

Preface

- 1 This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
- 2 Chapter-I deals with the findings of performance audit in the Food, Civil Supplies and Consumer Protection; Home and Public Health and Family Welfare Departments while Chapter-II deals with the findings of transaction audit in the Agriculture; Manpower and Planning; Public Works; Public Health and Family Welfare; Public Health and Engineering; Panchayat and Rural Development and Sports and Youth Welfare Departments. Chapter-III includes comments based on internal control in the Water Resources Department.
- 3 The observations arising out of audit of Government commercial and trading activities are included in Chapter-IV of this Report.
- 4 The cases mentioned in the Report were observed during the course of test audit of accounts for the year 2008-09 as well as those which were observed in earlier years but could not be included in previous reports. Matters relating to the period subsequent to 2008-09 have also been included, wherever necessary.

OVERVIEW

This Report comprises four Chapters which include four performance audits, a review of internal controls in the Water Resources Department and 18 paragraphs on audit of financial transactions of various Government Departments, Government Companies and Statutory Corporations.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling as well as risk based judgmental sampling. The audit conclusions have been drawn and recommendations have been made, taking into consideration the views of the Government. A summary of the key audit findings are presented in this overview.

1. National Rural Health Mission

The National Rural Health Mission was launched in April 2005 with the aim of providing accessible, affordable, accountable, effective and reliable health care facilities in rural areas. The State Government spent Rs 634.55 crore from the inception of the scheme till March 2009. There were savings of Rs 250.96 crore (28 *per cent*). There were instances of irregular expenditure, stage-wise planning was not done and the availability of health care infrastructure, doctors and supporting staff remained inadequate. While there were significant achievements in some interventions and the health indicators accordingly showed improvements, there were shortfalls in administration of iron-folic acid tablets, gender imbalance in sterilisation, low institutional deliveries, low detection of sputum positive cases and non-achievement of the norms of annual parasitic incidence. The indicators of maternal and infant mortality remained short of interim targets.

(Paragraph 1.1)

2. Modernisation of Police Force

The 'Modernisation of Police Force' scheme was launched by Government of India to equip the State police forces to face the emerging challenges to internal security. The Police Department spent Rs 205.63 crore during 2003-09 under the scheme. Performance audit of the scheme showed that there were large savings, mainly under security and communication equipment heads. Despite availability of funds, large numbers of residential and non-residential buildings had not been completed and there were shortages of light vehicles in police stations. Besides, there were shortages in the availability of modern weapons. POLNET, a satellite based police communication network used for communicating with the headquarters, districts and other States, was not installed in six districts and was functioning partially in 14 districts. Police stations were not fully computerised. Equipment and buildings costing Rs 2.11 crore meant for conducting forensic examination were not utilized due to lack of technical staff.

(Paragraph 1.2)

3. Computerisation of paddy procurement: ‘Dhan Kharidi-Online’

The State Government implemented the IT project ‘Dhan Kharidi-Online’ for paddy procurement in order to ensure instant cheque payments to farmers; improve inventory control; check leakage and diversion of paddy and rice and improve management of milling. It was operationalised in a short period of six months and received the National e-Governance award in 2008. It has been used successfully for two paddy procurement cycles. A review of the project revealed that some areas were required to be streamlined. There were deficiencies in the registration of farmers with important details like landholdings not being recorded, controls not being properly exercised at the data entry stage, paddy procurements not being validated against landholdings of farmers etc. Besides, there were shortcomings in the issue and reconciliation of cheques, the procedure for miller verification was not strictly followed, the validity of paddy delivery orders to millers was not adequately monitored and procedures for system security were not properly documented and implemented. Corrective action had, however, been initiated by the Government in most of the areas.

(Paragraph 1.3)

4. Internal Control in Water Resources Department

A review of internal controls in the Water Resources Department revealed that there were instances of excess expenditure over allotments given by the Engineer-in-Chief, amounts remained pending under various suspense heads, works abstracts were not prepared and cheques and remittances were not reconciled in time. There were deficiencies in enforcing terms of agreements, resulting in undue benefits to contractors. Deficiencies in maintenance of stock records resulted in differences between stock records and accounts figures. Due to shortcomings in administrative controls, there were imbalances in the deployment of officials. There were also instances of works being executed without conducting quality control tests.

(Paragraph 3)

5. Audit of Transactions in Government Departments

Audit of financial transactions in various departments of the Government revealed instances of excess payment, wasteful expenditure, undue benefit, idle expenditure, blockage of funds and irregular expenditure amounting to Rs 21.35 crore in the Agriculture Department (Rs 90.16 lakh), the Manpower Planning Department (Rs 10.39 crore), the Panchayat and Rural Development Department (Rs 2.83 crore), the Public Health and Engineering Department (Rs 95 lakh), the Public Health and Family Welfare Department (Rs 4.34 crore), the Public Works Department (Rs 50.07 lakh) and the Sports and Youth Welfare Department (Rs 1.44 crore).

(Paragraphs 2.1 to 2.4)

6. Government Commercial and Trading Activities

There were 10 Government Companies, four deemed Government Companies, two Statutory Corporations and the Electricity Regulatory Commission, all working under the control of the State Government, as on 31 March 2009. The total investment in 16 working PSUs (14 Government Companies and two Statutory Corporations) was Rs 2,963.05 crore. Out of 16 PSUs, 13 had not finalised their accounts for the year 2008-09. According to the latest financial accounts, three working Government Companies had incurred an aggregate loss of Rs 7.20 crore and four Government Companies and two Statutory Corporations had earned an aggregate profit of Rs 184.36 crore.

(Paragraphs 4.1.2, 4.1.7, 4.1.16 and 4.1.31)

7. Review of Performance of Chhattisgarh Rajya Van Vikas Nigam Limited

The Chhattisgarh *Rajya Van Vikas Nigam Limited* is engaged in accelerating and increasing forest production by developing forest land, raising plantations, felling trees and their marketing. The performance audit of the Company was conducted to assess the economy, efficiency and effectiveness of activities relating to acquisition and utilisation of land; planning and raising of plantations; financial management and adequacy of the internal control mechanism. It was observed that there was no laid down policy and detailed procedure specifying the criteria for selection of land and the time frame for transfer of land by the State Government. There was a shortfall of 0.26 lakh hectares against 1.49 lakh hectares of land targeted for treatment/ utilisation. The expenditure on the operational activities of the Company had reduced from Rs 28.93 crore in 2004-05 to Rs 18.79 crore in 2007-08. It had not carried out replantation in 41.94 *per cent* of failed plantation areas. The plantation activities at Hirri mines of Bhilai Steel Plant had survival rates of zero to 60 *per cent* as against the agreed survival rate of 80 *per cent*. As a result, Bhilai Steel Plant had withheld an amount of Rs 25.73 lakh towards excess casualty.

(Paragraph 4.2)

8. Audit of Transactions in Government Companies and Statutory Corporation

Audit of transactions in Government Companies and Statutory Corporation included in this Report highlight the deficiencies in the management of PSUs, which resulted in serious financial implications. These include the following :

Chhattisgarh State Electricity Board had incurred extra expenditure of Rs 24.42 lakh due to non-compliance with rules, directives, procedures and terms and conditions of contracts.

(Paragraph 4.3.1)

Chhattisgarh State Electricity Board procured economiser coils worth Rs 1.53 crore through extension orders and without inviting tenders.

(Paragraph 4.3.2)

Chhattisgarh State Industrial Development Corporation Limited issued misleading instructions to MPSIDC which led to non-securitisation of loan documents of a private firm resulting in non-realisation of Rs 30.08 crore.

(Paragraph 4.3.3)

CHAPTER-I PERFORMANCE AUDIT

PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT

1.1 National Rural Health Mission

Highlights

The National Rural Health Mission was launched in April 2005 with the aim of providing accessible, affordable, accountable, effective and reliable health care facilities in rural areas. The State Government spent Rs 634.55 crore from the inception of the scheme till March 2009. There were substantial savings of Rs 250.96 crore. The availability of health care infrastructure, doctors and supporting staff was not adequate. While there were significant achievements in some interventions, the indicators of maternal and infant mortality remained short of interim targets, even though the major expenditure under the scheme was for reproductive and child health. Some important audit findings are given below:

An amount of Rs 21.30 crore, including Rs 9.27 crore meant for Mobile Medical Units and Rs 1.90 crore for a Health Management Information System, remained unutilised.

(Paragraph 1.1.6.2)

Funds amounting to Rs 3.46 crore, received for health care of urban poor, were diverted.

(Paragraph 1.1.6.4)

There was excess expenditure of Rs 25.54 lakh on purchase of blood lancets.

(Paragraph 1.1.6.5)

There were delays of upto 730 days in the payment of cash incentives of Rs 59.64 lakh to 4,646 beneficiaries of the 'Janani Suraksha Yojna'.

(Paragraph 1.1.9.1[ii])

Payments totalling Rs 4.83 crore for folk dance programmes organised to spread health awareness, were not supported by prescribed certificates and photographs.

(Paragraph 1.1.9.2)

Only 52 per cent of reports were being received in respect of the Integrated Disease Surveillance Project.

(Paragraph 1.1.12.2)

1.1.1 Introduction

The National Rural Health Mission (NRHM) was launched (April 2005) by the Government of India (GOI) with the aim of providing accessible, affordable, accountable, effective and reliable health care facilities in the rural areas. Various existing National Disease Control Programmes viz. the Reproductive and Child Health-II (RCH-II) Programme, the National Vector Borne Disease Control Programme (NVBDCP), the Revised National Tuberculosis Programme (RNTCP), the National Leprosy Eradication Programme (NLEP), the National Blindness Control Programme (NBCP) and the Integrated Disease Surveillance Project (IDSP), were being implemented by separate health societies, which were merged under NRHM into a single State Health Society (SHS) to implement the scheme. The successful implementation of NRHM involved decentralised planning in the health sector and monitoring by health monitoring and planning committees formed at the Primary Health Centre (PHC), Block, District and State levels.

1.1.2 Organisational Structure

At the State level, the Chief Minister heads the State Health Mission (SHM), which provides the overall guidance to the scheme activities. The SHS, which is chaired by the Chief Secretary of the State, executes the scheme with the assistance of the State Programme Management Support Unit (SMPU). The Mission Director (MD), NRHM is the coordinator of the SHS and is responsible for overall implementation of the scheme. The MD is assisted by the Joint Director, NRHM and the Director, Health Services.

At the district level, the District Health Societies (DHS) implement the project. They are headed by the District Collectors, who are assisted by the Chief Medical and Health Officers (CMHO) who act as Chief Executive Officers (CEO) of the DHS. Health care was extended to 2.08¹ crore people (including 1.66 crore rural people) of the State, through a network of 138² Community Health Centres (CHC), 719 PHCs and 4,741 Sub Health Centres (SHC). The SHCs are manned by Female Health Workers/Auxiliary Nursing Midwives (ANM) and Multipurpose Health Workers (Male) (MPWM). The PHC is the first contact point between the patient and the doctor in rural areas, the CHC is treated as a secondary care institution and the district hospital (DH) is treated as a tertiary care institution.

1.1.3 Audit Objectives

The objectives of the performance audit were to assess whether:

- stage-wise planning was done starting from surveys at the village level,
- accounting and utilisation of funds was efficient and effective,

¹ Population as per census 2001.

² As per data given by the Directorate of Health Services.

- the scheme achieved strengthening of physical and human infrastructure at different levels as per the Indian Public Health Standard norms,
- the performance indicators and targets fixed in respect of reproductive and child health care as well as immunisation and disease control programmes were achieved and
- the scheme was being monitored as provided in the guidelines.

1.1.4 Audit criteria

The audit was conducted based on criteria derived from the following:

- Framework for implementation of NRHM issued by the Ministry of Health and Family Welfare, Government of India;
- National Programme Implementation Plans for RCH and other disease control programmes;
- State Programme Implementation Plans approved by GOI;
- Memorandum of Understanding between the GOI and the State Government;
- Indian Public Health Standards (IPHS) for upgradation of CHCs and PHCs;
- Chhattisgarh Store Purchase Rules, 2002.

1.1.5 Scope and coverage of Audit

The performance audit of the scheme was conducted during April 2008 to May 2009 for the period from April 2005 to March 2009. The coverage of audit included the SHS and four³ districts of the State selected by the Simple Random Sampling Without Replacement (SRSWOR) method. The four selected districts had 47 CHCs, 204 PHCs and 1,429 SHCs, out of which 12 CHCs, 24 PHCs and 48 SHCs were selected, as shown in *Appendix-1.1*, by the SRSWOR method.

The performance audit commenced with an entry conference with the Secretary, Public Health and Family Welfare Department on 4 April 2008. An exit conference was held on 10 September 2009 to discuss the audit findings.

1.1.6 Financial Management

As per the funding arrangement, GOI was to provide 100 *per cent* grants to the State upto 2006-07 and thereafter, all the existing National Disease Control Programmes were to be merged under NRHM and the State was to contribute 15 *per cent* during the XI Plan period (2007-12). The GOI grant was to be provided in two parts i.e. direct transfer to health societies and

³ Bastar, Kanker, Raigarh and Raipur.

transfer of funds to the State Government. The total expenditure incurred on the scheme during the period of audit was Rs 634.55 crore as against funds availability of Rs 885.51 crore as detailed in **Appendix-1.2**. Of the total expenditure of Rs 634.55 crore, the expenditure on Direction and Administration was Rs.256.06 crore (40 per cent) while Rs 378.49⁴ crore (60 per cent) was spent on programme activities, of which RCH was the main focus area, under which expenditure of Rs 341.96 crore was incurred.

1.1.6.1 Persistent savings

It was observed that except for the year 2006-07, there were large savings during each financial year as depicted below:

Table – 1.1: Funds received and expenditure incurred under NRHM

(Rs in crore)

Year	Receipt	Expenditure	Savings	Percentage of savings
2005-06	165.58	112.19	53.39	32
2006-07	202.16	195.34	6.82	3
2007-08	260.88	177.52	83.36	32
2008-09	256.89	149.50	107.39	42
Total	885.51	634.55	250.96	28

(Source: Information furnished by SHS and Directorate of Health Services)

Note: The above table does not include receipt and expenditure figures relating to the State Malaria Control Society as the society could not produce the information/records to Audit.

Of the total savings of Rs 250.96 crore, Rs 217.67 crore (87 per cent) occurred under RCH-II. This included unspent balances of Rs 7.42 crore under RCH-Phase-I, Rs 24.19 crore under flexipool (*Janani Suraksha Yojana*⁵, family planning, institutional strengthening and child health and training), Rs 127.28 crore under NRHM additionalities (untied funds, ASHA⁶, mobile medical units, Health Management and Information System, procurement of drugs and equipment and public private partnerships) and Rs 59 lakh under immunisation. The State contribution of Rs 47 crore and interest amount of Rs 5.68 crore remained unutilised. During the exit conference, the Government stated that there were savings under the salary head as personnel had not been appointed and the State contribution was not utilised as it was released at the end of March 2008 and March 2009. However, it was observed by Audit that the savings on salaries, booked primarily under Direction and Administration, was only a small part whereas the bulk of the savings was under various interventions under RCH. The

⁴ RCH-Rs 341.96 crore (90 per cent), NLEP- Rs 4.77 crore (one per cent), RNTCP- Rs 16.75 crore (five per cent), IDSP-Rs 2.97 crore (one per cent) and NVBDCP- Rs 12.04 crore (three per cent).

⁵ *Janani Suraksha Yojana* is a scheme to promote safe delivery at health centres by providing cash incentives to pregnant women, Auxiliary Nursing Midwives or ASHA

⁶ ASHA (Accredited Social Health Activist): A trained community health worker to be provided in each village for assisting in neonatal care, prevention and cure of common childhood diseases, immunization and family planning activities and other activities for control of malaria, TB, leprosy etc.

Government also agreed that the State Malaria Control Society had not kept its records properly and informed that an inquiry was being conducted as there were many irregularities in its running. The results of the inquiry were awaited (August, 2009).

1.1.6.2 Non-utilisation of funds of Rs 21.30 crore

**Mobile
Medical Units
were not
provided for
remote areas**

(i) As per the State programme implementation plans (PIP), GOI provided Rs 7.22 crore in 2006-07, for establishment of 16 Mobile Medical Units (MMUs) to provide necessary medical care in remote areas of the State. Subsequently, Rs 2.40 crore was released during 2007-08 as operational cost. It was observed that only four chassis of trucks for establishment of MMUs had been purchased (November 2008) for Rs 35 lakh against the requirement of 16 MMUs, while the balance of Rs 9.27 crore was lying unutilised. During the exit conference, the Government stated that a prototype MMU had been provided by the supplier which was being changed as it was not as per the specifications. It was further stated that all the MMUs would be purchased by March 2010. It was evident that adequate efforts had not been made in the past and consequently, the aim of providing medical care in the remote areas was not achieved and the funds remained blocked. Similarly, an amount of Rs 1.90 crore was provided by GOI in 2007-08 for establishment of a Health Management and Information System (HMIS), to make public health care services more efficient by computerising all records and transactions, from the SHC level to the State level and to monitor the functioning of health centres. However, the entire amount was lying unutilised.

During the exit conference, the Government stated that hardware would be purchased and the software would be provided free of cost by the National Informatics Centre (NIC). This action should have been taken immediately after receiving the funds but due to delays, the regular monitoring envisaged in the scheme guidelines through HMIS had not been started.

(ii) It was observed that funds received from GOI in 2004-05 for encouraging institutional deliveries through public private partnership (Rs 50 lakh) and formation of a cell to plan the stabilizing of population (Rs 20 lakh) and in 2007-08 for village and panchayat capacity building (Rs 98.20 lakh) and alternate human resources development (Rs 2.83 crore) remained unutilised. Consequently, these initiatives as envisaged in the annual PIPs were delayed for one to three years.

During the exit conference, the Government stated that the funds would now be utilised.

(iii) Scrutiny of records of RCH societies in the test-checked districts revealed that funds of Rs 5.62 crore received during 2006-07 to 2007-08 under various components were not utilised by the DHSs of Bastar (Rs 1.34 crore), Kanker (Rs 27 lakh), Raigarh (Rs 1.46 crore) and Raipur (Rs 2.55 crore) for more than one year, as detailed in **Appendix-1.3**. These funds were meant for purchase of drug kits, blood storage facilities, institutional strengthening, urban health programmes, formation of village health and sanitation committees etc.

At the exit conference, the Government stated that as drug kits were procured centrally by the Directorate of Health Services, the unspent amounts were retained by DHS Raipur and would be utilised for other activities. The unspent amount for blood storage facility and institutional strengthening would be utilised in 2009-10. The Village Health Sanitation Committees had not been set up as bank accounts had not been opened and they would now be started. It was evident that adequate action had not been taken in the past to utilise the funds, which resulted in delaying the intended benefits by one to two years.

1.1.6.3 Funds management and accounting

The following shortcomings were observed in the handling of funds, accounting and reporting utilisation of the same:

Funds amounting to Rs 7.42 crore were neither refunded to GOI nor spent by implementing agencies

- It was observed that an unspent balance of Rs 7.42 crore of RCH-I was neither refunded to GOI nor spent upto 31 March 2009. At the exit conference, the Government stated (September 2009) that the unspent balance would be refunded to GOI immediately. Had this action been taken in 2005-06, blockage of funds of Rs 7.42 crore for over four years could have been avoided.
- As per the MOU entered between GOI and the State Governments, the funds received under NRHM were to be kept in an interest-bearing account of a nationalised bank. Scrutiny of records revealed that funds received under RCH by DHS, Raigarh during April 2005 to June 2008 were kept in a current account. At the exit conference, the Government stated (September 2009) that a show cause notice would be issued to the concerned officials.
- During scrutiny of records at the SHS, the State Malaria Control Society (SMCS) did not produce vouchers and other records like cash book and stock registers. Therefore, their receipts and expenditure could not be ascertained by Audit. The Government accepted that the records had not been maintained properly by the society and informed that the accounts were being recast and an inquiry was also being carried out.

1.1.6.4 Diversion of funds

The SHS received Rupees four crore during 2005-06 to improve the health status of the urban poor community by providing quality primary health care with a focus on RCH services and to achieve population stabilisation. The programme was to be implemented by municipal bodies in coordination with the Health Department through social mapping of towns; identification of appropriate places for health care centres; appointment of two ANMs for urban slums to assist in deliveries and providing immunisation services, antenatal care and other services similar to the rural SHCs. An amount of Rs 3.45 crore had to be disbursed to the municipal bodies for executing these activities. In addition, Rs 26.25 lakh had to be utilized for organising health camps for identifying patients with serious illnesses and referring them to district hospitals. Another Rs 26.25 lakh had to be utilised for Information,

Education and Communication (IEC)⁷ activities. It was observed that while expenditure was incurred on IEC activities as planned, the amount of Rs 3.46 crore meant for municipal bodies was diverted for purchase of equipment, which was issued to Chief Medical and Health Officers in all districts.

Due to the non-utilisation and diversion, the objective of improving the health status of the urban poor community was not fulfilled. The Government assured that an inquiry would be carried out to ascertain whether the expenditure was appropriate. However, the diversion was inappropriate as it resulted in non-initiation of the activities for improving urban health care.

1.1.6.5 Cases of irregular and extra expenditure

Scrutiny of records of the SMCS revealed the following:

(i) As per the guidelines of the National Vector Borne Disease Control Programme (NVBDCP), 2004, procurement was to be done as per Government rules. The Chhattisgarh Purchase Rules, 2002 provided that purchases above Rs 50,000 should be made by inviting open tenders. In contravention of these provisions, the SMCS invited (April 2005) quotations for laboratory and publicity material, finalized rates which were inclusive of all taxes and issued supply orders during September and October 2005. Based on these rates, blood lancets were purchased (March 2006) at the rate of Rs 1.45 each. During the same period, the Director, Health Services invited (October 2005) separate tenders and finalised the rates for blood lancets at Rs 0.26 each and circulated (February 2006) the approved rates to all the societies. The rate of Rs 1.45 finalised by the SMCS, was in contravention of purchase rules and was five times higher, when compared to the rate of Rs 0.26 finalised by the Director, Health Services. Therefore, by purchasing blood lancets at higher rates, the SMCS incurred excess expenditure of Rs 25.54 lakh as detailed in **Appendix-1.4**. It was also observed that though the approved rates were inclusive of all taxes, commercial tax of 4.6 per cent was paid on 17 invoices, which resulted in excess payment of Rs 4.40 lakh to a firm as detailed in **Appendix-1.5**.

**Excess
expenditure of
Rs 25.54 lakh on
purchase of blood
lancets**

During the exit conference, the Government stated (September 2009) that the case has now been handed over to the Economic Offences Wing (EOW) for investigation.

**Irregular
expenditure of
Rs 15.62 lakh**

(ii) The SMCS issued (October 2005) a supply order for purchase of 29,000 slide boxes for Rs 14.94 lakh. It was observed that the ordered quantity was supplied twice against the same supply order, vide invoices dated 14 February 2006 and 21 March 2006 and payment of Rs 31.24 lakh (including taxes) was made. It was found that the stock entry for the second lot of 29,000 slide boxes was made in the stock register on 1 March 2006 though the material was supplied vide an invoice dated 21 March 2006. There

⁷ *Information, Education and Communication is the activity by which health awareness is created in the general public through posters, banners, pamphlets, folk dances etc.*

was nothing available on record to explain the discrepancy, which raised doubts on the genuineness of the second supply. During the exit conference, the Government stated that case had been handed over to EOW for investigation.

1.1.7 Planning

Non-preparation of block action plans

As per the NRHM framework, the district action plans, the basis for interventions in the health sector, are to be prepared by consolidating the block action plans prepared on the basis of surveys at the village level by involving panchayat representatives.

It was observed that a community needs assessment survey and a facility survey were carried out at the village level by the Health Department through ANMs and health workers but the block action plans were not prepared. District plans were prepared using the survey data. Therefore, the stage-wise planning envisaged in the scheme was not carried out. During the exit conference, the Government agreed that the bottom up approach of planning should be introduced and stated that block action plans would be prepared from 2010-11 onwards.

1.1.8 Facilities at health centres

Health care facilities in rural areas are provided through Community Health Centres (CHCs), Primary Health Centres (PHCs) and Sub Health Centres (SHCs).

1.1.8.1 Infrastructure

(i) Community Health Centres

The CHCs are located at the block level and constitute the secondary level of the health care design to provide referral as well as specialised health care to the rural population.

As per the framework for implementation of NRHM, a CHC was to be established for every 1,20,000 persons (80,000 in tribal areas). The IPHS norms envisaged that the CHCs would provide assured medical services⁸ and had prescribed the requisite infrastructure and facilities. Scrutiny of records of the 12⁹ test-checked CHCs revealed the following shortcomings against the prescribed IPHS norms:

⁸ Routine and emergency surgeries, 24-hour normal and assisted delivery services, essential and emergency obstetric care including surgical interventions like caesarean sections and other medical interventions.

⁹ Districts - **Bastar** -(Bakawand, Lohandiguda and Tokapal) **Kanker**- (Amoda, Bhanupratappur and Charama), **Raigarh** -(Chaple, Pussore and Tamnar) and **Raipur**-(Abhanpur, Arang and Dharsinwa)

Shortage of CHCs in the State	<ul style="list-style-type: none"> As per the data provided by the Directorate of Health Services, there were 138 CHCs in the State as on March 2009 against the requirement of 173 CHCs based on the 2001 census, which estimated the rural population of 1.68 crore. Thus, there was a shortage of 35 CHCs.
Basic infrastructure was inadequate in CHCs	<ul style="list-style-type: none"> None of the 12 CHCs test-checked had accommodation for patients' attendants, 67 per cent had no in-patient service, 50 per cent were without accommodation facilities for ANM, 42 per cent had no separate wards for male and female patients, 33 per cent had no standby power supply and 25 per cent had no accommodation facilities for general duty medical officers and staff nurses. The CHCs had adequate infrastructure for services such as ambulances, diagnostic facilities, labour rooms, water supply etc. The available infrastructure and facilities in CHCs are given in Appendix-1.6.
Essential OT equipment not provided	Even though operation theatres were available in the 12 test-checked CHCs, out of the 14 items essential for operation theatres, eight items were not present in 8 to 12 CHCs as detailed in Appendix-1.7 .
Blood storage facilities not available	Blood storage facilities were not available at any of the 12 test-checked CHCs even though funds of Rs 65 lakh were released (2007-09) to the DHSs.
	(ii) Primary Health Centres
	The PHCs are located in the villages to provide 24-hour emergency services such as general medical care, family welfare and maternity and child health care services. They are referral centres for SHCs. The IPHS norms prescribed the equipment and facilities required in the PHCs such as standby power supply/generator, minor operation theatre, labour room etc.
Inadequate infrastructure in PHCs	Scrutiny of records of the 24 ¹⁰ test-checked PHCs revealed that there was non-provision of standby power supply, 92 per cent were without any operation theatre and accommodation for staff nurses, 79 per cent had no separate utilities and wards for men and women, 71 per cent could not provide inpatient services, 67 per cent had no accommodation for medical officers, 54 per cent had no diagnostic services, 46 per cent had no provision for water supply, 42 per cent had no facilities for medical waste disposal and 29 per cent had no labour rooms. The PHCs were, however, adequately equipped with OPD rooms and 24x7 emergency and delivery services. The details of infrastructure and facilities available in PHCs are given in Appendix-1.8 .
	(iii) Sub-Health Centres
	The SHCs located at the village level, are the first contact point of the health care system with the rural community. They are expected to provide promotional, preventive and a few curative primary health care services such

¹⁰ **Bastar**-(Alnar, Belar, Jaibel, Malgaon, Maulibhata and Tahakapal), **Kanker**-(Basanvahi, Halba, Hatkarra, Korar, Kottara and Sarwandi), **Raigarh**-(BadeBhandar, Binjkot, Jobi, Kodatarai, Saraipali and Urba) and **Raipur**-(Champaran, Labhandi, Mandhar, Mandirhasaud, Rewa and Uparwara).

**Inadequate
infrastructure in
SHCs**

as antenatal and post-natal care, family planning and contraception. The SHCs should have facilities such as labour rooms, accommodation for staff, adequate water supply etc.

Scrutiny of records of the 48¹¹ test-checked SHCs in four districts revealed that 71 *per cent* were without separate utilities for men and women, 67 *per cent* were without provision for water supply, 58 *per cent* did not have facilities for disposal of medical waste, 42 *per cent* were without labour rooms and accommodation for staff and 38 *per cent* had no Government building as detailed in *Appendix-1.9*

In the absence of the minimum prescribed infrastructure and facilities, the health centres at various levels were not fully equipped to deliver assured services as envisaged in the IPHS norms. Since 38 *per cent* of the SHCs were running from rented premises, there was little scope for their upgradation and provision of the prescribed facilities such as waste disposal and labour rooms.

During the exit conference, the Government stated that mapping of the population was being done to assess the total requirement and additional CHCs would be constructed as per the assessment. The Government also stated that action would be taken to construct buildings for SHCs, to equip the OTs adequately and to introduce a Chhattisgarh Equipment Management System to ensure minimum stock of medicines and equipment at all health centres. The State would also start a Medical Corporation for procurement of equipment and outsource the testing of equipment and medicine. These initiatives were required to be implemented expeditiously to improve the quality of health care in the State.

1.1.8.2 Manpower

(i) Community Health Centres

The IPHS norms provided that every CHC should have a general physician, a gynaecologist, a paediatrician, an anaesthetist, a pharmacist, a laboratory technician, a radiographer and nine staff nurses to cater to a bed occupancy of 60 *per cent*.

¹¹ **Bastar-**(Badanji, Burungpal, Chindgaon, Dharaur, Garenga, Irikpal, Karanji Napawand, Nainnar, Potanar, Targaon and Ulnar), **Kanker-** (Barvi, Bhainsakanhar, Bheja, Choria, Dudhava, Jebra, Kotela, Lilejhar, Musurputta, Puri, Samtara and Selegaon) **Raigarh-** (Bhupdeopur, Chhatamuda, Gorpar, Gurda, Jaridih, Jibri, Khadgaon, Khamhariya, Khokhra, Nandeli, Samaruma and Supa) and **Raipur-**(Barbanda, Girod, Kachna, Kendri, Lakholi, Mowa, Nawagaon, Nimora, Palod, Paragaon Parsada, and Rakhi).

**Shortage of
doctors in
CHCs**

Against the 1,104 sanctioned posts of qualified doctors in the State, there was a shortage of 514 (47 per cent) as detailed below:

Table-1.2 : Status of manpower in CHCs in the State

Sl. No.	Name of the Post	Sanctioned	In position	Shortage	Percentage of shortage
1.	Medical Officer	414	376	38	9
2.	General Physician	138	51	87	63
3.	Gynaecologist	138	36	102	74
4.	Pediatrician	138	60	78	56
5.	Surgery specialist	138	28	110	80
6.	Anaesthetist	138	39	99	72
Total		1104	590	514	47

(Source: Information provided by the Directorate of Health Society)

It was observed that none of the 12 test-checked CHCs had an anaesthetist and staff nurses, 92 per cent were without general physicians, 83 per cent were without gynaecologists, 67 per cent were without paediatricians, 50 per cent were without general surgeons, 42 per cent were without radiographers and 33 per cent were without any general duty medical officer (MO). The shortage of staff is depicted in **Appendix-1.10**.

(ii) Primary Health Centres

**Shortage of
manpower in
PHCs**

As per the IPHS norms, a PHC should have an MO, a staff nurse, a pharmacist and a laboratory technician. Out of the 24 PHCs test-checked, 88 per cent were without any staff nurse, 75 per cent were without an ANM, 67 per cent were without laboratory technicians, 50 per cent were without pharmacists and 29 per cent were without any medical officers as detailed in **Appendix-1.11**.

The shortage (29 per cent) of MOs in the test-checked PHCs was quite close to the overall shortage in the State. Against the requirement of 1,414 MOs for the whole State, only 1,092 were deployed, resulting in a shortage of 322 (23 per cent).

(iii) Sub Health Centres

**Shortage of
manpower in
SHCs**

The IPHS norms prescribed that each SHC should have two ANMs and a male health worker to provide basic health care services. It was observed that two ANMs were posted only in two per cent of the SHCs, a single ANM was posted in 92 per cent of the SHCs, while in six per cent of the SHCs, no ANM was posted at all. Fifty eight per cent of the SHCs were without any male health worker as detailed in **Appendix-1.12**. Since ANMs were required to make field visits and conduct weekly immunisation, it would not be possible to deliver the services at SHCs properly with just one ANM. The non-availability of ANMs implied that the concerned SHCs were not equipped to deliver the level of health care as envisaged under NRHM.

In the absence of the minimum prescribed numbers of doctors and paramedical staff at all levels, the health centres were not fully equipped to deliver the assured services as envisaged in the IPHS norms.

During the exit conference, the Government stated that redistribution of posts and rationalisation of current deployment would be done for all the health centres and efforts would be made to increase the manpower. It also stated that some posts of doctors would be surrendered. Over 300 nurses had recently been appointed and more posts of nurses would be proposed. The redeployment was required to be done and appointments made expeditiously to improve the quality of health care.

1.1.9 Reproductive and Child Health

Under NRHM, health care was targeted through two major areas:

- Reproductive and Child Health (RCH) programme.
- Other disease control programmes.

Improvement
in MMR,
IMR and
TFR

The RCH programme aimed to reduce the maternal mortality rate (MMR), infant mortality rate (IMR) and total fertility rate (TFR) through improved antenatal care, family planning and immunization. The achievements against the targeted levels of MMR, IMR and TFR are indicated below:

Table-1.3 : Status of MMR, IMR and TFR

Item	Status in year 2005	Target up to 2012	Target upto 2008-09	Achievement upto 2008-09
MMR	379/1,00,000 live births (SRS-2001-03)	100	300	335 (SRS-2004-06)
IMR	70/1000 live births (SRS-2003)	30	Less than 55	59 (SRS-2007)
TFR	2.62 (NFHS-2005-06)	2.1	2.2	2.62 (NFHS-2005-06)

(Source: Data provided by SHS)

SRS: Sample registration system, NFHS: National Family Health Survey

While there were improvements in the indicators from the year 2005 onwards, they were lagging behind the interim targets envisaged under NRHM.

1.1.9.1 Achievements and shortcomings under RCH- Phase II

The scrutiny of records and information collected from the department and test-checked health centres revealed that there were significant achievements as well as shortcomings as described in the following paragraphs.

(i) Antenatal care

The maternal health strategies in RCH provide that pregnant women should be registered and given three antenatal checkups, iron-folic acid (IFA) tablets for 100 days and two doses of tetanus toxide (TT). The information collected revealed that 82 per cent of pregnant women in the whole State were provided three antenatal check-ups while the percentage was 89 in the test-checked districts. Immunization of pregnant women against tetanus was 95 per cent both in the whole State and in the test-checked districts. While the administration of IFA tablets to pregnant women in the State was 82 per cent, it was only 75 per cent in the test-checked districts. It was also observed that 7.80 lakh pregnant women were registered in the test-checked districts but

Thirty per cent shortage of IFA tablets

IFA tablets were available for only 5.47 lakh (70 per cent) of women, leading to a shortage of 30 per cent (**Appendix-1.13**). The shortage of IFA tablets implied that iron and vitamin supplements would not be available to all pregnant women. Thus, the administration of IFA tablets was to be stepped up to counter the incidence of anaemia and reduce the MMR. During the exit conference, the Government stated that sufficient IFA tablets would be obtained and administered.

(ii) Institutional delivery

Institutional deliveries in the State showed a gradual increase but remained at 32 per cent in 2008-09 (**Appendix-1.14**). This could be attributed to various factors including shortcomings in facilities and medical staff in health centres as detailed in paragraph 1.1.8 and also the shortcomings in the implementation of the 'Janani Suraksha Yojana' (JSY) which, as explained earlier, was an incentive scheme aimed to increase institutional deliveries by providing cash incentives to women who got the deliveries done at Government health centres.

Government of India guidelines provided that all expectant mothers should get cash incentives under JSY in one go at the time of delivery. Further, GOI would not consider the payments under JSY legitimate if payments beyond 25 per cent were made in advance or seven days after the delivery. Scrutiny of records in the four test-checked districts revealed that there were delays ranging from seven to 730 days in payment of cash incentives of Rs 59.64¹² lakh to 4,646 beneficiaries. During the exit conference, Government stated that JSY payments were now being made through bearer cheques and timely payments were being ensured. However, it could not explain the reasons for the delays pointed out by Audit and the action it proposed to take.

Enhanced payment of JSY not made to 2,523 beneficiaries

Government of India had enhanced the rates of incentives in October 2006 from Rs 700 to Rs 1,400 for rural areas and from Rs 600 to Rs 1,000 for urban areas but payments at the enhanced rates were made only from June 2007 onwards, which led to less payment of Rs 15.77¹³ lakh to 2,523 beneficiaries for the period November 2006 to May 2007 in the test-checked districts. In reply, the DHSs, Bastar, Kanker and Raipur stated that they had paid the enhanced rates as soon as they had received directions of the Directorate of Health Services. During the exit conference, the Government stated that timely issue of orders by the Directorate would be ensured in future.

(iii) Family Planning

Overall sterilization fell short by 22 per cent

Use of spacing methods e.g. Oral Pill Cycle, Inter Uterine Device (IUD) insertions and distribution of condoms was 90 per cent in the State. However, the overall sterilization in the State fell short by 22 per cent and the shortfall ranged from 11 to 31 per cent in the test-checked districts during 2008-09.

¹² **Bastar-Rs 14.81 lakh (1,702 women), Kanker-Rs 2.56 lakh (312 women), Raigarh-Rs 21.36 lakh (1,315 women) and Raipur-Rs 20.91 lakh (1,317 women).**

¹³ **Bastar-Rs 6.44 lakh, Kanker- Rs 2.65 lakh and Raipur-Rs 6.68 lakh.**

During the exit conference, the Government stated that necessary measures would be taken to increase family planning activities.

NRHM also lays thrust on promoting male sterilisation but it was observed that the percentage of male sterilisation in the State was only six during last four years. Moreover, information collected from the SHS revealed that most of the male sterilisations had occurred in Bastar (30 *per cent*), Dantewada (66 *per cent*) and Kanker (29 *per cent*), which had increased the overall percentage of male sterilization which was otherwise very low in the other districts (0.25 to 6.76 *per cent*). During the exit conference, the Government agreed that efforts would be made to increase the number of male sterilisations.

(iv) Immunization and Child Health

Ninety six per cent achievement of immunization targets

The scheme had a very significant achievement of 96 *per cent* of the target in respect of routine immunizations for prevention of six diseases. The administration of vitamin A solution to children was also significant at 90 *per cent* of the target.

1.1.9.2 Information, Education and Communication activities

As stated earlier, the Information, Education and Communication (IEC) strategy under NRHM aims to facilitate awareness and dissemination of information through print media, printed material, street plays etc., regarding the availability of and access to quality health care.

The IEC Bureau¹⁴ of the Director, Health Services approved three Samitis¹⁵ for executing IEC work, at the rate of Rs 1,940 per programme, through *Kalajathas*¹⁶, to create health awareness in all the villages of the State.

Accordingly, the Joint Director, RCH issued (July 2005 to March 2006) work order to all the three Samitis with directions to submit the bills to the IEC Bureau along with photographs of the programmes and certificates from the *Sarpanches* of the villages and local workers, which would verify that the programmes had actually been held. While the RCH society made payment of Rs 4.16 crore to the three Samitis, the IEC Bureau was unable to produce any photographs or certificates from *Sarpanches* and local workers to Audit.

The RCH society issued another work order to M/s Reliable Associates during March 2006 for executing 3,456 folk dance programmes in 16 districts without any specific instructions for submitting proof of execution and made a payment of Rs 67.04 lakh to them.

On verification in the districts, the DHS, Bastar stated that the records of 2005-06 were not available while the DHS, Kanker stated (November 2008)

¹⁴ The agency for managing the work relating to IEC component under NRHM.

¹⁵ Chhattisgarh Lok Kala Samiti; Dhamtari, Nav Jagriti Kala Samiti, Bilaspur and Suman Saurabh, Raipur.

¹⁶ Plays and folk dance programmes in local language.

that no such programmes had taken place. As the work orders included 850 programmes for Kanker district, involving a total payment of Rs 16.49 lakh, the matter required investigation. The DHS, Raigarh stated (September 2008) that photographs and certificates relating to *Kalajatha* programmes during 2005-06 had been sent to Raipur and were kept at the State level. The DHS, Raipur stated (July 2008) that the programmes were held but did not produce to Audit, the photographs and certification by *Sarpanches*.

Payment of Rs 4.83 crore for folk dance programmes was not authentic

Thus although payment of Rs 4.83 crore was made to *Kalajatha Samitis* and M/s Reliable Associates, photographs and certificates, which would have provided assurance that the programmes had indeed been held, were not traceable either at the State level or in the districts and there was no way to ascertain how the RCH society/ IEC Bureau had verified actual execution of the programmes before making the payments.

During the exit conference, the Government stated (September 2009) that the work of the *Kalajatha Samitis* had now been handed over to EOW for investigation.

1.1.10 Other disease control programmes

Various existing disease control programmes were integrated under NRHM to eradicate and eliminate the prevalence of the diseases. Significant achievements and shortcomings were noticed in the following programmes as described below:

1.1.10.1 National Vector Borne Disease Control programme

The guidelines of the Malaria Action Plans, 1995 provided that the Annual Blood Examination Rate (ABER)¹⁷ should be at least 10 *per cent* and the Annual Parasitic Incidence (API)¹⁸ should be brought down to 0.5 per thousand. For areas where the API was more than two, indoor residual spraying of DDT and anti-larvae solution was to be carried out. While the programme achieved the targets for ABER of more than 10 *per cent*, API of less than 0.5 per thousand was not achieved although it showed a decreasing trend from 8.01 in 2005-06 to 4.99 in 2008-09. All the test-checked districts showed a decreasing trend in API but it was very high in Bastar (20.72) and Kanker (16.28). One of the main contributing factors for the high API in these two districts was the high shortfall of upto 86 *per cent* in the targets of spraying as detailed in *Appendix-1.15*. The DHS, Kanker and Bastar stated (July 2009) that the targets of spraying could not be achieved due to short supply of insecticides by GOI. During the exit conference, the Government stated (September 2009) that indoor residual spray was not the sole remedy for reducing API but agreed that the insecticides should have been purchased by the State despite short supply by the GOI.

