62.37</b>

It was observed that the above infrastructure which was specifically purchased for the purpose of bulk storage and transportation of LN<sub>2</sub> has remained unutilised since February 2002 as a result of which the objective of storage and supply of frozen semen to remote location through mobile AI centres got negated.

### 3.4.7 Shortfall in Training of AI workers

**Shortfall in training of targeted AI workers resulting in non achievement of target of AI**

Target fixed for imparting training to private AI workers in Phase-I was 2450 (2000-01:650, 2001-02:800, 2003-04:800, 2004-05:200). Audit observed that only 810 workers were trained as of 2000-05.

The trained AI workers were to be provided with necessary equipments required for AI. However, out of 810 trained workers only 263 workers were equipped with such necessary equipments and kits. Hence remaining 547

\* Bhopal, Chhindwara, Mandsaur, Khargone and Satna.

trained workers could not render AI services as they were not provided with necessary equipments and kits.

Target fixed for AI by the Department for each private AI worker was 15 in a month. Thus 10,44,000 AI services (2000-01: 4,68,000; 2001-02: 4,32,000 and 2003-04: 1,44,000) were required to be done during phase-I against which only 2,82,839 services were conducted by private AI workers resulting in shortfall of 73 percent.

### **3.4.8 Purchase of inferior quality bulls**

**Purchase of bulls from traders instead of specified breeding farms**

As per guidelines of the project introduction of quality bulls with high genetic merit were required and accordingly bulls were to be procured from specified cattle breeding farms such as Haryana Live Stock Development Board (HLDB) and Central Cattle Breeding Farms. These bulls were required to be of specified quality and the procurement should have been made alongwith their production records. Bulls were not required to be procured from private traders as per the stipulation of the programme. It was however observed that 5349 bulls at a cost of Rs.3.78 crore were purchased between 2001-04 from traders on the basis of demand raised by district offices instead from specified cattle breeding farms. As per information furnished by SIA, a bull was required to perform 2 to 3 services per week (about 100 services in a year). Accordingly, 9.72 lakh services (2002-03:1,32,100; 2003-04:3,05,400 and 2004-05:5,34,900) were required to be performed by 5349 bulls but report of their performance was not collected and kept on record by SIA. In absence of proper breeding records of the bulls that have been procured from private trader, the extent to which the objective of the project to undertake breedable female cattle and buffalo under organised breeding through NS has been achieved remains unverified, particularly since 2001-02 the quality of the bulls that have been procured was inferior.

### **3.4.9 Non transfer of Assets**

**Non transfer of Assets to SIA by the Department**

As per guidelines of GOI the SIA was required to taken over the assets such as existing bull mother farms, semen banks/depots, LN<sub>2</sub> plants, training centers etc. belonging to the Directorate of Animal Husbandry either by transfer or through appropriate lease agreement. It was however, observed that despite completion of Phase-I of the project 4 LN<sub>2</sub> plant, 5 training centers and frozen semen distribution system has not been taken over by SIA. Thus the objective of developing synergies among the major agencies engaged in this work in the State through strengthening of SIA remained unfulfilled.

### **3.4.10 Monitoring and evaluation**

**Deficiency in monitoring the project activities**

To monitor the activities of the project, though the meeting were held to review the programme, but no effective step to achieve the projected target of various components, quality control of goods and services were taken. Evaluation of activities of the project was done by NABARD in 2004, regarding the entire breeding infrastructure in the state and the state performance was assessed to be highly deficient. Periodical progress report regarding performance of NS of bulls, AI, training to AI workers and supply

of necessary equipments for AI etc. required to be sent to GOI were also not submitted by the SIA.

### 3.4.11 Conclusion

It was observed that bulls for natural services were not procured from specified breeding farms. Targetted number of workers were not trained for AI and necessary equipments to the majority of trained workers was not provided resulting in non achievement of the target of AI. Due to non maintenance of records of natural services, the performance of the bulls purchased from traders other than the specified farms could not be verified. Excess expenditure was incurred by the SIA without the approval of GOI.

### 3.4.12 Recommendation

It is recommended that:

- the bulls need to be procured from specified breeding farms of specified quality,
- private AI workers need to be trained to the extent of target fixed,
- sufficient AI equipments need to be provided to trained AI workers.

The matter was reported to Government in October 2005; reply is still awaited.