High API in Bastar and Kanker due to shortfall in insecticides

¹⁷ ABER-Total blood slides collected in a year/ total population * 100.
¹⁸ API- Falciparum cases detected per thousand in a year.

While spraying was not the sole remedy, it was one of the prescribed methods of prevention and inadequate spraying was likely to have raised the API in these two districts.

1.1.10.2 Revised National Tuberculosis Programme

Thirteen test-checked PHCs did not have diagnostic facilities

While achievement of the overall cure rate of tuberculosis under the Revised National Tuberculosis Programme was 83 to 84 *per cent* against the target of 85 *per cent*, the detection of new sputum positive cases was only 55 to 62 *per cent* against the target of 70 *per cent* (**Appendix-1.16**). Deaths due to tuberculosis increased from 658 to 835 and defaulter cases increased from 1,362 to 2,004 during the period of audit. It was observed that out of the 24 test-checked PHCs, 13 PHCs did not have diagnostic facilities. This indicated that there was scope to improve the diagnostic facilities which could contribute to better detection rates.

1.1.10.3 National Leprosy Eradication Programme

Prevalence of leprosy increased

Though the detection of new leprosy cases decreased from 9,040 to 7,984, the prevalence rate of leprosy increased from 1.99 to 2.34 per 10,000 population against the target of less than one by the year 2012. This was due to the reduction in the number of patients treated and cured from 12,519 in 2005-06 to 5,000-8,000 during subsequent years (**Appendix-1.17**). In reply, the Deputy Director, Leprosy stated (July 2009) that the prevalence rate was higher due to the higher number of new cases detected and improved surveillance, including receipt of NGOs' reports. This did not clarify the position as the detection of new cases had actually decreased. During the exit conference, the Government stated that the matter would be looked into and a detailed reply for increase in prevalence would be provided. The reply was awaited (September 2009).

1.1.11 Role of ASHAs /Mitanins

As explained earlier, an ASHA, called *Mitanin* in Chhattisgarh, is a trained community health worker to be provided in each village for assisting in neonatal care, prevention/cure of common childhood diseases, immunisation and family planning activities and other activities for control of malaria, TB, leprosy etc. An ASHA is entitled for performance based incentives as per prescribed norms under programmes such as JSY, sterilisation and immunization.

59,489 ASHAs were posted as against norms of 16,648

As per the framework of NRHM, one ASHA is to be provided in each village in the ratio of one per thousand population. As per the information collected from SHS, 59,489 ASHAs were posted in the State against the norms of 16,648 which was more than three times the prescribed number. Further, 48,430 ASHAs had been imparted training. Therefore, the deployment of ASHAs in Chhattisgarh was much higher than the norms and strengthened the delivery of health services at the village level.

1.1.12 Monitoring and Evaluation

1.1.12.1 Community participation

Active
community
participation
was not
ensured

The NRHM framework states that community action is the only guarantee for exercising the right to health care and putting community pressure on the health care system. The framework provides for participation of NGOs in capacity building and monitoring; formation of village health and sanitation committees (VHSC) for village level monitoring and planning and monitoring committees at the State, district and block levels.

- It was observed that during 2006-07, funds of Rs 2.32 crore were received in April 2006 for conducting base line survey and monitoring of RCH activities in unserved and under-served areas and Rs 2.25 crore was released to six Mother NGOs¹⁹ at the end of March 2008 but the entire amount remained unutilised (June 2009). During the exit conference, the Government stated that NGOs would not be engaged in future as their working was not satisfactory.
- As per information provided by the SHS, out of 20,639 villages, VHSCs were formed in 18,452 villages. This was required to be extended to all the remaining villages.
- As per the information collected from the SHS, community based monitoring committees had been started on a pilot basis at the district level in Bastar, Kawardha and Koriya districts in 2007-08 to monitor health services. Health planning and monitoring committees had not been formed at the State, district and block levels.

Therefore, against the various kinds of community participation envisaged in the scheme for planning and monitoring, only village health and sanitation committees had been formed.

1.1.12.2 Reporting under IDSP

The Integrated Disease Surveillance Project (IDSP) is a weekly reporting system on symptoms of diseases such as high fever, vomiting, dysentery etc. The data is furnished by SHCs, PHCs and CHCs at the district level every Tuesday. The objective is to identify the outbreak of diseases and control them at early stages. Analysis of reporting under IDSP for 15 weeks in the year 2008 revealed that on an average, only 52 per cent of the units were entering the required data (*Appendix-1.18*). Consequently, the data was largely incomplete and the objective of surveillance of diseases was not being fulfilled as envisaged.

¹⁹ Mother NGOs are appointed to undertake the activities of RCH at unserved and under-served areas. They are meant to get the activities executed through field NGOs.

1.1.13 Conclusion

Implementation of the National Rural Health Mission in the State had various shortcomings. There were cases of under-utilisation and diversion of funds as well as instances of irregular expenditure. Stage-wise planning was not done. The health centres did not have adequate infrastructure, facilities, doctors and support staff. While there were significant achievements in some interventions and the health indicators accordingly showed improvements, there were shortfalls in administration of iron-folic acid tablets, gender imbalance in sterilisation, low institutional deliveries, low detection of sputum positive cases and non-achievement of the norms of annual parasitic incidence. The indicators of maternal and infant mortality remained behind the interim targets. The level of community participation as envisaged in the scheme had not been achieved.

1.1.14 Recommendations

- The prescribed stage-wise planning process starting with block level health plans should be adopted.
- Unspent amounts relating to various scheme initiatives may be utilised expeditiously.
- Doctors, support staff, and facilities should be ensured at health centres as per the Indian Public Health Standards norms.
- Interventions under Reproductive and Child Health may be stepped up to achieve improvements in the maternal mortality rate, infant mortality rate and total fertility rate. Grant of cash incentives under the '*Janani Suraksha Yojna*' may be streamlined.
- Interventions such as spraying may be stepped up to reduce the Annual Parasitic Incidence.
- The monitoring system should be strengthened by implementing the Health Management Information System and ensuring timely reporting under the Integrated Disease Surveillance Project.

HOME DEPARTMENT

1.2 Modernisation of Police Force

Highlights

The scheme of Modernisation of Police Force was launched to augment the efficiency of State police forces to effectively face the emerging challenges to internal security. Performance audit of implementation of the scheme showed that there were large savings; 41 *per cent* of the police stations were not provided light vehicles; construction of non-residential and residential buildings were not completed; there were shortages in the number of modern weapons and shortcomings in the communication network; police stations were not fully computerised and buildings and equipment meant for forensic examination were lying idle. Some important audit findings are given below:

The State Government could not utilise Rs 54.52 crore out of the total outlay of Rs 260.15 crore released during 2003-09 for the scheme.

(Paragraph 1.2.7.1)

Police stations continued to have low mobility because of shortage of vehicles.

(Paragraph 1.2.8.1)

Of the 849 housing units sanctioned during 2003-09, construction of 157 units had not commenced and 332 units were incomplete.

(Paragraph 1.2.9.1)

Only 188 (52 *per cent*) out of 364 police stations and 27 (26 *per cent*) out of 105 outposts had their own buildings.

(Paragraph 1.2.9.2)

There was a shortage of weapons as per the Bureau of Police Research and Development norms.

(Paragraph 1.2.10)

There was idling of expenditure of Rs 2.11 crore in forensic laboratories.

(Paragraph 1.2.13.1)

1.2.1 Introduction

‘Police’ and ‘Law and Order’ are State subjects as per Schedule VII of the Constitution of India. It is the prime responsibility of the State Government to improve the functioning of their police force and equip them adequately with the latest technology. The ‘Modernisation of Police Force’ (MOPF) scheme

was introduced by the Government of India (GOI) in 1969 to augment the operational efficiency of the State police forces so that they could effectively face the emerging challenges to internal security in the form of terrorism, Naxalism, insurgency, increase in crime etc. The scheme was revised during 2000-01 and extended for a period of 10 years, to make good the deficiencies in basic police infrastructure as identified by the Bureau of Police Research and Development (BPR&D).

1.2.2 Organisational Setup

The Police force functions under the Home Department of the State Government headed by a Principal Secretary. The Director General of Police (DGP) is the Head of the Police Department. The scheme is implemented by the Police Headquarters (PHQ), District Police consisting of four Police Ranges divided into 21 Police districts (including one Government Rail Police unit), Chhattisgarh Armed Forces, the Telecom wing and the State Forensic Science Laboratory, which is under the direct control of the Home Department. The training facilities include the Police Academy at Chandkhuri and two Police Training Schools (PTS) at Rajnandgaon and Mana. A State Level Empowered Committee (SLEC) was formed (June 2001) under the chairmanship of the Chief Secretary to implement and monitor the scheme.

1.2.3 Audit Objectives

The audit objectives were to examine whether:

- planning for implementation of the scheme was as per the methodology prescribed by the Ministry of Home Affairs,
- adequate funds were provided by the Central/State Governments and the same were utilized,
- vehicles, buildings, modern weaponry, communication equipment and computers were provided as per BPR&D norms to augment operational efficiency at police stations,
- Forensic science laboratories were modernized and
- training facilities were adequate.

1.2.4 Audit criteria

Audit findings were benchmarked against criteria derived from the following:

- Annual Action Plans of the department;
- Norms prescribed by the BPR&D;
- Guidelines issued by the Ministry of Home Affairs.

1.2.5 Audit coverage and methodology

The records of PHQ, four Superintendent of Police (SP) offices (Kanker, Raipur, Rajnandgaon and Sarguja) and eight police stations (PS) under the

selected SP offices (five¹ Naxal-affected and three² others) were selected for audit by simple random sampling, for the period from 2003-09. The Assistant Inspector General (Telecommunications) (AIG, Telecom), Bhilai; PTS, Rajnandgaon; and Director, State Forensic Science Laboratory (SFSL), Raipur were also audited. The audit was carried out from February to March 2009. An entry conference was conducted on 25 February 2009 with the DGP and the exit conference was held on 20 October 2009.

Audit findings

1.2.6 Planning

As per instructions of GOI, the State Government was to submit to the Ministry of Home Affairs (MHA), a five-year Perspective Plan (PP) starting from 2000-01, indicating the projects which were to be implemented each year. It was also supposed to submit Annual Action Plans (AAP) indicating the annual targets for implementation of sanctioned projects.

Separate sub-Plan for Home Guards was not prepared till 2005-06

It was observed that the department prepared a five year PP covering the period from 2000 to 2005. However, no PP was prepared thereafter. The AAPs were prepared but a separate sub-Plan for Home Guards from 2003-04, as stipulated by MHA, was not included in the AAPs till 2005-06.

1.2.7 Financial Management

1.2.7.1 Funds not utilised

During 2000-03, the scheme was financed by GOI and the State Government in the ratio of 50:50. The funding pattern was modified from 2003-04 and the ratio was changed to 75:25 between GOI and the State. The details of approved AAPs, funds made available vis-à-vis the expenditure incurred during the years 2003-04 to 2008-09 are given below:

Table- 1.4 : Year-wise release of funds by GOI and State Government

<i>(Rupees in crore)</i>									
Year	Total Plan Outlay	GOI share due	Releases by GOI	State's share due	Releases by State	Total funds available (4+6)	Total expenditure	Unspent amount	Percentage of unspent amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2003-04	22.22	16.66	16.66	5.56	5.56	22.22	22.07	0.15	1
2004-05	43.63	32.72	32.72	10.90	10.90	43.62	43.60	0.02	0
2005-06	52.11	39.08	39.08	13.03	13.03	52.11	51.20	0.91	2
2006-07	75.98	56.99	56.99	19.00	19.00	75.99	39.97	36.02	47
2007-08	53.76	40.33	40.33	13.43	13.43	53.76	43.05	10.71	20
2008-09	12.45	9.91	9.91	2.54	2.54	12.45	5.74	6.71	54
Total	260.15	195.69	195.69	64.46	64.46	260.15	205.63	54.52	21

(Source: Expenditure statement provided by the department and compiled by Audit)

¹ Ambagarh Chowki, Ambikapur, Charama, Kamleshwarpur and Kanker.
² Civil Lines-Raipur, Kotwali-Rajnandgaon and Simga.

It was observed that both GOI and the State Government met their respective commitments for funding the scheme. The expenditure incurred during the period 2003-09 was Rs 205.63 crore against the total outlay of Rs 260.15 crore, leaving an unspent amount of Rs 54.52 crore (21 per cent). The component-wise expenditure and savings were as follows:

Table-1.5 : Component-wise funds received and expenditure incurred during 2003-09

Component	Funds received (Rs in crore)	Expenditure (Rs in crore)	Percentage of total expenditure (Column 3/Rs 205.63 crore) on the component	Savings (Rs in crore)	Percentage of total savings (Column 5/Rs 54.52 crore) on the component
(1)	(2)	(3)	(4)	(5)	(6)
Building	51.46	51.44	25	0.02	0
Weaponry	48.65	48.64	24	0.01	0
Vehicles	42.8	35.82	17	6.98	13
Communication	26.22	15.43	8	10.79	20
Forensic Science	5.22	3.5	2	1.72	3
Computerisation	5.99	5.57	3	0.42	1
Security Equipment	69.9	36.79	18	33.11	61
Training	5.64	4.67	2	0.97	2
Traffic	1.43	0.98	0	0.45	1
Anti-Corruption Bureau	0.67	0.62	0	0.05	0
Home Guard	2.17	2.17	1	0	0
Total	260.15	205.63	100	54.52	100

(Source: Expenditure statement and AAPs provided by the department and compiled by Audit)

**Saving of
61 per cent
in security
equipment**

It was observed that there were significant savings under two components i.e. 'security equipment' and 'communication'. The bulk of the savings under 'security equipment' i.e. Rs 27.75 crore pertained to 2006-07. It was intimated (October 2009) by the Government that items amounting to Rs 24.60 crore were already under different stages of procurement. This included 3065 bullet-proof jackets for which work orders had been issued (August 2008) for Rs 17.21 crore but the jackets had not been supplied as clearance for Customs duty exemption for the same was pending with MHA since September 2008. The department also stated during the entry conference that the procurement of security equipment was taking longer as it had introduced mandatory field testing for selection, to ensure quality. The bulk of savings of Rs 6.63 crore under 'communication' pertained to 2006-07, against which communication items costing Rs 6.36 crore were being procured. The department also attributed the savings to delayed release of funds in 2006-07 and 2007-08 and multiple calls for some tenders.

1.2.7.2 Overstatement of expenditure

The PHQ made advance payment of Rs 45.46 crore to the Chhattisgarh Housing Board for construction of police buildings. The actual expenditure on construction reported by the Board, as of March 2009 to PHQ was Rs 20.49 crore. GOI had issued instructions that the funds remaining unspent with the implementing agency should not be treated as expenditure. However, PHQ booked the entire advance of Rs 45.46 crore as expenditure and reported the same to the Home Department. This resulted in overstatement of

expenditure by Rs 24.97 crore and projection of an incorrect status of utilisation of funds.

1.2.8 Mobility

Mobility is vital to the efficient performance of the police force. Increased mobility reduces response time and enhances operational efficiency. BPR&D, in its study report, stated that in a well-equipped police force, the mobility deficiency should be 'nil', implying that the entire police force should have the ability to move at once. Based on this concept, BPR&D prescribed scales for various types of operational vehicles such as heavy/medium/light vehicles and motorcycles required for PS, Reserve Lines and Armed Battalions, which were to be the guiding factors in procurement of vehicles.

1.2.8.1 Deficiency of Vehicles

As per BPR&D norms, PHQ assessed (May 2009) a total requirement of 6,011 vehicles, against which there were only 2,995 vehicles. Thus, there was a shortage of 3,016 vehicles as detailed below:

Table- 1.6: Deficiency of vehicles

	Light	Medium	Heavy	Motor cycle	Total
Requirement as per BPR&D norm	1,875	898	1,408	1,830	6,011
Vehicles available	874	377	205	1,539	2,995
Shortfall	1,001	521	1,203	291	3,016

(Source: Information furnished by the department)

Shortage of heavy vehicles in district PHQs

Heavy vehicles, which can transport upto 35 persons, are required in reserve lines of district police headquarters and battalions of armed forces, for mass movement of police personnel. During test-check of four³ districts, it was observed that as against the requirement of 224 heavy vehicles in the reserve lines, only 28 such vehicles were available as detailed below:

Table- 1.7: Deficiency of heavy vehicles

Name of Police District.	Requirement of heavy vehicles as per BPR&D norms	Availability of heavy vehicles
Raipur	93	08
Rajnandgaon	56	06
Kanker	43	09
Sarguja	32	05
Total	224	28

(Source: Information furnished by the department and compiled by Audit)

Out of 28 heavy vehicles, six heavy vehicles (21 per cent) were procured under the modernisation scheme (2003-09). Therefore, it was evident that there was a severe shortage of heavy vehicles in the district police headquarters/reserve lines.

³ Kanker, Raipur, Rajnandgaon and Sarguja.

Shortage of light vehicles in PSs

Against the BPR&D norms of two light vehicles and three motorcycles for each PS, 149 PSs (41 per cent) out of the total of 365 PSs in the State were functioning without any light vehicles as of April 2009. In the four test-checked districts, out of 94 PSs, 79 PSs had mobility deficiencies. The percentage of mobility deficiency with reference to the number of personnel in the 94 PSs was 51 (**Appendix-1.19**). This implied that on an average, only 49 out of 100 policemen were mobile. In the test-checked PSs, it was observed that Kanker PS had more than the required number of vehicles, Rajnandgaon PS had one light and one medium vehicle and the other six PSs had deficiencies either in the number of light vehicles or motorcycles as detailed below:

Table- 1.8: Status of light vehicles and motor cycles in test-checked PSs

Description	Naxal-affected PS					Other PS		
	Ambagarh Chowki	Kanker	Charama	Ambikapur	Kamlesh warpur	Simga	Civil lines, Raipur	Kotwali, Rajnandgaon
Light vehicle								
Requirement	2	2	2	2	2	2	2	2
Availability	1	2	1	1	1	1	1	1+1 (Medium)
Shortage	1	-	1	1	1	1	1	-
Motor cycle								
Requirement	3	3	3	3	3	3	3	3
Availability	5	5	2	3	4	0	0	0
Shortage	-	-	1	-	-	3	3	3

(Source: Information furnished by PSs and compiled by Audit)

It was observed that out of the 49 light vehicles received by the test-checked districts under the scheme, only seven (14 per cent) were issued to PSs while the remaining were issued to SPs, Additional SPs, reserve lines etc. for routine policing duty and operations in Naxal areas. Therefore, very few of the light vehicles procured under the scheme, finally reached the PSs.

The SPs of the test-checked districts stated (March 2009) that deficiencies of vehicles were due to less availability of vehicles in the police district and because the vehicles received under the scheme had been distributed to various officers for policing and operational duties in Naxal-affected areas. The SPs of Rajnandgaon and Kanker further stated that Naxal-affected PSs were provided with motorcycles in place of light vehicles because during explosions by the Naxals, there was less damage to life and property.

However, despite the issue of motor cycles and procurement of vehicles under the scheme, the PSs continued to have low mobility. It was evident from the above facts that the light vehicles procured under the scheme were being utilised at higher levels and additional vehicles were required to be procured to adequately address the cause of mobility deficiency of the PSs.

1.2.8.2 Response time

No norms were fixed for response time

Increase in mobility for field policing should result in reduction of response time⁴. It was observed that the State Government had neither fixed any norms for response time nor given any instructions for recording the time of visits to crime sites in the crime diaries. Therefore, this was not available in the daily

⁴ Total time taken from receiving a message/ First Information Report to the time when police personnel actually reach a crime scene.

diaries of the test-checked PSs. On this being pointed out, SPs⁵ stated that there were no instructions to record this information. Thus there was no way to assess whether the response time had been reduced, consequent to the procurement of vehicles under the scheme.

1.2.9 Buildings

Construction of well-secured PS buildings and houses for police personnel closer to the PS was one of the thrust areas of the scheme. The personal security of off duty police personnel and their families would be enhanced if they were provided housing near the PS as the entire area covering the PS and contiguous houses could be kept secure. BPR&D had stated (March 2000) in its report, that the availability of family accommodation helped to humanize the police force and that States with higher levels of residential accommodation had higher efficiency levels. The largest share of the scheme funds was allotted for construction of residential accommodation for the police staff and non-residential buildings including PS, outposts (OP), police lines, control rooms etc.

Shortage of buildings and delays in construction

1.2.9.1 Residential buildings

The National Police Commission recommended 100 *per cent* residential accommodation for police personnel. As per BPR&D norms, the minimum satisfactory levels for providing accommodation to upper subordinate level (USL)⁶ and lower subordinate level (LSL)⁷ police personnel were 80 and 70 *per cent* respectively.

Availability of accommodation for upper and lower subordinate levels was 22 *per cent* and 28 *per cent* respectively

Against the total requirement of 44,471 housing units (5,637 for USL and 38,834 for LSL) for the entire police force, the availability of houses was only 12,203 (1,223 for USL and 10,980 for LSL). The percentage availability of accommodation was only 22 and 28 respectively for upper and lower subordinate levels, which was far below the minimum satisfactory levels prescribed by BPR&D.

During the period 2003-2009, the department allotted the construction of housing units to the Chhattisgarh Housing Board. Out of 849 units taken up under the scheme, 332 units were under progress while for 157 housing units, construction had not started as of March 2009, due to delays in tendering. Only 360 housing units (42 *per cent*) could be completed, out of which 163 units were handed over to the Police Department and allotted to police personnel. The year-wise details are given in *Appendix-1.20*.

The slow progress in construction of buildings indicated that despite the availability of funds, the shortage in police housing was not being adequately addressed. The Government stated (October 2009) that due to the provision of limited funds under the scheme, sufficient number of housing units could not be sanctioned. However, it was observed that even the sanctioned units were

⁵ Kanker, Raipur, Rajnandgaon and Sarguja.

⁶ Upper subordinate level – Assistant Sub-Inspectors, Sub-Inspectors and Inspectors.

⁷ Lower subordinate level – Constables and Head Constables.

coming up very slowly, due to delays in execution, despite the availability of funds.

1.2.9.2 Non-residential buildings

Only 188 out of 364 police stations and 27 out of 105 outposts had their own buildings

BPR&D had stated that the PSs symbolised the presence of administration and buildings were the most important part of the infrastructure of the police. Therefore, every PS and OP was to have its own building for security of police personnel, records, equipment and arrested persons. It was found that against the total requirement of 364 PSs and 105 OP buildings, only 188 PSs (52 per cent) and 27 OPs (26 per cent) had their own buildings.

Out of 115 non-residential buildings {23 PSs and 92 Other Administrative Buildings (OAB)} proposed to be constructed during 2003-09, only 26 buildings (three PSs and 23 OAB) i.e. 23 per cent of the total target had been completed. Seventy three buildings were under progress and 16 had not been taken up due to delays in processing of tenders. During 2003-09, the construction of OPs was not sanctioned although the perspective plans provided for construction of 10 OPs each for 2003-04 and 2004-05. The year-wise details of sanction are given in *Appendix-1.21*. It was also observed that the buildings were not completed on time even though the funds had been issued to CGHB and the department was regularly following up the issue.

Weapons were not issued in four PSs in Raipur due to lack of space in rented building.

During test check of records of SP, Raipur, it was observed that no weapons could be issued to four⁸ PSs operating from rented buildings in Raipur due to inadequate space to keep weapons. This clearly showed why it was important for PSs to have their own buildings.

The Government replied (October 2009) that the progress of construction works entrusted to construction units was not satisfactory, especially in Naxal-affected areas. Consequently, a police pioneer company had been created and one Public Works Division had been provided to PHQ for this purpose.

It is evident that despite the availability of funds, the progress of construction was slow and the objective of enhancing security through better infrastructure was not being achieved.

1.2.10 Weaponry

To meet the challenges of Naxalites, terrorists and criminals, equipped with the latest weapons, upgradation of weaponry is of utmost importance for the police force. The MOPF scheme envisaged replacement of outdated weapons with sophisticated, modern weapons.

Shortage of weapons

BPR&D had prescribed separate norms for the requirement of weapons in PSs affected by Naxalism/terrorism/dacoities and in PSs which were not affected by these problems. The Chhattisgarh Musketry Manual (CMM) also prescribed separate norms for police districts affected and not affected by Naxals/terrorism. The Police Department had a total of 49,143 units of weapons, of which 11,232 units (23 per cent) were obsolete such as

⁸ Deendayal Nagar, Devendra Nagar, Gol Bazaar and Rajendra Nagar.

.303 rifles, .410 muskets, .38 revolvers, .303 LMG and Grenade Fire (GF) rifles, which were still in use. The balance 37,911 units were modern weapons, of which 10,094 units (27 per cent) were procured under the modernisation scheme during 2003-09.

There was shortage of weapons as per BPR&D norms

PHQ had assessed a total requirement of 47,265 units under various categories of modern weapons, against which, the availability was 37,911 units only. Therefore, there was an overall shortage of 9,354 units (20 per cent of the requirement) for the whole State. There were shortages in rifles, pistols/revolvers, Light Machine Guns (LMG), AK 47 rifles, 51 mm mortars and GF rifles. It was further observed that during 2006-09, MHA had allotted 14,183 units of modern weapons against the total demand of 19,334 units raised by the Chhattisgarh Police.

Scrutiny of district-wise details furnished by PHQ for deployment of the available arms showed that there were excesses and shortages in deployment of various arms and ammunitions as detailed below:

Table-1.9: Deployment of arms

Description of arms	Naxal-affected districts		Non-Naxal-affected districts		Battalions		Police training institutions	
	Excess deployment	Short deployment	Excess deployment	Short deployment	Excess deployment	Short deployment	Excess deployment	Short deployment
Rifles	605	--	--	515	--	457	1130	--
LMGs	82	--	12	--	--	254	21	--
Carbines (9 mm)	134	--	95	--	191	--	49	--
GF rifles	160	--	03	--	--	364	41	--
Pistols/ Revolvers	--	613	--	109	--	62	50	--
AK 47 rifles	--	1311	163	--	--	2258	138	--

(Source: Information furnished by PHQ and compiled by Audit)

In the test-checked PSs, it was observed that five Naxal-affected PSs⁹ were well-equipped with arms. In fact, the arms were in excess of the requirements. The three non-Naxal¹⁰-affected PSs were equipped only with obsolete arms, which were grossly inadequate as per the norms fixed by BPR&D.

It was clarified (October 2009) by the Government that the shortage of arms was being gradually reduced through purchases and that due to less allocation of weapons from GOI, the total requirement could not be fulfilled. They stated that the obsolete arms would be replaced as and when modern arms were procured. They also stated that arms were provided in excess in some PSs/OPs in police districts which were partially Naxal-affected and also for security duties during VIP/VVIP visits.

It was evident that more arms were required to be procured under the scheme to fully achieve the objective of equipping the police with modern weapons. PHQ could also review the deployment of arms to explore the possibility of shifting arms held in excess of requirement in non-Naxal-affected areas to the Naxal-affected areas.

It was also observed that as per the Musketry Manual, constables were eligible to fire with .303 rifles, .22 rifles and 7.62 SLRs. During the period 2005-08, the constables were trained by PTS, Rajnandgaon to fire only these three

⁹ Ambagarh Chowki, Ambikapur, Charama, Kamleshwarpur and Kanker.

¹⁰ Civil Lines-Raipur, Kotwali-Rajnandgaon and Simga.

Constables did not practice firing with modern weapons

weapons. Of these weapons, .303 rifles and .22 rifles had been declared obsolete by MHA. Therefore, the constables were not adequately trained in using modern weapons. SP, PTS, Rajnandgaon stated that the trainee constables were given instructions on the use of modern weapons and there was no provision in the Musketry Manual for practice of firing with AK 47s, Insas, LMGs, Carbines etc., for newly recruited police constables.

It is recommended that the manual be revised suitably to enable the constables to be trained in appropriate modern weapons as per the operational requirements of the department.

1.2.11 Communication

The MOPF scheme envisaged the setting up of a cohesive police telecommunication network for the benefit of investigation of crime and transmission of related data.

Functioning of POLNET

POLNET is a satellite based National Police Communication network which uses Very Small Aperture Terminal (VSAT) at the State capital and district headquarters for communication with other States and New Delhi. The VSAT is operationalised at the district headquarters using a Base Subscriber Unit (BSU). The PSs are connected to the district headquarters through Multi-Access Radio Telephony (MART) which is also called Rural Subscriber Unit (RSU). The PSs located at distances in excess of 35 km from the district headquarters are connected using Single Channel VSAT (SC-VSAT) and a combination of repeater BSU and RSU.

Due to connectivity problems, POLNET was not utilized

In the first phase¹¹ of POLNET, MHA provided equipment amounting to Rs 1.46 crore to 14 districts, including seven¹² Naxal-affected districts. The AIG (Telecom), Bhilai, had assessed (January 2005) that in addition to the 14 BSUs and 272 RSU/MART provided in first phase, another 31 BSUs, 27 SC-VSATs and 270 MARTs were required to connect all PSs and other offices of the State. The requirement of additional BSUs and SC-VSATs worth Rs 55.10 lakh had been conveyed (October 2005) to the Director, Co-ordination, Police Wireless, (DCPW) New Delhi but had not been supplied as of July 2009 and the coverage under POLNET remained incomplete.

There were instances of connectivity problems and non-utilisation of equipment as narrated below:

- **BSU-** In Jashpur District, there was no connectivity as no BSU was provided at the district headquarters. It was also observed during test-check that in Rajnandgaon, the BSU was out of order from July 2008 to March 2009 and in Kanker, it was malfunctioning from November 2007 onwards.
- **RSU-** At the time of test check (February 2009) by Audit, it was observed that out of 272 RSUs¹³ provided for the first phase,

¹¹ Implemented in undivided Madhya Pradesh State.

¹² Dantewada, Jagdalpur, Jashpur, Kanker, Korla, Rajnandgaon and Sarguja.

¹³ RSUs supplied before formation of Chhattisgarh State (November 2000).

One hundred six rural subscriber units were lying idle

113 RSUs had been installed while the remaining 159 RSUs and accessories costing Rs 19.33 lakh were lying idle. Not a single RSU had been installed in Sarguja and Jashpur Districts. It was observed that only 67 PSs and 46 other offices such as SP Offices, control rooms etc. were connected to POLNET. After this issue was pointed out (February 2009) by Audit, the installation of RSUs increased to 166 (155 PSs and 11 other offices such as SP Offices, control rooms etc.). Despite this, 106 RSUs of first phase were lying idle and as many PSs were still to be connected in 14 districts as of July 2009.

The Government accepted the audit observations and stated (October 2009) that despite regular correspondence with DCPW, New Delhi and Bharat Electronic Limited, Ghaziabad, the BSU and RSU had not been provided in Jashpur and the BSUs at Rajnandgaon and Kanker had not been repaired till date (July 2009).

It was evident that POLNET had achieved only partial connectivity due to non-procurement and non-installation of BSUs and RSUs. There were delays in repairs as they had to be carried out through DCPW, New Delhi.

1.2.12 Computerisation

Sharing and transmission of crime-related data amongst the police stations within the State and across the country is a core component of the MOPF scheme. This calls for creation of a robust IT infrastructure and supporting software for networking of computers.

Computerisation of PSs

Forty four per cent police stations in four test-checked districts were not computerised

One of the components of the scheme was the computerisation of the Police Department, which included PHQ, Battalions, PTSs, Police districts and PSs. In the four test-checked districts, it was observed (March 2009) that out of 94 PSs, only 53 PSs had computers, while the remaining 41 PSs (44 per cent) did not have any computer. Out of the eight test-checked PSs, it was observed that three¹⁴ had functional computers, one¹⁵ had a computer that was non-operational due to non-availability of trained staff, one¹⁶ was non-operational due to technical fault while the remaining three¹⁷ PSs did not have any computer.

After the cases were pointed out (March 2009) by Audit, the computers of three more PSs were made functional by August 2009. However, one¹⁸ PS still remained without a computer while another¹⁹ continued to have a non-functional computer.

The Government stated (October 2009) that the procurement of computers sanctioned in the year 2007-08 was in process and in the year 2008-09, GOI

¹⁴ PS -Ambikapur, PS -Civil Lines Raipur and PS -Kanker.

¹⁵ PS -Charama.

¹⁶ PS - Simga.

¹⁷ PS- Ambagarh Chowki, Kamleshwarpur and Kotwali, Rajnandgaon.

¹⁸ PS-Kamleshwarpur.

¹⁹ PS-Simga.

had not sanctioned any further purchase of computers. Thus, computers could not be provided to all PSs. It was further stated that the recruitment was going on in Police Districts and persons with knowledge of computers would be trained further to handle these computers.

More computers were, therefore, required to be procured and installed for creating the robust IT infrastructure envisaged in the scheme guidelines.

1.2.13 Forensic Science

For improving the quality of crime investigation, development of infrastructure for forensic science was envisaged under the scheme. The State Forensic Science Laboratory (SFSL) provided assistance to the Police Department by analysing samples.

1.2.13.1 Idling of equipment and buildings-Rs 2.11 crore

Equipment amounting to Rs 95.20 lakh remained idle for want of batteries

(i) Three items of equipment²⁰ costing Rs 95.20 lakh were purchased under the scheme and installed at SFSL during the period March to July 2007. They were not utilised for a year due to expiry of the batteries of their Uninterrupted Power Supply systems. The estimated cost of the batteries was Rs 1.10 lakh, for which proposals were sent to the PHQ in April, October and December 2008 but the sanction was still awaited (March 2009). Thus equipment costing Rs 95.20 lakh was idling for a year for want of batteries.

On this being pointed out, the Government stated (October 2009) that the batteries had not been purchased because the PHQ had not provided requisite funds. The reply indicated that the equipment worth Rs 95.20 lakh remained idle for want of sanction for only Rs 1.10 lakh.

Idle expenditure of Rs 51.34 lakh on equipment procured without ascertaining availability of technical manpower

(ii) SFSL procured three items of equipment²¹ through MHA costing Rs 51.34 lakh for serological analysis in August 2005, but they were not used till March 2009 as no scientific posts had been sanctioned for the Serology branch.

On this being pointed out, the Government stated (October 2009) that serological equipment was purchased in anticipation of availability of required scientists for serology branch. The reply showed that the equipment was idling due to injudicious purchase without ensuring the requisite scientific posts.

Non-commencement of two Regional Forensic Science Laboratories resulted in idle expenditure of Rs 64.11 lakh

(iii) The construction of two Regional Forensic Science Laboratory (RFSL) buildings at Ambikapur and Jagdalpur were taken up under the scheme. These would cover the northern and southern regions of Chhattisgarh. The RFSL buildings at Ambikapur and Jagdalpur were completed in March 2006 and June 2008 at costs of Rs 30.00 lakh and Rs 34.11 lakh respectively. Both remained non-functional as staff was not sanctioned by the State Government, leading to idle expenditure of Rs 64.11 lakh. Therefore, the objective of providing facilities for conducting forensic analysis in the northern and southern regions of the State could not be achieved. All samples from these regions continued to be brought to Raipur for examination which required

²⁰ Fourier Transform Infrared Spectrophotometer, Gas Chromatograph and Thermo Gravimetric-Differential Thermal analyzer.

²¹ Vertical Gel Electrophoresis, Capillary Electrophoresis and Iso Electric Focusing.

additional time and resulted in delays in obtaining results. On this being pointed out, the Government stated (October 2009) that the laboratory buildings had been constructed and it had been planned to provide training to available scientific staff. This confirmed that the buildings had been constructed before making any plan for providing the requisite technical personnel.

Thus there was idle expenditure of Rs 2.11 crore in the three cases cited above.

1.2.13.2 Pendency of cases

The State Government sanctioned (March 2004) 51 technical posts for SFSL, against which the actual working strength was 36. It was observed that 7,853 cases received since 2003 for forensic analysis were pending under different divisions of SFSL at the end of year 2008. On this being pointed out, the Government stated (October 2009) that as per BPR&D norms, the number of scientific officers was inadequate in proportion to the number of criminal cases referred for testing from all districts. The equipment was made available in anticipation of revision of staff setup.

It was, therefore, evident that while additional infrastructure was created under the scheme, the requisite trained manpower was not provided to utilise the benefits of the equipment and facilities created.

1.2.14 Training

Training is an integral part of any police force and keeps the personnel fit and ready to meet the challenges posed by Naxalites, terrorists and criminals. BPR&D stated, in its report, that at the time the report was prepared i.e. 2000, it was possible to train personnel only once in 20 years. The report identified the shortage of infrastructure in the training institutions as the main problem.

During test-check of records of PTS Rajnandgaon, it was observed that the construction of a police hospital, 12 housing units for ministerial staff and a motor transport garage were sanctioned in the PTS under the scheme during 2004-06 with stipulated periods of construction of four months, nine months and two months respectively. The works were completed after lapses of one to three years beyond the stipulated period of the contracts, during which the facilities remained unavailable. It was further observed that the vacancies were 19 *per cent* of the sanctioned strength of 185 posts. Thus, due to non-completion of works and shortage of personnel, the facilities envisaged could not be made fully available at the PTS.

On this being pointed out, SP, PTS stated (March 2009) that they were in regular correspondence with PHQ for filling up the vacancies. PHQ stated (July 2009) that attempts were made to fill up the vacancies in the PTS through deputations but officials from other departments had not volunteered to come on deputation. The process was on to fill the vacant posts through promotion and direct recruitment.

The replies indicated that the filling up of vacant posts was required to be expedited to provide better quality of training.

1.2.15 Monitoring and evaluation

The State Level Empowered Committee (SLEC) was responsible for approval for the Annual Action Plans (AAPs) for onward submission to MHA. It was required to meet every month to monitor the preparation and implementation of the AAPs. However, it met only 10 times during the six-year period from 2003-09. As per the guidelines of GOI issued during 2001, a mid-term review of the scheme was to be conducted after two years. However, PHQ could not produce any records to show that any such formal review had been conducted.

The Government replied (October 2009) that the scheme implementation was reviewed in PHQ every month and important issues were approved by the SLEC through circulation of files.

1.2.16 Conclusion

The performance audit of the implementation of the Modernisation of Police Forces scheme in the State showed that even after the construction of buildings and procurement of equipment under the scheme, there were significant gaps in respect of the levels envisaged under the Bureau of Police Research and Development norms. The Central and the State Government provided their share of funds which were not fully utilised, resulting in huge savings mainly under security and communication equipment heads. There was a significant shortage in the number of vehicles in police stations. Despite the availability of sufficient funds, a large number of residential and non-residential buildings sanctioned under the scheme had not been completed. There were shortages in the number of modern weapons. The POLNET project was only partially operational with some equipment lying unused. The police stations were not fully computerized. Equipment and buildings meant for forensic examination costing Rs 2.11 crore were idling.

Recommendations

- Five year Perspective Plans may be prepared from 2006 onwards.
- The savings may be utilized in a time-bound manner to complete the activities included in the Annual Action Plans.
- The mobility deficiency of the police stations should be addressed through procurement/ redeployment of vehicles.
- The pace of construction should be accelerated to ensure completion of residential and non-residential buildings in a time-bound manner.
- The shortages in weapons should be met and obsolete weapons should be replaced. The deployment of arms may also be reviewed.
- The Musketry Manual may be suitably revised to enable firing practice with modern weapons.
- Full connectivity may be ensured under the POLNET project.
- More computers should be procured and installed to create a robust IT infrastructure.

- The State Government should set a definite time-frame for making the Regional Forensic Laboratories functional and the procured forensic equipment operational.
- Vacancies of instructors in training schools should be minimized.

FOOD, CIVIL SUPPLIES AND CONSUMER PROTECTION DEPARTMENT

1.3 Computerization of paddy procurement: 'Dhan Kharidi-Online'

Highlights

The State Government operationalised the computerisation project 'Dhan Kharidi-Online' within six months of its inception. The system has been used successfully for two cycles of paddy procurement. A review of the various controls associated with the project revealed that some areas are required to be streamlined to further strengthen the system. Important audit findings are given below:

There were deficiencies in registration of farmers.

(Paragraphs 1.3.8.1, 1.3.8.2, 1.3.8.3)

Controls were not properly exercised during the data entry of paddy received.

(Paragraphs 1.3.8.4, 1.3.8.5)

There was no provision in society software to check whether the receipt of procurement was in proportion to the landholdings.

(Paragraph 1.3.8.6)

There were shortcomings in the issue and reconciliation of cheques.

(Paragraphs 1.3.8.7, 1.3.8.8, 1.3.8.9)

Millers were registered in one district without record of physical verification reports.

(Paragraph 1.3.8.10)

The validity of delivery orders was not adequately monitored by the system.

(Paragraphs 1.3.8.11, 1.3.8.12)

Documented security risk assessment and procedures were not available.

(Paragraphs 1.3.10.1, 1.3.10.2)

1.3.1 Introduction

The Food, Civil Supplies and Consumer Protection Department initiated the computerization project 'Dhan Kharidi-Online' in June 2007. It became operational in November 2007. The objectives of the project were to facilitate paddy procurement from farmers with instant cheque payment, checking leakage and diversion of paddy and rice, better inventory control and better management of milling and increase in transparency of operations. District-wise details of paddy procurement giving details of the societies and farmers have been made online for viewing by the general public.

After implementation, the project was used for two procurement cycles. During 2008-09, 37.59 lakh metric tonnes (MT) of paddy were purchased by

1,333 societies through 1,577 procurement centres¹. The project received the National award for e-governance in 2008.

1.3.2 Organizational Structure

The Food, Civil Supplies and Consumer Protection Department (Department) is headed by a Principal Secretary, assisted by a Director at the State level, the District Collectors and Controller (Food) /Food Officers (FO) at the district level and Sub Divisional Magistrates (SDM) and Assistant Food Officers (AFO) at the block level. Paddy procurement is managed by the Chhattisgarh State Marketing Federation (MARKFED) through District Marketing Officers (DMO) and through storage centres. MARKFED is assisted by the District Central Co-operative Bank (DCCB), Primary Agriculture Co-operative Societies (societies) and the procurement centres. Rice procurement and distribution are managed by the Food and Civil Supplies Corporation, also known as the *Nagrik Apurti Nigam* (NAN).

1.3.3 System design

'*Dhan Kharidi-Online*' system has been designed and developed by the National Informatics Centre (NIC). It has an online web-based application (online software) which is hosted on a central server available in the NIC office in the State Secretariat. This is connected through VSAT to MARKFED Headquarters, DMOs, Storage Centres, NAN and block headquarters in the office of Janpad Panchayats for processing online. The online software has been developed using Microsoft SQL Server and Microsoft Dot Net technology. The procurement centres have stand-alone computers with Windows operating system and software (society software) developed on MS Access.

During the paddy procurement season, the incremental data from the society software is uploaded on the central server and data from the online software is downloaded to the society software daily by motorcycle riders (runners) at the nearest block headquarters and storage centres. The runners carry data on pen drives and act as a physical network ensuring data updation on the system on a daily basis. New versions of the society software are also downloaded from the server at the block level and carried to the procurement centres by runners.

1.3.4 Flow of transactions

The '*Dhan Kharidi-Online*' software has computerised various transactions which can be broadly classified into the stages of paddy procurement and milling.

Paddy procurement

Paddy procurement is done every year on Minimum Support Price (MSP) from farmers at procurement centres which are located at the village panchayat level. The farmers deposit paddy at procurement centres, which is weighed. The purchase details are entered in the society software and cheques are printed from the society software and disbursed to the farmers. The

¹ Some societies purchase paddy through more than one procurement centre.

cheques issued to farmers are cleared by the DCCBs from the funds placed with it by MARKFED for paddy procurement. The paddy deposited at procurement centres is subsequently lifted by millers on the basis of delivery orders (DO) issued by DMO or sent to Food Corporation of India (FCI). The paddy left is transferred to MARKFED storage centres as per the directions of DMO. The details of lifting/transfer of paddy are entered in the society software.

Milling

Rice millers get registered with the Collectors who give permission for custom milling. The DMOs conclude agreements with millers on the basis of the permissions and issues DOs for lifting of paddy against bank guarantees or against rice deposited in advance by the millers with the NAN.

1.3.5 Audit Objective

The audit was conducted with the primary objectives of evaluating whether

- the necessary operational controls have been incorporated,
- the business rules of the manual system have been incorporated,
- IT security issues are being adequately addressed and followed and
- adequate backup procedures are being followed.

1.3.6 Audit Coverage, Scope and Methodology

The flow of transactions for paddy purchase and milling was analysed to identify the key stages, risks and controls. After identifying the key controls and studying the organizational structure, the operation of the system was reviewed in the offices of the Managing Director (MD) MARKFED, NIC, and in three² selected districts covering three DMOs, three FOs, six³ storage centres and 18⁴ procurement centres. An entry conference was held with the Principal Secretary, Department of Food, Civil Supplies and Consumer Protection on 23 March 2009. The exit conference was held with the Principal Secretary on 17 September 2009.

The methodology of audit involved review of documents and computer operations in all the selected offices and procurement centres and included the analysis of the data dump of the system provided by NIC as on 19 March 2009 as also the data dumps of 18 test-checked procurement centres using IDEA and MS Access. The information generated from the data dumps, including exception reports prepared by Audit were compared with the manual records in various offices. Many transactions and processes were also carried out using dummy data to ascertain the results of processing.

² *Dhantari, Janjgir-Champa and Raipur.*

³ *Akaltara, Bhatagaon, Chitod, Jonda, Manoharbhata and Tilda.*

⁴ *Akaltara, Bathena, Bhatagaon, Billadi, Chatti, Chorbhatti, Demar, Gaud, Karmahu, Khokhara, Kurud, Kotmi, Loharsi, Manikchauri, Navapara, Posari, Rajim and Tarpongi.*

Audit Observations**1.3.7 Inadequate documentation of the software**

The feasibility study of the project and the user requirements were not available on record and hence the extent to which the system met the user requirements could not be ascertained. The System Requirement Specification (SRS) was finalised in June 2008 although the system became operational in November 2007. Documentation relating to detailed testing was not on record. It was evident that the documentation for various stages of system design, application development and testing had either not been prepared or had been completed after implementing the system.

It was also observed that none of the test-checked procurement centres had a user manual. The society software was being used on stand-alone computers located mainly in rural areas and were being run by data entry operators appointed temporarily. Therefore, a detailed user manual was absolutely necessary as it would enable the officials of the procurement centres to exercise the mandatory controls required in the post-computerization processing of transactions.

The Government stated at the exit conference that a user manual in Hindi would be provided to the procurement centres before the commencement of paddy procurement season 2009-10. It also stated that some of the documentation was done after completion of the project as it was implemented in a very short time.

1.3.8 Application Controls

Application controls are applied on input, processes and outputs to ensure that only complete, accurate and valid data is entered and updated in a computer system. These controls also ensure that processing accomplishes the correct tasks, meet expectations, outputs are generated and distributed with requisite controls. Application controls may consist of edit tests, totals, reconciliations and identification and reporting of incorrect, missing or exception data. Automated controls on the software should be coupled with manual procedures to ensure proper investigation of exceptions. The control assessment at various important stages of the transaction flow are presented below:

Registration of farmers

Procedure and key controls: The agreement between the DMO and societies provides that the societies are responsible for ensuring that paddy is purchased at MSP only from genuine farmers. Therefore, the key control is that the procurement centres have to register all the farmers within its jurisdiction on the society software before starting of paddy procurement. The amount of paddy purchased should be commensurate with the landholding of farmers as recorded in the Credit Book (*wrin pustika*)⁵.

⁵ *Wrin Pustika* : A record book available with farmers mentioning the details of his landholding, irrigated land, source of irrigation and loans obtained from different financial institutions. It is issued by the Tehsildar.

As per the directions (4 October 2007) of the Secretary, Food, Civil Supplies and Consumer Protection Department to District Collectors, the details of farmers were to be captured on the society software by 15 October 2007 by the procurement centres with the help of the *Patwari*⁶. During 2008-09 it was instructed that the information on farmers was to be compulsorily updated by 10 October 2008.

It was, however, observed that the farmers details had been entered from lists furnished by the *Patwaris*. The procurement centres also informed that details of the registration data of farmers were updated from their *wrin pustikas* as and when they came to sell paddy.

1.3.8.1 Entry of landholding of farmers not mandatory on society software

The provisions of the agreements and instructions of Government indicate that the sizes of landholdings must be mandatorily captured for registration of farmers on the system. However, in the data entry screen for farmer's registration, the entry of landholding was not mandatory. Therefore, it was possible to register a farmer without entering the landholding. There were 94, 253 and 64 registered farmers from the procurement centres of Rajim (Raipur), Kotmi (Janjgir-Champa) and Loharsi (Dhamtari) showing 'nil' landholding on the system. Hence, the registrations by the department were not in consonance with the objective of purchasing paddy on the basis of landholdings.

1.3.8.2 Single farmer registered more than once

It was observed that a farmer who owned more than one piece of land was shown multiple times on the *Patwari's* list and had also been entered more than once on the system and had multiple identities on the society software. Due to such duplication, the exact number of registered farmers could not be ascertained. It was also observed that the farmer code generated by system was not being mentioned for cross reference either in the farmer's *wrin pustika* or in the manual records of the procurement centres. In view of the multiple identities of a single farmer, the system was not equipped to identify the genuineness of all farmers.

It is recommended that the entry of landholdings should be made mandatory in the society software while registering farmers. It should also have the provision to enter multiple landholdings of farmer under single name. The farmer code should be pasted in the wrin pustikas for cross-referencing. Printouts of farmer registration data should be taken in non-procurement season and circulated to Patwaris for verification of details/updating.

The Government agreed with the recommendations and stated in the exit conference that the software had been modified and during the paddy procurement season 2009-2010, paddy receipts would not be generated if the mandatory fields of landholding and *wrin pustika* number were not available in the society software. Provision for feeding multiple landholdings for a single farmer already existed in the society software, which would be strictly

⁶ *Official who maintains land records in a village.*

implemented. It was also stated that the farmer code would be printed on the paddy receipts for the purpose of cross-reference and the list of registered farmers and details would be verified by the *Patwaris*.

Receipt of paddy from farmers

Procedure and key controls: The farmers bring paddy to the procurement centres and transfer it into gunny bags of 40 kilograms capacity provided by the procurement centres. The bags are weighed in the presence of the farmers and officials of the procurement centres.

Details such as the variety and weight of paddy, number of bags, name of farmer, loan amount etc are noted in a proforma called the *taulpatrak*. It is verified and signed by the person responsible for weighing (*Taul-Kanta Prabhari*), the farmer and the procurement centre in-charge.

As per the agreement between MARKFED and the societies and the orders issued by the Government from time to time, the key controls to be exercised by procurement centres at the time of receiving paddy from farmers are to verify the genuineness of the farmer and that the quantity of paddy received is commensurate with the landholding of the farmer.

Scrutiny of manual records and data revealed the following control weaknesses.

1.3.8.3 Verification of farmers

It was ascertained that the verification of genuineness of farmers was done manually from the *wrin pustika*. After the manual verification, the *wrin pustika* numbers were entered in the society software. The amounts of landholdings entered earlier from the *Patwari's* lists were to be verified/updated. This would effectively verify and complete the registration of the farmers and make it possible to verify their identity from the software in future. Scrutiny of procurement centre databases showed some cases⁷ where paddy had been received and purchased but *wrin pustika* numbers had not been captured. There were also 130 cases where paddy was purchased from farmers whose landholdings were shown as 'nil' in the system. This indicated that in respect of these exceptions, the registration data was not updated and verified from the *wrin pustikas* at the time of receipt of paddy.

It is recommended that the society software should have a provision to verify that the wrin pustika number and the landholding of the farmer concerned are available in the database before accepting paddy receipt data from the taulpatrak.

The Government accepted the recommendations and stated in the exit conference that the software had been modified and during the paddy procurement season 2009-2010, paddy receipts would not be generated if the mandatory fields of landholding and *wrin pustika* number were not available in the society software.

⁷ 677 cases in Manikchauri (Raipur), 142 cases in Kurud (Dhamtari) and 16 cases in Chorbhati (Janjgir-Champa).

Data entry of paddy received

Procedure and key controls: The *taulpatrak* is the source document from which details of receipt of paddy are entered into the system which forms the basis for payment. The associated control is the authorisation in form of signatures of three persons including signature of data entry operator (DEO) to verify completion of data entry. Controls are necessary to ensure accuracy of entries from the *taulpatrak*, and to guard against the risk of fictitious entries.

1.3.8.4 Taulpatraks not signed

During random scrutiny, Audit found that in seven cases, *taulpatraks* were not signed by the *Taul Kanta Prabhari*, in five cases, they were not signed by the farmer, in 10 cases they were not signed by the procurement centre in-charges and in 49 cases, they were not signed by the DEO. This indicates that further controls were required to ensure that *taulpatraks* which did not carry all three prescribed signatures were not entered into the society software and the DEOs invariably signed the *taulpatrak* after doing data entry.

The Government agreed in the exit conference that *taulpatrak* entries and signatures were necessary and would be implemented strictly and instructions were being issued in this regard.

1.3.8.5 Control against fictitious/double entries

Once the data from the *taulpatrak* is entered and saved on the society software, a paddy receipt ID is generated which uniquely identifies that particular receipt of paddy. A paddy receipt is printed, given to the farmer and the copy is retained by the procurement centres. Subsequently, a cheque is printed through the society software against the paddy receipt ID and disbursed to the farmer.

It was observed that in two⁸ test-checked procurement centres, the *taulpatraks* and the paddy receipts were stapled and kept together which served as an automatic control against fictitious/double entries. This practice was required to be replicated in all procurement centres. The items on the paddy receipt should be verified with the data on the *taulpatrak* and a verification certificate recorded on the paddy receipt to ensure accuracy of data.

It is recommended that a uniform format of the taulpatrak with space for three signatures for verification and signature of DEO should be circulated and used in all procurement centres. A provision may also be made in the society software to capture the serial number of the taulpatrak.

The Government agreed with the recommendations and stated in the exit conference that the procedure of keeping the *taulpatrak* and paddy receipt stapled together as followed in Chorbhatti (Janjgir-Champa) and Tarpongi (Raipur) paddy procurement centres, was a good practice and would be introduced throughout the State. It was also agreed that *taulpatrak* number would be captured in the society software along with duplication checks and a uniform format of *taulpatrak* would be introduced in all procurement centres.

⁸ Chorbhatti (Janjgir-Champa) and Tarpongi (Raipur).

1.3.8.6 No provision in society software to ensure that receipt and procurement of paddy was in proportion to the landholding

The department had directed the formation of a committee in every society consisting of a President, the *Sarpanch* of the area concerned, one member nominated by the Collector and two persons nominated by the Minister in-charge of the area concerned, to estimate the per hectare production of paddy in the area adjoining the society and recommended per hectare yield for the purpose of paddy procurement. This check was relevant in the year 2008-09 procurement due to the payment of bonus in Chhattisgarh over and above the MSP.

It was observed that there was no facility in the society software to capture the acceptable yield per hectare and check whether the paddy purchased was commensurate with the landholdings. Twelve procurement centres had the figure of the recommended production as decided by the committee. The remaining six were unable to provide information on the recommended production to Audit. Audit analysed the databases of these 18 procurement centres to identify the purchases where the paddy production was higher than the norms. In cases where the recommended production was not provided, a norm of maximum yield of 50 quintals per hectare declared by DCCB Raipur was used. It was ascertained that there were 2,783 cases where the purchases were above the recommended upper limit of yield and according to the data captured on the society software 7,287 MT of paddy was purchased in excess of norms (as detailed in **Appendix-1.22**).

However, Audit was unable to ascertain the actual number of cases wherein paddy was purchased in excess over the norms of recommended yield. This was required to be investigated as the shortcomings in registration data pointed out earlier would also generate such cases. This underlines the need for updating the farmer registration data pointed out earlier, in the absence of which it is difficult to use such exception reports as a monitoring tool.

It is recommended that a provision should be made in the society software to capture the recommended yield. Further, at the taulpatrak data entry stage, the society software should check the yield per hectare for every entry and highlight the cases where it exceeds the recommended yield. The department should also prescribe the action to be taken by the procurement centres when cases of excess yield are highlighted. Exception reports should be generated to identify/ investigate cases of abnormal yield.

The Government accepted the recommendations and stated in the exit conference that provision as recommended would be incorporated in the current paddy procurement season (2009-2010) to check paddy receipts against a prescribed maximum production limit.

Issue of cheques

Procedure and key controls: One of the main objectives of introducing the computerised system was to expedite the payment of cheques. Since a very large number of cheques are disbursed within a short time during the procurement season, the printing and disbursement of cheques is categorized as a very high risk item. Accordingly, controls are required to ensure that (i) only one cheque is issued against one purchase entered in the society software

(ii) cheques are printed and issued immediately after generating the paddy receipts (iii) cheques are issued to the registered farmers from whom paddy is purchased (iv) proper inventory of the cheque forms is kept and cheques issued are reconciled with the bank. The following weaknesses were observed in these controls.

1.3.8.7 Printing of cheques in the name of different persons

Analysis of the purchase data showed that in 193 transactions in 11 procurement centres, the cheques for purchase of paddy and the bonus payable were issued to different persons. It was observed that in some cases, this became necessary due to unavoidable circumstances like death of the farmer, unavailability of the registered farmers', illness etc. However, the system did not provide for printing of a cheque in another names. For the cases cited, this was done by temporarily changing the farmers' names in the farmer registration table. This is a risk area as unauthorized changes can be made in this manner and therefore there is no assurance on the integrity of the master data captured in the farmer registration table.

It is recommended that this may be reviewed and a suitable module developed to enter such transactions on the society software with appropriate controls and authorisation.

The Government accepted the recommendation and stated in the exit conference that additional checks, which were under testing, were being provided which would ensure that once paddy was received, the farmers' names and their fathers' names could not be changed in the society software.

1.3.8.8 Printing of cheque is not flagged on the software

It was observed that for printing a cheque, the DEO entered the date of purchase, selected the paddy receipt ID for which payment had to be made, gave a print command and a cheque was printed. The date of purchase was printed on the cheque regardless of the date of printing. The cheque number of the printed cheque was not captured on the software, the date of printing/issue of cheque was not captured and there was no other provision such as flagging the paddy receipt ID in the system to indicate that a cheque had been printed for a particular transaction. Therefore, it was not possible to ascertain from the society software either the pending payments or the purchases for which payment had been made. It was also possible to print more than one cheque against a single paddy receipt.

Moreover, the objective of expeditious payment could be monitored only if the society software captured the date of purchase and date of issue of cheque. In the absence of a provision to capture the date of issue of cheque in the society software, the objective of ensuring instant cheque payment could not be monitored.

1.3.8.9 Inventory of cheques

In the computerised system, the traditional cheque book had been replaced by cheque forms on continuous stationery. However, all the provisions relating to the inventory and custody of cheques such as list of cancelled cheques, procedures for cancellation, reconciliation with bank etc. continued to be applicable. In view of the large number of transactions, there were bound to be

some cancellations and some cheque forms would be damaged during printing.

It was observed that the list of cheques cancelled/cheques forms damaged were neither captured on the society software nor were available in any manual register. Moreover, the society software did not have a provision for reconciliation of cheques with bank-scrolls since it did not capture the list of cheques printed/issued. While the test-checked procurement centres stated that the reconciliation was being done manually, the evidence in the form of bank reconciliation statements was not on record.

The procurement centres monitored the issue of cheques using the manually kept *Dhan-Kharidi* register. However, in the absence of inventory of cheques and bank reconciliation and the possibility of printing any number of cheques using the software, there was a risk of misuse of cheques.

It is recommended that the entire system may be reviewed considering the above observations and suitable access controls may be built by way of additional checks and provisions in the society software, supplemented by manual procedures, so that all the control requirements for custody, printing and inventory of cheques are fulfilled.

The Government agreed with the recommendations and stated in the exit conference that the cheque numbers would be captured on the society software and a check would be provided to ensure that a second cheque could not be printed against a paddy receipt without cancelling first cheque. It was also stated that inventory of cheques would be maintained as the cheque numbers would be entered in the society software and numbers of cancelled/destroyed cheques would also be captured. The reconciliation of cheques would be ensured by the DCCBs and societies.

Registration of millers and issue of permission for custom milling

Procedure and key controls: A miller gets registered in the Collector's office to lift paddy for custom milling. The information given in the applications for registration are physically verified and captured on the online software. Thereafter, a verification certificate is printed from the online software and issued to the miller. Registered millers apply for custom milling and permission is given by the Collector indicating type of rice, quantity and period of milling and after data entry, the system prints an *anumati* (permission) for the miller which is issued by the Food Officer. Thereafter, the DMO concludes an agreement with the miller. For a second *anumati*, a miller has to submit an application along with the latest electricity bill which is used to ascertain whether the miller has consumed appropriate amount of electricity for milling the paddy lifted against the first *anumati*.

Therefore, the key control requirements are that only verified data from the applications of miller are entered correctly in the online software and the quality, quantity and time period approved by the Collector are entered correctly for generating *anumati*. Moreover, the electricity bills must be available in all cases of second *anumati*.

1.3.8.10 Physical verification of millers not carried out

During the scrutiny of records of Food Offices in test-checked districts, it was observed that in Raipur and Janjgir-Champa, the verification reports of millers and electricity bills were on record but in Dhamtari district, it was observed that out of a total of 150 millers registered for the year 2008-09, verification reports were not on record in 130 cases. For the millers who were granted second *anumati*, the electricity bills were not on record. The online software did not have any provision for registering receipt of bills for second *anumati*. In the absence of verification, unauthorized data could be entered for miller's registration and second *anumati*.

On this being pointed out by Audit, the Food Officer, Dhamtari replied that the procedure was not followed due to the workload and it would be followed in the next procurement season.

The Government stated in the exit conference that the verification process of millers would be strictly implemented.

Issue of delivery orders

Procedure and key controls: On the basis of *anumati* and agreements the DMO issues DOs to procurement centres and storage centres, mentioning the quantity of paddy to be lifted by millers. As per the agreements with the millers, the DOs are valid for seven days from the date of issue. These DOs are entered on the online system and get updated in society software through the runners. The society software contains a key control that paddy delivery memos for issue of paddy to millers are generated only after linking to a valid DO.

1.3.8.11 Expiry of validity of DO not monitored by the system

It was observed that the online software did not have a provision for capturing the extension of the validity periods of DOs. Although the DMOs extend the validity period in some cases, neither the online nor the society software has any provision of checking the validity period of the DO at the time of issue of paddy from the procurement and storage centres.

Scrutiny of procurement centre data downloaded on the central server revealed that in 312 cases in Raipur and Dhamtari districts, paddy had been issued to millers after delays of up to 102 days from the DO expiry dates. All these cases had to be examined manually to ascertain whether lifting actually took place after expiry of validity period because in the absence of the aforementioned provisions in the software, this kind of exception data would also get generated in cases where the validity of DOs had been extended but not captured on the software.

It is recommended that the system should have a provision for capturing extension of DO validity period and a check may be built in the system so that the paddy delivery memos are not generated in cases where validity of DO has expired.

The Government agreed with the recommendation and stated in the exit conference that the DO validity check would be incorporated in the storage

centres as they were web-based. It also explained that the same would not be possible in the society softwares as they were/are on stand-alone computers and therefore, extension of DOs was not immediately available on the society software. This constraint was accepted by Audit.

1.3.8.12 Date of issue to miller not linked with date of DO

It was observed that the society software did not run any check on the date of the DO and the date of issue of paddy to miller. During analysis of society software data uploaded on the central server, it was observed that in 397 cases (all districts of Chhattisgarh), dates of issue of paddy were earlier than the dates of issue of DO, which implied that paddy was issued to millers before issue of the DOs. In another 18 DOs which were cancelled by DMOs, the paddy issue dates were after the cancellation dates of DOs which implied that paddy was lifted from procurement centres after the cancellation of DOs. This exception data was required to be scrutinized to ascertain the reasons for the ambiguity in data and how they occurred.

It is recommended that the generation of paddy delivery memos should be permitted by the system in procurement centres after checking that the issue dates are later than the DO dates.

The computerization of the milling process has enabled better monitoring of conversion of paddy to rice as the procurement centres and storage centres can verify the DOs issued by the DMO. Therefore, if the deficiencies as pointed out above are also addressed, the management of milling will further improve.

The Government accepted the recommendations and stated in the exit conference that the check had been incorporated in the society software to link the date of issue to miller with the date of the delivery order.

1.3.9 Exception analysis

Exception analysis is done to identify peculiar/unexpected data which has to be examined to identify possible processing errors or the presence of unauthorized or manipulated transactions. Audit carried out some exception analysis on the data in the central server and found the following discrepancies in the data uploaded on the server from the society software being used at the procurement centres.

- The society software generated a unique paddy receipt number but in the procurement centre data on the server, there were 123 instances of duplicate paddy receipt numbers in Dhamtari and Janjgir-Champa districts. In 18 of these cases, the farmer code and farmer name against the duplicate receipt numbers were also different.
- In respect of 516 (Dhamtari and Janjgir-Champa districts) cases of paddy purchase, the names and other details of farmers from whom paddy was purchased were not available as these details were missing from the farmer registration tables.
- The total paddy lifted against 20 DOs was more than the quantity mentioned in the DOs.

It was observed that all these inconsistencies/exceptions had arisen in the data even though the society software had in-built controls to prevent such occurrences. It was required to be ascertained whether the discrepancies were due to processing or updating errors or due to unauthorized/manipulated transactions.

It is recommended that the above exception reports may be incorporated in the software and a mechanism established to generate periodic reports which are taken on record, examined and corrective measures taken.

The Government accepted the recommendation and stated in the exit conference that exception analysis would be carried out.

1.3.10 Security Management

Security management of the system is designed primarily to minimise the risk of manipulation of the information stored on the system while in transit and to ensure continued availability of the system and data. The first step in an effective security management is to have a documented security policy or set of security practices/instructions which identify the risks to the system and prescribe the requisite procedures to mitigate the risk. It was observed that a documented security risk assessment and security procedures were not available. On scrutiny of the procedures and practices, the following security concerns were identified.

1.3.10.1 Disabled screens can be enabled by changing the system date

The paddy procurement period for *kharif* year 2008-09 was 20 October to 31 January. Thereafter, paddy could be purchased upto 15 February only from those farmers whose loan amounts were outstanding in the procurement centres and such procurement was termed as '*Linking Dhan-Kharidi*'. The transactions of normal paddy purchase and *Linking Dhan-Kharidi* were entered from the *taulpatrak* using two different screens in the society software. After the abovementioned cut-off dates, the software disabled both the screens so that no purchases could be entered thereafter.

On scrutiny of society software, it was observed that it was possible to bypass the lock on these two screens by changing the system date of the computer to a date during the paddy procurement period. This could be done easily while switching on the computer. Therefore, this system of disabling the purchase screens was required to be strengthened.

The Government stated in the exit conference that checks had been built in to ensure that the system date could not be changed.

1.3.10.2 Logical access control

Logical access controls protect an IT system from unauthorized access and malicious codes such as viruses and worms. It was observed that :

- The department did not have a documented password policy and no written instructions were issued regarding regular change of passwords. Password control procedures like assigning alpha-numeric passwords, minimum number of characters for password, restriction on

number of unsuccessful login attempts and forced periodic password changes were not incorporated.

- There was no documented approval of access profiles from the department, authorising various levels of employees to access different modules and screens. At the six storage centres and three DMO offices test-checked, it was observed that more than one person were using the same user-ID and password for accessing the application. Thus, the responsibility and accountability of all the operators was diluted and was required to be corrected through separate user-ID, access profiles and passwords.
- It was observed that in three procurement centres, there was no anti-virus and the remaining had anti-virus softwares of different companies which were not being updated in the absence of internet access. Therefore, in effect, none of the test-checked procurement centres were protected against virus or worm attacks and were prone to risk of intrusion and data corruption.

It is recommended that the department should define and approve access profiles, strengthen password management and load a standard anti-virus software in all the computers in the procurement centres which should be updated through software patches downloaded from the net as per prescribed periodicity. The patches can be sent to the procurement centres through runners.

The Government stated in the exit conference that recommendations on passwords and anti-virus were being implemented. It was also agreed that the task of regular updation of anti-virus software may be managed through the vendors providing the anti-virus software.

1.3.10.3 Edit/delete screen not provided in society software and online software

The society software and the online applications did not have any screens for editing or deleting data except for changes in farmer registration data. If any wrong entries were made during data entry, the Central Processing Unit (CPU) of the procurement centre was taken to the concerned DMO or district NIC office with a written application for making corrections. The DMO office sent a complaint and the database of the procurement centre electronically to NIC, Raipur. NIC made corrections in the database and sent it back electronically. The corrected database was electronically downloaded to the procurement centres' CPU at DMO or district NIC office which was then carried back physically to the concerned procurement centres.

- In this procedure, the CPUs were exposed to the risk of physical damage and manipulation of data while in transit.
- It was observed that all corrections of data for procurement centres and server data were made centrally by Assistant Programmers at NIC, Raipur centre using the backend facility of the database. This was a risk because backend corrections were devoid of any controls and all editing and deleting was being done without any data validation and without any log of the editing activity. There was a risk of bonafide

mistakes as well as data manipulations which could remain undetected until appropriate exception analysis was done. In the absence of activity log, it was impossible to fix responsibility for any errors/manipulation detected subsequently. Some of the exceptions pointed out in this report could also be due to data editing from the backend without validation checks.

- It was also observed that the procurement main data was in an MS Access database in a Windows based stand-alone computer and it was very easy to make copies of it. Therefore, it was possible to make a copy of the database, insert some fictitious transactions, print cheques and then overwrite the database with the previously saved copy. Consequently, there would be no trace of the fictitious transactions anywhere on the society software. This kind of risk was especially significant in view of the weak controls in keeping inventory of cheques as already pointed out in **paragraph 1.3.8.9** of this report.

It is recommended that the editing and deleting of data may be streamlined on the society software and online software so that it is done with requisite controls to mitigate the attendant risks. The processes copy/backup/restoration at procurement centres may be reviewed to make these operations procedure based i.e. menu driven from the application with appropriate controls.

The Government agreed with the recommendations and stated in the exit conference that an administrative module was being prepared for carrying out the editing. However, it was stated that some backend corrections were necessary, which would be listed and the correction procedure would be documented.

1.3.10.4 Back-up and continuity

The data from procurement centres is backed up regularly on the central server through runners. The NIC maintains a primary central server and a secondary server which is a mirror image. This ensures continuity in case the primary server fails. Logical backups are taken daily on CDs and physical backups are taken on an external hard disk.

It was observed that the secondary server and all backups were kept in the same room along with the primary server. In case of an unforeseen event like fire, the risk of total data loss was very high.

It is recommended that the backup procedure be reviewed considering storage of backup media in a separate location as per prescribed periodicity. At the end of a procurement season, the data may be separately backed up and archived. The back up of system and application softwares may also be kept at a separate location.

The Government agreed with the recommendations and stated in the exit conference that different locations such as Jashpur and Hyderabad were being considered for the mirror server and backups would be kept at separate locations as suggested.

1.3.11 Conclusion

The State Government had implemented the computerization of the paddy procurement project in just four to five months. The project had significant achievements. It had integrated the farmers and large number of functionaries from different departments who switched over from manual processing to the computerized environment and successfully used it for two procurement cycles. The procurement data was also available on the internet for public scrutiny.

The IT review revealed that the achievements of the project could be further strengthened by reducing the risk in different areas of operation. This could be done by improving the controls relating to registration of farmers, receipt of paddy from farmers and related data entry, issue of cheques, registration of millers and issue of permission for custom milling and monitoring of delivery orders. The documentation of the project needed to be streamlined and the security issues were also required to be addressed.

1.3.12 Summary of recommendations

Detailed recommendations have been made in the report. Some of the key items are summarized below:

- Provision should be made to capture information such as multiple landholdings against single farmer code, *wrin pustika* numbers, serial number of *taulpatraks* etc.
- Controls may be incorporated for mandatory entry of landholding of farmers, to prevent acceptance of paddy receipt data from *taulpatrak*, if *wrin pustika* number or landholding is not available, to check yield per hectare of paddy and to prevent generation of paddy delivery memo where DO date has expired.
- The paddy receipt and the *taulpatrak* should be stapled together for cross-verification.
- User manuals should be prepared and provided to the procurement centres.

The Government accepted the recommendations and stated in the exit conference that it had already initiated action on many issues including modification of software. It also stated that a committee had been formed to examine various issues raised and its recommendations would be documented and implemented.

CHAPTER-II AUDIT OF TRANSACTIONS

2.1 Excess payment/ Wasteful expenditure

PUBLIC WORKS DEPARTMENT

2.1.1 Excess payment to contractor on earthwork

Due to errors in calculation of quantity of earthwork, there was excess payment of Rs 28.08 lakh.

The Executive Engineer (EE), Public Works Division, Ambikapur Division No. II, issued (August 2005) a work order for the construction of 19.40 km of the Fulidumar-Chera-Salvahi road including crossings at 22.80 *per cent* above the Schedule of Rates. The work was completed and final payment of Rs 2.92 crore was made (December 2006).

Scrutiny (September 2007) of the records of the EE revealed that total earthwork of 63,817.29 cum was included in the final payment. It was observed from the measurement books (MBs) that the crust¹ and hard shoulder² had not been deducted while working out the total volume of earthwork. In addition, there were other calculation errors as a result of which, the volume of earthwork was overstated. The actual volume of earthwork payable was recalculated by Audit as 44,134.72 cum, using the figures recorded in the MBs.

Thus, the EE paid for 19,682.57 cum of excess earthwork without working out the actual quantity of earthwork to be paid, which resulted in excess payment of Rs 14.26 lakh to the contractor.

In a similar case, the EE, Public Works Division, Korla awarded (February 2003) the construction of road and culverts of the Manendragarh-Kelhari-Janakpur road (59 km) at 3.10 *per cent* above the Schedule of Rates. The work was completed and final payment of Rs 6.41 crore was made (December 2006). Scrutiny (January 2008) of the records of the EE revealed that while calculating the total volume of earthwork, the volume of hard shoulder of 9,305.89 cum had not been deducted. This resulted in overstating of the earthwork and excess payment of Rs 13.82 lakh to the contractor.

The Chief Engineer, Public Works Department, Zone-Bilaspur³, agreed with the audit observations and ordered (August 2009) recovery of Rs 28.08 lakh from the contractors and initiation of departmental action for negligence and

¹ Consists of Granular Sub Base (GSB), Water Bound Macadam (WBM) grade I and WBM grade II.

² It is constructed with moorum (hard soil) on either side of the crust.

³ The Chief Engineer is the controlling officer for both the divisions.

overpayment. Further action on recovery and results of departmental action were awaited (September 2009).

The matter was referred to the Government (May 2009). Reply had not been received (September 2009).

PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT

2.1.2 Excess payment on medical supplies

Penalty of Rs 26.52 lakh was not imposed on suppliers for delayed supply of material which resulted in excess payment.

Rule 4.13 of the Chhattisgarh Stores Purchase Rules, 2002 stipulates that if a firm is unable to supply material within the agreed time period, the competent authority can grant an extension of the time period only once, with a penalty of two *per cent* per month.

The Dean, Pandit Jawahar Lal Nehru Memorial Medical College, Raipur issued 33 purchase orders between 15 March 2005 and 25 March 2006 wherein the condition of imposing penalty of two *per cent* per month for delayed supply was included. In the tenders issued for these purchases, it had been reiterated that the maximum deduction of penalty would be 10 *per cent*. The supplies were made between 4 July 2005 and 21 April 2007, with delays ranging from 10 days to 11 months. It was observed that penalty totalling Rs 26.52 lakh as shown in *Appendix-2.1* was not deducted for the delays in supply. This resulted in excess payment of Rs 26.52 lakh to the suppliers.

In reply, the Dean, Medical College stated (August 2009) that penalty would be recovered as per the rules in these cases. He also stated that in the current financial year, they were enforcing the terms of the agreement by recovering penalty from those suppliers who delayed the supplies. Details of recoveries made at the instance of Audit were, however, not provided.

The matter was referred to the Government in April 2009. Reply had not been received (September 2009).

AGRICULTURE DEPARTMENT

2.1.3 Wasteful expenditure on plantations

Horticulture department provided assistance for plantations in areas where irrigation facilities were grossly inadequate, resulting in high mortality of plants and wasteful expenditure of Rs 46.64 lakh.

The Agriculture Department adopted the cluster system of farming for horticulture crops. In order to ensure equitable development of horticulture, farmers were provided assistance under various Central and State sponsored schemes in the form of plants, fertilisers, pesticides etc. It was to be ensured that adequate provision for irrigation was available in every cluster and sufficient water was available before providing such assistance.

Scrutiny of records of the Deputy Director (DD) Horticulture, Ambikapur⁴ revealed (May 2008), that the Department had provided assistance of Rs 54.55 lakh to farmers in four⁵ clusters during the period from February 2006 to April 2008. However, it was found that in these clusters, as against the total requirement of 92 borewells, only 28 had been drilled upto April 2008. Pumps had been installed on 26 of these borewells and only one of these pumps had been given an electrical connection for distribution of water. It was, therefore, clear that assistance had been provided in these clusters without ensuring adequate availability of water for irrigation. Consequently, there was high mortality of plants ranging from 70 to 90 *per cent* and the expenditure of Rs 46.64 lakh incurred on maintenance of the clusters became wasteful as detailed in **Appendix-2.2**.

On this being pointed out (April 2009) by Audit, the Director, Horticulture stated (June and August 2009) that the farmers were responsible for inadequate irrigation as they were supposed to ensure irrigation facilities and obtain electrical connections for pumps. He also stated that there were other factors for the high mortality in the four clusters such as Naxal activities and damages to plants by grazing animals and wild elephants. Due to these constraints, no departmental activities were being conducted nor was any expenditure being incurred in these clusters at present.

The reply indicates that although there were several serious constraints, including lack of irrigation facilities, these were not taken into consideration while providing assistance to these four clusters.

The matter was brought to the notice of Government (April 2009), reply had not been received (September 2009).

2.2 Undue favour to contractors

PUBLIC HEALTH AND ENGINEERING DEPARTMENT

2.2.1 Undue financial benefit to contractor on secured advance

Due to incorrect valuation of material brought to site, there was excess disbursement of secured advance, resulting in undue financial benefit of Rs 95 lakh to a contractor.

The Secretary, Urban Administration and Development Department accorded (March 2007) administrative approval of Rs 15.24 crore for the Raigarh Augmentation Water Supply Scheme (RAWSS). Under this scheme, the Executive Engineer (EE), Public Health Engineering Division, Raigarh issued a Notice Inviting Tender (NIT) for providing laying, jointing, testing and commissioning of raw material and clear water pumping main of Ductile Iron (DI) pipes. The total amount of the contract was Rs 4.44 crore and the work order was issued (March 2008) at 58.95 *per cent* above the Schedule of Rates.

⁴ Ambikapur is a tribal district.

⁵ Ghatbarra, Kataroli, Salhi and Sanibarra.

Payment of Rs 4.95 crore was made (June 2009) to the contractor for work executed up to the seventh running bill.

Clause 11(B) of the contract agreement provided that the Divisional Officer could sanction advances on the security of materials brought to the site upto an amount not exceeding 75 *per cent* of the value. However, based on assessment of the Divisional Officer, advance of 90 *per cent* could be sanctioned in case of steel items at site provided that the rate allowed in no case was more than the rate payable for the finished items as stipulated in the contract of such materials.

Scrutiny (January 2009) of the records of the EE revealed that he paid (July 2008 to December 2008) secured advance of Rs 3.90 crore to the contractor in four instalments, against pipes valuing Rs 3.93 crore brought to the site. The measurement books (MBs) showed that the EE calculated the price for each category of DI pipe based on the rates for finished items of work including tender percentage and not on the cost of the material brought to site as stipulated in Clause 11(B). The admissible secured advance should have been only Rs 2.95 crore as shown in **Appendix-2.3**, as per the proforma invoices produced by the contractor. The excess payment of secured advance of Rs 95 lakh resulted in undue financial benefit to the contractor as he retained the additional interest-free⁶ advance, upto the time of final recovery i.e. June 2009.

The Engineer-in-Chief replied (September 2009) that he had directed the EE to recover interest at bank loan rates on the excess payment of secured advance. He had also issued a circular to all divisions stating that the assessment of value of material brought to site should be based on CSIDC/DGS&D⁷ rate contracts if such rates were available. Otherwise, the assessments should be based on the invoices of the materials. The fact, however, remains that undue benefit of Rs 95 lakh was given to the contractor for almost a year. Recovery of interest as per orders of Engineer-in-Chief was awaited (September 2009).

⁶ *The contract terms did not provide for charging any interest on the secured advances.*

⁷ *Director General Supplies and Disposal (DGS&D) prepares annual rate contracts for purchases by departments of Government of India which are also followed by State Government Departments. Chhattisgarh State Industrial Development Corporation (CSIDC) prepares similar annual rate contracts for purchases by departments of the Chhattisgarh State Government.*

SPORTS AND YOUTH WELFARE DEPARTMENT

2.2.2 Undue financial benefit to contractor on mobilisation advance

An interest-free mobilisation advance of Rs 72.37 lakh was recovered from a contractor with a delay of 27 months, resulting in undue financial benefit.

The Stadium Nirman Samiti (Samiti⁸), Raipur concluded (25 February 2005) an agreement with a contractor for the work, 'Construction of State Sports Complex in Raipur', at an estimated cost of Rs 14.48 crore. The work was to be completed within 12 months from the date of the agreement. As per Clause 30 of the agreement, the Samiti gave an interest-free mobilisation advance of Rs 72.37 lakh to the contractor on 25 February 2005. The agreement provided that the advance should be recovered by the time 75 per cent of the work was completed or 75 per cent of the contract period was over, whichever was earlier.

It was observed (January 2009) that the mobilisation advance was given from funds available with the Samiti for other projects, in anticipation of the budget allotment for the sports complex. However, the budget allotment was not received and the work could not be started. The entire mobilisation advance was recovered by the Samiti on 26 February 2008 after a period of 36 months. As per the terms of the agreement, the mobilisation advance should have been recovered from the contractor after nine months, by 25 November 2005 i.e. after expiry of 75 per cent of the stipulated period of 12 months. However, the recovery was delayed and the amount remained with the contractor for 27 months after the due date of recovery.

The matter was referred to the Government, which stated (July 2009) that despite correspondence (August 2004, January 2006 and June 2006) by the Sports Department, no budget allocation had been received for the construction. The Government also stated that it was trying to recover interest on the advance.

It is evident from the reply that the agreement was concluded in anticipation of budget allotment for the work. Thereafter, even though the allotment was not received during 2004-05 and 2005-06, the Samiti and the department failed to recover the advance in time, resulting in undue financial benefit to the contractor.

⁸ A registered society which carries out the construction and maintenance of sports stadia in Chhattisgarh.

2.3 Idle expenditure/ blockage of funds

MANPOWER PLANNING DEPARTMENT

2.3.1 Idle expenditure on purchase of equipment

Due to lack of coordination between the Directorate and two Government Engineering Colleges on purchase and utilization of laboratory equipment, there was idle expenditure of Rs 10.39 crore.

The Director, Technical Education (DTE) had issued (December 2004 to August 2008) 15 purchase orders for procurement of laboratory equipment for the Government Engineering Colleges (GEC) at Bilaspur and Jagdalpur. After receipt of the equipment by the colleges, payment of Rs 10.39 crore was made by the DTE between February 2005 and September 2008 as detailed in *Appendix-2.4*.



VLSI design laboratory equipment supplied by DTE kept in sealed cartons at GEC, Bilaspur



DSP laboratory equipment kept idle in an almirah at GEC, Jagdalpur

Scrutiny (January 2009) of the records of GECs revealed that the laboratory equipment provided to them were not being used and were lying idle for one to four years, resulting in idle expenditure of Rs 10.39 crore on purchase of the same.

On this being pointed out, the Principals of the GECs stated (January 2009) that they had not sent any requisitions for the equipment, which were not being used due to reasons such as non-availability of faculty, non-installation and lack of space as detailed in the *Appendix-2.4*. The DTE stated (September 2009) that they had assessed that the laboratory equipment was required as per the syllabus and had received a requisition from the Raipur Engineering College for the equipment. They had procured the laboratory equipment for Raipur, Bilaspur and Jagdalpur to ensure similar facilities in all three

institutions and instructors of all three colleges had been provided training in August/September 2006 and September/October 2008. It was also stated that the DTE had directed the Principals in May 2009 and the suppliers in August/September 2009 to get the equipment installed.