## Finance Department

### 3.5 Payment of Pension through Treasuries and Public Sector Banks

#### 3.5.1 Introduction

The scheme of payment of pension to State Government civil pensioners through Public Sector Banks (PSBs) was introduced (July 1977) by the Government. Under the scheme, on the basis of pension payment orders (PPOs) received from the treasury, the PSBs credit monthly pensions to the accounts held by pensioners. After consultation with Government of India and Reserve Bank of India, the services of ten<sup>\*</sup> PSBs were utilised for the purpose in the State for disbursement of the pensions. The scheme was implemented by PSBs at two stages viz Link Branch and Paying Branch. Each PSB had nominated their branch at district headquarters as link branch which co-ordinates with its paying branches located within the district.

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<sup>\*</sup> 1. State Bank of India, 2. State Bank of Indore, 3. Central Bank of India, 4. Bank of India, 5. Punjab National Bank, 6. Allahabad Bank, 7. Bank of Maharashtra, 8. Union Bank of India, 9. UCO Bank and 10. Dena Bank.

The Director of Pension is the Chief Controlling Officer under over all supervision of Principal Secretary to the Government of Madhya Pradesh, Finance Department and is responsible for implementation of scheme. The Director of Pension is assisted by Treasury Officers (TO) at district level and by seven \*\* Divisional Joint Directors of Treasuries and Accounts at Divisional level. Pension cases are finalised and PPOs are prepared by these offices and forwarded to District Treasury Officer (DTO) for onward transmission to the link branches of nominated PSBs who transmit the same to concerned paying branches and simultaneously maintain records for such transfers.

Review of the scheme, was conducted at four districts (Bhopal, Gwalior, Indore and Jabalpur) out of 48 in the State during June-August 2005. The records of 44<sup>@</sup> branches, 30 branches which were both link and paying branches and 14 only paying branches, of these banks out of 425 in these four districts were test-checked. There was a total number of 69511 pensioners in these four districts (Bhopal : 24000; Gwalior : 15318; Indore : 17780; Jabalpur : 12413). The objectives of the review were to see whether the payment of pension was being made correctly and as per rules after adhering the prescribed procedure and to assess whether the system of upkeep of records was proper. The results of test-check are mentioned in the succeeding paragraphs.

### 3.5.2 Non-adherence of procedure by District Treasuries and PSBs

**Non-submission of specimen signature and facsimiles of special seal by the DTOs to Link Branches**

The District Treasury Officer was required to send his specimen signatures and facsimiles of their special seal to the link branches duly countersigned by the Manager/Agent of the State Bank of India/ Indore of the place, conducting government business, in order to enable the link branches to ascertain the genuineness of the PPOs by comparing specimen signatures of TO and facsimiles of special seal received from the treasury. No such specimen signatures and facsimiles of the special seal were sent by any of the four TOs to any of the 30 link branches test checked.

**Submission of PPOs to PSBs without embossing of special seal.**

The DTOs were also required to transmit PPOs to the concerned link branches of PSBs under their special seal. Test-check of PPOs forwarded to the link branches revealed that three (Bhopal, Gwalior and Jabalpur) district treasuries did not emboss their special seal on the letter forwarding PPOs to the link branches. In the absence of special seal on the forwarding letter of PPO, the check exercised to prevent presentation of false PPOs was rendered ineffective.

**Non-submission of information to AG(A&E)**

As per provisions of Subsidiary Rule 389 of M.P.T.C. Vol. I, list of pensioners who had failed to draw their pensions for more than one year was required to be sent to the AG (A&E), by the TOs on half yearly basis. It was, however, observed that the DTOs of test checked districts had not sent the requisite information to the A.G. (A&E), during 2002-2005 though there were number

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\*\* Bhopal, Gwalior, Indore, Jabalpur, Rewa, Sagar, Ujjain

@ Bhopal:17; Gwalior:7; Indore:11; Jabalpur:9.

of the pensioners who had not drawn their pensions for a period more than one year.

### 3.5.3 Improper record keeping

#### Non-maintenance of PPO Index Register by PSBs

Scheme guidelines prescribe maintenance of the Pension Payment Orders Index Registers for recording all the details of PPOs that have been forwarded to paying branches for payment. Further, Pension Payment Index Register prescribed (Appendix III) for recording monthly payments was required to be maintained by link and paying branches of PSBs. The entries in these registers were to be attested by officer incharge. The test-check revealed that 23 out of 30 combined link branches and 7 out of 14 paying branches had not maintained these registers.