The replies indicate that the DTE supplied the equipment without ensuring that the colleges had the necessary infrastructure and requisite faculty to utilize the equipment. Thus, the lack of proper planning and coordination between the DTE and the colleges led to an idle expenditure of Rs 10.39 crore.

The matter was referred to the Government (May 2009). Reply had not been received (September 2009).

SPORTS AND YOUTH WELFARE DEPARTMENT

2.3.2 Idle expenditure on construction of sports stadium

Despite incurring an expenditure of Rs 71.28 lakh on construction, a sports stadium remained incomplete for want of additional funds of Rs 26.47 lakh resulting in idle expenditure.

The Secretary, Sports and Youth Welfare Department (Secretary) accorded (October 2002) administrative approval (AA) of Rs 43.66 lakh for construction of a mini-stadium, including a boundary wall, at Dhamtari.

Scrutiny (February 2006 and January 2009) of the records of the office of the Engineer-in-Chief (E-in-C), Public Works Department and the Executive Engineer (EE), Public Works Division, Dhamtari, revealed that the EE had issued the work order for construction of the stadium in March 2003. Subsequently, he submitted (September 2004) a revised estimate of Rs 90.13 lakh to the Government. Thereafter, the Secretary accorded AA for an additional amount of Rs 20 lakh in February 2005. The EE reminded (September 2005) the Government for a revised AA for the balance of Rs 26.47 lakh and thereafter, closed (December 2005) the agreement through the sixth and incomplete final bill for Rs 66.93 lakh as the revised AA had not been issued by Government.

The EE was in regular correspondence with the Government from September 2006 to February 2009, intimating that a total expenditure of Rs 71.28 lakh had been incurred on the work and the remaining items of work could be completed only with an additional amount of Rs 26.47 lakh. However, the revised AA had not been accorded by the Government as of May 2009.

During a site visit in May 2009 by Audit, it was observed that a major portion of the boundary wall and the spectators gallery had been constructed. However, due to neglect and non-maintenance, the sports ground was overgrown with weeds and shrubs (**Picture-1**) and there were electric poles (**Picture-2**), within the ground, that had to be relocated. Work relating to flooring, main gate, distemper, painting etc. had not been done.



[Picture-1]

[Picture-2]

Thus, the infrastructure created at a cost of Rs 71.28 lakh remained idle for a period of 45 months for want of additional funds of Rs 26.47 lakh as the revised AA had not been received from the Government. The matter was referred (May 2009) to the Government which replied (July 2009) that a revised AA had been accorded (June 2009) for Rs 90.13 lakh. However, it did not intimate the reasons for delaying the approval for over four years, which resulted in sportsmen and the public being deprived of the benefits of utilizing the sports stadium at Dhamtari.

AGRICULTURE DEPARTMENT

2.3.3 Idle expenditure on purchase of grading plants

Fruit and vegetable grading plants remained non-operational as they were procured without ensuring availability of infrastructure and trained manpower, resulting in idle expenditure of Rs 43.52 lakh.

Director, Horticulture purchased (September 2005 and January 2006) three fruit and vegetable grading plants⁹ for a total amount of Rs 43.52 lakh in order to facilitate marketing of horticulture products as detailed in *Appendix-2.5*. It was found that two of these plants located in Raipur and Jashpur had not been installed due to non-availability of land and civil works being in progress respectively. The third plant located in Durg had been installed (April 2007) but was not in operation as there was no operator for the same. It is, therefore, evident that the grading plants were purchased without adequate planning and ensuring the availability of infrastructure along with trained staff to operationalise the same. This resulted in idle expenditure of Rs 43.52 lakh¹⁰ for more than three years and non-achievement of the intended purpose of facilitating the marketing of horticulture products.

The matter was brought to the notice of the Director, Horticulture and the Government in September 2008 and May 2009 respectively. The reply (June

⁹ Equipment used for sorting, grading, sizing and packing of fruit and vegetable products. Three such plants were purchased for Durg, Jashpur and Raipur districts.
¹⁰ Details are given in the Appendix- 2.5.

2009) of the Director, Horticulture confirmed that two plants had not been installed and the third one had not started operations. Reply of the Government had not been received (September 2009).

PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT

2.3.4 Blockage of funds on establishment of cardiology unit

Due to lack of planning and coordination, a cardiology unit could not be set up and there was a blockage of funds of Rs 4.08 crore.

In order to provide better health services, the State Government decided to establish a cardiology unit in the Dr. B.R. Ambedkar Memorial Hospital (hospital), Raipur and provided for funds for the same in its budget for 2006-07. Additional posts were also provided in the budget to set up the unit.

After tendering and selection of the vendor, the Dean, Medical College issued (March 2007) a purchase order for a Cardiac Catheterization Laboratory (Cathlab) equipment for the cardiology unit and opened (April 2007) a Letter of Credit (LC)¹¹ for Rs 4.08 crore based on the approvals received from the Government and the Finance Department. The equipment was to be delivered by September 2007. It was observed that only after opening the LC, the hospital initiated (April 2007) a proposal for construction of a building for the cardiology unit which would house the Cathlab. The space requirements for the building were not assessed properly and were changed frequently. Although additional posts had been sanctioned, the process of recruitment/ deployment had not been initiated to coincide with the completion of the building. While the construction of the building, purchase of equipment and arrangement of manpower were all necessary to start the cardiology unit, these were not planned, coordinated and executed in the proper sequence. Consequently, the Cathlab had not become operational as of September 2009 and the amount of Rs 4.08 crore remained blocked in an LC outside the Government account for over two years.

The matter was brought to the notice (May 2009) of the Government which stated (September 2009) that the completion certificate of the proposed building had been issued (June 2009) by PWD and the supplying firm had been directed (June 2009) to install the machine, the work for which was in progress. The Government accepted that initially there had been some delay in finalising the plan of the Cathlab building.

The reply confirmed the delay in construction but did not clarify the reasons for the lack of coordination and planning which resulted in the blockage of funds and the Government's objective of establishing a cardiology unit in the

¹¹ *Letter of Credit: After deciding on a supplier and obtaining sanction for purchase, the amount payable is drawn from the Government account with the approval of the Finance Department and placed in a nationalized bank as a Letter of Credit in favour of the approved supplier. On confirmation of different stages of supply i.e. despatch, receipt and installation, the bank releases payments to the supplier as per the terms of the supply order.*

hospital remaining unfulfilled, thus depriving the patients of improved cardiac care.

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

2.3.5 Blockage of funds on construction of rest house

There was irregular expenditure and blockage of Rs 46.04 lakh on construction of a rest house on forest land.

Paragraph 2.111 of the Works Department Manual provides that under the Forest Conservation Act 1980, diversion of forest land for any non-forest purpose requires prior approval of the Government of India (GOI).

The Tribal Development Department allotted Rs 54.83 lakh to the Executive Engineer (EE), Rural Engineering Services Division, Raipur for construction of a rest house at Girodhpuri, in Raipur district. The EE issued (June 2006) the work order for Rs 38 lakh, with a stipulated completion period of eight months. A total amount of Rs 46.04 lakh was paid to the contractor upto the fourth running bill (February 2008).

Scrutiny (June 2008) of records of the EE revealed that the Divisional Forest Office, Raipur (DFO) had raised (September 2006) an objection that the rest house was being constructed on forest land and prior approval of GOI was essential. In spite of this, the work was not stopped. The Government of Chhattisgarh subsequently requested (March 2007) GOI for approval of diversion of forest land but GOI refused (August 2007) permission. Thereafter, the EE ordered (August 2007) the work to be stopped.

The EE, RES division executed the work on forest land, in contravention of the Works Department Manual, disregarding the objection of the DFO. Consequently, there was an irregular expenditure of Rs 46.04 lakh as GOI refused permission for diversion of the forest land. The entire expenditure became blocked as the building was lying incomplete and unused from August 2007 onwards.

The matter was pointed out (December 2008) to the Government which intimated (June 2009) that a show cause notice had been issued to the EE concerned. Final action on the case was awaited (September 2009).

PUBLIC WORKS DEPARTMENT

2.3.6 Blockage of funds on construction of bridge

Execution of work on forest land without GOI approval resulted in blockage of Rs 21.99 lakh on an incomplete bridge and non-achievement of the objective of upliftment of the tribal population.

Paragraph 2.111 of the Works Department Manual provides that according to the Forest Conservation Act 1980, all proposals for diversion of forest land for any non-forest purpose require the prior approval of the Government of India.

Government of Chhattisgarh approved (March 2005) the construction of a high level bridge and an approach road across Ubhay river on Phulzar-Kunwarpur road for Rs 61.75 lakh, on the Chhattisgarh and Madhya Pradesh (MP) border, for the upliftment of the tribal population and to provide an all-weather road to the inhabitants of the area. The construction of the high level bridge required water harvesting and approach road work on a small portion of forest land situated in MP. The Executive Engineer (EE), Public Works Department (PWD), Bridge Construction Division, Ambikapur issued (October 2005) the work order with a stipulated completion period of 10 months, excluding the rainy season.

Scrutiny (November-December 2007) of records of the EE revealed that a proposal for construction on the forest land was submitted to the Divisional Forest Officer, South-Shahdol, MP (DFO) in January 2006 i.e. after placing the work order. The DFO pointed out (June 2007) some defects in the proposal and stated that until they were corrected and a detailed report submitted, final sanction would not be given. The construction was stopped (June 2007) after executing work amounting to Rs 21.99 lakh. The forest clearance had not been obtained upto September 2009.

As the EE had commenced the work without obtaining forest clearance, it had to be stopped mid-way, resulting in Rs 21.99 lakh remaining blocked for almost two years. The objective of upliftment of the tribal population and providing an all-weather road also remained unachieved.

On this being pointed out, the Engineer-in-Chief stated (March and September 2009) that the proposal for forest clearance had not been submitted before commencing the work because it had been anticipated that there would not be any damage to forest land or trees. The EE had submitted the corrected proposal to the Conservator of Forests, Shahdol in January 2009 and approval was awaited (September 2009).

The replies confirm that the department had not properly assessed the involvement of forest land at the initial stage, which resulted in the stoppage of work mid-way. Thereafter, the EE took one and a half years i.e. from June 2007 to January 2009 to submit the revised proposal, which further delayed the completion of the bridge.

The matter was brought to the notice of the Government (May 2009). Reply had not been received (September 2009).

2.4 Regularity issues and other points

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

2.4.1 Irregularities in tendering and execution of works

Works valuing Rs 2.37 crore were executed in contravention of prescribed rules and procedures for tendering and tender acceptance.

The Madhya Pradesh Works Manual (as adopted in Chhattisgarh) provides that the Executive Engineer (EE) is authorized to accept tenders upto Rs 20 lakh and the Chief Engineer (CE) upto Rupees one crore, while approval of the State Government is required for works exceeding Rupees one crore.

Test check (May 2008) of records of the EE, Rural Engineering Services Division, Raipur revealed that the Commissioner, Schedule Caste and Scheduled Tribes Development accorded (October and November 2004) Administrative Approvals (AAs) and Technical Sanctions (TS) for Rs 1.42 crore for four different cement concreting works at Girodpuri, costing from Rs 24.74 lakh to Rs 48.61 lakh as detailed in *Appendix-2.6*. A second set of AA and TS of Rs 1.02 crore were accorded in February and March 2005 for 12 additional works which were to be carried out in the same area. It was observed that the EE issued notices inviting tenders (NIT) for the first set of four works by reducing their NIT values to below Rs 20 lakh in each case, so as to keep the tenders within his financial powers and finalise them at his level. The EE awarded (November 2004) these four works to three contractors vide four different agreements, at a total cost of Rs 77.48 lakh as detailed in *Appendix-2.6*. It was found that in addition to these contracted works, the three contractors also executed the remaining portions of the first set of four works at a total cost of Rs 64.86 lakh as well as the second set of 12 works, at a total cost of Rs 1.02 crore. Thereafter, a total payment of Rs 2.37 crore was made to them against the total contracted amount of Rs 77.48 lakh. The expenditure of Rs 1.59 crore over and above the contracted amount was made in violation of rules as neither any tendering was done for these works nor were any work orders issued.

Thus there were irregularities amounting to Rs 2.37 crore in the execution of the abovementioned 16 works as the EE reduced the NIT values of four works to bypass the CE and thereafter got additional works executed without tendering and issuing of work orders.

The matter was referred (March 2009) to the Government, which replied (June 2009) that a show cause notice had been issued to the EE concerned.

2.4.2 Lack of responsiveness of Government to Audit

Due to inaction of Government departments, there were 3077 outstanding Inspection Reports and 21 pending Action Taken Notes on audit paragraphs included in the Audit Reports of the Comptroller and Auditor General of India.

(i) The Accountant General (Audit) conducts periodical inspections of State Government departments to check their transactions, maintenance of initial accounts as per the prescribed format, adherence to codal provisions and internal control procedures and maintenance of basic control registers. These inspections are followed by the preparation of Inspection Reports (IRs) which contain audit paragraphs prepared on the basis of various audit observations. These are issued to the concerned heads of offices, with copies to the next higher authorities, for examination of the audit paragraphs and reporting compliance to the Accountant General. Outstanding paras are settled by the Accountant General on intimation of requisite follow-up action taken by the Department.

At the end of March 2009, there were 10,955 paragraphs related to 3,077 IRs, which were outstanding. The year-wise break-up of these outstanding IRs is given below:

Table-2.1 : Details of outstanding inspection reports and paragraphs

Year	Number of outstanding Inspection Reports	Number of Paragraphs
Up to 2002-03	1,992	5,372
2003-04	183	643
2004-05	317	1,495
2005-06	215	1,122
2006-07	203	1,321
2007-08	48	408
2008-09	199	594
Total	3,077	10,955

The department-wise break-up of these outstanding IRs and paragraphs is also indicated in *Appendix-2.7*.

A review of the outstanding IRs pertaining to Horticulture, Panchayat and Rural Development, Public Health and Engineering, Tribal Welfare and Veterinary Departments revealed that a total of 1,013 paragraphs contained in 190 IRs with a money value of Rs 596.25 crore, pertaining to the years from 2003-04 to 2008-09 remained unsettled at the end of June 2009. The year-wise position of these outstanding IRs, paragraphs and money value involved are indicated in *Appendix-2.8*.

Follow up action on Audit Reports

(ii) Government has to take remedial action on all audit paragraphs after the presentation of the Reports of the Comptroller and Auditor General of India to the Legislature. The administrative departments concerned are

required to furnish remedial Action Taken Notes (ATNs) on the audit paragraphs to the Public Accounts Committee (PAC) as well as to the Accountant General.

The position of pendency, as on August 2009, in furnishing ATNs on paragraphs included in the Reports of the Comptroller and Auditor General of India (Civil) Government of Chhattisgarh, pertaining to the years 2002-03 to 2007-08, is given below:

Table-2.2: Details of paragraphs for which Action Taken Notes were not furnished

CAG's Audit Report	No. of paragraphs included	No. of paragraphs for which ATNs were furnished by the Government	No. of paragraphs for which ATNs were due from the Government
2002-03	20	18	2
2003-04	14	9	5
2004-05	18	16	2
2005-06	22	18	4
2006-07	21	18	3
2007-08	11	6	5
Total	106	85	21

Department-wise details of the pending ATNs are given in **Appendix-2.9**.

Therefore, a proper mechanism which would ensure speedy action on audit observations to recover losses/outstanding advances/ overpayments in a time-bound manner, must be set up by the State Government. Such a system would not only be beneficial in fixing responsibilities for the various lapses pointed out by Audit, but also make sure that the financial losses pointed out during audit do not continue over a long period.

CHAPTER –III

INTERNAL CONTROL IN A GOVERNMENT DEPARTMENT

WATER RESOURCES DEPARTMENT

3 Internal Control in Water Resources Department

Highlights

Internal control is an integral component of an organization's management processes, which are established in order to provide reasonable assurance that its operations are carried out effectively and efficiently, financial reports and operational data are reliable and the applicable laws and regulations are complied with so as to achieve organizational objectives. The Government of India has prescribed comprehensive instructions for maintenance of internal control in Government departments through Rule 64 of the General Financial Rules 2005. A review of internal controls in the Water Resources Department has revealed the following:

Due to deficiencies in expenditure control, there was excess expenditure of Rs 7.78 crore over the allotments issued by the Engineer-in-Chief.

(Paragraph 3.5.3)

Due to non-compliance with State Treasury Rules, lapsed deposits worth Rs 24.90 lakh were not credited to Government account.

(Paragraph 3.6)

Due to deficiencies in assessing requirements while framing estimates, there was excess expenditure of Rs 1.91 crore.

(Paragraph 3.7.7)

Due to deficiencies in enforcing terms of agreement, additional security deposit and royalty were not deducted resulting in undue aid to contractors.

(Paragraph 3.7.9 and 3.7.10)

There was non-compliance with provisions relating to quality control tests in works amounting to Rs 1.43 crore.

(Paragraph 3.8.2)

3.1 Introduction

Internal controls in an organisation are meant to give reasonable assurance that its operations are carried out according to the prescribed rules and regulations and in an economical, efficient and effective manner.

The Water Resources Department (WRD) is responsible for managing the water resources of the State, primarily through the creation and maintenance of major, medium and minor irrigation projects. The department has six major projects, 32 medium projects and 2,242 minor projects in Chhattisgarh. Of

these, five major, seven medium and 471 minor projects have been completed and the remaining are under progress. The department has also identified (June 2005) 595 locations for construction of anicuts¹ across various rivers for the purpose of ground water recharging and assistance in agriculture. As of March 2009, 61 anicuts worth Rs 74.89 crore have been constructed and the work of another 153 anicuts worth Rs 387 crore is under progress.

The department maintains the headworks² and also undertakes major maintenance of canals. The minor and routine repairs of canals are done by Water Users Associations³.

3.2 Organisational Setup

The department is headed by a Principal Secretary/Secretary to the Government of Chhattisgarh. The Engineer-in-Chief (E-in-C) is the head of the department and is assisted by four Chief Engineers (CEs). There are 11 circles headed by Superintending Engineers (SE) who supervise 62 divisions headed by Executive Engineers (EE). A chart of the organisational structure of the department is given in *Appendix-3.1*.

3.3 Audit Objectives

The review of internal controls has been conducted to test compliance with the Chhattisgarh Financial Rules, the Works Department Manual (WD Manual), the State Treasury Code and the Central Public Works Accounts Code (CPWA Code) for accounting functions. The arrangements for monitoring, evaluation and internal audit have also been examined.

3.4 Audit Coverage and Methodology

The office of the E-in-C and two⁴ out of four CEs were selected. Under each of the two selected CE's offices, one SE's office each⁵ was selected. The office of the SE, (Electrical/Mechanical), Raipur was also selected. Under each of the two selected SE's offices, 50 *per cent* of the divisions i.e. three divisions each⁶ were selected. The sample was discussed with the Secretary, WRD and other officers of the department during the entry conference on 13 March 2009 and mutually agreed upon. On the Secretary's suggestion, one ground water survey division⁷ was also selected. The selection was made by Simple Random Sampling Without Replacement (SRSWOR). The selected units were reviewed for the period from 2006-07 to 2008-09. The methodology used was scrutiny of records and files of the selected divisions/

¹ Barriers across a river to enable storage of water for dry season.

² Works undertaken at the site of storage of water such as reservoirs, dams, anicuts etc.

³ Associations of farmers, responsible for equitable distribution of water and collection of water rates.

⁴ CEs, Minimata Bango Project, Bilaspur and Mahanadi Reservoir Project, Raipur.

⁵ SE's, Indravati Project Circle, Jagdalpur and Minimata Dam Circle, Kharsia.

⁶ Minimata Bango (MMB), Canal Division No 4, Dabhara, Tribal Development Pilot Project (TDPP), Jagdalpur, Water Resources Division, Kanker, Minimata Bango, Canal Division No. 5, Kharsia, Water Resources Division, Kondagaon and Minimata Bango, Canal Division No. 6, Sakti.

⁷ Senior Geohydrologist, Ground Water Survey Division No. 9, Bilaspur.

offices. The objectives and scope of the review were explained to the Secretary during the entry conference. The exit conference for the review was held on 26 August 2009 with the Secretary, during which all the findings were discussed.

Audit Findings

3.5 Compliance with financial rules and Works Department Manual relating to budgetary and expenditure control

3.5.1 Persistent savings in expenditure

The budget provisions of the department are available under six grants⁸. The details of budget provisions, allotments and expenditure during the period 2006-07 to 2008-09 are given below:

Table-3.1: Year-wise budget provision, expenditure and savings

<i>(Rupees in crore)</i>			
Year	Budget provision	Expenditure	Savings (percentage)
2006-07	914.43	759.21	155.22 (16.97)
2007-08	965.33	861.83	103.50 (10.72)
2008-09	1090.34	1008.11	82.23 (7.54)
Total	2970.10	2629.15	340.95

(Source: Appropriation Accounts)

It was observed that the savings were high at around 17 per cent in 2006-07 but showed a decreasing trend subsequently. The E-in-C attributed (March and September 2009) the savings to delays in obtaining administrative approval for new projects/schemes, local problems/issues that arose from time to time, incomplete construction work due to the rainy season and the imposition of the model code of conduct during the general elections of 2008.

The Government stated during the exit conference that the general instructions in the budget manual may not be adequate at all times in view of the special nature and functions of the department and decided that some department specific guidelines would be drawn up regarding framing of the budget and supplementary estimates, taking into consideration the feasibility of the projects, realistic projection of works, time assigned for execution, status of ongoing works etc.

3.5.2 Surrender of funds after the prescribed dates

According to Clause 4.155 of the Manual, surrender of funds to the Government should ordinarily be made by 15 February and in any case upto 15 March. For surrenders beyond the prescribed date, an explanation had to be given by the concerned offices as to why they could not be foreseen earlier.

The E-in-C surrendered unutilised funds worth Rs 118.54 crore after 15 March during the period 2006-07 to 2008-09 as shown in **Appendix-3.2**. The letters proposing surrenders sent by the E-in-C to the Government did not contain

⁸ 23 (WRD), 41 (Tribal Area Sub-Plan i.e. TSP), 45 (Minor Irrigation Works), 57 (Externally Aided Projects pertaining to WRD), 64 (Special Component Plan for Scheduled Castes) and 75 (NABARD Aided Project pertaining to WRD).

any explanation as to why the surrenders were not foreseen prior to the prescribed date. Thus, timely surrenders were not made as envisaged in the Manual which limited the scope of the Government to provide the surrendered funds to other departments. During the exit conference, the Government agreed to issue directions for recording justifications for surrenders made after 15 March for the concerned financial year.

3.5.3 Excess expenditure over allotment

After the budgetary provisions are approved through the Appropriation Bill, the E-in-C allots funds, head-wise, to the CEs, who in turn allot them to the divisions. The expenditure is to be monitored regularly to ensure that there is no excess over the allotments.

Lack of control resulted in excess expenditure of Rs 7.78 crore over allotment

It was observed that in respect of three grants, there was excess expenditure over allotments, amounting to Rs 7.78 crore, as shown in **Appendix-3.3**. The excesses indicated shortcomings in the monitoring and control of expenditure. During the exit conference, the Government took serious note of such cases and decided to review all the cases and to call for explanation from the concerned officials.

3.5.4 Non-receipt of security deposit for custody of cash

Rule 282 of the Chhattisgarh Financial Code provides that every cashier, storekeeper and other subordinate, who is entrusted with the custody of cash, stores or other valuables, is required to deposit security except in exceptional cases as specified by Government.

Scrutiny of records in the test-checked units revealed that out of the 51 officials handling cash/stores, none had made any security deposits except for two officials, one under SE, Electrical and Mechanical Circle, Raipur (SE, E/M Circle, Raipur) and one under SE, Indravati Project Circle, Jagdalpur as detailed in **Appendix-3.4**.

During the exit conference, the Government directed that security deposits should be recovered from all the cashiers as per the rule.

3.6 Compliance with State Treasury Rules

Lapsed deposits not credited to the Government Account

According to Para 562 of the Chhattisgarh Treasury Code, deposits which remain unclaimed for more than three complete accounting years, should be credited to Government revenue under 'Lapsed Deposits'.

Lapsed deposits not credited to the Government account

During scrutiny of records of seven divisions, it was observed that in three⁹ divisions, a total amount of Rs 24.90 lakh was outstanding (between December 1954 to July 2002) under the deposit head for more than three years. It was, therefore, evident that the divisions were not taking requisite action for crediting the lapsed deposits to the Government account and the amounts were being retained in the public account at the cost of State revenue. In two¹⁰ other divisions, the deposit registers were not produced to Audit although as per the monthly accounts of March 2009, Rs 1.15 crore and

⁹ WRD Kanker, MMB Dn. No. 5 Kharsia and TDPP, Division, Jagdalpur.
¹⁰ WRD Kondagaon and MMB Dn. No.6 Sakti.

Rs 13.57 lakh were shown under the deposit head. In the absence of the said registers, the exact amount of lapsed deposits could not be ascertained. MMB, Dn. No.4 Dabhara did not have any case of lapsed deposits while EE, WRD, Kondagaon stated (April 2009) that the register would be furnished after updating but could not furnish it to Audit. During the exit conference, the Government agreed to review all lapsed deposits in the divisions so that the amounts could be credited to revenue.

3.7 Internal control activities

Under the internal control activities, compliance to the Manual, CPWA Code and related instructions dealing with all operational activities of the department were scrutinized. The findings are discussed in the succeeding paragraphs.

Accounting activities

3.7.1 Amounts outstanding in suspense accounts

As per para 13.2.1 and 22.4.10 of the CPWA Code, the divisions were required to maintain Cash Settlement Suspense Accounts (CSSA) and Material Purchase Settlement Suspense Accounts (MPSSA) with item-wise details. The operation of these suspense heads were dispensed w.e.f. 1983 and 1984 respectively but old outstanding balances were required to be reconciled and cleared.

The balances under MPSSA represented amounts which were payable for materials procured on credit from other divisions. The balances under CSSA represented amounts receivable from other divisions for materials supplied on credit. These heads were operated to ensure inter-divisional adjustments and served as a control against loss/pilferage of stock.

Three¹¹ of the test-checked divisions had old balances of Rs 52.85 lakh under MPSSA and Rs 25.70 lakh under CSSA. It was observed that the divisions did not have any item-wise break-up of these balances which were outstanding for periods from 1969-70 to 1999-2000. In the absence of the item-wise break-ups, it would be difficult to clear these balances and the problem would get further compounded with the passage of time. During the exit conference, the Government agreed that such old outstanding balances which were pending in many divisions should be settled once and for all.

3.7.2 Miscellaneous Public Works Advances

According to Para 13.4.1 of the CPWA Code, (i) sale on credit (ii) expenditure incurred on deposit works in excess of deposits received (iii) losses, retrenchments, errors, etc. and (iv) other items are recorded under the head 'Miscellaneous Public Works Advance' (MPWA).

The items under this head are cleared either by cash recovery or by transfer to some other head of account. A sum of Rs 7.58 crore was outstanding under MPWA in the test-checked divisions from March 1954 as shown at

Long pending balances under suspense heads not cleared

Huge outstanding balances under MPWA

¹¹ MPSSA: WRD, Kanker and MMB Dn. No. 6 Sakti; CSSA: TDPP, Jagdalpur and WRD Kanker. Other four test-checked divisions did not have any outstanding balances.

Appendix-3.5(i). Detailed scrutiny of the pending amount of Rs 5.47 crore in three divisions showed that Rs 68.58 lakh was pending against departmental officials and Rs 4.79 crore was pending against contractors as detailed in **Appendix-3.5 (ii).**

EE, MMB Canal Dn. No-6 Sakti replied (May 2009) that action was being taken to adjust the amounts. EE, WRD, Kondagaon replied (April 2009) that the amount under MPWA would be adjusted after receiving explanations from the concerned officials and EE, WRD, Kanker replied (April 2009) that the amount would be adjusted after receipt of allotment.

Adequate action had not been taken by the three divisions to clear the amounts either by cash recovery or by booking under the proper head. During the exit conference, the Government took a serious view of the items outstanding under MPWA and as a first corrective measure, decided that it would instruct every division to adjust the amounts under MPWA for the last three years.

3.7.3 Works Abstract Registers not maintained

As per Para 10.5.1 of the CPWA Code, an account of all the transactions relating to a work during a month should be prepared by the Divisional Officer in the Works Abstract Register. The register should record the final charges, advances to contractors and other entities and contingent charges to monitor the adjustment of all types of advances made for a particular work.

Scrutiny (April and May 2009) of divisional records revealed that in four¹² divisions, the register was not maintained and there was no assurance that all advances made for execution of works were adjusted. During the exit conference, the Government stated that due to shortage of staff, these registers were not being maintained and agreed to explore the possibility of developing a software for divisional records which would reduce the requirement of maintaining multiple registers.

3.7.4 Non-reconciliation of cheques and remittances

Para 22.3.1 of the CPWA Code provides that each divisional officer should reconcile with the treasury, the encashment of cheques issued and remittances to the bank. A reconciliation statement should, thereafter, be prepared in Form 51. Reconciliation is a critical control which ensures that all receipts have actually been remitted to the Government account and that there is no scope of encashment of cheques by manipulating the amounts after the cheques have been issued by the divisions.

It was observed that out of seven divisions, only two viz. MMB Dn. No.4 Dabhara and MMB, Dn.No.5 Kharsia, prepared the Statements in Form 51 upto March 2009, while the remaining divisions were in arrears ranging between 3 to 51 months. Moreover, there were significant differences between the department's and the Treasury's figures to the tune of Rs 2.37 crore in cheques and Rs 4.47 crore in remittances as detailed in **Appendix-3.6.** During the exit conference, the Government agreed that Form-51 should be kept up to date and stated that preparation of the form would also be included in the proposed computerisation project.

Non-reconciliation of cheques issued and amounts remitted into treasury

¹² MMB, Dn.No. 4 Dabhara, MMB, Dn.No.5, Kharsia, WRD Kondagaon and MMB Dn. No.6 Sakti.

3.7.5 Non-submission of accounts by Water Users Associations

The Chhattisgarh *Sinchai Prabhandhan me Krishakon ki Bhagidari Adhiniyam* 2006 (Act) was notified in May 2006 for adequate maintenance of the irrigation systems, efficient and economical utilisation and equitable distribution of water among users by Water Users Associations (WUAs).

Test check of records of six¹³ divisions revealed that WUAs were paid grants of Rs 94.93 lakh during 2006-09 as shown below:

Table-3.2: Statement showing disbursement to WUAs

(Rs in lakh)

Sl. No.	Name of division	Year			Total
		2006-07	2007-08	2008-09	
1.	WRD, Kanker	2.77	9.54	7.89	20.20
2.	MMB, Dn. No-4 Dabhara	-	18.99	14.50	33.49
3.	MMB, Dn. No-6 Sakti	-	6.37	5.50	11.87
4.	MMB, Dn. No-5 Kharsia	7.00	6.37	5.50	18.87
5.	TDPP, Jagdalpur	1.23	3.77	2.87	7.87
6.	WRD, Kondagaon	-	2.63	-	2.63
	Total	11.00	47.67	36.26	94.93

(Source: Information supplied by department and compiled by Audit)

Neither accounts for utilisation of the amounts nor details of maintenance works executed were submitted by the WUAs to the divisions. On this being pointed out, replies were received from five divisions. Two¹⁴ of the divisions confirmed that no accounts or records had been presented by the WUAs. One¹⁵ division stated that the Government had not given any directions for receipt of accounts or records of the associations. The remaining two¹⁶ divisions stated that the accounts would get audited if the expenditure/turnover was more than Rs 10 lakh and that they would take action to get the accounts from the WUAs. It was stated in the exit conference that while the Act said that the WUAs should get their accounts audited, it was silent about submitting the same to the EEs concerned.

The replies and discussions indicate that there is lack of clarity on the records required to be maintained and submitted by the WUAs to the divisions.

Execution of work without approval of competent authority

The department prescribed the delegation of powers for various items of work. In three out of the seven test-checked divisions, it was observed that there were instances where the delegations were not being properly adhered to.

3.7.6 Award of multiple piece works without approval from SE

Departmental instructions provide that survey works can be executed through labour contractors on piece work basis. For each piece work, estimates are to be prepared and approved by the competent authority. However, approval of the SE is essential before issuing the work order. One work can be awarded to

¹³ The Seventh test-checked division i.e. Ground Water Survey Division No. 9, Bilaspur did not have any WUAs.

¹⁴ MMB, Dn. No. 4 Dabhara and WRD, Kondagaon.

¹⁵ TDPP, Jagdalpur.

¹⁶ WRD, Kanker and MMB, Dn. No.6 Sakti.

Piece works awarded without permission of SE

one contractor at a time and the concerned contractor is eligible for further piece work only after completion of the earlier piece work allotted to them.

Three¹⁷ test-checked divisions entered into 16 piece work agreements amounting to Rs 43.14 lakh. Executive Engineer, WRD, Kondagaon awarded four piece works to the same contractor within the same month i.e. February 2009. EE, WRD, Kanker awarded (February 2009) five piece works to a single contractor within a span of four days and awarded (January and March 2009) another four works to another two contractors within a span of one and a half months. EE, TDPP, Jagdalpur awarded three piece works to a single contractor on the same day. Allotment of multiple orders to the same contractor without ensuring completion of the earlier works allotted to them, was in contravention of the existing instructions. Details are given in **Appendix-3.7**. Moreover, in these cases, while the administrative approval and technical sanctions were obtained from the CE, the requisite prior approvals of the SE before issue of the work orders were not available on record.

This matter was discussed during the exit conference and the department agreed with the audit observation and stated that instructions would be reiterated to all divisions for compliance.

Shortcomings in assessment and tendering

3.7.7 Incorrect assessment resulted in excess expenditure of Rs 1.91 crore

Scrutiny of records of EE, MMB, Dn.No 6 Sakti revealed that the Government had accepted two item rate tenders for construction of 20 km of cement concrete lining of Sakti Branch Canal from RD¹⁸ 0 to 11000 m and 11000 to 20000 m. Both the estimates involved 13 items including Cohesive Non-Swelling Soil (CNS). Details of the two agreements are given below:

Table-3.3: Details of agreements

1.	Agreement No.	9DL/05-06	10DL/05-06
2.	Reach	RD 0 to 11,000 metres	RD 11,000 to 20,000 metres
3.	Total estimated value of work	Rs 1,024.50 lakh	Rs 843.86 lakh
4.	Total estimated value of CNS	Rs 178.28 lakh (17.40 per cent of estimated value)	Rs 206.68 lakh (24.49 per cent of estimated value)
5.	Estimated quantity of CNS	88,987 cum	1,15,455 cum
6.	Estimated rate of CNS	Rs 200.35 per cum	Rs 179.02 per cum
7.	Lowest tender percentage	13.67 per cent below schedule of rates	17.57 per cent below schedule of rates
8.	Estimated rate of CNS reduced by overall tender per cent	Rs 153.91	Rs 170.37
9.	Rate quoted by LI contractor for CNS	Rs 80	Rs 21

(Source: compiled from MMB canal Dn.No.6, Sakti)

¹⁷ TDPP, Jagdalpur, WRD, Kanker and WRD, Kondagaon.

¹⁸ RD : 'Reduced distance' which is a unit for measuring distance in canals.

It was observed that though CNS was projected in both the estimates as one of the main components, it was not executed at all in either of the contracts because the entire construction was through areas of non-expansive soil where CNS layers were not required. It was evident that the projection and assessment of the tenders and agreements on the basis of the price quoted for CNS was incorrect. It can be seen from item nine of the table above that the two contractors quoted very low rates for CNS work, which enabled them to become L1 i.e. the lowest tenderers. If the EE had assessed the requirements correctly and excluded CNS from the estimates, two other contractors who had quoted lesser rates for other components would have become L1 and the works would have been completed at a lower cost. Consequently, Government incurred excess expenditure of Rs 1.91 crore on the two works as detailed in **Appendix-3.8**.

During the exit conference, the Government decided that the non-execution of CNS work against such a large estimated quantity was a serious issue and both the tenders would be re-examined to ascertain whether there was any manipulation in the estimates.

Deficiencies in enforcing terms of agreement

3.7.8 Inadequate provisions in agreements to ensure that steel and cement had been procured from authorised companies

The Government decided (May 2002) that instead of receiving supplies of cement and steel from them, contractors would have to procure cement directly from factories with daily production capacities of 450 metric tonnes of cement and steel from the Steel Authority of India Limited, its authorized primary retailers or the Tata Iron and Steel Company. The circular also directed that the tender documents should specify the type and grade of cement to be procured, with IS¹⁹ numbers and dates.

Inadequate provisions in agreements for procurement of steel and cement by contractors

Scrutiny of records of nine agreements of the three²⁰ test-checked divisions under CE, MRP, Raipur showed that the provisions were included in the relevant clauses of the agreements. However, it was not mentioned in the agreement that the contractors were required to submit proof of procurement of cement and steel from the approved companies. Consequently, none of the contractors submitted any proof that the cement and steel used in their construction work was procured from the prescribed companies only. In another 12 agreements of three²¹ divisions under CE, MMB, Bilaspur, there was a condition in the notes to the tenders that proof of despatch for procurement of steel had to be produced. Consequently, in 10 agreements, the proof of procurement from the prescribed companies was available in the form of purchase invoices submitted by the contractors, while the proof was not available in the remaining two agreements.

Thus, the instructions of the Government were being interpreted differently by the two CEs. During the exit conference, the Government agreed to issue

¹⁹ It is a certificate issued under Indian Standards Certification act regarding quality.

²⁰ TDPP Jagdalpur, WRD Kanker and WRD Kondagaon.

²¹ MMB Dn. No.4-Dabhara, MMB Dn. No.5 Kharsia and MMB Dn. No.6 Sakti.

instructions to standardise the agreement clause which would prescribe the documents required to be provided by the contractors.

3.7.9 Undue aid to contractors by not deducting additional security deposit

In NITs issued for item rate tenders, 'Schedule G' is appended showing the quantities and rates for the various items of work required to be executed. Departmental instructions provide that in cases where unbalanced rates²² are quoted in item rate tenders, a revised 'Schedule G' has to be included in the agreement containing a list of all items, quantities, the rates quoted by the contractor and the estimated rate plus/minus the overall tender percentage. Wherever the rates quoted are higher than the estimated rate plus/minus tender percentage, payment has to be made at the latter rate and the difference has to be withheld as additional security deposit. The revised Schedule 'G' should also mention the manner in which the withheld amount has to be released.

Additional security deposit not deducted

It was observed that in the cases of two item rate tenders, additional security deposit of Rs 30.97 lakh was not deducted by the EE, Tribal Development Pilot Project Division Jagdalpur (EE, TDPP Dn. Jagdalpur) and EE, WRD Kanker as per the revised 'Schedule G' as detailed in **Appendix-3.9**.

Similarly, in earthwork to remodel and provide a cement concrete lining for Mandhar Branch Canal from RD 16000 M to RD 32860 by EE, Water Management Division No.1, Raipur (Agmt. No.8DL/07-08) with a contract value of Rs 6.14 crore, the revised Schedule 'G' was not attached to the agreement and additional security deposit of Rs 30.97 lakh on unbalanced items was not deducted.

These cases indicated that unbalanced tenders were not being regulated in the manner prescribed by the Government. During the exit conference, the Government stated that action would be taken against the defaulting divisions for the cases cited by Audit and instructions would be reissued to all divisions regarding deductions of additional security deposit.

3.7.10 Non-deduction of royalty of Rs 26.32 lakh from contractors

Departmental instructions provide that contractors are required to produce royalty payment certificates for use of minor minerals in works executed by them. In case the contractors fail to produce the certificates, the amount of royalty payable has to be deducted from the payments made to them.

Royalty of Rs 26.32 lakh was not deducted from contractors

It was observed that in seven agreements, royalty paid certificates were not available on record but the divisions had not deducted any royalty charges as per the instructions of department. Rupees 26.32 lakh was due from the concerned contractors. Details are given in **Appendix-3.10**.

On this being pointed out by Audit, EE, MMB, Dn. No. 4 Dabhara replied (May 2009) that the contractors would be asked to submit royalty certificates or else the amount would be deducted from their final bills or security deposits. EE, WRD, Kanker replied (April 2009) that royalty would be adjusted from the security deposits. During the exit conference, the

²² *If the quoted rate of an item in an item rate tender is more than the estimated rate plus or minus the overall tender percentage, then the tender will be called an item rate tender with unbalanced rates.*

Government stated that instructions would be issued to all divisions for ensuring deduction of royalty as per rules.

Inventory Control

3.7.11 Non-maintenance of stock records

As per para 4.082 of the WD Manual, physical verification of stores is to be conducted once in a year. Para 4.073 of the manual also envisages that as soon as stores articles become unserviceable, a survey report should be prepared and the stores disposed of after sanction from the competent authority. Para 4.083 of the Manual envisages that all articles of stock which are not likely to be required during the following 12 months should be reported by the Sub-Divisional Officer to the EE who, if necessary, would take the SE's orders for their disposal.

It was observed that in three²³ out of seven test-checked divisions, the stock position as per the monthly accounts was 'nil'. The position of stock in the remaining four divisions is given below:

Table-3.4: Division-wise position of stock

<i>(Rupees in lakh)</i>		
Sl. No.	Name of division	Value of stock as per monthly account
1.	EE, WRD Kanker	60.74
2.	EE, MMB Dn. No. 5 Kharsia	46.95
3.	EE, MMB Dn. No. 6 Sakti	125.81
4.	EE, TDPP Dn. Jagdalpur	3.92
	Total	237.42

(Source: Information supplied by department and compiled by Audit)

Stock records not maintained for stores valued at Rs 2.32 crore

The total outstanding balance in case of four divisions was Rs 2.37 crore. It was observed that EE, TDPP, Dn. Jagdalpur maintained full stock records, EE, MMB, Dn.No. 5 Kharsia had a list of stock items of only Rs 1.59 lakh and there was no explanation for the balance stock of Rs 2.32 crore carried forward in the monthly accounts.

EE, WRD, Kanker and EE, MMB Dn. No. 6, Sakti did not maintain any stock register and there was no record regarding the large quantity of stock indicated in the monthly accounts. Consequently, there was no way to ascertain how much physical stock actually existed in these divisions against the amounts shown.

On this being pointed out, EE, WRD, Kanker replied (April 2009) that the stock of Rs 60.74 lakh pertained to the period prior to 2000. The stock records had been seized by the Economic Offences Wing in 1996-97 and it was not possible to maintain any record thereafter. EE, MMB Dn. No. 5, Kharsia replied (May 2009) that as the transactions were old, reconciliation would require minute examination which would require time. EE, MMB Dn. No. 6, Sakti replied (May 2009) that the verification of stock was being taken up with the SDOs concerned.

²³ Ground Water Survey Dn. No. 9 Bilaspur, MMB Dn. No.4 Dabhara and WRD, Kondagaon.

It is evident that a special drive is required to verify available physical stock, in order to segregate serviceable and unserviceable items and also to reconcile them with the account figures of stock. During the exit conference, the Government agreed to take corrective measures in the divisions and get the old stock reviewed to declare unserviceable items and utilise whatever stock remained usable.

Administrative control

3.7.12 Deficiencies in manpower deployment

The deployment of EEs in the office of the E-in-C and CEs is detailed below:

Table-3.5 : Staff position in the cadre of EEs as on March 2009

Sl. No.	Name of Office	Sanctioned strength of EE (Civil)	Working strength	Excess
1.	Engineer-in-Chief	5	10	5
2.	CE, Mahanadi Godavari Basin, Raipur	5	7	2
3.	CE, Hasdeo Bango Basin, Bilaspur	7	9	2
4.	CE, Mahanadi Reservoir Project, Raipur	7	10	3
5.	CE, Minimata Bango Project, Bilaspur	6	8	2
	Total	30	44	14

(Source: Information supplied by E-in-C and compiled by Audit)

Fourteen EEs posted in excess of sanctioned strength in E-in-C and CE offices

While the table indicates that 14 EEs were posted in excess of the sanctioned strength in the offices of the E-in-C and CEs, it was observed that 15 Assistant Engineers (AEs) were holding the higher charge of EEs in 15²⁴ divisions. The department should reconsider equitable deployment of manpower in order to ensure that posts of higher responsibilities such as those of EEs are not manned by AEs, especially when EEs are available and posted in excess in the offices of the E-in-C and CEs.

Scrutiny of the sanctioned strength and deployment under CE, MRP, Raipur revealed that the distribution of staff was not uniform as detailed in the table below:

²⁴ (i)WRD Dn. Baikunthpur (ii) WRD Kharang Dn. Bilaspur (iii) MMB Dn. No. 4 Dabhara (iv) Tandula Dn. Durg (v)WRD Dn. Janjgir (vi) WRD Dn. Jashpur (vii) WRD Dn. Kanker (viii) WRD Dn. Kawardha (ix) WRD Dn. Kota (x) Maniyari WRD Dn. Mungeli (xi) WRD Dn. Pendra road (xii) WM Dn. 1 Raipur (xiii) WM Dn. Rudri (xiv) Dam Dn. No. 2 Rudri (xv) WRD, Dn. Surajpur.

Table-3.6 : Deployment of AEs and Assistants' Grade-II as on March 2009

Sl. No.	Name of office	In AE cadre				In Assistant Grade-II cadre			
		Sanctioned	Working	Excess	Vacant	Sanctioned	Working	Excess	Vacant
1.	CE, MRP, Raipur	6	16	10	--	08	16	08	--
2.	SE, Indravati Project Circle, Jagdalpur	43	31	--	12	50	44	--	6
3.	SE, MMB Dam Circle, Rudri	20	23	03	--	25	27	02	--
4.	SE, Mahandi Circle, Raipur	27	42	15	--	34	44	10	--
	Total	96	112	28	12	117	131	20	06

(Source: Information supplied by CE, MRP and compiled by Audit)

The table indicates that 28 posts of AEs were in excess of sanctioned strength in the SE's and CE's offices. On the other hand, there were vacancies of 12 posts of AEs in the office of the SE, Indravati Project Circle, Jagdalpur. Similarly, 20 posts in the cadre of Assistant Grade-II were in excess of the sanctioned strength in the two²⁵ SE and one²⁶ CE offices but six posts were vacant in the office of the SE, Indravati Project Circle, Jagdalpur. The department should examine the deployment of manpower to remove the existing imbalances.

Similarly, under the MMB project, Bilaspur, 80 AEs were working against the sanction of 84, whereas 132 Assistants, Grade-II were working against the sanction of 109 posts. During the exit conference, the Government agreed to review the deployment of personnel in various cadres.

3.7.13 Payment of salaries to officials working in other offices

Six officials on divisional pay rolls were serving in other departments

During scrutiny of records, it was observed that six officials in two²⁷ divisions were drawing salaries from the divisions but were working in offices of other departments for the last three to five years as detailed in **Appendix-3.11**.

The EE, WRD, Kondagaon stated (April 2009) that correspondence was being initiated to recall the officials. This was required to be done expeditiously as the office of the EE, WRD was paying the salaries of these officials without getting the benefit of their services. The officials were required to either be reverted or alternatively, transferred or placed on deputation to the concerned offices/departments. During the exit conference, the Government stated that it would examine the cases.

²⁵ Mahanadi Circle, Raipur and MMB Dam Circle, Rudri.

²⁶ MRP, Raipur.

²⁷ Ground Water Survey Dn. 9 Bilaspur and WRD, Kondagaon.

3.8 Monitoring including internal audit

3.8.1 Non-establishment of Internal Audit wing

Internal audit is an important instrument to examine and evaluate compliance with the department's rules and procedures. No Internal Audit wing had been established in the department since the formation of the State. During the exit conference, the Government stated that the feasibility of starting an Internal Audit wing would be examined.

3.8.2 Quality control test reports not available for works costing Rs 1.43 crore

According to Para 6.001 of the WD Manual, quality control is necessary for safety, reliability and durability of structures. It was observed that in three²⁸ works executed for Rs 1.43 crore, the quality control test reports were not available on record.

On this being pointed out, EE, TDPP Division, Jagdalpur stated (April 2009) that quality control tests were not done due to shortage of staff and machinery. The EE, WRD, Kanker stated (April 2009) that a suitable amount had been deducted from the contractor's bill. However, regardless of the deduction made from contractor, in the absence of quality control tests, it was not possible to have an assurance that the works had been carried out with adherence to standards of safety, reliability and durability as envisaged by the Government. During, the exit conference, the Government stated that shortage of staff was not an acceptable reason for not carrying out quality control tests and show cause notices would be issued to the erring officials.

3.8.3 Non-compliance of provisions of WD Manual on annual inspection

Paras 5.006, 8.016 and 8.018 of the WD Manual prescribe the periodical inspections to be carried out by officers at various levels. It further provides that a yearly and four-yearly programme for inspection of works should be framed by each inspecting officer and entered in a programme registers, which would also be used to note the dates of inspection.

Programme register for inspection not maintained

During scrutiny of the records of CE, SE and EE offices, it was observed that the prescribed programme register was not being maintained in any of these offices. On this being pointed out by Audit, the departmental officers replied that inspections were being carried out on a regular basis and furnished copies of inspection reports. While inspections were indeed being carried out, in the absence of the programme registers, it was not possible to ascertain whether they were being done as per the prescribed frequencies. During the exit conference, the Government stated that the requisite registers would be maintained.

3.8.4 Lack of response to Statutory Audit

The Accountant General (Audit), Chhattisgarh arranges to conduct periodical inspections of the department and divisional offices. The audit findings are communicated through Inspection Reports to the Heads of

²⁸ (i) Construction of structures under Kosorteda Project by TDPP Dn. Jagdalpur.
(ii) Construction of Dudhawa RBC and structures ch 270 to 390 by WRD, Kanker
(iii) Construction of Dudhawa RBC and structures ch 390 to 530 by WRD, Kanker.

Offices/Departments for compliance and necessary rectification of deficiencies pointed out.

**Outstanding
audit paras
not settled**

As on March 2009, 1,992 audit paragraphs relating to 517 Inspection Reports issued from 1994 to January 2009 were awaiting settlement. (The department should take proactive steps to settle pending audit paragraphs to strengthen the accountability mechanism). During the exit conference, the Government stated that regular Audit Committee meetings would be conducted to discuss and take requisite action on the paras.

3.9 Conclusion

The review of the internal control mechanism in the Water Resources Department revealed that there were persistent savings and instances of excess expenditure over the allotments given by the Engineer-in-Chief. Amounts were pending for settlement under suspense heads. There were instances of non-reconciliation of cheques and remittances, deficiencies in preparation of works abstract registers and execution of work without approval of the competent authorities. There were deficiencies in maintenance of stock records and deployment of manpower. The department did not have an Internal Audit wing, in the absence of which the extent of compliance with the existing rules, procedures and instructions could not be monitored on a regular basis.

3.10 Recommendations

It is recommended that the Department should

- identify and review lapsed deposits and credit the same to revenue,
- clear outstanding suspense balances through a special drive,
- examine the feasibility of computerising the maintenance of divisional accounts and related registers,
- issue guidelines to all divisions prescribing regular returns from Water User Associations,
- introduce a standard clause in agreements to confirm that contractors have procured cement and steel from approved suppliers,
- review the deployment of manpower,
- consider setting up an Internal Audit wing in the department
- maintain programme registers of inspections to ensure that inspections take place as per the prescribed frequencies and
- take proactive steps to settle pending audit paragraphs to strengthen the accountability mechanism.

CHAPTER-IV GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

4.1 Overview of State Public Sector Undertakings

Introduction

4.1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Chhattisgarh, the State PSUs occupy an important place in the state economy. The State PSUs registered a turnover of Rs 4,773.05 crore for 2008-09 as per their latest finalised accounts as of September 2009. This turnover was equal to 5.91 *per cent* of State Gross Domestic Product (GDP) for 2008-09. Major activities of Chhattisgarh State PSUs are concentrated in the power sector. The State PSUs earned a profit of Rs 177.16 crore in the aggregate for 2008-09 as per their latest finalised accounts. They had employed 18,769¹ employees as of 31 March 2009. The State does not have any Departmental Undertakings (DUs).

4.1.2 As on 31 March 2009, there were 16 PSUs as per the details given below. Of these, no company was listed on the stock exchange.

Type of PSUs	Working PSUs	Non-working PSUs ²	Total
Government Companies	14	-	14
Statutory Corporations	2 ³	-	2
Total	16⁴	-	16

4.1.3 During the year 2008-09, three PSUs⁵ were established. The Chhattisgarh State Electricity Board (CSEB) was unbundled into five companies in compliance with the Electricity Act, 2003 vide Government order dated 30 December 2008. Of the five companies, the status of three companies viz. Chhattisgarh State Power Generation Company Limited (CSPGCL), Chhattisgarh State Power Transmission Company Limited (CSPTCL) and Chhattisgarh State Power Distribution Company Limited (CSPDCL), which were earlier functioning as deemed companies under section 619-B of Companies Act, 1956, was changed as Government companies under section 619 of Companies Act, 1956 from 1 January 2009. Two other companies viz. Chhattisgarh State Power Holding Company Limited (CSPHCL) and Chhattisgarh State Power Trading Company Limited

¹ As per the details provided by 16 PSUs.

² Non-working PSUs are those which have ceased to carry on their operations.

³ Chhattisgarh State Warehousing Corporation and Chhattisgarh State Electricity Board (From 1 January 2009, CSEB was unbundled into five companies under the Companies Act, 1956 as per the State Government Gazette Notification dated 19 December 2008).

⁴ The status of Chhattisgarh Sondiha Coal Company Limited, a newly formed Government Company, as on 31 March 2009 has not been received, hence not included in these PSUs.

⁵ Chhattisgarh State Power Holding Company Limited, Chhattisgarh State Power Trading Company Limited and CMDC ICPL Coal Limited.

(CSPTTr.CL) were newly formed under section 619 of the Companies Act, 1956 on 30 December 2008.

Audit Mandate

4.1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B of the Companies Act.

4.1.5 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

4.1.6 Audit of statutory corporations is governed by their respective legislations. Out of two statutory corporations, CAG was the sole auditor for Chhattisgarh State Electricity Board. In respect of Chhattisgarh State Warehousing Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG.

Investment in State PSUs

4.1.7 As on 31 March 2009, the investment (capital and long-term loans) in 16 PSUs was Rs 2,963.05 crore as per details given below.

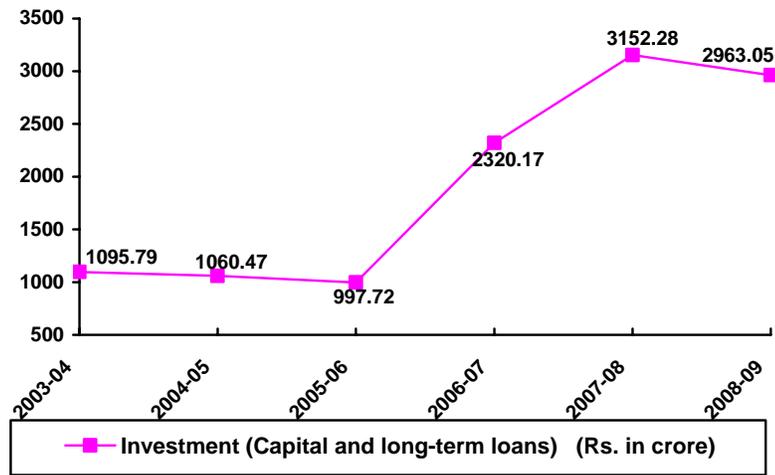
(Amount: Rupees in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	77.25	373.67	450.92	24.12	2,488.01	2,512.13	2,963.05 ⁶

A summarised position of Government investment in State PSUs is detailed in **Appendix-4.1.1**.

4.1.8 As on 31 March 2009, the total investment consisted of 3.42 *per cent* towards capital and 96.58 *per cent* in long-term loans. The investment has grown by 170.40 *per cent* from Rs 1,095.79 crore in 2003-04 to Rs 2,963.05 crore in 2008-09 as shown in the graph below:

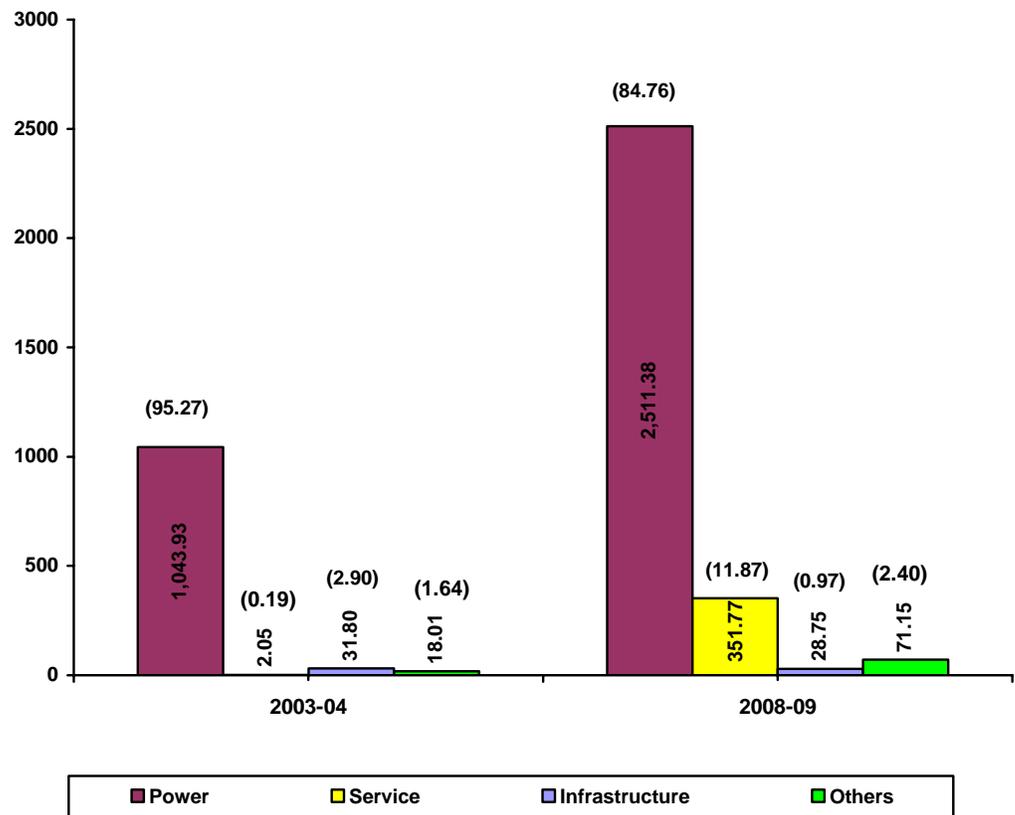
⁶ State Government's investment in working PSUs was Rs 826.69 crore (Share capital, Share application money and loans).



The decrease in investment in 2008-09 is due to repayment of loan of Rs 246.60 crore.

4.1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2004 and 31 March 2009 are indicated below in the bar chart.

(Amount: Rupees in crore)



(Figures in brackets show the percentage of total investment)

As may be seen from the above chart the major investment of the State Government in PSUs was in power sector which increased from Rs 1,043.93 crore during 2003-04 to Rs 2,511.38 crore during 2008-09.

Budgetary outgo, grants/subsidies, guarantees and loans

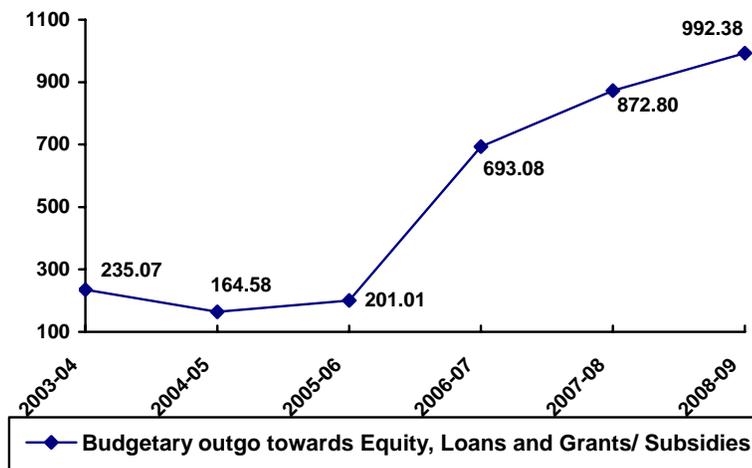
4.1.10 The details regarding budgetary outgo by the State Government towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Appendix-4.1.3**. The summarized details are given below for three years ended 2008-09.

(Amount: Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	1	1.00	1	1.00	-	-
2.	Loans given from budget	1	5.00	2	8.13	1	1.95
3.	Grants/Subsidy received	6	687.08	7	863.67	6	990.43
4.	Total Outgo (1+2+3)	6 ⁷	693.08	7 ⁷	872.80	7 ⁷	992.38
5.	Loans converted into equity	-	-	-	-	1	20.11
6.	Loans written off	-	-	-	-	-	-
7.	Interest/Penal interest written off	-	-	-	-	-	-
8.	Total Waiver (6+7)	-	-	-	-	-	-
9.	Guarantees issued	2	326.48	2	252.53	2	108.11
10.	Guarantee Commitment	2	224.70	2	132.36	1	22.98

4.1.11 The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past five years are given in the graph below:

(Amount: Rupees in crore)



The budgetary outgo towards Equity, Loans and Grants/Subsidies increased from Rs 235.07 crore (2003-04) to Rs 992.38 crore (2008-09).

⁷ These are the actual number of companies/ corporations which have received budgetary support in the form of equity, loans, grants and subsidy from the State Government during the year.

4.1.12 Chhattisgarh State Electricity Board was provided with guarantees by the State Government for which guarantee fee at the rate of 0.50 *per cent* was charged. The guarantees outstanding decreased from Rs 429.30 crore in 2003-04 to Rs 22.98 crore in 2008-09. None of the PSU has paid any guarantee fee/commission to the State Government during 2008-09.

Reconciliation with Finance Accounts

4.1.13 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2009 is stated below.

(Amount: Rupees in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	49.64	62.95	13.31
Loans	210.90	763.74	552.84
Guarantees	- ⁸	22.98	- ⁸

4.1.14 Audit observed that the differences occurred in respect of three PSUs. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

4.1.15 The financial results of PSUs, financial position and working results of working Statutory corporations are detailed in **Appendix-4.1.2, 4.1.5, 4.1.6** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSUs turnover and State GDP for the period 2003-04 to 2008-09.

(Amount : Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Turnover ⁹	31.95	354.88	3,015.23	3,709.55	4,493.73	4,773.05
State GDP ¹⁰	38,610.00	45,999.00	51,921.00	57,782.00	67,455.00	80,698.41
Percentage of Turnover to State GDP	0.08	0.77	5.81	6.42	6.66	5.91

There is steady increase in aggregate turnover of State PSUs primarily due to increase in business activities in power sector which is in line with the steady growth of State GDP.

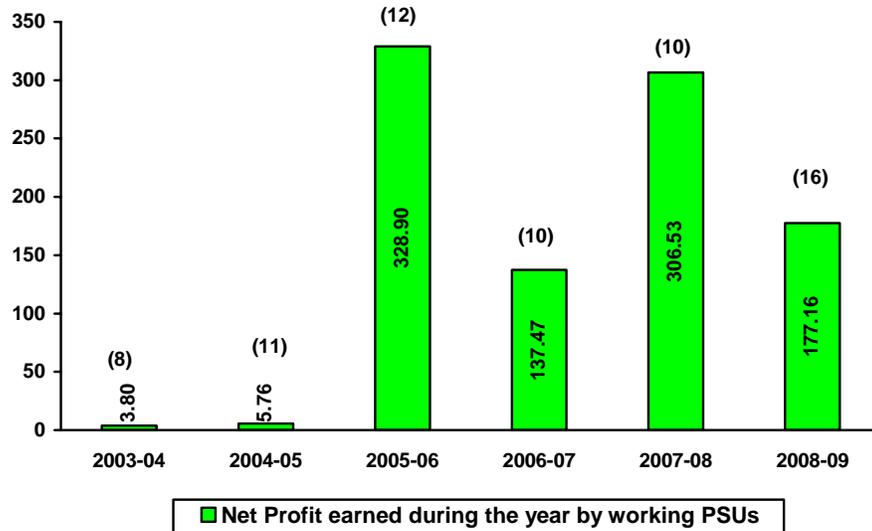
4.1.16 Profit earned and losses incurred by State working PSUs during 2003-04 to 2008-09 are given below in a bar chart.

⁸ Finance Accounts do not have company/corporation-wise details for guarantees outstanding.

⁹ Turnover as per the latest finalised accounts as of 30 September 2009.

¹⁰ The State GDP in respect of 2007-08 and 2008-09 are Advanced estimates.

(Amount: Rupees in crore)



(Figures in brackets show the number of working PSUs in respective years)

During the year 2008-09, out of 16 working PSUs, six PSUs earned profit of Rs 184.36 crore and three PSUs incurred loss of Rs 7.20 crore. Six working PSUs prepared their accounts on a 'no profit no loss' basis as no commercial activity was started by these companies. One company namely Chhattisgarh *Rajya Beej Evam Krishi Vikas Nigam Limited* has not prepared even first annual account since its inception in October 2004. The major contributors to profit were Chhattisgarh State Electricity Board (Rs 136.94 crore), Chhattisgarh State Civil Supplies Corporation Limited (Rs 29.46 crore), Chhattisgarh *Rajya Van Vikas Nigam Limited* (Rs 11.72 crore) and Chhattisgarh State Warehousing Corporation (Rs 5.60 crore). The losses were incurred by Chhattisgarh State Industrial Development Corporation Limited (Rs 6.11 crore), Chhattisgarh Mineral Development Corporation Limited (Rs 0.81 crore) and Chhattisgarh Infrastructure Development Corporation Limited (Rs 0.28 crore).

4.1.17 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of Rs 284.59 crore and infructuous investments of Rs 0.14 crore which were controllable with better management. Year wise details from Audit Reports are stated below:

(Amount : Rupees in crore)

Particulars	2006-07	2007-08	2008-09	Total
Net Profit (+)/ loss (-) of working PSUs	137.47	306.53	177.16	621.16
Controllable losses as per CAG's Audit Report	57.49	216.82	10.28	284.59
Infructuous expenditure	-	-	0.14	0.14

4.1.18 The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, the profits can be enhanced substantially. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

4.1.19 Some other key parameters pertaining to State PSUs are given below:

(Amount : Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Return on Capital Employed (Per cent)	7.49	5.03	20.56	14.35	22.76	14.38
Debt	1,058.28	1,021.81	958.71	2,277.16	3,108.27	2,861.68
Turnover ¹¹	31.95 ¹²	354.88	3,015.24	3,709.55	4,493.73	4,773.05
Debt/ Turnover Ratio	33.12:1	2.88:1	0.32:1	0.61:1	0.69:1	0.60:1
Interest Payments	-	11.94	119.09	193.93	216.20	180.99
Accumulated Profits (losses)	4.48	10.77	319.28	451.76	728.52	836.89

4.1.20 The Debt turnover Ratio decreased from 2.88:1 (2004-05) to 0.60:1 (2008-09). Accumulated profit-Debt ratio increased from 0.42 per cent (2003-04) to 29.24 per cent (2008-09). It shows that the performance of State PSUs is good enough to absorb the debt burden.

4.1.21 The State Government had not formulated any dividend policy for payment of minimum return on the paid-up share capital contributed by the State Government. As per their latest finalised accounts, six PSUs earned an aggregate profit of Rs 184.36 crore of which only one PSU declared a dividend of Rs 0.12 crore as per the provisions of the relevant Act.

Performance of major PSUs

4.1.22 The investment in working PSUs and their turnover together aggregated to Rs 7,736.10 crore during 2008-09. Out of 16 working PSUs, the following two PSUs accounted for individual investment *plus* turnover of more than five per cent of aggregate investment *plus* turnover. These two PSUs together accounted for 94.67 per cent of aggregate investment *plus* turnover.

(Amount : Rupees in crore)

PSU Name	Investment	Turnover	Total (2) + (3)	Percentage to Aggregate Investment plus Turnover
(1)	(2)	(3)	(4)	(5)
1.Chhattisgarh State Civil Supplies Corporation Limited	351.62	1,579.92	1,931.54	24.97
2.Chhattisgarh State Electricity Board	2,511.13	2,881.13	5,392.26	69.70
Total	2,862.75	4,461.05	7,323.80	94.67

Some of the major audit findings of past five years for above PSUs are stated in the succeeding paragraphs.

Chhattisgarh State Electricity Board

4.1.23 The profit has decreased from Rs 351.27 crore in 2002-03 to Rs 136.94 crore in 2004-05. The turnover has risen from Rs 2,041.03 crore in 2002-03 to Rs 2,881.13 crore in 2004-05. The return on capital employed has,

¹¹ Turnover of working PSUs as per the latest finalised accounts as of 30 September except for 2008-09 for which turnover is as per latest finalised account as on 11 September 2009.

¹² The turnover for 2003-04 does not include turnover of Chhattisgarh State Electricity Board as it had not finalised its account since bifurcation upto 30 September 2004.

however, declined from 29.87 *per cent* to 11.62 *per cent* during the period. The accounts of the Board were in arrears since 2005-06 as of September 2009.

4.1.24 Deficiencies in implementation

- There was delay in construction of 108 sub stations of 33/11 KV capacity as the work was undertaken on semi turnkey basis. Moreover, there was a delay in processing tender for construction of another 76 stations. The delay resulted in extra commitment of Rs 53.42 crore to the Board. (Para No. 6.2.19 of Audit Report 2006-07).
- The Board had not taken timely action to file the cases against the defaulting consumers for recovery of arrears which rendered the claims of Rs 1.78 crore time barred. (Para No. 6.2.3 of Audit Report 2004-05).

4.1.25 Deficiencies in planning

- The Board incurred additional financial commitment of Rs 57.77 lakh on construction of staff quarters due to improper assessment of requirement followed by delay in finalisation of orders. (Para No. 6.3.2 of Audit Report 2006-07).

4.1.26 Deficiencies in Financial management

- The Board kept huge surplus fund in term deposits with Banks on which the Board earned maximum interest at the rate of 8.34 *per cent*. On the contrary, the Board paid higher rate of interest on the borrowed fund which resulted in avoidable interest payment of Rs 2.23 crore. (Para No. 6.2.10 of Audit Report 2006-07).

Chhattisgarh State Civil Supplies Corporation Limited

4.1.27 The loss of Rs 40.29 crore during 2003-04 turned into profit of Rs 29.46 crore during 2005-06. The turnover has risen from Rs 1,148.16 crore in 2003-04 to Rs 1,579.92 crore in 2005-06. The accounts of the Company were in arrears since 2006-07 as of September 2009.

4.1.28 Deficiencies in implementation

- The revised sale price of sugar was not implemented by the corporation in Chhattisgarh State till 31 December 2002 resulting in loss of Rs 57.52 lakh. (Para No. 6.2.4 of Audit Report 2003-04).

4.1.29 Deficiencies in planning

- The corporation procured levy sugar in excess which resulted in locking up of funds and consequent loss of interest and avoidable storage charges of Rs 64.29 lakh. (Para No. 6.2.3 of Audit Report 2003-04).

Conclusion

4.1.30 The above details indicate that there is scope for improvement in their overall performance. They need to imbibe greater degree of professionalism to ensure delivery of their products and services efficiently and profitably. The State Government should introduce a performance based system of accountability for PSUs.

Arrears in finalisation of accounts

4.1.31 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2009.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Number of Working PSUs	11	12	10	10	16
2.	Number of accounts finalised during the year	3	5	5	10	9
3.	Number of accounts in arrears	19	26	31	31	35
4.	Average arrears per PSU (3/1)	1.73	2.17	3.10	3.10	2.18
5.	Number of Working PSUs with arrears in accounts	8	12	10	10	13
6.	Extent of arrears	1 to 4 years	1 to 4 years	1 to 5 years	1 to 5 years	1 to 5 years

4.1.32 From the above table it would be seen that the companies have not been finalising even one account in a year. Thus there was increase in arrears of accounts. Concrete steps to clear the accounts need to be taken. The main reason as stated by the companies for delay in finalisation of accounts was the books of accounts not closed/reconciled. It was observed that many organisations were formed after bifurcating from the erstwhile organisations in Madhya Pradesh and importance for timely preparation and finalisation of annual accounts was not given by the management.

4.1.33 The State Government had invested Rs 2,777.43 crore (Equity: Rs 1.50 crore, loans: Rs 22.95 crore, grants: Rs 489.09 crore and others (subsidy): Rs 2,263.89 crore) in 7 PSUs during the years for which accounts have not been finalised as detailed in *Appendix-4.1.4*. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

4.1.34 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed this year by the Audit, of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also taken up (December 2008) with the Principal Secretary/Secretary to expedite the backlog of arrears in accounts in a time bound manner and also discussed in a meeting with Principal Secretary on 6 July 2009.

4.1.35 In view of above state of arrears, it is recommended that:

- The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies which would be monitored by the cell.
- The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.

Accounts Comments and Internal Audit

4.1.36 Five working companies forwarded their audited (five) accounts to Accountant General during the year 2008-09. All the accounts of five companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts can be improved. The details of aggregate money value of comments of statutory auditors and CAG are given below:

(Amount: Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Increase in profit	1	5.13	1	6.45	2	0.98
2.	Decrease in profit	1	0.04	-	-	3	1.04
3.	Increase in loss	-	-	1	0.92	-	-
4.	Decrease in loss	-	-	-	-	-	-
5.	Non-disclosure of material facts	1	0.20	1	7.57		
Total			5.37		14.94		2.02

Number of accounts on which comments were made increased from three (2006-07) to five (2008-09). However, money value of the comments decreased from Rs 5.37 crore (2006-07) to Rs 2.02 crore (2008-09).

4.1.37 During the year, the statutory auditors had given qualified certificates for four accounts. The compliance of companies with the Accounting Standards (AS) was satisfactory as there was only one instance of non-compliance with AS-15 during the year.

4.1.38 Some of the important comments in respect of accounts of companies are stated below:

Chhattisgarh State Industrial Development Corporation Limited (2003-04)

- The liability of Rs 15.98 lakh shown towards interest on bonds (Rs 10.37 lakh payable to LIC of India and Rs 5.61 lakh to SBI) should have been written off through proper procedure as there was no demand from LIC and SBI.
- The interest does not include Rs 93.40 lakh towards interest accrued but not due on SLR Bonds and other borrowings. This resulted in understatement of Loss for the year and Current Liabilities to that extent.

Chhattisgarh State Beverages Corporation Limited (2006-07)

- The purchases were overstated by Rs 15.26 lakh as the material received in previous year were recorded in current year, thereby understating profit of the Current year.
- No provision of gratuity was made by the corporation in the financial statements of the year as per Accounting Standards (AS)-15, resulting in not compliance with the AS-15.

Chhattisgarh Rajya Van Vikas Nigam Limited (2006-07)

- The company has paid only Rs 26.66 lakh against a claim of Rs 8.70 crore from LIC towards the Group Gratuity Policy liability upto 2006-07 and of Rs 1.14 crore towards the annual premium of group gratuity for the year 2007-08. The company has neither provided for the balance amount in its accounts nor disclosed the same as “claims not acknowledged as debts” in the notes forming part of the accounts.

4.1.39 Similarly, two working statutory corporations forwarded their four accounts to Accountant General during the year 2008-09. Of these four accounts, accounts of Chhattisgarh State Electricity Board (statutory corporation) pertained to sole audit by CAG which was completed. Of the remaining three accounts of Chhattisgarh State Warehousing Corporation, all the accounts were selected for supplementary audit. The details of aggregate money value of comments of statutory auditors and CAG are given below:

(Amount: Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	-	-	1	1.74	3	3.71

4.1.40 During the year, out of four accounts, three accounts received qualified certificates.

4.1.41 Some of the important comments in respect of accounts of Statutory corporations are stated below:

Chhattisgarh State Warehousing Corporation (2004-05)

- The corporation has not made provision for leave encashment on the basis of actuarial valuation as prescribed in the AS-15.

Chhattisgarh State Warehousing Corporation (2006-07)

- The corporation has not paid, provided by/ recovered service tax on handling and transportation (H&T) services rendered to Food Corporation of India. The quantum of unpaid service tax for financial year 2005-06 and 2006-07 was Rs 99.35 lakh and interest liability up to 31 March 2007 was Rs 11.43 lakh.

Recoveries at the instance of audit

4.1.42 During the course of audit in 2008-09, recoveries of Rs 1.08 crore were pointed out to the Management of various PSUs, of which, recoveries of

Rs 0.23 crore were admitted by PSUs. An amount of Rs 0.02 crore was recovered during the year 2008-09.

Status of placement of Separate Audit Reports

4.1.43 The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations, in the State Legislature.

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Chhattisgarh State Electricity Board	-	2001-02	8.12.2006	-
		-	2002-03	25.4.2008	-
		-	2003-04	1.4.2009	-
2.	Chhattisgarh State Warehousing Corporation	2003-04	2004-05	29.6.2009	-

The Board stated that Electricity Act, 2003 does not contain any provision for placing the SAR of the erstwhile Board in the Legislature. Non-placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The Government should ensure prompt placement of SARs in the Legislature.

Disinvestment, Privatisation and Restructuring of PSUs

4.1.44 The process of unbundling of Chhattisgarh State Electricity Board was completed as per the Electricity Act, 2003. The Board was unbundled on 30 December 2008 into five companies (CSPDCL, CSPHCL, CSPGCL, CSPTCL, CSPTCL) with effect from 1 January 2009. Allocation of assets and liabilities is under process.

Reforms in Power Sector

4.1.45 The State has formed Chhattisgarh State Electricity Regulatory Commission (Commission) in October 2001 under Section 17 of the erstwhile Electricity Regulatory Commission Act, 1998 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences. During 2008-09, Commission issued 29 orders (None on annual revenue requirements and 29 on others).

4.1.46 Memorandum of Understanding (MoU) was signed in May 2000 between the Union Ministry of Power and the State Government (MP) as a joint commitment for implementation of reforms programme in power sector with identified milestones. However, no MoU was signed between the Union Ministry of Power and State of Chhattisgarh after formation of Chhattisgarh State in November 2000 bifurcating erstwhile Madhya Pradesh under Madhya Pradesh reorganisation Act. Hence the implementation of reforms programme and achievement of identified milestones could not be assessed.

Discussion of Audit Reports by COPU

4.1.47 The status as on 30 September 2009 of reviews and paragraphs that appeared in Audit Reports (Commercial) and discussed by the Committee on Public Undertakings (COPU) is as under:

Period of Audit Report	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	Reviews	Paragraphs	Reviews	Paragraphs
2001-02	-	2	-	1
2002-03	-	7	-	2
2003-04	-	8	-	8
2004-05	-	3	-	3
2005-06	1	5	-	1
2006-07	1	5	-	-
2007-08	1	5	-	-
Total	3	35	-	15

4.1.48 The matter relating to clearance of backlog of reviews/ paragraphs was taken up with the Secretary, Chhattisgarh Vidhan Sabha in March 2009 and discussed with Chairman, COPU in July 2009.

4.2 Performance review relating to Government Company

Chhattisgarh Rajya Van Vikas Nigam Limited

4.2.1 Introduction

The Chhattisgarh *Rajya Van Vikas Nigam Limited* (Company) was incorporated (May 2001) as a fully owned Government Company with paid up capital of Rs 6.54 crore¹ on bifurcation from Madhya Pradesh *Rajya Van Vikas Nigam Limited*. The main objectives of the Company are to accelerate and increase forestry production by developing land, raising plantations, felling of trees, marketing of forest products and to promote the participation of companies and firms in the development of forest based industries.

The main activities of the company are acquisition of forest land; establishment of nurseries; raising of plantation and exploitation; protection and scientific management of forest areas transferred to it; intensive plantation of teak and bamboo for improving the quality and productivity of the forests; rehabilitation of mined areas by intensive plantation of miscellaneous species and grasses and marketing of forest produce obtained from forestry operation.

Management of the company is vested in a Board of Directors (BOD) consisting of 11 Directors including a Managing Director who is the Chief Executive. He is assisted by one Executive Director in the corporate office, two Regional General Managers in two² regional offices and seven Divisional Managers. The company has six³ project divisions and an Industrial Plantation Division (IPD) at Korba, which undertakes plantation work of other organisations against advance deposited.

4.2.2 Scope of Audit

The present review conducted during April-June 2009 covers the overall performance of the company during 2004-09. Four⁴ out of seven divisions, both the regional offices and the corporate office were selected for audit scrutiny, on the basis of volume of plantation and exploitation activities carried out. Out of 22,023 ha plantation done by the company during the period of review the selected divisions covered 9,917 ha (45.03 *per cent*). Similarly out of 1.33 lakh cubic metre (CMT) timber exploited by the company during the period of review, the selected divisions contributed 0.46 lakh CMT (34.59 *per cent*).

4.2.3 Audit objectives

The performance review was conducted to assess whether:

¹ Chhattisgarh Government Rs 5.62 crore and Central Government Rs 0.92 crore

² Raipur and Bilaspur.

³ Barnawapara (Raipur), Panabaras (Rajnandgaon), Antagarh (Bhanupratappur), Kawardha (Kawardha), Kota (Bilaspur) and Sarguja (Ambikapur).

⁴ Project division at Barnawapara, Panabaras, Sarguja and Industrial Plantation Division at Korba.

- the land was selected as per prescribed procedure and optimally utilised for plantation;
- the activity of raising plantations of fast growing, higher economic value and diversified use was planned properly;
- funds were available for plantation activities and utilised judiciously;
- all the plantation activities *i.e.* raising of root-shoots in nursery, plantation, thinning and felling operations are carried out as prescribed in the working plan; and
- the internal control mechanism was adequate.

4.2.4 Audit criteria

The audit criteria were derived from the:

- Memorandum and Articles of Association of the company;
- National/State Forest Policy, National Working Plan Code, decisions/directions/guidelines of the BOD and the State Government;
- Forest (Conservation) Act, 1980, Forest (Conservation) Rules, 1981 and Forest (Conservation) Amendment Act, 1988; and
- Targets/provisions made in working /annual plan of operations;

4.2.5 Audit Methodology

Audit followed the following methodologies:

- analysis of working plans, targets, proposal of land acquisition and survey reports;
- scrutiny of plantation Journal, Nursery Journal and technical guidelines;
- analysis of agenda and minutes of board of Directors;
- analysis of agreement for deposit work and document of sale of forest produces; and
- Interaction/ discussion with the personnel of the company.

4.2.6 Financial position and working results

The financial position and working results of the Company for last four years up to 31 March 2008 are given in *Appendix-4.2.1*. The summary position is stated below:

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07	2007-08
Capital plus Reserves & Surplus	17.44	19.82	28.57	40.37
Liabilities	49.48	51.10	62.47	64.36
Assets	66.92	70.92	91.04	104.73
Income	27.45	24.31	28.67	22.15
Expenditure	16.61	20.13	24.12	8.66
Profit	10.84	4.18	4.55	13.49

The revenue of the company was Rs 102.58 crore during 2004-08 against which it incurred expenditure of Rs 69.52 crore resulting in aggregate net

profit of Rs 33.06 crore. The major revenue was from Nationalised species⁵ (Rs 55.29 crore) and non-nationalised species (Rs 28.03 crore) whereas the major expenditure was on plantation, exploitation, conversion and transportation work (Rs 65.52 crore).

Audit findings

The Audit findings were reported to the Management/Government in August 2009. The Management/Government have furnished their replies (September 2009). The exit conference was held on 7 October 2009 with the Secretary (Forest Department), Government of Chhattisgarh and the Managing Director of the Company. The audit findings are discussed in the succeeding paragraphs.

4.2.7 Acquisition and utilisation of land

Chhattisgarh State has 59.77 lakh hectare (ha) of forest land. The company has total lease holding of 1.98 lakh ha consisting of 1.46 lakh ha that was available as on the date of formation and 0.64 lakh ha acquired during May 2001 to June 2008. It had returned (June 2007) 0.12 lakh ha land to Forest Department. The details regarding acquisition and utilisation of land are given in *Appendix-4.2.2*.