#### Non maintenance of personal files of pensioners

The life certificate, non-employment, re-employment, remarriage and non-marriage certificates furnished by the pensioners/family pensioners were also not found attached with personal files of pensioners concerned. In absence of these essential records in the personal files of the pensioners, timely detection of irregularities and consequent immediate action for avoidance of excess payments was difficult.

#### Pension payments were not entered in disbursers portion of PPOs

Pension payments made from time to time by the paying branches were also to be entered in the disburser's portion of the PPOs and authenticated by the authorised officer of the branch. During test-check it was noticed that all 44 branches had not made these required entries, in the disburser's portion of PPOs.

#### Non submission of nominations by pensioners

As per provisions of subsidiary Rule 388 of M.P.T.C. Vol.-I, nominations for payment of life time arrears of pension were required to be obtained from the pensioners so as to ensure timely payment of balance amount of pension lying undrawn in their accounts on the date of death. It was noticed that such nominations were not obtained in Bhopal (17 branches), Jabalpur (9 branches) and Indore (11 branches) districts.

### 3.5.4 Non allocation of the pensions liabilities with the state of Chhattisgarh

#### Non maintenance of pension payments scrolls in prescribed forms by PSBs

Consequent upon the separation of Madhya Pradesh and Chhattisgarh States, the paying branches were to maintain monthly pension payment scrolls in form III and III-A prescribed by the Government of Madhya Pradesh to assess the liabilities of these two successor States. This was essential for apportioning the liabilities of pension between the State of Madhya Pradesh and the State of Chhattisgarh. From 1 November 2000, the crucial date of separation, the Form III was prescribed for incorporating the liabilities between M.P. and Chhattisgarh States, in the ratio of their population. Form III-A was meant for incorporating the actual shares of undivided Madhya Pradesh, successor State of Madhya Pradesh and Chhattisgarh separately calculated on the basis of actual services rendered under these States. Thus the pension payments of pensioners who retired prior to 1 November 2000 were to be incorporated in Form III and payments to pensioners who retired on or after 1 November 2000 in Form III-A. During test-check it was seen that except State Bank of Indore,

Marwari Raod, Bhopal and Rajwada, Indore none of 42 branches had adopted these forms and allocated these payments. Accordingly the entire amount of pension payments was, thus, being debited to Madhya Pradesh State only without passing the share that was debitible to Chhattisgarh State in the 42 branches.

### 3.5.5 Excess payment of pension and family pension

#### 3.5.5.1 Excess payment of family pension

**Excess payment of family pensions beyond the prescribed dates**

As per provisions of Madhya Pradesh Civil Services (Pension), Rules 1976, when a government servant dies while in service after completion of seven years of service, his/her family is entitled to a family pension at double the normal rate or 50 per cent of the pay last drawn by the deceased government servant at the time of death whichever is less, for a period of seven years from the date following the date of death or till the date on which the government servant would have attained the age of 67 years, had he remained alive, whichever is earlier.

During test-check of records of District Treasuries/PSBs, it was observed that in 137 cases, excess payment of family pension of Rs.33.57 lakh was made by 53\* branches of different public sector banks in nine districts at enhanced rates beyond the period indicated in the pension payment orders. The reduced rate of family pension was not enforced from dates specified in the PPOs.

#### 3.5.5.2 Excess payment of family pension beyond the date of maturity

As per provisions of Madhya Pradesh Civil Service (Pension) Rules, 1976, the family pension in the case of son is payable only upto the age of 25 years and in the case of unmarried daughter it is payable upto the age of 25 years or to the date of marriage whichever is earlier.

During test-check of records of the branches of PSBs, it was observed that a sum of Rs.0.72# lakh was irregularly paid beyond the date of admissibility in three cases.

\* Bhopal: 6; Gwalior: 2; Indore: 7; Jabalpur:10 ; Damoh: 5; Sehore:2 ; Raisen: 6; Hoshangabad:8 ; Vidisha:7.