4.2.7.1 Absence of clear policies and procedures for acquisition of land

The company has not signed any Memorandum of Understanding (MoU) with the State Government laying down clear policy and detailed procedure specifying the criteria for selection of land, time frame for transfer of land by the State Government, registration of lease deed, rate of lease rent payable and due date for lease rent payment. The Chhattisgarh State Forest Policy (2001) has not prescribed the percentage of the area of forest land to be transferred to the company.

It was observed that:

- The land so far acquired by the company represents only 3.30 *per cent* of the total forest land of the State.
- The company submitted (2004 and 2006) two proposals for transfer of 17,300 ha land in Kendra Range of Bilaspur District (9,900 ha) and Balod and Dalli Rajhara of Durg District (7,400 ha). However, the proposals were not accepted by the Government on the grounds that the density of trees in some areas was more than the prescribed limit of 40 *per cent*, some areas were included in the Amarkantak Sanctuary and in some areas the work was already being carried out by the Forest Department. Audit noticed that out of 17,300 ha land for which proposals were submitted 16,493 ha land did not fulfill the criteria/grounds mentioned by the Government. However, the remaining 807 ha of land was also not transferred.
- Out of 11,643.35 ha of land transferred to the company in 2003-04 for Kawardha Project, 1,351.56 ha land was returned (August and October 2008) on the request of Forest Department due to administrative

⁵ This includes teak, bija, tinsa and sisem and the rest are non-nationalised species.

reasons. The company had incurred an expenditure of Rs 13.72 lakh towards plantation of teak on the land. The company has not taken up the matter with the Forest Department for recovery of Rs 13.72 lakh. The specific administrative grounds on which the said land was returned were also not on record.

The Management stated that the land was returned to Forest Department for better protection of forest area. However, the expenditure of Rs 13.72 lakh is yet to be recovered.

It is evident from the above that there was no clear framework/norms for the land transfers. Management stated (June 2009) that the proposals for transfer of land are decided by the State Government on certain criteria like degraded forest (less than 0.5 density), proximity to existing divisions, suitability for plantation activities etc. However, such criteria were not documented in any policy/agreement. Consequently the process of land acquisition was not governed by an agreed framework and the transactions were getting finalised based on subjective decisions taken in each individual case.

Government replied (September 2009) that pursuant to the observation of audit, the company has submitted a request for framing clear guidelines and procedures for transfer of forest land, which would be issued by the Government in near future.

4.2.7.2 Utilisation of land

Out of 1.98 lakh ha of the forest land available with the company as of June 2008, 1.49 lakh ha was due for treatment/utilisation as per working plan up to June 2008. The actual utilisation was 1.23 lakh ha (2007-08) giving a shortfall of 0.26 lakh ha (17.73 per cent). Out of 0.26 lakh ha land pending for treatment, 0.05 lakh ha land in respect of Sarguja and Kawardha divisions was available for treatment since September 2003 and the remaining 0.21 lakh since the inception of the company.

**Low
utilisation of
land to the
extent of
67.35 per
cent**

The Government transferred 20,191.44 ha land to Sarguja project division on its formation (12 September 2003). The working plan (2004-05 to 2013-14) provided that the division should have utilised/treated an area of 6849.02 ha up to 2007-08 whereas it had utilised/treated 2235.97 ha (32.65 per cent). Audit observed that the company has not formed Joint Forest Management Committees (JFM) involving local people in any of its divisions as envisaged in the State Forest Policy 2001.

The Government replied (September 2009) that the low utilisation was due to non-cooperation and agitation of the local people and agreed that they need to be involved in the working of company through JFM and a proposal for introduction of JFM in forest areas under *Nigam*, by involving people and sharing of profit, is under active consideration of the State Government.

It is evident from above that there was ample scope to streamline the operations and also involve the locals through JFM.

4.2.8 Planning

4.2.8.1 Delay in preparation and submission of working plan

As per Forest (Conservation) Act, 1980, Forest (Conservation) Rules, 1981 and Forest (Conservation) Amendment Act, 1988, prior approval of Government of India is mandatory for all proposals involving clearing/working in forest areas including reforestation, for which working plan/managerial plans are to be submitted to Government of India, Ministry of Environment and Forests for permission to carry out the regeneration, plantation, demarcation and fire protection works.

Audit scrutiny revealed that the working plan for the years 2008-09 to 2018-19 was not prepared (June 2009) in Panabaras Project division. The Government replied (September 2009) that delay in the preparation of the plan was because of severe naxalite activities in the project division area. In future steps will be taken to prepare the Working Plan in time. The reply is not convincing as the land utilization in Panabaras division was 97 per cent which indicated that it should have been possible to prepare plans.

4.2.8.2 Man power management

The company, at the time of formation (May 2001), had 705 sanctioned posts which were subsequently revised (September 2008) to 723. The actual working strength of company as on 31 March 2009 was 605.

Audit scrutiny revealed the following deficiencies in man power management:

- Though the company, as a whole, was suffering from a shortage of staff, as on 31 March 2009 some divisions/offices were having excess staff in six out of 30 cadres, while some other divisions/offices were facing shortages in the same cadres as detailed below:

Sl. No.	Name of office	Deputy Manager	Assistant Manager (Accounts)	Project Range Officer	Accountant	Driver	Messenger
		E(+)/S(-)	E(+)/S(-)	E(+)/S(-)	E(+)/S(-)	E(+)/S(-)	E(+)/S(-)
1.	Head office	-2	1	0	0	-2	0
2.	Regional office Raipur	1	0	-1	1	-1	0
3.	Regional office Bilaspur	0	0	-1	0	0	0
4.	Barnawapara	0	-1	-3	0	2	2
5.	Panabaras	-1	0	-4	0	1	3
6.	Kota	-1	0	-2	-2	2	-2
7.	Antagarh	0	0	-4	1	0	0
8.	Kawardha	-1	0	0	0	-1	-1
9.	Sarguja	0	-1	1	-2	0	-1
10.	Industrial Plantation Division, Korba	-1	0	2	-1	-1	-1

Audit observed that one Deputy Manager was working in Regional office at Raipur without sanction. In Sarguja division one post of Assistant Manager Accounts (AM) was vacant since January 2008 whereas in HO one post of AM was in excess since January 2008. Similarly in IPD Korba five Project Range Officers (PRO) were working against the sanctioned strength of three whereas in Antagarh and Panabaras four PRO posts each were vacant, in Barnawapara, three PRO posts were vacant and in Kota two PRO posts were vacant. The excess staff should have been deployed in deficit divisions.

- Large number of employees *i.e.* 230 out of 605 employees (38 per cent) belong to the age group of 55 years and above of which 185 are having the experience in the field of plantation etc. and will be retiring in the next five years. Retirement of most of the experienced staff may have an impact on working of the company as successful plantation requires practical field experience.

Management stated (October 2009) that a new Service Manual is being prepared which will have provisions for all administrative and technical matters. It was further stated that any anomalies in posting will be removed during the transfer season and timely action will be taken to fill up the vacant posts through recruitment/promotion/deputation.

4.2.9 Financial management

4.2.9.1 Sources and utilisation of funds

The activities of the company are managed from its own revenues which are generated primarily from sale of forest produce. It had profits during the period of audit and did not borrow any funds. The sources and utilisation of funds for the four years ending 31 March 2008 are given below:

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07	2007-08
Sources				
Income from Timber, logs poles plants etc.	25.53	19.84	23.03	16.32
Other income				
Agency commission	0.38	0.32	0.58	0.20
Interest	1.13	3.83	4.56	5.32
Others income	0.42	0.32	0.50	0.31
Increase/decrease in stock	5.18	1.86	(-) 4.97	1.63
Total	32.64	26.17	23.70	23.78
Utilisation				
Exploitation, conversion, and transportation etc.	20.95	21.25	18.08	8.93
Employees remuneration	0.59	0.51	0.87	1.00
Others	0.26	0.23	0.20	0.36
Total	21.80	21.99	19.15	10.29
Profit	10.84	4.18	4.55	13.49

The expenditure on plantation, maintenance and nursery (Regeneration expenditure) incurred during 2004-05 –Rs 7.98 crore, 2005-06 –Rs 1.46 crore,

Parking of funds to the extent of Rs 65.21 crore in banks instead of utilising in plantation activities

2006-07 –Rs 1.98 crore and 2007-08 –Rs 9.86 crore had been capitalised as per the accounting policy of the company. The total expenditure on plantation, maintenance, nursery, exploitation, conversion and transportation had substantially reduced from Rs 28.93 crore in 2004-05 to Rs 18.79 crore in 2007-08 whereas the income from interest on term deposits and savings accounts increased from Rs 1.13 crore in 2004-05 to Rs 5.32 crore in 2007-08. The term deposits held in bank as on 31 March 2008 were Rs 65.21 crore. It was also noticed that the reduction of income during the year 2007-08 was mainly on account of non-exploitation due to naxal activities in Antagarh division and due to fixation of low target of exploitation in Kota division, where substantial exploitation had been done in the previous year.

Since the main objective of company was raising and upkeep of plantations, the reduction of expenditure on plantation, maintenance etc. indicated lower level of activity which was not in consonance with the objectives. Moreover, the retention of large amounts in term deposits fetching interest at 9 to 10 *per cent per annum* instead of utilising the same in plantation activities where the average rate of return (excluding interest income) was 15.85 *per cent*⁶ was not financially prudent.

Government replied (September 2009) that the company has always strived to achieve the plantation targets and the same is subject to constraints like naxal problems and no plantation activity had been curtailed on the grounds of non-availability of funds.

4.2.9.2 Lack of budgetary control

The company prepares annual budget detailing therein sales and head wise expenditure in respect of operational, trading and other activities considering the estimates prepared by the divisions based on working plan/ annual plan and physical and financial targets.

Audit scrutiny revealed that:

- The budget is being revised every year based on actual performance from April to December and expected performance from January to March. However, the actual income and expenditure is not being assessed by the company and therefore not being compared against the budget. There was large variation between budgeted surplus and actual profit as depicted below:

(Rupees in crore)

Year	Income			Expenditure			Surplus		
	Budget	Actual	Excess/shortfall	Budget	Actual	Excess/shortfall	Budget	Actual	Excess/shortfall
2004-05	47.68	32.64	(-) 15.04	30.25	21.80	(-) 8.45	17.43	10.84	(-) 6.59
2005-06	46.80	26.17	(-) 20.63	46.20	21.99	(-) 24.21	0.60	4.18	(+) 3.58
2006-07	65.03	23.70	(-) 41.33	48.02	19.15	(-) 28.87	17.01	4.55	(+) 12.46
2007-08	40.38	23.78	(-) 16.60	38.48	10.29	(-) 28.19	1.90	13.49	(+) 11.59

⁶ Source: Appendix-6.2 of Audit Report (Civil & Commercial) for the year 2007-08 of Government of Chhattisgarh.

Huge variation between budgeted surplus and actual surplus.

On being pointed out, the Government replied (September 2009) that the budgetary estimates prepared and submitted to the Board of the Directors of the *Nigam* have been indicated that the 'Surplus' worked out in the estimates is subject to the Surplus of revenue over expenditure of Crop-I (referred to as lease rent) payable to the Forest Department of the State Government. Thus, the company should prepare budget in such a way that it can be compared with the actuals and used for preparation of subsequent budgets on realistic basis.

- It was also observed that there was delay ranging from 42 to 83 days in conveying the approved annual budget to divisions. The Government replied (September 2009) that the targets for forestry operations are reviewed at various levels from time to time and are revised as per the conditions in the forests and the same are executed as per the approved job rates only and hence any delay in communication of budgets to the divisions does not hamper the progress of works of the divisions. Such delays tend to dilute budgetary discipline and control and should be avoided.

4.2.9.3 Delay in remittance of dues to Forest Department

As per existing arrangement, the company remits the sale proceeds of Crop- I⁷ after adjusting expenses to the Forest Department. It was observed that there was no agreed time schedule for remittance of these dues and company remitted Rs 10 crore in March 2009 against the dues of Rs 19.50 crore for the year 2006-07 although funds were available.

On being pointed out by audit, the Management has remitted (August and September 2009) the dues to Forest Department amounting to Rs 9.50 crore pertaining to the year 2006-07. There is a need to establish a system for expeditious remittance of dues to the Government.

4.2.10 Plantation activities

The company undertakes the plantation of teak, bamboo and miscellaneous species. It also undertakes *Jetropha* plantation on behalf of State Government under National Rural Employment Guarantee Scheme (NREGS). Teak/bamboo plantation is done using root-shoots/ rhizomes which are grown in the nurseries maintained by each division. Root-shoots are categorised as standard, medium and under size. Standard size is used for plantation as well as replacement of dead root-shoots planted in previous year, medium size are retained in bed till next year for growth up to standard size and under size are destroyed or sold.

4.2.10.1 Performance of Nurseries

During 2004-08 the company has been operating seven nurseries wherein the company had produced 5.99 crore root-shoots using 0.95 lakh beds (excluding Manendragarh division). The average production was 631 root-shoots per bed. On the basis of targets fixed for plantation of teak each year, Company decides the quantity of root-shoots to be prepared in the nurseries of each division. Root-shoots are prepared out of teak plants germinated from seeds. For raising plants of good quality, seeds are purchased from *Van Suraksha* Samiti as well

⁷ Standing natural forest which belongs to the Forest Department of State Government

as from the open market and, after treatment, the seeds are sown for germination in April/May each year in beds of 10 x 1 meter size. Plants grow in these beds by June/July of the next year. The selected divisions of the company had four nurseries which had produced 3.42 crore root-shoots against the target of 4.49 crore root-shoots during the period from 2004-05 to 2008-09.

Audit scrutiny of performance of nurseries under various divisions of the company revealed the following deficiencies.

Less production of standard root- shoots

Short
production
of
standard
size root-
shoots
compared
to the
norm

As per the norms fixed by the company a minimum of 700 standard size root-shoots were to be produced from each bed. It was observed that during 2004-08 the actual average production of standard size root-shoots was 381 per bed. The resultant shortfall in production was 2.93 crore root-shoots (details in ***Appendix-4.2.3***). Analysis of the low production in Sarguja Project division revealed that as per soil test reports, enrichment was essential but the nursery went ahead with production of root-shoots without enrichment of soil in 2007 and 2008. This resulted in less production of 31.80 lakh standard size root-shoots during the period.

The Management stated (October 2009) that revised guidelines would be issued regarding production of root-shoots in the nursery.

Non-accounting of root-shoots

Inter
division
transfer of
root-shoots
were not
reconciled

In the divisions where the required number of standard sized root-shoots are not available due to shortfall in production, they are transferred from other divisions having surplus. The company does not have any system of accounting and reconciling the inter divisional transfers. According to the information furnished to audit, during the period 2004-08, four divisions⁸ had transferred 47.74 lakh root-shoots to other divisions. However, only two divisions⁹ had indicated the receipt of 15.62 lakh root-shoots. There was an unreconciled difference of 32.12 lakh root-shoots which would have to be reconciled with the records of all divisions. Since a substantial portion of root-shoots are being transferred and keeping in view the large difference, it is essential to establish a system of proper accounting and reconciliation of inter divisional transfers.

On being pointed out by Audit, the company has prescribed a new format for accounting and reconciliation of root-shoots. It also did the reconciliation of production and disposal of root-shoots by various project divisions for the period 2004 to 2008.

Use of medium and undersized root-shoots

The Company's Technical Guidelines (2001) prescribe that only standard size root-shoots should be used for plantation. Audit scrutiny revealed that Sarguja division had utilised 5.58 lakh medium and undersize root-shoots during 2006-08 and the Barnawapara division had utilised 1.17 lakh and 1.37 lakh medium size root-shoots for plantation in the year 2004-05 and 2007-08

⁸ Barnawapara , Kota, Antagarh and Panabaras
⁹ Sarguja and Panabaras

respectively in contravention of the norms of the company. It was also observed that the casualty rate was 34 *per cent* in Sarguja and 27 *per cent* in Barnawapara division in the year 2005-06 as against the prescribed norms of 20 *per cent*. The use of medium and under sized root-shoots may have contributed to the high casualty.

The Management stated (October 2009) that revised guidelines regarding use of root-shoots in the plantation would be issued separately. It was also stated that the Sarguja Project Division has utilized undersized root-shoots for raising pre-sprout plants in poly-bags for casualty replacement in 2008, which is not direct plantation and is not prohibited. However, the details of utilisation of under size root-shoots for pre-sprout plants in poly-bags were not on record.

4.2.10.2 Performance of plantations

Inadequate re-plantation in the areas of failed bamboo and teak plantations

Replantation was not carried out in 41.94 per cent of failed areas

Out of 13,429 ha of available bamboo plantations in three¹⁰ divisions, 10,710 ha (79.75 *per cent*) had been classified as unsuccessful by the respective division and out of 8,238 ha of available teak plantations in Kota division, 2,646 ha (32.12 *per cent*) had been classified as unsuccessful as the existing forest cover had fallen below 40 *per cent*. It was observed that against the available failed area of 13,356 ha, teak replantation was done in 7,755 ha (58.06 *per cent*) at a cost of Rs 6.38 crore. Therefore, replantation was not carried out in as much as 41.94 *per cent* of the failed plantation areas. The reason for not carrying out the plantation in the remaining failed plantation areas was not on record. Since the company had surplus funds and the expenditure on plantations and other operational activities had shown a steep decrease (para 4.2.9.1), it was evident that there was ample scope to increase the operations.

The Government replied (September 2009) that the plantation targets depend only on availability of suitable area as per working plan prescriptions. The reply indicted that there was a need to review and include the areas of failed plantations in the working plans, so that the surplus funds with the company could be utilised for plantations.

4.2.10.3 Jetropha plantation

Jetropha has emerged as a major biofuel because of its high oil content. Looking at future trends towards increased use of biofuels instead of hydrocarbons, Chhattisgarh State had planned to go in for mass scale Jetropha plantations on barren/open common lands. The plantations are being done under the National Rural Employment Guarantee Scheme (NREGS). The company is one of the implementing agencies for doing Jetropha plantation and receives funds from Chhattisgarh Biofuel Development Authority, Chhattisgarh Government (CBDA) and Zilla Panchayats (NREGS funds). The CBDA, the Nodal Agency for implementation of Jetropha project, had fixed a target of five crore plantations for the company during 2005-07 against which the achievement was 4.55 crore plants.

¹⁰ Baranawapara , Panabaras and Kota.

The shortcomings relating to Jetropha plantations are discussed in succeeding paragraphs:

Inordinate delay in preferring claim

The CBDA had fixed a target of three crore Jetropha plantation for the year 2007-08. The company had prepared 2.94 crore seedlings of Jetropha plants and utilised 2.80 crore seedlings and remaining 14 lakh were kept in stock. CBDA had asked (November and December 2007) the company to submit proposal for maintenance expenditure on unutilised seedlings. The company submitted the proposal for Rs 15.46 lakh in May 2008 and the same was rejected by CBDA due to delay. This resulted in non-recovery of Rs 15.46 lakh.

The Government replied (September 2009) that as the expenditure on maintenance of the unutilised seedlings was done from the allotments received for preparation and plantation of these plants under various schemes, there is no question of recovery from CBDA. The reply is not convincing as the very fact that the company had submitted a proposal showed that it had expected to recover the amount from CBDA.

Execution of work without approval

The Chief Executive Officer (CEO) of Sarguja Zilla Panchayat (ZP), Ambikapur enhanced (June 2007) the Jetropha plantation target of Sarguja Project division for the year 2007-08 and instructed it to submit a proposal for administrative approval of the enhanced portion. Accordingly, the division submitted (5 July 2007) a proposal for Rs 23.38 lakh and carried additional above work amounting to Rs 19.25 lakh in September 2007. The ZP has neither given the sanction nor made the payment (June 2009).

The Government replied (September 2009) that the plantation has been carried out from the funds received under NREGS for other Jatropa plantations. However, the case is required to be pursued with the ZP to get the administrative approval and reimbursement.

4.2.10.4 Deposit work

IPD, Korba undertakes plantation activities of other organisations such as South Eastern Coalfields Limited (SECL), NTPC Limited, Chhattisgarh State Electricity Board (CSEB), Bhilai Steel Plant (BSP) etc. as deposit work. It does not carry out its own plantations and deploys all its staff for executing deposit works. The Division collects supervision charges in addition to the actual expenditure incurred on plantations. Out of total deposits works of Rs 29.06 crore undertaken by the company during the period of review IPD, Korba contributed Rs 21.96 crore (75.57 per cent). Audit scrutiny revealed the following shortcomings in its operation.

Excessive casualty of plants

During the period from 2003 to 2006 the IPD, Korba had taken up plantation activities at Hirri mines of Bhilai Steel Plant (BSP) at a cost of Rs 65.66 lakh. Audit scrutiny revealed the survival of plants ranged between zero and 60 per cent as against the agreed survival rate of 80 per cent. As a result, BSP withheld an amount of Rs 25.73 lakh towards excess casualty.

The Government replied (September 2009) that action is being initiated against officers responsible. It was also stated that the expenditure on plantation is less than the receipt and the company has not incurred any expenditure from its funds. However, the company would have received additional payment of Rs 25.73 lakh if the survival had been over 80 *per cent*.

Pending payments for plantation works

It was ascertained that against the aggregate expenditure of Rs 7.31 crore on plantation work carried out during 2004 to 2007, the company had received an amount of Rs 6.33 crore leaving unpaid balance of Rs 98.15 lakh. While the division furnished a statement of such pending payments, the related files and records were not furnished. Consequently, audit could not examine whether the division had a suitable control mechanism to monitor the payments. It was observed that the Board of Directors had decided (September 2001) to levy interest at 18 *per cent* per annum for delays in receiving funds and incorporate a suitable clause in subsequent agreements. However, the requisite clause has not been included.

Had such a clause been incorporated, as directed by the Board of Directors, the pending payment of Rs 98.15 lakh would have earned an interest of Rs 24.09 lakh as on 31 March 2009.

On being pointed out by audit, unpaid amount of Rs 72.34 lakh was recovered. However, the fact remains that the company has not incorporated suitable clause in agreements to levy interest @ 18 *per cent* per annum for delays in receiving funds.

Uneconomic operation

A review of the income and expenditure revealed that the IPD is running at a loss since 2004. During the period from 2004-05 to 2007-08, as against the expenditure of Rs 3.07 crore on salary and establishment, the income from supervision charges was Rs 2.43 crore resulting in loss of Rs 64 lakh. Since, the execution of plantation works on behalf of other organisations is not one of the main objectives of the company and is generating persistent losses, the company is required to examine the alternatives to make the division economically viable or explore the possibilities of discontinuing deposit works.

The Government replied (September 2009) that the company would examine alternatives to make the Industrial Plantation Division economically viable.

4.2.11 Exploitation

Exploitation denotes thinning and felling of teak and bamboo. Teak plantations are maintained every year up to three years, cleaning is done in the fifth year and thinning¹¹ is done in the 11, 21, 31, 41 and 45 and final harvesting (felling) in 60th year. In an area of one ha of land, 2,500 teak plants are planted. In the thinning process a fixed number of trees per ha are retained and the balance removed. The removal of trees ensures proper growth and development of retained trees till next thinning. In case of bamboo, felling is

¹¹ *Thinning involves cutting branches and trees to reduce the number of stems/plants per unit area, to ensure improved growth, better hygiene and higher production.*

done in the 8th year and every 4th year thereafter up to the 40th year. The thinned/felled trees are graded as logs, poles and stacks and sold by auction. The total exploitation of teak done by the company was 1.33 lakh CMT of timber against the target of 1.18 lakh CMT.

Postponement of thinning

Revenue foregone due to unsuitability of plantations for thinning Rs 1.50 crore

In Barnawapara division, thinning of 11th year and 21st year was to be carried out in 7,968 ha teak plantation but this was not done in 1,598 ha (20.06 per cent). This resulted in foregoing of revenue to the extent of Rs 1.50¹² crore (net of expenditure) as projected in the working plan and the area was transferred to plantation improvement circle for plantation.

The Government replied (September 2009) that in some plantations where growth of trees is less than the expected growth as per the yield tables, thinnings are not required. Of the 13 plantation journals for the compartments where thinning was not done, only four were furnished in incomplete form for scrutiny. Therefore, the reasons for cancelling the thinning could not be examined in totality by audit.

Non-insurance of stock at depot on yearly basis

The company followed the practice of taking insurance cover on forest produce, against fire, during January to July each year when there was risk of fire. However, after the naxalities had burnt (October 2005) fuel stacks valuing Rs 12.75 lakh kept in a depot of Panabaras division, the company decided to take insurance cover for all naxal affected areas for the whole year. It was observed that the period of cover of insurance had been extended in respect of the depots of the two¹³ naxal affected divisions. However, the insurance coverage had gaps of one to eight months and was not continuous. This was required to be streamlined to ensure continuous cover as envisaged by the company. The Government replied (September 2009) that at present continuous insurance cover for all depots and coupes of naxal affected divisions is being ensured.

4.2.12 Achievement of objectives

Targets and achievements

The company prepares the Annual Plans in compliance with the approved working plans of divisions and works are taken up for execution after approval of the same by Ministry of Environment and Forest (MOEF). The targets and achievements of activities proposed in the Annual Plans for 2004-08 are summarised below and detailed in **Appendix-4.2.4**.

¹² 11 Year thinning: Poles (1250 ha X 500 pole per ha X Rs 12 per pole) Rs 75 lakh + Fuel stock (1250 ha X 2 Fuel stock X Rs 270 per fuel stock) Rs 6.75 lakh = Rs 81.75 lakh and 21 year thinning: Logs (347.50 ha X 0.1 cum per ha X Rs 5300 per cum) Rs 1.84 lakh + poles (347.50 ha X 600 pole per ha X Rs 31 per pole) Rs 64.64 lakh + Fuel Stock (347.50 ha X 2 fuel stock per ha X Rs 270 per fuel stock) Rs 1.88 lakh = Rs 68.36 lakh. Therefore, total = Rs 81.75 lakh + Rs 68.36 lakh (1.50 crore).

¹³ Antagarh and Panabaras

Sl. No.	Work	Target	Achievement	Shortfall in per cent
1.	Plantation Improvement Working circle (ha)	17686	7185	59
2.	Plantation Management Working circle (ha)	43022	30773	28
3.	Improvement Working circle (ha)	45366	19489	57
4.	Boundary pillars (Nos)	16479	8821	46
5.	Demarcation line (Km)	5123	2992	42
6.	Fire protection work (ha)	509497	538814	0

The main activities in the Plantation Improvement Circle (PIC) and Plantation Management Circle (PMC) are cleaning, thinning in growth areas, re-plantation in failure areas and plantation in suitable areas. It was observed that the average shortfall in PIC and PMC was 59 per cent and 28 per cent respectively during this period and ranged between 100 per cent and 13 per cent in different years. Inadequate replantations in the area of failed bamboo and teak plantations and the postponement of thinning discussed in paras 4.2.10.2 and 4.2.11 of this report contributed to these shortfalls.

In the improvement working circle, untreated land is treated to make it suitable for plantation. It was observed that in this circle, the average shortfall was 57 per cent and ranged between 74 per cent and 32 per cent. The shortfall in targets implied that plantation and land development was not being done at the level provided in the Annual Plans. This implied that the main objectives of raising and developing land were not being achieved to the extent envisaged in the Annual Plans.

The targets were mostly achieved in fire protection work. In respect of boundary pillars and demarcation works average shortfall during 2004-08 was 46 and 42 per cent respectively. The short fall was high in the years 2006-07 and 2007-08 due to naxal activities.

It was observed that the area to be planted was decided in periodical review meetings and targets for each division for plantation were fixed. The basis for fixing these targets was not available in the records produced to audit. Since the company had significant cash surplus, it should review norms/basis to ascertain whether there is scope to use the surplus to increase the plantation.

The Government replied (September 2009) that non-achievement of targets of treatment of forest area is primarily because of naxal activities in Panabaras and Antagarh project divisions and non-cooperation of local people in some areas.

However, as pointed out earlier, there were instances of shortfall in utilisation of land in the Kota and Kawardha divisions also which were not affected by naxal activities and the JFM involving local people, as envisaged in the State Forest Policy 2001, had also not been formed.

Development of forest based industries

The main objective of the company, inter-alia, include 'to promote and participate in companies, firms, establishments, concerns or undertaking for the purpose of development of forest based industries'. Audit scrutiny revealed that the company has not yet taken any initiatives towards setting up of forest based industries as envisaged in the Memorandum of Association of the company.

The Government replied (September 2009) that necessary action would be initiated in future.

4.2.13 Internal Control

Internal Control System is an essential part of the management activity and helps the management to achieve its objectives. The following deficiencies were noticed in the internal control of the company:

Non-reconciliation of fixed assets and inventory

- The reconciliation of balances of inventory in the form of logs, poles and stacks lying, pending sales, at depot/coupe with the figures in the accounts was not done. On being pointed out by Audit, the company has done the reconciliation of inventory of all divisions except Panabaras division.
- The reconciliation of fixed assets as per Physical Verification Report with book records was not done. On being pointed by the Audit the company has done the requisite reconciliation.

Conclusion

A performance audit of the company showed that it has been a successful commercial entity which has made profits during the period of four years upto 2007-08 covered by audit. However, the following areas of concern were identified:

- there was no agreed and documented framework for transfer of land from the State Government.
- there were some shortcomings in the production, accounting and use of root-shoots of teak plants.
- the Industrial Plantation Division, Korba was doing the exclusive work of undertaking plantation on behalf of other organisations but running at a loss for four years.
- the company had surplus funds which remained in term deposits while the targets of operational activities were not achieved and the activities of the company were affected to a significant extent by naxal activities in two divisions.

Recommendations

It is recommended that the company may:

- develop an agreed framework with the State Government for transfer of land;
- streamline the production, accounting and use of root-shoots;
- examine the financial viability of the Industrial Plantation Division, Korba; and
- examine the scope of application of the surplus funds to step-up the operational activities by acquiring more forest land.

4.3 Transaction audit observations

CHHATTISGARH STATE ELECTRICITY BOARD

4.3.1 Extra Expenditure

Chhattisgarh State Electricity Board incurred extra expenditure of Rs 24.42 lakh due to not placing the extension order as per provisions of the tenders

Chhattisgarh State Electricity Board (Board) invited (January 2006) tenders for purchase of Hi-Chrome Grinding Media Balls for Coal Mills of power plants in Korba Thermal Power Station (KTPS). In response, four firms submitted their offers and in view of the large quantity, the Board placed orders (April 2006) with the L1 and L2 firms for supply of 195 MT and 127 MT in the ratio of 60:40 respectively at L1 rate of Rs 42,099.69 per MT.

Clause 16 of the terms and conditions of the tender provided that the Board could place an extension order for any additional quantity within six months from the date of order. An indent for 492 MT of the same material was received on 7 July 2006 from KTPS. The Board invited (August 2006) fresh tender, opened Part I & II of the tender on 28 September 2006 and Part III (price bid) on 26 November 2006 and placed orders (December 2006) for 492 MT at a higher rate of Rs 47,062.38 per MT, on the same two firms as they were again L1 and L2. Audit observed that on receiving the requisition in July 2006, the Board could have placed extension orders for any additional quantity at the same terms and conditions of the original order up to October 2006. However, it did not utilise the extension order provisions and thus incurred extra expenditure of Rs 24.42 lakh.

The Chief Engineer stated (November 2007) that the prevailing policy of the Board was to avoid extension orders except for urgent requirements. Since the requirement conveyed in July 2006 pertained to the year 2006-07, fresh tenders were called. It was further stated that the responsibility of purchase of annual requirement on extension order would be explored in future.

The reply indicated that instead of availing the valid provision of extension order, the management acted mechanically, resulting in avoidable extra expenditure. The Company may thus lay down clear cut policy for extension of purchase order.

The matter was reported to the Government (May 2009). Their reply had not been received (August 2009).

4.3.2 Purchase without tendering

Chhattisgarh State Electricity Board purchased economiser elements worth Rs 1.53 crore without tendering

Chhattisgarh State Electricity Board (Board) placed an order (March 2005) on a supplier for supply of 126 Economiser Elements /Coils (elements) for ABL

boilers of Hasdeo Thermal Power Station (HTPS) at cost of Rs 1.71 crore. The terms of the supply order provided for placing of extension order for six months from the date of letter of indent i.e. upto September 2005.

During audit scrutiny, it was observed that requisition was again received (November 2005) from HTPS for procurement of additional 114 elements. CSEB did not invite tenders for procurement and after four months, obtained confirmation (March 2006) from the same supplier that additional requirement would be supplied on the same terms and conditions of the original order. Meanwhile the Member (Generation) instructed (22 March 2006) on the extension order proposal, to first utilise the 126 elements ordered earlier and to repair the elements taken out in the previous overhauling. The extension order proposal was resubmitted (September 2006) stating that it was not feasible to utilise the elements taken out and that the previously supplied elements had been utilised. The proposal was approved in December 2006 and extension order was placed in the same month on the supplier for supply of 114 elements at a cost of Rs 1.53 crore and they were supplied during July-September 2007.

Since the requisition was received after the expiry of the contracted period of extension, the procurement should have been done through tendering. The procurement through extension order was irregular and the Board was deprived of competitive rates in the purchase of Rs 1.53 crore.

The Management stated (November 2007) that in response to the instructions of Member (Generation), it was confirmed in September, 2006 that the old elements had been utilised and the repaired ones could not be used. If the tenders had been invited at that stage, there was a risk that the elements would not be received by the scheduled annual overhaul (AOH) in July-September 2007.

The reply did not indicate why the Board did not start the tendering process on receipt of requisition in November 2005 when there was enough time for tendering and instead preferred to approach the supplier, after four months, for purchase through extension order. This was also at variance with the stand taken by the Management in another purchase of Grinding Media Balls for power plants in Korba where it was intimated that the prevailing policy of the Board was to avoid extension orders except in cases of urgent requirement. In that purchase, the Management resorted to tendering while it could have placed an extension order whereas in this case, it did not do tendering and went for extension order although the period for extension had expired. This showed lack of uniformity of approach in purchase procedures.

The Board needs to follow the correct practice consistently. It should resort to extension order within the validity period and after taking into account market rates at the time of extension. Whenever the validity has expired, it should go in for fresh tendering.

The matter was reported to the Government (May 2009). Their reply had not been received (August 2009).

Chhattisgarh State Industrial Development Corporation Limited

4.3.3 Non-realisation of loan

The company issued misleading instructions to MPSIDC which led to non-securitisation of loan documents from a private firm resulting in non-realisation of Rs 30.08 crore

Chhattisgarh State Industrial Development Corporation Limited (company) had an Inter-Corporate Deposit (ICD) with Madhya Pradesh State Industrial Development Corporation Limited (MPSIDC) at 13 *per cent* interest per annum. As part of the bifurcation of assets and liabilities consequent to separation of state, MPSIDC proposed (July 2001) that the company could set off the above ICD, which was accumulating to Rs 7.76 crore as on 31 July 2001, by taking over a loan given (March 2001) by them to Radius Water Limited (RWL) at 17 *per cent* interest per annum which had accumulated to Rs 7.76 crore as on 31 July 2001. The company agreed to this proposal and a tripartite agreement was drafted involving the company, MPSIDC and RWL. As per the draft agreement, RWL signed and furnished (March 2002) a set of financing documents to the company relating to the loan provided by MPSIDC. The company got the documents scrutinised by a chartered accountant who stated (April 2002) that a complete appraisal, as for a new loan, was necessary. Consequently, the company did not sign the draft tripartite agreement and there was a series of correspondence with RWL and MPSIDC. The matter was resolved in a meeting held on 9 November 2002 where all parties were present. It was decided that the loan would be securitised by way of fresh documents and some amendments in the terms and conditions were agreed to. Consequently, the financing documents provided earlier by RWL were returned to them by the company (December 2002). The General Manager (Accounts and Finance), CSIDC, while forwarding the signed tripartite agreement to MPSIDC on 14 January 2003, stated in the forwarding letter that “Necessary action and accounting entries pursuant to its clauses A.2 and C.1 may be now carried at your end”. It was observed that clauses A.2 and C.1 prescribed the accounting adjustments to be carried out by the company and MPSIDC after the financing documents are executed with RWL.

Subsequently, the manner of the securitisation/ re-payment of the loan could not be agreed to despite protracted correspondence and RWL did not furnish a fresh set of financing documents. The company asked MPSIDC (April 2008) to repay the original ICD as RWL had not executed financing documents. MPSIDC informed that based on the letter of CSIDC of January 2003, it had carried out necessary action for adjustment of accounting entries, issued (January 2003) no dues certificate to RWL and returned the original security documents and no amount was payable to the company.

Since the clauses of the tripartite agreement provided for all accounting adjustments AFTER executing the financing documents, the instruction to carry out accounting entries in the letter of January 2003 was misleading and unnecessary as the financial documents had not been executed. Due to this instruction, the MPSIDC released the original documents to RWL. Thereafter,

the company has failed to execute the financing documents with RWL for more than seven years and the un-realised amount of the loan has become Rs 30.08 crore¹ upto March 2009.

Management stated (September 2009) that they have constantly corresponded with RWL for executing financing documents and have also sought legal advice on the issue in March 2009 and there is another dispute with RWL regarding viability which is under arbitration. It was also stated that it was incorrect on the part of MPSIDC to release the original documents to RWL. The reply does not explain why the company had issued the misleading instruction regarding accounting adjustments in January 2003 which led to the release of original security documents. It also does not explain why it sought legal advice on this matter as late as 2009 although it had failed to recover the amount for over seven years. In view of the on going disputes with RWL, it should have initiated legal action much earlier. The company should investigate and fix responsibility for issue of misleading instructions to MPSIDC and take all measures to speed up the legal action which has been initiated very late.

The matter was reported to the Government (July 2009). Reply had not been received (August 2009).

General

4.3.4 Opportunity to recover money ignored

Four PSUs did not either seize the opportunity to recover their money or pursue the matters to their logical end. As a result, recovery of money amounting to Rs 508.93 crore remains doubtful

A review of unsettled paras from Inspection Reports (IRs) pertaining to periods upto 2003-04 showed that there were 68 paras in respect of four PSUs involving a recovery of Rs 508.93 crore. As per Para 197 of Chapter 14 of Regulations on Audit and Accounts, 2007, the PSUs are required to take remedial action on IRs and intimate the same to audit within four weeks of receipt of IRs. However, no effective action has been taken to take the matters to their logical end, i.e. to recover money from the concerned parties. As a result, these PSUs have failed to utilise the opportunity to recover their money which could have augmented their finances.

¹ Including interest of Rs 22.32 crore.

PSU wise details of paras and recovery amount are given below. The list of individual paras is given in **Appendix-4.3.1**.

Sl. No.	PSU name	No. of paras	Amount for Recovery (Rupees in crore)
1.	Chhattisgarh State Electricity Board	56	479.23
2.	Chhattisgarh State Civil Supplies Corporation Ltd.	10	27.52
3.	Chhattisgarh State Industrial Development Corporation	1	2.13
4.	Chhattisgarh Mineral Development Corporation	1	0.05
	Total	68	508.93

The paras mainly pertains to non-recovery on account of energy theft detected by Vigilance, short collection of additional security deposit, surcharges and short recovery of warehousing charges from customers.

Above cases point out the failure of respective PSU authorities to safeguard their financial interests. Audit observations and their repeated follow up, including bringing the pendency to the notice of the Administrative/Finance Department and PSU Management periodically, have not yielded the desired results in these cases.

The PSUs should initiate immediate steps to recover the money and complete the exercise in a time bound manner.

4.3.5 Lack of remedial action on audit observations

Five PSUs did not either take remedial action or pursue the matters to their logical end in respect of 136 IR paras, thereby foregoing the opportunity to improve their functioning

A review of unsettled paras from Inspection Reports (IRs) pertaining to periods upto 2003-04 showed that there were 136 paras in respect of five PSUs, which pointed out deficiencies in the functioning of these PSUs. As per Para 197 of Chapter 14 of Regulations on Audit and Accounts, 2007, the PSUs are required to take remedial action on IRs and intimate the same to audit within four weeks of receipt of IRs. However, no effective action has been taken to take the matters to their logical end, i.e., to take remedial action to address these deficiencies. As a result, these PSUs have lost the opportunity to improve their functioning in this regard.

PSU wise details of paras are given below. The list of individual paras is given in **Appendix-4.3.2**.

Sl.No.	PSU name	No. of paras
1.	Chhattisgarh State Electricity Board	110
2.	Chhattisgarh State Civil Supplies Corporation Limited	23
3.	Chhattisgarh State Industrial Development Corporation	1
4.	Chhattisgarh Mineral Development Corporation	1
5.	Chhattisgarh State Beverage Corporation Limited	1
	Total	136

The paras mainly pertain to extra expenditure incurred/ loss due to non-observance of contractual provisions, time over run and other irregularities.

Above cases point out the failure of respective PSU authorities to address the specific deficiencies and ensure accountability of their staff. Audit observations and their repeated follow up, including bringing the pendency to the notice of the Administrative/Finance Department and PSU management periodically, have not yielded the desired results in these cases.

The PSUs should initiate immediate steps to take remedial action on these paras and complete the exercise in a time bound manner.

Raipur

(PRAVEEN KUMAR SINGH)

The

Accountant General (Audit), Chhattisgarh

Countersigned

New Delhi

(VINOD RAI)

The

Comptroller and Auditor General of India

Appendix-1.1
(Referred to in paragraph 1.1.5; page 3)
Units selected for test check

District	CHC/Block	PHC	SHC
Bastar	Bakawand	Jaibel	Chindgaon
		Malgaon	Garenga
			Napawand
		Lohandiguda	Maulibhata
	Tahakapal		Burungpal
		Tokapal	Alnar
	Potanar		
	Belar		Karanji
			Irikpal
	Kanker	Amoda	Basanvahi
Badanji			
Sarwandi			Dudhava
			Shamtara
Bhanupratappur		Hatkarra	Choria
		Korar	Musurputta
			Barvi
Charama		Halba	Bheja
			Bhainsakanhar
		Kottara	Selegaon
	Jepra		
Raigarh	Chaple(Kharsia)	Binjkot	Kotela
			Gurda
		Jobi	Gorpar
			Khadgaon
	Pussore	Bade Bhandar	Nandeli
			Supa
		Kodatarai	Chhatamuda
			Khokhra
	Tamnar	Saraipali	Jebri
			Samaruma
Urba		Jharidih	
		Khamhoriya	
Raipur	Abhanpur	Champaran	Nawagaon
			Paragaon
		Uparwara	Kendri
			Nimora
	Arang	Mandir Hasod	Palod
			Rakhi
		Rewa	Lakholi
			Parsada
	Dharsiwa	Labhandi	Kachna
			Mowa
Mandhar		Girod	
		Barbanda	
Total Districts: 04	Total CHCs: 12	Total PHCs: 24	Total SHCs: 48

Appendix-1.2

(Referred to in paragraph 1.1.6; page 4)

Details of grant received and expenditure incurred on implementation of NRHM

(Rupees in crore)

Year	Receipt of State Health Society					Grant received by State Government from GOI	Total fund available	Expenditure incurred during the year		Total expenditure	Closing balance			Percentage of balance to total amount available
	Grant received from GOI	State Share	Other receipts ¹	Refund from districts	Total receipt			By State Health Society	By State Government		With State Health Society	With State Government	Total	
1	2	3	4	5	(2+3+4+5)=6	7	(6+7)=8	9	10	(9+10)=11	(6-9)=12	(7-10)=13	(12+13)=14	15
2005-06	88.91	--	1.46	2.30	114.38²	51.20	165.58	70.36	41.83	112.19	44.02	9.37	53.39	32.24
2006-07	125.41	--	1.97	2.02	129.40	72.76	202.16	124.22	71.12	195.34	5.18	1.64	6.82	3.37
2007-08	113.34	12.00	8.59	50.19	184.12	76.76	260.88	100.00	77.52	177.52	84.12	-0.76	83.36	31.96
2008-09	138.88	35.00	3.41	0.57	177.86	79.03	256.89	83.91	65.59	149.50	93.95	13.44	107.39	41.80
Total	466.54	47.00	15.43	55.08	605.76	279.75	885.51	378.49	256.06	634.55	227.27	23.69	250.96	28.34

(Source: Information provided by State Health Society)

¹ Other receipts include interest received on fund

² Opening Balance of societies Rs 21.71 crore (RCH - 18.81, LEP - 0.99, TB - 0.87, IDSP - 0, and BLIND - 1.04.) is included in the total receipt of 2005-06.

Appendix-1.3*(Referred to in paragraph 1.1.6.2(iii); page 5)***Details of unutilised funds under NRHM in test-checked districts***(Rupees in lakh)*

Name of district	Component name	Year of receipt	Amount received	Amount not used for more than one year
Bastar	Urban Health Programme	2007-08	10.00	10.00
	VHSC	2007-08	156.30	103.70
	Blood storage facility	2007-09	22.50	20.74
	Total – A		188.80	134.44
Kanker	IUCD Training	2007-08	1.04	1.04
	Training of paramedical on SBA	2007-08	10.36	5.04
	Blood storage facility	2007-09	22.50	20.74
	Total – B		33.90	26.82
Raigarh	District Action Plan	2007-08	10.00	10.00
	Nursing Training centre	2007-08	15.00	15.00
	FRU Up gradation	2007-08	10.00	10.00
	ANM kit A & B	2007-08	47.99	47.99
	Strengthening Routing S.S.	2007-08	24.60	7.64
	Untied Fund for District Hospital	2007-08	40.00	40.00
	Urban Health Programme	2007-08	15.00	15.00
	TOTAL – C		162.59	145.63
Raipur	Urban RCH	2006-07	25.00	23.64
	Institutional Strengthening	2006-07	43.17	41.18
	GNT Training	2006-07	15.00	15.00
	Procurement	2007-08	116.99	116.99
	Strengthening Mitamin programme	2007-08	65.90	47.91
	Blood storage	2007-08	10.00	10.00
	TOTAL-D		276.06	254.72
Total (A+B+C+D)			661.35	561.61

*(Source : Information provided by District Health Societies)***Appendix-1.4***(Referred to in paragraph 1.1.6.5(i); page 7)***Details of excess expenditure on purchase of blood lancets at higher rate***(In Rupees)*

Sl. No	Supply Order No./ Date	Invoice No. and date	Quantity	Purchase Rate	Available lowest rate	Difference rate	Excess expenditure
1	188/ 29.09.05	6529/ 31.03.06	396000	1.45	0.26	1.19	471240
2	188/ 29.09.09	6530/ 21.03.06	393800	1.45	0.26	1.19	468622
3	188/ 29.09.05	6531/ 21.03.06	10200	1.45	0.26	1.19	12138
4	219/ 03.10.05	6532/ 21.03.06	396000	1.45	0.26	1.19	471240
5	238/ 04.10.05	6535/ 21.03.06	386191	1.45	0.26	1.19	459567
6	238/ 04.10.05	6537/ 21.03.06	396000	1.45	0.26	1.19	471240
7	238/ 04.10.05	6538/ 21.03.06	167801	1.45	0.26	1.19	199683
TOTAL:			2145992				2553730

(Source: Invoices provided by State Malaria Control Society)

Appendix-1.5
(Referred to in paragraph 1.1.6.5(i); page 7)
Details of excess payment of commercial tax

(In Rupees)

Supply order no. date	Invoice no. and date	Item	Quantity	Rate	Admissible Amount inclusive of all taxes	Amount of tax paid extra	Actual Payment made
307/08.10.05	6542/21.03.06 6543/21.03.06	Slide box	29000	51.50	1493500	68701	1562201
238/04.10.05	6538/21.03.06 6535/21.03.06 6537/21.03.06	Lancet	950000	1.45	1377500	63365	1440865
188/29.09.05	6529/21.03.06 6530/21.03.06 6531/21.03.06	Lancet	800000	1.45	1160000	53359	1213359
188/29.09.05	6532/21.03.06	Lancet	396000	1.45	574200	26413	600613
280/07.10.05	6497/15.03.06 6498/15.03.06	JSB Stain Conical flask (F)	4000 5000	250.0 43.00	1000000 215000	55890	1270890
143/26.09.05	6491/15.01.06 6492/15.01.06	JSB Stain	4000	250.00	1000000	46000	1046000
240/04.10.05	6494/15.01.06	JSB Stain	2000	250.00	500000	23000	523000
307/08.10.05	6323/14.02.06 6324/14.02.06	Slide box	29000	51.50	1493500	68701	1562201
172/28.09.05	6321/14.02.06	Slide box	14500	51.50	746750	34351	781101
TOTAL					9560450	439780	10000230

(Source: Invoices provided by State Malaria Control Society)

Appendix-1.6
(Referred to in paragraph 1.1.8.1(i); page 9)
Facilities at test-checked CHCs

Sl. No	Description of facilities required at each CHC as per IPHS norms	No. of CHCs test - checked	Facility available		Facility not available	
			No. of CHCs	Per cent	No. of CHCs	Per cent
1	Accommodation facilities for attendants of admitted patients	12	00	00	12	100
2	Blood storage facility	12	00	00	12	100
3	Inpatient services with 30 beds	12	04	33	8	67
4	Accommodation for ANM	12	06	50	06	50
5	Separate ward for male and female	12	07	58	05	42
6	Accommodation for General Surgeon	12	07	58	05	42
7	Working facility of standby power supply/generator	12	08	67	04	33
8	Accommodation for General duty Medical Officer	12	09	75	03	25
9	Accommodation for Staff Nurse	12	09	75	03	25
10	Separate utilities for men and women	12	10	83	02	17
11	Waiting rooms for patients not in good condition	12	10	83	02	17
12	Telephone connection	12	10	83	02	17
13	Computer	12	10	83	02	17
14	OPD rooms/ cubicles	12	11	92	01	08
15	Diagnostic Services for routine urine, stool and blood tests, RTI/STI, sputum testing.	12	11	92	01	08
16	Operation theatre/ minor operation theatre	12	12	100	00	00
17	Labour room	12	12	100	00	00
18	Ambulance service	12	12	100	00	00
19	Provision for water supply	12	12	100	00	00

(Source: Information provided by test-checked CHCs)

Appendix-1.7

(Referred to in paragraph 1.1.8.1(i); page 9)

Shortfall/ Non-availability of Operation Theatre equipment

Sl. No.	Equipment required at each CHC as per IPHS norms	Total CHCs	No of CHCs where equipment	
			Available	Not available
1	Boyales apparatus	12	2	10 ³
2	EMO machine	12	1	11 ⁴
3	Cardiac Monitor for OT	12	2	10 ⁵
4	Defribillator for OT	12	0	12 ⁶
5	Ventilator for OT	12	3	09 ⁷
6	Horizontal High pressure sterilizer	12	4	08 ⁸
7	Vertical High Pressure Sterilizer 2/3 drum capacity	12	6	06 ⁹
8	Shadowless lamp ceiling trak mounted	12	3	09 ¹⁰
9	Shadowless lamp pedestal for minor OT	12	9	03 ¹¹
10	OT care/fumigation apparatus	12	6	06 ¹²
11	Gloves and dusting machines	12	8	04 ¹³
12	Oxygen cylinder 660 ltrs for Boyales apparatus	12	7	05 ¹⁴
13	Nitrous oxide cylinder 1780 liters for one Boyales apparatus	12	1	11 ¹⁵
14	Hydraulic operation table	12	11	01 ¹⁶

(Source: Information provided by test-checked CHCs)

- ³ Abhanpur, Amoda, Arang, Bakawand, Bhanupratappur, Chaple, Charama, Dharsiva, Lohandiguda and Tamnar
- ⁴ Abhanpur, Amoda, Arang, Bakawand, Bhanupratappur, Chaple, Charama, Dharsiva, Lohandiguda, Tamnar and Tokapal
- ⁵ Abhanpur, Amoda, Bakawand, Bhanupratappur, Chaple, Charama, Lohandiguda, Pussore, Tamnar and Tokapal
- ⁶ Abhanpur, Amoda, Arang, Bakawand, Bhanupratappur, Chaple, Charama, Lohandiguda, Pussore, Tamnar and Tokapal
- ⁷ Abhanpur, Amoda, Arang, Bhanupratappur, Chaple, Dharsiva, Lohandiguda, Tamnar and Tokapal
- ⁸ Arang, Bhanupratappur, Chaple, Charama, Dharsiva, Pussore, Tamnar and Tokapal
- ⁹ Arang, Bhanupratappur, Chaple, Dharsiva, Lohandiguda and Tamnar
- ¹⁰ Abhanpur, Amoda, Chaple, Charama, Dharsiva, Lohandiguda, Pussore, Tamnar and Tokapal
- ¹¹ Arang, Charama and Dharsiva,
- ¹² Abhanpur, Arang, Chaple, Charama, Dharsiva, Pussore and Tamnar
- ¹³ Arang, Bhanupratappur and Dharsiva
- ¹⁴ Arang, Bhanupratappur, Dharsiva, Lohandiguda and Pussore
- ¹⁵ Abhanpur, Amoda, Arang, Bakawand, Bhanupratappur, Chaple, Dharsiva, Lohandiguda, Pussore, Tamnar and Tokapal
- ¹⁶ Amoda

Appendix-1.8
(Referred to in paragraph 1.1.8.1.(ii); page 9)
Facilities at test-checked PHCs

Sl. No.	Description of facilities required at each PHC	No. of PHCs test - checked	Facility available		Facility not available	
			No. of PHCs	Per cent	No. of PHCs	Per cent
1	Standby power supply/generator	24	00	00	24	100
2	Minor operation theatre	24	02	08	22	92
3	Accommodation for staff nurse	24	02	08	22	92
4	Accommodation for other staff	24	04	17	20	83
5	Separate utilities for men and women	24	05	21	19	79
6	Separate ward for male and female	24	05	21	19	79
7	Telephone connection	24	07	29	17	71
8	Inpatient services with 6 beds	24	07	29	17	71
9	Accommodation for Medical officers	24	08	33	16	67
10	Diagnostic services for routine urine, stool and blood stests, RTI/STI, sputum testing etc.	24	11	46	13	54
11	Provision of water supply	24	13	54	11	46
12	Facility of sewerage	24	14	58	10	42
13	Facility of medical waste disposal	24	14	58	10	42
14	Labour room	24	17	71	07	29
15	Government building	24	18	75	06	25
16	Electricity connection/power supply	24	21	88	03	12
17	OPD rooms/cubicles	24	21	88	03	12
18	24x7 Emergency services	24	21	88	03	12

(Source: Information provided by test-checked PHCs)

Appendix-1.9
(Referred to in paragraph 1.1.8.1.(iii); page 10)
Facilities at test-checked SHCs

Sl. No.	Facilities required at each SHC as per IPHS norms	No. of SHCs test -checked	Facility available		Facility not available	
			No of SHCs	Per cent	No of SHCs	Per cent
1	Separate utilities for men and women	48	14	29	34	71
2	Provision of water supply	48	16	33	32	67
3	Facility of medical waste disposal	48	20	42	28	58
4	Citizen's Charter displayed prominently in local language	48	27	56	21	44
5	Labour room	48	28	58	20	42
6	Accommodation facilities for staff was partially present/occupied	48	28	58	20	42
7	Government building	48	30	62	18	38
8	OPD rooms/cubicles	48	37	77	11	23
9	Cleanliness was poor	48	38	79	10	21

(Source: Information provided by test-checked SHCs)

Appendix-1.10
(Referred to in paragraph 1.1.8.2.(i); page 11)
Manpower in test-checked CHCs

Sl. No.	Description of manpower required in each CHC as per IPHS norms	No of test -checked CHCs	No. of CHCs where manpower available	No of CHCs where manpower not available	Shortfall in percentage
1	Anaesthetist	12	00	12	100
2	Nine Staff Nurses (two of them may be ANMs)	12	00	12	100
3	Eye Surgeon	12	00	12	100
4	General Physician	12	01	11	92
5	Five Staff Nurses	12	01	11	92
6	Obstetrician & Gynaecologist	12	02	10	83
7	Pediatrician	12	04	08	67
8	General Surgeon	12	06	06	50
9	General duty Medical officer	12	08	04	33
10	Radiologist	12	07	05	42
11	Pharmacist	12	08	04	33
12	One Staff Nurse	12	10	02	17
13	Lab Technician	12	11	01	08

(Source: Information provided by test-checked CHCs)

Appendix-1.11
(Referred to in paragraph 1.1.8.2.(ii); page 11)
Manpower in test-checked PHCs

Sl. No.	Requirement of manpower in each PHC as per IPHS norms	No. of test -checked PHCs	No of PHCs where manpower available	No of PHCs where manpower not available	Shortfall in percentage
1	Medical Officer (Allopathic)	24	17	07	29
2	AYUSH Medical Officer	24	00	24	100
3	Staff Nurse	24	03	21	88
4	Health Worker Female (ANM)	24	06	18	75
5	Lab Technician	24	08	16	67
6	Pharmacist	24	12	12	50
7	Three Staff Nurses	24	01	23	96
8	One Staff Nurse	24	02	22	92

(Source: Information provided by test-checked PHCs)

Appendix-1.12
(Referred to in paragraph 1.1.8.2(iii); page 11)
Manpower in test-checked SHCs

Sl. No.	Manpower required in each SHC as per IPHS norms	No. of test - checked SHCs	No of SHCs with manpower available	No of SHCs with manpower not available	Shortfall in percentage
1	One MPW	48	20	28	58
2	Any ANM	48	45	3	06
3	One ANM	48	44	04	08
4	Two ANMs	48	01	47	98

(Source: Information provided by test-checked SHCs)

Appendix-1.13
(Referred to in paragraph 1.1.9.1(i); page 13.)

(a) Administration of Iron Folic Acid tablets at State level

Year	Administration of IFA tablets				
	Target in number of women	Achievement	Shortfall	Percentage of achievement	Percentage of shortfall
2005-06	663356	674427	--	--	--
2006-07	670201	444045	226156	66	34
2007-08	670786	557894	112892	83	17
2008-09	708483	551150	157333	78	22
Total	2712826	2227516	496381	82	18

(Source - Information provided by test State Health Society)

(b) Statement showing availability of Iron Folic Acid tablets in test-checked districts

Name of districts	Year 2005-06 to 2008-09				Number of deprived women	Percentage of shortage	Percentage of achievement
	Registered pregnant women	Required IFA tablet @ 100 per person	Available IFA tablet	Shortage of IFA tablets			
1	2	(2x100)=3	4	5	6	7	8
Raipur	392280	39228000	31284760	7943240	79432	23	77
Raigarh	143142	14314200	8130000	6184200	61842	43	57
Kanker	71481	7148100	4001000	3147100	31471	44	56
Bastar	173487	17348700	11298235	6050465	60505	35	65
Total	780390	78039000	54713995	23325005	233250	30	70

(Source: Information provided by test-checked District Health Societies)

Appendix-1.14

(Referred to in paragraph 1.1.9.1 (ii); page 13)

Statement of institutional deliveries at State level

Year	No. of pregnant women registered	No. of institutional deliveries	No. of home deliveries	Total deliveries	Percentage of institutional deliveries
2005-06	672823	102811	465970	568781	18
2006-07	675802	131334	464913	596247	22
2007-08	651226	149025	414599	563624	26
2008-09	658429	179859	387276	567135	32
Total	2658280	563029	1732758	2295787	25

(Source: Information provided by test State Health Society)

Appendix-1.15

(Referred to in paragraph 1.1.10.1; page 15)

Details of areas covered under indoor residual spray in test-checked districts

Name of the district	Year	ABER	API	No. of villages where spray was to be done	Actual spraying done	Percentage of spray	Percentage of shortfall
Bastar	2005-06	25.77	31.13	1520	713	47	53
	2006-07	21.94	28.19	1520	211	14	86
	2007-08	21.04	25.43	1520	555	37	63
	2008-09	19.80	20.72	1520	753	50	50
Kanker	2005-06	43.59	33.87	1032	591	57	43
	2006-07	32.17	23.53	964	154	16	84
	2007-08	32.49	18.88	703	651	93	07
	2008-09	28.38	16.28	848	571	67	33
Raigarh	2005-06	13.11	9.44	412	412	100	0
	2006-07	7.27	5.97	648	642	99	1
	2007-08	11.07	5.83	935	935	100	0
	2008-09	9.87	4.5	598	598	100	0
Raipur	2005-06	10.40	0.69	510	510	100	0
	2006-07	12.77	0.92	486	486	100	0
	2007-08	12.89	0.64	583	583	100	0
	2008-09	11.57	0.45	672	672	100	0
Total	2005-06			3474	2226	64	36
	2006-07			3618	1493	41	59
	2007-08			3741	2724	73	27
	2008-09			3638	2594	71	29

(Source : Information provided by District Health Societies)

Appendix-1.16*(Referred to in paragraph 1.1.10.2; page 16)***(a) Details of sputum examination and detection of new sputum positive cases at State level**

Year	Total OPD	Sputum examination			Detection of new Sputum positives	
		Target (percentage of OPD)	Achievement		Target (in per cent)	Achievement (in per cent)
			Number	Per cent		
2005-06	4135826	2-3	90361	2	70	62
2006-07	4301322	2-3	109289	3	70	55
2007-08	4702938	2-3	110679	2	70	59
2008-09	5173506	2-3	108439	2	70	57

(b) Outcome of treatment under Revised National Tuberculosis Control Programme as on March 2009 at State level

Year ¹⁷	TB patients registered	Total new sputum positive	Treatment completed	Cured	Died ¹⁸	Failures ¹⁹	Defaulters ²⁰	Transferred out	Cure rate
2005-06	23530	8046	161	6678	658	241	1362	81	83
2006-07	28209	9704	243	8072	887	153	1733	66	83
2007-08	27504	10737	322	9019	962	179	1796	283	84
2008-09	27280	10598	424	8775	835	141	2004	63	83

*(Source: Information provided by State TB Society)***Appendix-1.17***(Referred to in paragraph 1.1.10.3; page 16)***Details of prevalence of Leprosy at State level**

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09
1	Population	22580282	22866957	22955117	23336169
2	Cases at the beginning of the year	7994	4515	3322	5465
3	New cases detected	9040	6056	7784	7984
4	Treatment completed/cured	12519	7249	5641	7996
5	Balance of cases at the end of the year	4515	3322	5465	5453
6	Prevalence rate at the end of the year	2.03	1.45	2.38	2.34

*(Source: Information provided by the State Leprosy Society)*¹⁷ The data is maintained from January to December every year.¹⁸ Patients died of TB (positive, negative, extra pulmonary)¹⁹ Patients not successfully treated²⁰ Patients who left the treatment in between

Appendix-1.18

(Referred to in paragraph 1.1.12.2; page 17)

Details of reporting by all the districts for 15 weeks under IDSP during the period January to December 2008

Particulars	Week	Total reporting units	Number of units from which reports received	Number of units from which reports not received
DETAILS OF REPORTING DONE UNDER IDSP-S (Surveillance at SHCs)	31	4741	2083	2658
	32	4741	2237	2504
	33	4741	2083	2658
	34	4741	2456	2285
	35	4741	1972	2769
	36	4741	1796	2945
	37	4741	2023	2718
	38	4741	1993	2748
	39	4741	1995	2746
	40	4741	1677	3064
	46	4741	2340	2401
	47	4741	1755	2986
	48	4741	2080	2661
	49	4741	2556	2185
	50	4741	2290	2451
Total	15 weeks	71115	31336 (44 Per cent)	39779 (56 Per cent)
DETAILS OF REPORTING DONE UNDER IDSP-P (Presumptive)	31	734	255	479
	32	734	243	491
	33	734	213	521
	34	734	251	483
	35	734	235	499
	36	734	200	534
	37	734	221	513
	38	734	226	508
	39	734	222	512
	40	734	196	538
	46	734	238	496
	47	734	233	501
	48	734	240	494
	49	734	258	476
	50	734	230	504
Total	15 weeks	11010	3461 (31 Per cent)	7549 (69 Per cent)

Particulars	Week	Total reporting units	Number of units from which reports received	Number of units from which reporting not received
DETAILS OF REPORTING DONE UNDER IDSP-L1 (Laboratory at CHCs)	31	146	96	50
	32	146	93	53
	33	146	106	40
	34	146	112	34
	35	146	105	41
	36	146	110	36
	37	146	118	28
	38	146	111	35
	39	146	129	17
	40	146	86	60
	46	146	139	07
	47	146	102	44
	48	146	117	29
	49	146	103	43
	50	146	92	54
Total	15 weeks	2190	1619 <i>(74 Per cent)</i>	571 <i>(26 Per cent)</i>
DETAILS OF REPORTING DONE UNDER IDSP-L2 (Laboratory at District Hospital)	31	16	09	07
	32	16	09	07
	33	16	09	07
	34	16	08	08
	35	16	09	07
	36	16	06	10
	37	16	08	08
	38	16	08	08
	39	16	14	02
	40	16	07	09
	46	16	11	05
	47	16	10	06
	48	16	15	01
	49	16	13	03
	50	16	09	07
Total	15 weeks	240	145 <i>(60 Per cent)</i>	95 <i>(40 Per cent)</i>
Average Percentage			52	48

(Source: Information provided by State IDP society)

Appendix-1.19
(Referred to in paragraph 1.2.8.1; page 24)
Statement showing deficiency of mobility in PS

Sl. No.	Police District	Total No. of PSs	No. of personnel in PS	Type of Vehicles				Mobility ¹	Mobility deficiency	Percentage of deficiency	No. of PS with deficiency
				Heavy	Medium	Light	Motor cycles				
1	Kanker	15	462	1	0	9	64	232	230	50	14
2	Rajnandgaon	23	743	0	5	13	78	350	393	53	21
3	Raipur	44	1,044	0	7	33	28	446	598	57	38
4	Sarguja	12	245	0	0	11	48	184	61	25	6
	TOTAL	94	2,494	1	12	66	218	1,212	1,282	51	79

(Source: Data provided by SP Offices and compiled by audit)

¹ Presuming that a Heavy vehicle, Medium vehicle, Light vehicle and a Motor cycle can carry 32, 18, 8 and 2 persons respectively as per BPR&D norms.

Appendix-1.20
(Referred to in paragraph 1.2.9.1; page 25)
Statement showing shortage of residential buildings for police personnel

Year	Upper subordinate level houses						Lower subordinate level houses					
	Sanctioned	Completed	Allotted	Under progress	Not commenced	Percentage of completed units	Sanctioned	Completed	Allotted	Under progress	Not commenced	Percentage of completed units
2003-04	66	28	6	33	5	42	100	56	12	36	8	56
2004-05	45	32	4	13	0	71	450	244	141	182	24	54
2005-06	0	0	0	0	0	0	38	0	0	18	20	0
2006-07	20	0	0	20	0	0	30	0	0	30	0	0
2007-08	20	0	0	0	20	0	80	0	0	0	80	0
2008-09	0	0	0	0	0	0	0	0	0	0	0	0
Total	151	60	10	66	25	40	698	300	153	266	132	43

Year	Total Residential buildings (Sum of USL and LSL)					
	Sanctioned	Completed	Under Progress	Not commenced	Allotted	Percentage of completed units
2003-04	166	84	69	13	18	51
2004-05	495	276	195	24	145	56
2005-06	38	0	18	20	0	0
2006-07	50	0	50	0	0	0
2007-08	100	0	0	100	0	0
2008-09	0	0	0	0	0	0
TOTAL	849	360	332	157	163	42

(Source: Progress report furnished by PHQ and compiled by audit)

Appendix-1.21
(Referred to in paragraph 1.2.9.2; page 26)
Statement showing shortage of non-residential buildings

Year	Police Stations					Other Administrative Buildings				
	Sanctioned	Completed	Under Progress	Not commenced	Percentage of completed units	Sanctioned	Completed	Under Progress	Not commenced	Percentage of completed units
2003-04	0	0	0	0	0	25	18	6	1	72
2004-05	10	3	5	2	30	15	3	12	0	20
2005-06	7	0	4	3	0	49	2	43	4	4
2006-07	3	0	1	2	0	2	0	2	0	0
2007-08	3	0	0	3	0	1	0	0	1	0
2008-09	0	0	0	0	0	0	0	0	0	0
Total	23	3	10	10	13	92	23	63	6	25

Year	Total of non-residential buildings (Police station + others)				
	Sanctioned	Completed	Under Progress	Not commenced	Percentage of completed units
2003-04	25	18	6	1	72
2004-05	25	6	17	2	24
2005-06	56	2	47	7	4
2006-07	5	0	3	2	0
2007-08	4	0	0	4	0
2008-09	0	0	0	0	0
TOTAL	115	26	73	16	23

(Source: Progress report furnished by PHQ and compiled by audit)

Appendix-1.22*(Referred to in paragraph 1.3.8.6; page 41)***Details of excess paddy purchased by procurement centres in 2008-09**

District	Name of Procurement centres	Recommended norms for production of paddy decided by societies (quintals/hectares)	Total paddy purchased (in quintals) in procurement centres	No. of purchases where paddy was procured in excess of norms	Amount of excess paddy procured (in quintals)
1	2	3	4	5	6
Dhamtari	Bathagaon	62	89696.40	200	5651.76
	Bathena	50	12597.20	93	893.50
	Chati	50	48464.80	151	2975.15
	Demar	55	47996.80	155	3196.25
	Kurud	50	62749.60	235	10518.65
	Loharsi	50	23121.20	65	1375.35
Janjgir-Champa	Akaltara*	--	14867.20	45	1934.80
	Chorbhati	37	32944.80	174	4467.76
	Gaud*	--	23293.60	30	343.80
	Karmahu	50	24793.60	139	4113.75
	Kotmi*	--	23955.80	172	4487.75
	Khokhara*	--	36332.40	98	1094.80
Raipur	Billadi	50	28404.00	31	203.60
	Manikchuari	55	106251.40	267	6846.71
	Navapara*	--	45448.40	215	4823.50
	Ponsari	44	45528.40	297	5532.07
	Rajim*	--	43267.60	289	10125.45
	Tarpongi	50	24582.00	127	4285.30
Total			734295.20	2783	72869.95

*(Source: Society database and procurement centres)** *The societies that have not provided the average production per hectare to the Audit.*

Appendix-2.1

(Referred to in paragraph 2.1.2; page 52)

Details of cases where penalty at the rate of two per cent per month was not deducted from suppliers for delays in supply of medical equipment

Sl. No.	Name of firm	Supply order No.	Supply order date	Item	Due date of supply	Actual date of supply	Amount paid (in Rupees)	Delay in supply (in days) Col. 7-6	Delay in months col 9/30	Amount of penalty @ two per cent per month* not recovered(Col. 9x8/30x 0.02)
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
1	M/s. Nahar Medical, Dhamtari	1543	15-Mar-05	Colour Dopler machine	15-Jun-05	15-Sep-05	2590000	92	3.07	158853.33
2	M/s. Surgi Aid Pharmaa, Raipur	1561	15-Mar-05	Aneasthisia machine	15-Jun-05	18-Aug-05	81988	64	2.13	3498.15
3	M/s. Surgi Aid Pharmaa, Raipur	1561	15-Mar-05	Defeb	15-Jun-05	31-Aug-05	294888	77	2.57	15137.58
4	M/s. Surgi Aid Pharmaa, Raipur	1561	15-Mar-05	TPC Vaporizer	15-Jun-05	29-Aug-05	75888	75	2.50	3794.40
5	M/s. India Medico, New Delhi	1567	15-Mar-05	EMG Biofeed	15-Jun-05	04-Jul-05	383900	19	0.63	4862.73
6	M/s. India Medico, New Delhi	1567	15-Mar-05	Micro Diathermy	15-Jun-05	04-Jul-05	373360	19	0.63	4729.23
7	M/s. Gayatri Medical, Bilaspur	1573	15-Mar-05	Aneasthisia Ventilator	15-Jun-05	07-Dec-05	546000	175	5.83	54600.00
8	M/s. Surgi Aid Pharmaa, Raipur	7503	29-Oct-05	Defibrillators	15-Dec-05	05-Jan-06	1179552	21	0.70	16513.73
9	M/s. Surgi Aid Pharmaa, Raipur	7503	29-Oct-05	TPC Vaporizer	15-Dec-05	17-Jan-06	227664	33	1.10	5008.61
10	M/s. Surgi Aid Pharmaa, Raipur	7503	29-Oct-05	TPC Vaporizer	15-Dec-05	03-Feb-06	303552	50	1.67	10118.40
11	M/s. Chhattisgarh Surgicals, Dhamtari	1984	13-Mar-06	High Frequency Image Insfire	24-Apr-06	01-Sep-06	919000	130	4.33	79646.67
12	M/s. International Electro, New Delhi	2344	23-Mar-06	Combination therapy	15-May-06	14-Jun-06	300850	30	1.00	6017.00
13	M/s. Supreme Enterprises, Raipur	2352	23-Mar-06	Mortury coolers	15-May-06	04-Jul-06	660000	50	1.67	22000.00
14	M/s. Scientific Traders	2364	23-Mar-06	Double Channel Coagulometre	15-May-06	05-Jun-06	127150	21	0.70	1780.10
15	M/s. Metro Pharmaa, Bilaspur	2384	23-Mar-06	Blood warmers	15-May-06	25-May 06	160000	10	0.33	1066.67
16	M/s. Metro Pharmaa, Bilaspur	2384	23-Mar-06	Office hysteroscope	15-May-06	17-Jan-07	71658	247	8.23	7165.80
17	M/s. Medical Products, New Delhi	2389	23-Mar-06	Gas Pipe Line	15-May-06	21-April-07	12801905	341	11.36	1280190.50

[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
18	M/s. Alps International, New Delhi	2348	23-Mar-06	Handheld Impedance Audiometre	15-May-06	01-Jun-06	230000	17	0.57	2606.67
19	M/s. Siemens Ltd., Mumbai	2372	23-Mar-06	60 MA High Fre. X-Ray machine	15-May-06	14-Jul-06	675000	60	2.00	27000.00
20	M/s. Surgi Aid Pharmaa, Raipur	2509	25-Mar-06	Diode laser	15-May-06	27-Jun-06	2091776	43	1.43	59964.25
21	M/s. Surgi Aid Pharmaa, Raipur	2509	25-Mar-06	A& B scan	15-May-06	18-Jun-06	978888	34	1.13	22188.13
22	M/s. Surgi Aid Pharmaa, Raipur	2509	25-Mar-06	Operating microscope	15-May-06	18-Jun-06	715722	34	1.13	16223.03
23	M/s. Surgi Aid Pharmaa, Raipur	2509	25-Mar-06	Otoacoustic emission	15-May-06	30-May-06	318888	15	0.50	3188.88
24	M/s. Bagree Enterprises, Raipur	2521	25-Mar-06	ECG Machine large	15-May-06	17-Jul-06	679500	63	2.10	28539.00
25	M/s. Chhattisgarh Surgicals, Dhamtari	2459	25-Mar-06	High Frequency Image Insfire	15-May-06	01-Sep-06	1838000	109	3.63	133561.33
26	M/s. Bagree Enterprises, Raipur	2521	25-Mar-06	Syringe pump	15-May-06	03-Jul-06	251136	49	1.63	8203.78
27	M/s. Bagree Enterprises, Raipur	2521	25-Mar-06	Patient Monitoring System	15-May-06	17-Jul-06	5128350	63	2.10	215390.70
28	M/s. Bagree Enterprises, Raipur	2521	25-Mar-06	Defibrillators	15-May-06	23-Aug-06	649000	100	3.33	43266.67
29	M/s. Bagree Enterprises, Raipur	2521	25-Mar-06	Shadow less OT light	15-May-06	13-Jun-06	530000	29	0.97	10246.67
30	M/s. HL Medical Sytems, Mumbai	2516	25-Mar-06	Advance IC Ventilator	15-May-06	21-Jul-06	4904592	67	2.23	219071.78
31	M/s. HL Medico Mumbai	2516	25-Mar-06	Anesthesia work station	15-May-06	21-Jul-06	891744	67	2.23	39831.23
32	M/s. Lucky Engineering, New Delhi	NA	23-Mar-06	Mobile table	15-May-06	21-Aug-06	146000	98	3.27	9538.67
33	M/s. Feb Care, New Delhi	2393	23-Mar-06	Laundry system	15-May-06	09-Oct-06	1415000	147	4.90	138670.00
	TOTAL									2652473.67

* Penalty limited to 10 per cent of the total cost of the equipment.

Appendix-2.2

(Referred to in paragraph 2.1.3; page 53)

Details of borewells, mortality of plants, assistance given and wasteful expenditure

		Position of borewells (April 2008)					Status of mortality of plants				
Sl. No.	Name of Cluster	No. of borewells required	No. of borewells drilled	No. of borewells with motor pump installed	No. of borewells electrified	Main crop shown in crop survey report	Week of reporting of crop survey	Mortality rate	Reasons for mortality as shown in weekly crop survey report	Total assistance provided (In Rupees)	Wasteful expenditure (In Rupees) col 11*col 9
1	2	3	4	5	6	7	8	9	10	11	12
1	Kantaroli	32	28	26	1	Lime	08-04-08 to 16-04-08	90 <i>per cent</i>	Due to non availability Irrigation facility and water	1612931	1451637.90
2	Sanibarra	12	0	0	0	Citradora	26-02-08 to 03-03-08	70 <i>per cent</i>	Due to non availability of water	999991	699993.70
3	Ghatbarra	31	0	0	0	Citradora	18-03-08 to 24-03-08	90 <i>per cent</i>	Due to non availability of water	2616195	2354575.50
4	Salhi	17	0	0	0	Lime	27-02-08 to 03-03-08	70 <i>per cent</i>	Due to non availability of water	225730	158011.00
	TOTAL	92	28	26	1					5454847	4664218.10
										~Rs 54.55 lakh	~Rs.46.64 lakh

Appendix-2.3
(Referred to in paragraph 2.2.1; page 54)
Details of undue financial benefit to a contractor

Sl.No.	Diameter of DI pipes (mm)	Quantity (in metre) as per Measurement Book	Rate	Value of DI pipes delivered	Admissible Secured Advance
			(Rs per metre)	(In Rupees) (Col.3 x 4)	(75 per cent of col. 5) (In Rupees)
1	2	3	4	5	6
1	700	847	8295.68	7026440.96	5269830.72
2	600	291.50	6152.31	1793398.36	1345048.77
3	350	3795	2778.97	10546191.15	7909643.36
4	200	1950	1312.13	2558653.5	1918990.13
5	250	79	1737.1	137230.9	102923.18
6	300	4134.64	2215.93	9162072.81	6871554.61
7	400	2420	3337.11	8075806.2	6056854.65
Total amount (Rupees)				39299793.88	29474845.42

Appendix-2.4

(Referred to in paragraph 2.3.1; page 56)

Statement showing details of purchase and non-utilisation of equipment

Sl No	Name of equipment	Amount as per purchase order (Rs)	Date of purchase order	Amount as per invoice (Rs)	Date of payment	Reply of Principal
Items issued to GEC, Bilaspur						
1	Service over IP system	1,67,77,000	13 January 2006	3,35,53,936	10 March 2006	Equipment were not used due to lack of space and regular faculty members and no research work was done with the equipment.
Digital Signal Processing (DSP) system lab equipments consisting of						
2	Digital Radio/Software defined radio	1,13,10,000	28 July 2005	1,13,10,000	6 October 2005	The equipment were not put to use after installation due to lack of faculty members. No research work undertaken.
3	DSP based Multiprocessing system	1,09,56,400	28 July 2005	1,09,56,400	6 October 2005	
4	DSP based Real time Image Processing system	26,05,200	28 July 2005	26,05,200	6 October 2005	
5	Speech library software	7,28,000	28 July 2005	7,28,000	6 October 2005	
6	Image library software	7,28,000	28 July 2005	7,28,000	6 October 2005	
7	DSP lab system	16,27,600	28 July 2005	16,27,600	18 January 2006	
Subtotal for DSP (Sl No 2 to 7)		2,79,55,200				
8	VLSI design lab equipment		25 August 2008	77,31,000	18 September 2008	Not installed due to lack of space and no practicals held.
TOTAL				6,92,40,136		
Items issued to GEC, Jagdalpur						
Digital Signal Processing (DSP) system lab equipments consisting of						
9	Digital Radio/Software defined radio	1,07,75,000	29 December 2004	1,07,75,000	8 February 2005	Specialised faculty not available to conduct practical classes on the listed equipment. Not a single experiment/practical conducted. No research work done using equipment. Equipment were not installed.
10	DSP based Multiprocessing system	1,09,56,400	28 July 2005	1,09,56,400	6 October 2005	
11	DSP based Real time Image Processing system	24,75,000	29 December 2004	24,75,000	8 February 2005	
12	Speech library software	6,50,000	29 December 2004	6,50,000	8 February 2005	
13	Image library software	6,30,000	29 December 2004	6,30,000	8 February 2005	
14	DSP lab system	14,75,000	29 December 2004	14,75,000	8 February 2005	
Subtotal for DSP (Sl 9 to 14)		2,69,61,400				
15	VLSI design lab equipment	68,72,000+VAT	25 August 2008	77,31,000	18 September 2008	
	Service over IP system		Purchase order and payment combined with Sl.No. 1			
TOTAL				3,46,92,400		
Total payment for equipment = 6,92,40,136 + 3,46,92,400 = 10,39,32,536						

Sl. Nos. 2 to 7 and 9 to 14 are different components of Digital Signal Processing system laboratory equipment.