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(Rupees in lakh)

Sl. No.	Name of Treasury	Name of PSB	No. of cases	Period of excess payment	Amount paid in excess
1.	Bhopal	Dena Bank, Kohefiza	1	20-04-99 to 28-02-2002	0.56
2.	Jabalpur	Union Bank of India, Malviya Chowk	1	08-07-2005 to 31-08-2005	0.03
3.	Jabalpur	Allahabad Bank, Kundum	1	11-05-2002 to 30.9.2002	0.13
		<b>Total</b>	<b>3</b>		<b>0.72</b>

### 3.5.5.3 Excess payment of commutation of pension

The Government of Madhya Pradesh implemented recommendations of V<sup>th</sup> Central Pay Commission and revised pay-scales with effect from 01 January 1996. The orders regarding revision of pension cases of government servant retired on or after 01 January 1996 were issued vide Finance Department letter dated 14<sup>th</sup> July 1998. The pension cases finalised prior to issue of these orders were further revised after giving the benefit of revised pay.

#### Non deduction of revised monthly commuted amount of pensions

It was noticed during test-check of records of district treasury and PSBs of Jabalpur district that the revised authorities for payment of commuted value of revised pension were forwarded from this treasury to link branches of PSBs for payment of commuted value of pension after adjusting the commuted value already paid and deducting the revised amount of pension commuted. The PSBs though had paid the revised commuted value of pension to the pensioners but did not deduct the revised commuted amount of pension and instead continued the deduction of old commuted amount of pension. Consequently an excess payment of Rs.31.50 lakh was made by PSBs in 190 cases.

### 3.5.5.4 Non-adjustment of revised amount of commuted pension

As per provisions of Madhya Pradesh Civil Services (Commutation of Pension) Rules, 1996 the amount of pension originally sanctioned is to be reduced by the amount of pension commuted from the date of payment of lumpsum commuted value of pension or after three months from the date of issue of authority for commuted value whichever is earlier.

A test-check (March/April 2005) of records of District Treasury, Balaghat revealed that in 71 cases, the amount of pension commuted was not deducted from the date of payment of commuted value of pension during the period from February 2002 to April 2005 by PSBs of the District. This has resulted in an excess payment of Rs.15.73 lakh to the pensioners by the PSBs.

### 3.5.6 Monitoring mechanism

No separate monitoring cell exists in the Directorate of Pension. No periodical returns/reports in respect of pension payment has been prescribed by the Directorate to be submitted by the District Treasuries for effective monitoring and evaluation. Only monthly information regarding pension cases finalised were being received from District Treasuries during last three years.

No internal audit management existed at Directorate, District Treasuries and Link/Paying Branches of PSBs level. Periodicity of internal audit of pension payments in PSBs has not been prescribed. The Director of pension had conducted pension audit of only 10\* and 15\*\* out of 48 Districts Treasuries during 2003-04 and 2004-05 respectively.

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\* 2003-04 (10):- Gwalior:2 ; Bhopal: 3; Sehore, Raisen, Morena, Datia, and Vidisha

\*\* 2004-05 (15) :- Indore:2 ; Jabalpur: 2, Khandwa, Dhar, Khargone, Ratlam, Jhabua, Narsinghpur, Mandla, Seoni, Dindori Badwani and Katni

### **3.5.7 Conclusion**

The scheme of payment of pension by PSBs was not implemented as per procedures and systems prescribed in the scheme both at Treasury and PSBs levels. Non-adherence of prescribed procedures and non-maintenance of records by District Treasuries and PSBs was noticed. Cases of excess payment of pension, commuted value of pension, payment of family pension beyond the dates prescribed were noticed. The information pertaining to the allocation of liabilities for pension between the State of Madhya Pradesh and State of Chhattisgarh was not being collected and recorded by paying branches. Adequate provision for internal audit management and monitoring mechanism at various levels has not been provided for effective implementation of the scheme.

### **3.5.8 Recommendations**

In order to improve the implementation of the scheme of payment of pension through PSBs the following recommendations are made.

- Adherence to systems and procedures prescribed in the scheme needs to be ensured by the Treasuries and PSBs to avoid cases of excess and irregular payments.
- Monitoring and evaluation at Directorate level is to be strengthened for effective implementation of the scheme and internal audit in treasuries and public sector banks (PSBs) needs to be strengthened.
- Critical information pertaining to allocation of liabilities of pension between the State of Chhattisgarh and Madhya Pradesh should be collected and maintained by the paying branches.

The matter was reported to the Government in October 2005; reply has not been received (January 2006).