Appendix-2.5*(Referred to in paragraph 2.3.3; page 58)***Details of grading plants not in operation as on June 2009**

Sl No.	Name of plant	Date of receipt of plant	Amount (Rs in lakh)	Place where plant is lying	Reasons for not starting operations	Period for which idling upto June 2009 (in months)
1	Fruit and Vegetable Grading plant	12.01.2006	13.86	Sokra nala Raipur	Installation was not done due to non availability of land. Proposal for land allotment has been obtained from Panchayat and sent to Collector.	41
2	Tomato Grading Plant	26.09.2005	15.80	Ludera, Pathalgaon Jashpur	Land was allotted and civil work is in progress. After completion of civil work machine will be installed.	45
3	Fruit and Vegetable Grading plant	25.10.2005	13.86	Aheri, Durg	Machine did not have electrification which was done only on 5 May 2009. After posting of appropriate personnel the plant can become operational.	44
	Total		43.52			

Appendix-2.6
(Referred to in paragraph 2.4.1; page 62)
Details of work executed without tendering

(Rs in lakh)

Sl. No	Agt.No	Name of Contractor	Name of work	Amt. & date of AA	Amt. of TS	Amt. of NIT	Rate of Contract	Amt. of Contract	Details of additional works allotted under the same agreements without tendering			Details of Payment	
									Name of work	Amt. & date of AA	Amt. of TS	Voucher no. & date	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	150/4.11.04	Sh.Bhojram Ajgale	Construction of CC road from main gate to temple, Girodpuri	32.62 (29.10.04)	32.62	19.32	3 per cent above SOR (2.10.04)	19.90	1. Construction of CC road from main road to yatri shade 9.63 (23.3.05) 9.90 (23.3.05)	9.63 9.90	9.63 9.90	30 & 9.9.07	76.27
									2. Construction of CC road from main road to Helipad 10.00 (23.3.05) 9.94 (23.3.05)	10.00 9.94	10.00 9.94		
									3. Construction of CC road from main road to Pump house 6.23 (23.3.05)	6.23	6.40		
									4. Construction of CC road from exit gate to Helipad				
									5. Construction of internal CC from mela parisar				
									Total	45.70	45.87		

2	151/ 4.11.04	Sh.Deepak Kumar Agrawal	Construction .of steps & CC road, Girodpuri	36.37 (29.10.04)	36.37	19.77	2 per cent below SOR (2.10.04)	19.37	1. Construction of Cheka tiles & kota stone flooring on stepped CC road from temple to Charan kund	9.97 (22.3.05)	9.97	24 & 12.8.05	62.68
									2. Construction of side protection wall on both side of stepped road from temple to Charankund	8.44 (22.3.05)	8.44		
									3. Construction of side protection wall on both side of CC road from Charankund to Amritkund	9.72 (22.3.05)	9.72		
Total										28.13	28.13		
3	152/ 4.11.04	Sh.Deepak Kumar Agrawal	Construction of Gali concreting, Sonakhan	48.61 (29.10.04)	48.61	19.77	1 per cent below SOR (2.10.04)	19.57	1. Construction of culverts in Gali concreting, Sonakhan.	4.28 (23.8.04)	4.28	59 & 15.9.05	51.55
									Total				
4	158/ 23.11.04	Sh. Budhram Agrawal	Construction of Boundary wall & flooring work in temple parisar, Girodpuri	24.74 (4.11.04)	24.74	15.71	18.66 per cent above SOR (2.10.04)	18.64	1. Construction of main gate & boundary wall at mela parisar	10.00 (22.03.05)	10.00	158 & 25.3.08	46.41
									2. Construction of steps & marble flooring at mandir parisar.	9.77 (22.3.05)	9.77		
									3. Construction of boundary & marble flooring of Jaitkhambh	4.30 (16.2.05)	4.30		
Total										24.07	24.07		
Total (1+2+3+4)				142.34	142.34	74.57		77.48	Grand Total	102.18	102.35		236.91

Appendix-2.7

(Referred to in paragraph 2.4.2; page 63)

Department-wise details of outstanding Inspection Reports (IRs) and paragraphs as on 31 March 2009

Sl.No.	Department	IRs	Paras
1	Public Health and Engineering	163	755
2	Public Works	395	1957
3	PMGSY	41	205
4	Agriculture/Land Conservation	116	218
5	Cooperation	103	345
6	Employment/Training & Manpower	72	182
7	Fisheries	20	44
8	Food and Civil Supplies	24	96
9	General Administration	261	841
10	Handicrafts	24	46
11	Higher Education	72	187
12	Horticulture	39	143
13	Industries	19	72
14	Information & Public Relations	25	47
15	Jail	22	62
16	Labour	12	21
17	Law and Justice	35	67
18	Panchayat and Rural Development	331	1581
19	Police	91	252
20	Public Health & Family Welfare	188	766
21	Rural Engineering Services	88	355
22	School Education	356	825
23	Sericulture	21	61
24	Town Country & Planning	44	201
25	Tribal Welfare	182	568
26	Veterinary	53	156
27	Weights and Measures	6	9
28	Women and Child Welfare	177	479
29	Miscellaneous	97	414
	TOTAL	3077	10955

Appendix-2.8*(Referred to in paragraph 2.4.2; page 63)***Statement showing the year-wise position of outstanding Inspection Reports in Horticulture, Panchayat and Rural Development, Public Health and Engineering, Tribal Welfare and Veterinary departments***(Rupees in crore)*

Horticulture			
Period	No. of IRs	No. of paragraphs	Money Value
2003-04	5	22	1.62
2004-05	8	45	8.63
2005-06	0	0	0
2006-07	0	0	0
2007-08	1	5	1.12
2008-09	4	32	16.02
Total	18	104	27.39

Panchayat and Rural Development			
Period	No. of IRs	No. of paragraphs	Money Value
2003-04	5	14	7.75
2004-05	10	74	35.19
2005-06	4	29	16.19
2006-07	5	41	34.41
2007-08	1	11	1.71
2008-09	3	24	17.12
Total	28	193	112.37

Public Health and Engineering			
Period	No. of IRs	No. of paragraphs	Money Value
2003-04	5	25	37.15
2004-05	19	85	90.42
2005-06	19	94	35.64
2006-07	12	71	26.57
2007-08	3	32	12.50
2008-09	4	29	12.18
Total	62	336	214.46

Tribal Welfare			
Period	No. of IRs	No. of paragraphs	Money Value
2003-04	15	40	16.59
2004-05	13	58	24.03
2005-06	11	37	58.61
2006-07	12	82	31.42
2007-08	0	0	0
2008-09	8	49	74.64
Total	59	266	205.29

Veterinary			
Period	No. of IRs	No. of paragraphs	Money Value
2003-04	6	18	1.91
2004-05	6	18	9.80
2005-06	0	0	0.00
2006-07	7	51	22.35
2007-08	0	0	0.00
2008-09	4	27	2.68
Total	23	114	36.74

Appendix-2.9

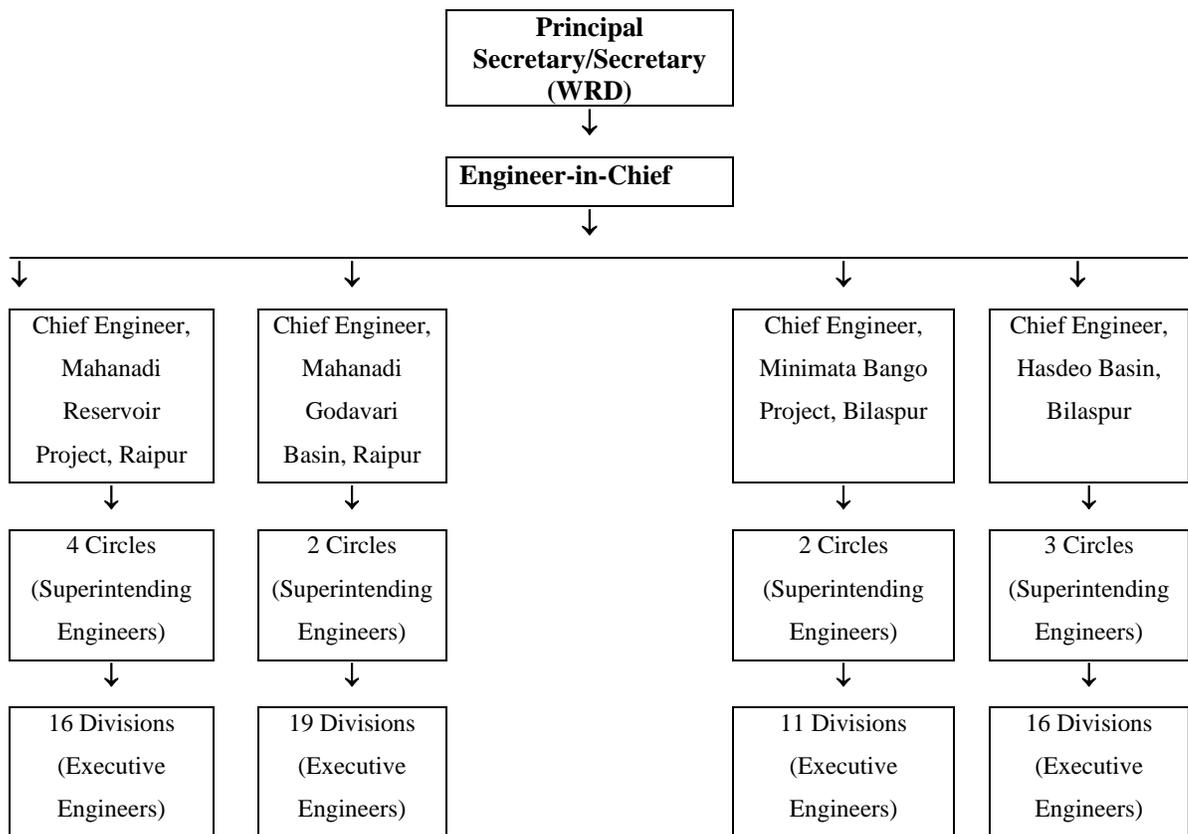
(Referred to in paragraph 2.4.2; page 64)

List of audit paragraphs for which ATNs have not been furnished

Sl. No.	Name of Department	Year of Audit Report	Para No.	Total number of paras
1	Public Health and Family Welfare Department	2003-04	4.1.2, 4.3.2	2
		2005-06	4.4.1	1
		2007-08	4.3.2	1
2	Revenue Department	2002-03	4.4.1	1
3	Tribal and Schedule Caste Development Department	2002-03	5.1	1
4	Tribal Welfare Department	2006-07	4.3.7	1
5	Public Works Department	2003-04	4.1.4, 4.2.1, 5.1	3
6	Panchayat and Rural Development Department	2004-05	4.2.6	1
		2005-06	4.2.1	1
		2007-08	4.2.1, 3.1	2
7	Water Resources Department	2004-05	4.2.9	1
8	Forest Department	2005-06	4.1.2, 4.5.2	2
9	Public Health and Engineering Department	2006-07	4.3.5, 4.3.6	2
10	Home Department	2007-08	4.1.1, 5.1	2
		Total		21

Appendix-3.1
(Referred to in paragraph 3.2; page 66)

Organisational structure



(Source : Information supplied by E-in-C)

Appendix-3.2
(Referred to in paragraph 3.5.2; page 67)

Statement showing details of surrender of funds

(Rupees in crore)

Year	Date of surrender	Grant No.	Amount	Total
2006-07	24.3.2007	23	17.91	38.55
		45	2.15	
		57	14.85	
		75	1.80	
		41	1.84	
2007-08	19.3.2008	57	5.56	48.88
		41	2.47	
		45	18.20	
		75	4.20	
		64	0.95	
	31.3.2008	45	0.50	
		75	1.50	
		41	13.92	
2008-09	31.3.2009	23	1.59	31.11
		41	14.15	
		57	1.60	
		64	13.52	
		45	0.25	
Grand total				118.54

(Source: Information supplied by E-in-C)

Appendix-3.3
(Referred to in paragraph 3.5.3; page 68)
Details of excess expenditure over allotment

(Rupees in crore)

Year	Grant no. and Major head	Allotment	Expenditure	Excess
2006-07	41/4702 (minor irrigation under TSP)	46.94	49.98	3.04
2007-08	23/2701 (medium irrigation)	48.91	49.58	0.67
2008-09	23/4701 (capital outlay medium irrigation)	66.65	67.36	0.71
	57/4701 (capital outlay medium irrigation)	23.75	23.97	0.22
	41/4700 (capital outlay major irrigation)	25.05	26.28	1.23
	41/4702 (minor irrigation under TSP)	64.62	66.53	1.91
Total				7.78

(Source: Information supplied by E-in-C)

Appendix-3.4*(Referred to in paragraph 3.5.4; page 68)***Statement showing employees dealing with cash/stores who had not deposited security deposit**

SI No.	Name of unit	No. of employees dealing with cash/store	Employees who had not deposited security deposit
1	Engineer-in-Chief, WRD, Raipur	1	1
2	Ground Water Survey Unit-9, Bilaspur	1	1
3	WR Division, Kanker	12	12
4	WR Division, Kondagaon	4	4
5	TDPP Division, Jagdalpur	8	8
6	MMB Canal Dn. No 5, Kharsia	6	6
7	MMB Canal Dn.No.6, Sakti	7	7
8	MMB Canal Dn. No 4, Dabhara	6	6
9	Chief Engineer Mahanadi project, Raipur	1	1
10	Superintending Engineer Dam Circle, Kharsia	2	2
11	Superintending Engineer E/M Circle, Raipur	2	1
12	Superintending Engineer Indravati project circle, Jagdalpur	1	0
	Total	51	49

(Source: Information supplied by department and compiled by Audit)

Appendix- 3.5 (i)

(Referred to in paragraph 3.7.2; page 70)

Statement showing amounts outstanding under Miscellaneous Public Works Advances as on March 2009

(Rupees in lakh)

Sl. No.	Name of Division	Amount of sale on amount credit	Expenditure incurred in excess of deposit received	Loss retrenchment errors etc	Other items	Total	Amount pending since
1	TDPP Dn. Jagdalpur	-	4.42	0.22	22.01	26.65	February 1981
2	WRD Dn. Kanker	-	0.01	0.02	82.99	83.02	March 1994
3	WRD Dn. Kondagoan	-	0.25	0	64.77	65.02	March 2001
4	MMB Dn. No 4, Dabhara	-	0	0	5.28	5.28	March 2002
5	MMB Dn. No 5, Kharsia	-	0	0	477.12	477.12	October 1995
6	MMB Dn. No 6, Sakti	-	0	0	101.04	101.04	April 1991
	Total	Nil	4.68	0.24	753.21	758.13	

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

Appendix-3.5(ii)

(Referred to in paragraph 3.7.2; page 70)

Statement showing details of outstanding amounts under Miscellaneous Public Works Advances as on March 2009

(Rupees in lakh)

Sl. No.	Name of Division	MPWA against officials	MPWA against contractors	Total
1	Water Resources Division, Kondagaon	65.01	-	65.01
2	Mini Mata Bango, Division No 4, Dabhara	0.43	4.84	5.27
3	Mini Mata Bango, Canal Division, Kharsia	3.14	473.97	477.11
	Total	68.58	478.81	547.39

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

Appendix- 3.6*(Referred to in paragraph 3.7.4; Page 70)***Statement showing position of Form 51 as on March 2009***(Rupees in crore)*

Sl. No.	Name of division	Period upto which recorded	Difference between CTI and division record (Part II)	Difference between CTR and division record (Part I)
1.	WRD, Kanker	December 2006	0.53	1.39
2.	WRD, Kondagaon	December 2008	0.78	1.74
3.	TDPP Dn., Jagdalpur	March 2008	0.33	0.33
4.	MMB Dn. 6, Sakti	December 2008	0.72	1.00
5.	Ground Water Survey, Division, No.9, Bilaspur	December 2004	0.01	0.01
	Total		2.37	4.47

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

Appendix-3.7
(Referred to in paragraph 3.7.6; page 72)
Statement showing award of multiple piece works

Work order No	Date	Contractor	Completion period (In days)	Amount (Rs in lakh)	Bills not finalised upto
EE, WRD, Kondagaon					
453/SAC	06/2/2009	A	30	3.22	April 2009
439/SAC	02/5/2009	A	30	3.19	April 2009
618/SAC	26/2/2009	A	30	4.53	April 2009
620/SAC	26/2/2009	A	30	4.53	April 2009
EE, WRD, Kanker					
351/SAC	20/1/2009	B	30	4.49	March 2009
353/SAC	20/1/2009	B	20	1.66	March 2009
623/SAC	02/04/2009	A	30	2.97	March 2009
625/SAC	02/04/2009	A	30	3.07	March 2009
627/SAC	02/04/2009	A	30	2.63	March 2009
695/SAC	02/07/2009	A	30	3.03	March 2009
697/SAC	02/07/2009	A	30	3.64	March 2009
1328/SAC	03/02/2009	B	20	3.88	March 2009
1330/SAC	03/02/2009	B	20	1.21	March 2009
EE, TDPP, Dn. Jagdalpur					
2258/ADR	05/12/2008	B	15	0.37	Final bill paid in the month of August 2008
2260/ADR	05/12/2008	B	15	0.25	Final bill paid in the month of August 2008
2262/ADR	05/12/2008	B	15	0.47	Final bill paid in the month of August 2008
			Total	43.14	

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

Appendix-3.8*(Referred to in paragraph 3.7.7; page 73)***Statement showing incorrect assessment of CNS which led to excess expenditure****Agreement No- 9DL/05-06**

Sl No.		Contractor 'A'	Contractor 'B'	Contractor 'C'	Contractor 'D'
1	Tendered amount including CNS	Rs 919.49 lakh	Rs 899.47 lakh	Rs 884.44 lakh	Rs 916.96 lakh
2	Rate quoted by contractor for CNS	Rs 182 per cum	Rs 90 per cum	Rs 80 cum per	Rs 180 per cum
3	Total cost of CNS as per contractor's rate (88987 cum)	Rs 161.96 lakh	Rs 80.08 lakh	Rs 71.19 lakh	Rs 160.18 lakh
4	Tendered amount without CNS	Rs 757.53 lakh	Rs 819.39 lakh	Rs 813.25 lakh	Rs 756.78 lakh

Agreement No-10DL/05-06

Sl. No.		Contractor 'A'	Contractor 'B'	Contractor 'C'	Contractor 'D'	Contractor 'E'
1	Tendered amount including CNS	Rs 727.95 lakh	Rs 737.47 lakh	Rs 708.46 lakh	Rs 734.61 lakh	Rs 695.59 lakh
2	Rate quoted by contractor for CNS	Rs 80 per cum	Rs 90 per cum	Rs 144 per cum	Rs 171 per cum	Rs 21 per cum
3	Total cost of CNS as per contractor's rate (1,15,455cum)	Rs 92.36 lakh	Rs 103.90 lakh	Rs 166.26 lakh	Rs 197.43 lakh	Rs 24.25 lakh
4	Tendered amount without CNS	Rs 635.59 lakh	Rs 633.57 lakh	Rs 542.20 lakh	Rs 537.18 lakh	Rs 671.34 lakh

*(Source: Information supplied by department and compiled by audit)***Calculation of excess expenditure**

Sl No		Agreement No.- 9DL/05-06	Agreement No.- 10DL/05-06
1	Amount payable to L1 contractor executing work after excluding CNS	884.44-71.19 = Rs 813.25 lakh	695.59-24.25 = Rs 671.34 lakh
2	Amount payable to contractor who would have become L1 excluding CNS	Rs 756.78 lakh	Rs 537.18 lakh
3	Excess expenditure due to inclusion of superfluous CNS	Rs 56.47 lakh	Rs 134.16 lakh
	Total excess expenditure	56.47+134.16 = Rs 190.63 lakh	

Appendix-3.9
(Referred to in paragraph 3.7.9; page 74)
**Statement showing undue aid to contractors due to
non-deduction of additional security deposit**

(A) EE, TDPP, Division Jagdalpur ; Agreement No 12DL /07-08 for Rs 4.51 crore

Item no of 'G' schedule	Item	Quantity paid in last running bill	Unbalanced rate quoted by contractor (Rs)	Rate payable (Rs)	Rate paid (Rs)	Difference in rate (Rs)	Amount not recovered as additional SD (Rs)
2	Excavation in different type of soil	9878.61 m ³	45	42	45	3	29636
3	Excavation in all type of rocks	24460.45 m ³	250	155	250	95	2323743
8	Providing and placing in position cement concrete	486.44 m ³	3000	2894	3000	106	51563
10	P/Fixing non return flap value	49 Nos	500	323	500	177	8673
11	Providing and placing in position cement concrete	478.63 m ³	3000	2860	3000	140	67008
Total							2480623

(B) EE WRD Dn., Kanker ; Agreement No 72 DL/08-09 for Rs 2.61 crore

4	Providing and laying cement concrete	1818.75 m ³	2300	2005.36	2300	294.64	535876
6	Providing and filling foundation and around morum	121.65 m ³	70	51.87	70	18.13	2206
8	Providing & filling imposition NP 3 hyme pipe	5704.14 m ³	70	56.29	70	13.71	78204
Total							616286

(C) EE, Water Management Dn., No. 1 Raipur ; Agreement No.8 DL/07-08 for Rs 6.14 crore

1	Excavation in different type of soil	309737.68 m ³	39	29	39	10	3097377
---	--------------------------------------	--------------------------	----	----	----	----	---------

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

Appendix-3.10
(Referred to in paragraph 3.7.10; page 74)
Statement showing non-deduction of royalty

(Rupees in lakh)

Sl. No.	Agreement Number	Name of Division	Minor Mineral used by the contractor				Amount
			Metal (cum)	Sand (cum)	Masonry stone (cum)	Pitching stone (cum)	
1.	4DL/05-06	EE, MMB, Dn. No.4 Dabhara	20110.00	18638.00	-	-	11.85
2.	1DL/05-06	EE, MMB, Dn. No.4 Dabhara	18466.11	18144.42	-	-	11.03
3.	10DL/04-05	EE, WRD, Kanker	982.11	491.05	-	-	0.21
4.	9DL/04-05	-do-	295.83	147.92	522.17	55.80	0.21
5.	1DL/07-08	-do-	234.48	117.24	-	-	0.05
6.	11DL/04-05	-do-	511.57	590.814	125.176	23.705	0.34
7.	16DL/04-05	-do-	9432.46	-	-	-	2.63
	Total						26.32

(Source: Information supplied by department and compiled by Audit)

Appendix-3.11
(Referred to in paragraph 3.7.13; page 77)
Details of staff working in other offices

Sl. No.	Drawing salary from	Name of official	Office in which working	Period
1.	EE, WRD, Kondagoan	Shri R.K.Dhengre, Sub-Engineer	Chief Executive Officer, Janpad Panchayat, Kondagoan	November 2002 to March 2009
		Shri P.K.Tripathi, Sub-Engineer	Rural Engineering Service, Keshkal	February 2004 to March 2009
		Shri P.P.Gondane, Assistant Draftsman	Rural Engineering Service, Kondagoan Division	September 2007 to March 2009
		Shri M.K.Dewangan, Assistant Grade-II	Collectorate, Narayanpur	December 2007 to March 2009
		Shri Sukhram Baghel, Daftari	-do-	May 2007 to March 2009
2.	Senior Geohydrologist, Ground Water Survey Dn. 9 Bilaspur	Shri F.C.Tandon, Sub-Engineer	Chief Executive Officer, Janpad Panchayat, Katghora	August 2005 to March 2009

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

Appendix-4.1.1

(Referred to in paragraph 4.1.7; Page 82)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2009 in respect of Government Companies and Statutory Corporations)

(Figures in column 5 (a) to 6 (d) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital ¹				Loans ² outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (CRBEKVNL)	Agriculture	8.10.2004	0.50	-	-	0.50	-	-	-	-	-	-
2.	Chhattisgarh Rajya Van Vikas Nigam Limited (CRVVNL)	Forest	22.5.2001	25.73	0.92	-	26.65	-	-	-	-	-	604
Sector wise total				26.23	0.92	-	27.15	-	-	-	-	(3.07:1)	604
FINANCE													
3.	Chhattisgarh Nishakat Jan Vitt Avam Vikas Nigam Limited (CNJVAVNL)	Social Welfare	19.7.2004	5.00	-	-	5.00	-	-	-	-	-	NA
Sector wise total				5.00	-	-	5.00	-	-	-	-	-	-
INFRASTRUCTURE													
4.	Chhattisgarh Infrastructure Development Corporation Limited (CIDC)	Finance	26.2.2001	4.20	-	-	4.20	-	-	-	-	-	3
5.	Chhattisgarh State Industrial Development Corporation Limited (CSIDC)	Commerce & Industries	16.11.1981	1.60	-	-	1.60	22.95	-	-	22.95	14.34:1 (13.13:1)	205
Sector wise total				5.80	-	-	5.80	22.95	-	-	22.95	3.96:1 (3.62:1)	208
MANUFACTURING													
6.	Chhattisgarh Mineral Development Corporation Limited (CMDC)	Geology & Mining	7.6.2001	1.00	-	-	1.00	-	-	-	-	-	246
7.	CMDC ICPL Coal Limited (CICL) (Subsidiary of CMDC)	Geology & Mining	11.4.2008	-	-	37.00	37.00	-	-	-	-	-	NA
Sector wise total				1.00	-	37.00	38.00	-	-	-	-	-	246
POWER													
8.	Chhattisgarh State Power Distribution Company Limited (CSPDCL) (Subsidiary of CSPHCL)	Energy	19.5.2003	0.05	-	-	0.05	-	-	-	-	-	0
9.	Chhattisgarh State Power Generation Company Limited (CSPGCL) (Subsidiary of CSPHCL)	Energy	19.5.2003	0.05	-	-	0.05	-	-	-	-	-	0
10.	Chhattisgarh State Power Holding Company Limited (CSPHCL)	Energy	30.12.2008	0.05	-	-	0.05	-	-	-	-	-	0

¹ Paid up capital includes share application money² Loans outstanding at the close of 2008-09 represent long term loans only

Audit Report (Civil and Commercial) for the year ended 31 March 2009

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital ¹				Loans ² outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
11	Chhattisgarh State Power Trading Company Limited (CSPTCL)	Energy	30.12.2008	0.05	-	-	0.05	-	-	-	-	-	0
12.	Chhattisgarh State Power Transmission Company Limited (CSPTCL) (Subsidiary of CSPHCL)	Energy	19.5.2003	0.05	-	-	0.05	-	-	-	-	-	0
Sector wise total				0.25	-	-	0.25	-	-	-	-	-	0
SERVICES													
13.	Chhattisgarh State Beverages Corporation Limited (CSBCL)	Commercial Tax	7.11.2001	0.15	-	-	0.15	-	-	-	-	-	39
14.	Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL)	Food, Civil Supplies & Consumer Protection	13.3.2001	0.90	-	0.00 ³	0.90	-	-	350.72	350.72	389.69:1 (554.67:1)	527
Sector wise total				1.05	-	0.00	1.05	-	-	350.72	350.72	334.02:1 (477.57:1)	566
Total A (All sector wise working Government companies)				39.33	0.92	37.00	77.25	22.95	-	350.72	373.67	4.84:1 (27.18:1)	1,624
B. Working Statutory corporations													
POWER													
1.	Chhattisgarh State Electricity Board (CSEB)	Energy	15.11.2000	23.12	-	-	23.12	740.79	75.35	1,671.87	2,488.01	107.61:1 (111.08:1)	17,145
Sector wise total				23.12	-	-	23.12	740.79	75.35	1,671.87	2,488.01	107.61:1 (111.08:1)	17,145
MISCELLANEOUS													
2.	Chhattisgarh State Warehousing Corporation (CSWC)	Food	2.5.2002	0.50	-	0.50	1.00	-	-	-	-	-	NA
Sector wise total				0.50	-	0.50	1.00	-	-	-	-	-	-
Total B (All sector wise working Statutory corporations)				23.62	-	0.50	24.12	740.79	75.35	1,671.87	2,488.01	103.15:1 (106.47:1)	17,145
Grand Total (A + B)				62.95	0.92	37.50	101.37	763.74	75.35	2,022.59	2,861.68	28.23:1 (70.63:1)	18,769

³ Actual amount is Rs 7,000.00.

Appendix-4.1.2

(Referred to in paragraph 4.1.15; Page 85)

Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised

(Figures in column 5 (a) to (6) and (8) to (10) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments ⁴	Paid-up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed ⁵	Return on capital employed ⁶	Percent -age return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	CRBEKVNL			First Account not finalised										
2.	CRVVNL	2007-08	2008-09	11.88	-	0.16	11.72	22.15	(-) 11.61	6.54	33.83	60.41	11.72	19.40
Sector wise total				11.88	-	0.16	11.72	22.15	(-) 11.61	6.54	33.83	60.41	11.72	19.40
FINANCE														
3.	CNJVAVNL	2006-07	2008-09	0.29	0.02	0.01	0.26	0.36	(+) 7.56	4.00	0.29	7.37	0.28	3.80
Sector wise total				0.29	0.02	0.01	0.26	0.36	(+) 7.56	4.00	0.29	7.37	0.28	3.80
INFRASTRUCTURE														
4.	CIDC	2004-05	2007-08	(-) 0.19	0.07	0.02	(-) 0.28	0.13	-	4.20	(-) 0.86	2.99	(-) 0.21	-
5.	CSIDC	2003-04	2008-09	2.51	8.46	0.16	(-) 6.11	69.75	-	1.60	(-) 40.87	47.79	2.52	5.27
Sector wise total				2.32	8.53	0.18	(-) 6.39	69.88	-	5.80	(-) 41.73	50.78	2.31	4.55
MANUFACTURING														
6.	CMDC	2003-04	2007-08	(-) 0.41	-	0.40	(-) 0.81	1.95	-	1.00	(-) 0.16	0.96	(-) 0.81	-
7.	CICL	2008-09	2009-10	0.00 ⁷	-	0.00 ⁷	-	Nil	Under finalisation	37.00	Nil	35.68	Nil	Nil
Sector wise total				(-) 0.41	-	0.40	(-) 0.81	1.95	-	38.00	(-) 0.16	36.64	(-) 0.81	-
POWER														
8.	CSPDCL	2007-08	2008-09	0.00 ⁸	-	-	0.00 ⁸	0.00 ⁹	Non review	0.05	0.00 ⁸	0.05	0.00 ⁸	0.00

⁴ Impact of accounts comments include the net impact of comments of statutory auditors and CAG and is denoted by (+) increase in profit/ decrease in loss (-) decrease in profit/increase in losses.

⁵ Capital employed represents net fixed assets (including capital work in progress) plus working capital except in case of finance companies/corporation where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposit and borrowing (including refinance).

⁶ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

⁷ Actual amount is Rs 1,000.

⁸ Actual amount is Rs 9,000.

⁹ Actual amount is Rs 13,000.

Audit Report (Civil and Commercial) for the year ended 31 March 2009

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments	Paid-up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed	Return on capital employed	Percent -age return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
9.	CSPGCL	2007-08	2008-09	0.00 ^s	-	-	0.00 ^s	0.00 ^y	Non review	0.05	0.00 ^s	0.05	0.00 ^s	0.00
10.	CSPHCL	First Account not finalised												
11	CSPTCL	First account not finalised												
12.	CSPTCL	2007-08	2008-09	0.00 ^s	-	-	0.00 ^s	0.00 ^y	Non review	0.05	0.00 ^s	0.05	0.00 ^s	0.00
Sector wise total				0.00	-	-	0.00	0.00	-	0.15	0.00	0.15	0.00	0.00
SERVICES														
13.	CSBC	2006-07	2008-09	0.48	-	0.10	0.38	197.39	(-) 0.83	0.15	0.38	0.52	0.38	73.08
14.	CSCSCL	2005-06	2008-09	68.74	39.15	0.13	29.46	1,579.92	(-) 21.49	0.90	(-) 32.57	(-) 24.35	68.61	-
Sector wise total				69.22	39.15	0.23	29.84	1,777.31	(-) 22.32	1.05	(-) 32.19	(-) 23.83	68.99	-
Total A (All sector wise working Government companies)				83.30	47.70	0.98	34.62	1,871.65	(-) 26.37	55.54	(-) 39.96	131.52	82.49	62.72
B. Working Statutory corporations														
POWER														
1.	CSEB	2004-05	2009-10	317.24	133.13	47.17	136.94	2,881.13	Under finalisation	23.12	871.13	2,323.28	270.07	11.62
Sector wise total				317.24	133.13	47.17	136.94	2,881.13	-	23.12	871.13	2,323.28	270.07	11.62
MISCELLANEOUS														
2.	CSWC	2006-07	2009-10	7.25	0.16	1.49	5.60	20.27	(-) 1.48	1.00	5.72	57.59	8.66	15.04
Sector wise total				7.25	0.16	1.49	5.60	20.27	(-) 1.48	1.00	5.72	57.59	8.66	15.04
Total B (All sector wise working Statutory corporations)				324.49	133.29	48.66	142.54	2,901.40	-	24.12	876.85	2,380.87	278.73	11.71
Grand Total (A + B)				407.79	180.99	49.64	177.16	4,773.05	(-) 27.85	79.66	836.89	2,512.39	361.22	14.38

Appendix-4.1.3

(Referred to in paragraph 4.1.10; Page 84)

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2009

(Figures in column 3 (a) to 6 (d) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year ¹⁰		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	CRBEKVNL	-	-	16.40	0.35	-	16.75	-	-	-	-	-	-
2.	CRVVNL	-	-	-	-	-	-	-	-	-	20.11	-	-
Sector wise total		-	-	16.40	0.35	-	16.75	-	-	-	20.11	-	-
FINANCE													
3.	CNJVAVNL	-	-	-	0.55	-	0.55	2.31	-	-	-	-	-
Sector wise total		-	-	-	0.55	-	0.55	2.31	-	-	-	-	-
INFRASTRUCTURE													
4.	CIDC	-	-	-	0.25	-	0.25	-	-	-	-	-	-
5.	CSIDC	-	1.95	-	17.47	-	17.47	-	-	-	-	-	-
Sector wise total		-	1.95	-	17.72	-	17.72	-	-	-	-	-	-
SERVICES													
6.	CSCSCL	-	-	1,018.55	942.31	-	1,960.86	-	-	-	-	-	-
Sector wise total		-	-	1,018.55	942.31	-	1,960.86	-	-	-	-	-	-
Total A (All sector wise working Government companies)			1.95	1,034.95	960.93	-	1,995.88	2.31	-	-	20.11	-	-
B. Working Statutory corporations													
POWER													
7.	CSEB	-	-	-	29.50	-	29.50	105.80	22.98	-	-	-	-
Sector wise total		-	-	-	29.50	-	29.50	-	22.98	-	-	-	-
Total B (All sector wise working Statutory corporations)		-	-	-	29.50	-	29.50	105.80	22.98	-	-	-	-
Grand Total (A + B)		-	1.95	1,034.95	990.43	-	2,025.38	108.11	22.98	-	20.11	-	-

¹⁰

Figures indicate total guarantees outstanding at the end of the year.

Appendix-4.1.4

(Referred to in paragraph 4.1.33; Page 89)

Statement showing investments made by State Government in PSUs whose accounts are in arrears

(Figures in Column 4 and 6 to 9 are Rupees in crore)

Sl. No.	Name of the PSUs	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Others to be specified (subsidy)
1	2	3	4	5	6	7	8	9
	Working Companies/ Corporation							
1	CSBC	2006-07	0.15	2007-08	-	-	-	-
				2008-09	-	-	-	-
2	CRVVNL	2007-08	26.65	2008-09	-	-	-	-
3	CMDC	2003-04	1.00	2004-05	-	-	-	-
				2005-06	-	-	-	10.00
				2006-07	-	-	-	8.71
				2007-08	-	-	41.17	-
				2008-09	-	-	-	-
4	CSCSCL	2005-06	0.90	2006-07	-	-	-	62.40
				2007-08	-	-	-	609.10
				2008-09	-	-	-	942.31
5	CIDC	2004-05	4.20	2005-06	-	-	0.40	-
				2006-07	-	-	-	-
				2007-08	-	-	0.25	-
				2008-09	-	-	0.25	-

(Figures in Column 4 and 6 to 9 are Rupees in crore)

Sl. No.	Name of the PSUs	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Others to be specified (subsidy)
1	2	3	4	5	6	7	8	9
6	CSIDC	2003-04	1.60	2004-05	-	-	-	23.09
				2005-06	-	11.00	-	46.98
				2006-07	-	5.00	-	75.87
				2007-08	-	5.00	-	105.48
				2008-09	-	1.95	-	17.47
7	CRBEKVNL	First accounts not finalised	-	2004-05	0.50	-	-	-
				2005-06	-	-	2.00	-
				2006-07	-	-	1.00	-
				2007-08	-	-	1.00	0.20
				2008-09	-	-	-	0.35
8	CNJVAVNL	2006-07	5.00	2007-08	1.00	-	0.47	-
				2008-09	-	-	0.47	0.08
9	CSEB	2004-05	23.11	2005-06	-	-	37.07	92.72
				2006-07	-	-	405.01	133.63
				2007-08	-	-	-	106.00
				2008-09	-	-	-	29.50
10	CSWC	2006-07	1.00	2007-08	-	-	-	-
				2008-09	-	-	-	-
11	CSPHCL	First accounts not finalised	-	2008-09	-	-	-	-
12	CSPGCL	2007-08	0.05	2008-09	-	-	-	-
13	CSPTCL	2007-08	0.05	2008-09	-	-	-	-
14	CSPDCL	2007-08	0.05	2008-09	-	-	-	-
15	CSPTTr.CL	First accounts not finalised	-	2008-09	-	-	-	-
	Total		63.76	-	1.50	22.95	489.09	2,263.89

Appendix-4.1.5

(Referred to in paragraph 4.1.15; Page 85)

Statement showing financial position of Statutory Corporations

(Rupees in crore)

Working Statutory Corporations			
1. Chhattisgarh State Electricity Board			
	2002-03	2003-04	2004-05
A. Liabilities			
Equity capital	23.12	23.12	23.12
Reserves and surplus	594.32	863.79	1,004.43
Capital liabilities	356.36	325.34	851.64
Loans and Advances	1,075.28	1,420.48	1,030.48
Subsidy	216.30	305.31	442.33
Current liabilities and provisions	1,944.91	1,925.25	2,028.41
Total A	4,210.29	4,863.29	5,380.41
B. Assets			
Gross Block	1,681.50	1,768.85	1,915.68
Depreciation	1,178.02	1,225.03	1,272.21
Net Block	503.48	543.82	643.47
Capital works-in-progress	757.84	947.39	1,199.81
Investments	1,277.39	1,439.23	1,026.95
Deferred cost liabilities	1.02	1.00	1.00
Current Assets loans and Advances	1,669.39	1,931.05	2,508.41
Intangible Assets	1.17	0.80	0.77
Total B	4,210.29	4,863.29	5,380.41
Capital employed	985.80	1,497.01	2,323.28
2. Chhattisgarh State Warehousing Corporation			
	2004-05	2005-06	2006-07
A. Liabilities			
Paid up capital	1.00	1.00	1.00
Advances against Capital	-	-	-
Reserves and Surplus	44.64	49.74	55.10
Borrowings :			
Government	-	-	-
Others	2.32	1.60	2.47
Trade dues and current liabilities	18.26	21.90	24.94
Total A	66.22	74.24	83.51
B. Assets			
Gross Block	46.77	47.96	50.78
Less: Depreciation	16.20	18.48	20.51
Net fixed assets	30.57	29.48	30.27
Capital work in progress	0.12	1.36	0.80
Current assets, loan and advances	35.53	43.40	52.44
Total B	66.22	74.24	83.51
Capital employed	47.96	52.34	57.59

Appendix-4.1.6
(Referred to in paragraph 4.1.15; Page 85)
Statement showing working results of Statutory Corporations

(Rupees in crore)

A. Working Statutory Corporations				
1	Chhattisgarh State Electricity Board			
	Particulars	2002-03	2003-04	2004-05
	(a) Revenue receipts	2,403.13	2,675.30	2,881.13
	(b) Subsidy/Subvention from Government	0.00	0.00	0.00
	Total	2,403.13	2,675.30	2,881.13
2	Revenue expenditure (net of expenses capitalized) including write-off of intangible assets but excluding depreciation and interest	1,934.61	2,042.56	2,469.23
3	Gross Surplus (+)/ Deficit (-) for the year (1-2)	468.52	632.74	411.90
4	Adjustments relating to previous years	22.23	23.44	00.04
5	Final Gross Surplus (+)/ Deficit (-) for the year (3+4)	490.75	656.18	411.94
6	Appropriations:			
	(a) Depreciation (less capitalised)	55.09	47.01	47.17
	(b) Interest on Government loans	66.26	66.47	66.50
	© Interest on others, bonds, advance, etc. and finance charges	92.46	112.53	66.63
	(d) Total interest on loans & finance charges (b+c)	158.72	179.00	133.13
	(e) Less: Interest capitalized	0.00	0.00	0.00
	(f) Net interest charged to revenue (d-e)	158.72	179.00	133.13
	(g) Total appropriations (a+f)	213.81	226.01	180.30
7	Surplus (+)/deficit(-) before accounting for subsidy from State Government {5-6(g)-1(b)}	276.94	430.17	231.64
8	Net Surplus (+)/Deficit (-) {5-6(g)}	276.94	430.17	231.64
9	Total return on capital employed	294.91	445.14	270.07
10	Percentage of return on capital employed	29.87	29.73	11.62
2. Chhattisgarh State Warehousing Corporation				
		2004-05	2005-06	2006-07
	Income			
	(a) Warehousing charges	22.10	18.97	19.53
	(b) Other Income	0.51	0.76	0.74
	Total	22.61	19.73	20.27
	Expenses			
	(a) Establishment charges	5.61	5.91	6.15
	(b) Other expenses	6.19	5.62	5.62
	Total	11.80	11.53	11.77
	Profit (+)/Loss(-) before tax	10.81	8.20	8.50
	Other appropriations ¹¹	10.61	8.00	8.30
	Amount available for dividend	0.20	0.20	0.20
	Dividend for the year	0.20	0.20	0.20
	Total return on capital employed	11.06	8.35	8.66
	Percentage of return on capital employed	23.06	15.95	15.04

¹¹ This does not include prior period adjustment

Appendix-4.2.1*(Referred to in the paragraph 4.2.6; Page 95)***Statement showing financial position and working result of Chhattisgarh
Rajya Van Vikas Nigam Limited for the four years up to 2007-08**

Particulars	2004-05	2005-06	2006-07	2007-08
A. Liabilities	<i>(Rupees in crore)</i>			
Paid up capital	6.54	6.54	6.54	6.54
Reserves & surplus	10.90	13.28	22.03	33.83
Unsecured loan	20.12	20.12	20.12	20.12
Current liabilities	29.36	30.98	42.35	44.24
Total	66.92	70.92	91.04	104.73
B. Assets				
Gross block	3.10	3.25	3.67	3.95
Less: Depreciation	2.08	2.18	2.37	2.52
Net fixed assets	1.02	1.07	1.30	1.43
Capital work in progress	-	-	-	0.03
Deferred tax assets	-	-	-	0.07
Current assets	65.90	69.85	89.74	103.20
Total	66.92	70.92	91.04	104.73
Capital employed ¹	37.56	39.94	48.69	60.42

Particulars	2004-05	2005-06	2006-07	2007-08
A. Income	<i>(Rupees in crore)</i>			
Nationalised species				
a. Timber logs & poles	13.00	12.00	15.26	10.20
b. Bamboo	0.77	0.52	2.47	1.07
Non-nationalised Species				
a. Timber logs & poles	8.45	4.69	3.06	2.52
b. Fuel stacks	3.30	2.63	2.24	1.14
Sales of plants	-	-	-	1.39
Other Income	1.93	4.47	5.64	5.83
Total Income	27.45	24.31	28.67	22.15
B. Expenditure				
Exploitation, Conversion and Transportation ²	15.78	19.39	23.05	7.30
Other Expenditure	0.83	0.74	1.07	1.36
Total expenditure	16.61	20.13	24.12	8.66
Profit/loss (A-B)	10.84	4.18	4.55	13.49

¹ Capital employed represents net fixed assets plus working capital.

² After adjusting the amount of increase/decrease in stock.

Appendix-4.2.2

(Referred to in the paragraph 4.2.7; Page 96)

Statement showing details of acquisition and utilisation of land

(Land in hectare)

Sl. No.	Particular	Barnawapara	Panabaras	Antagarh	Kawardha	Kota	Sarguja	Manendragarh	Total
1	2	3	4	5	6	7	8	9	10
1	Land available with the company as on the date of formation of the company	32822.84	41404.48	42744.23	0.00	29242.77	0.00	0.00	146214.32
2	Land acquired by the company on lease since inception up to 2007-08	2378.64	8888.15	0.00	16511.62	4617.03	20281.75	11093.96	63771.15
3	Land transferred from Kota division	0.00	0.00	0.00	5797.14	0.00	0.00	0.00	5797.14
4	Land returned to Forest department up to 2007-08	0.00	0.00	0.00	1351.56	0.00	0.00	11093.96	12445.52
5	Land transferred to Kawardha division	0.00	0.00	0.00	0.00	5797.14	0.00	0.00	5797.14
6	Total Land (1+2+3-4-5=6)	35201.48	50292.63	42744.23	20957.20	28062.66	20281.75	0.00	197539.95
7	Land to be treated as per working plan of the company up to 2007-08	32822.84	41404.48	39713.47	3834.88	23445.64	6849.02	1101.14	149171.47
8	Land treated upto 2007-08	32822.84	40127.89	24816.36	3199.88	19276.34	2235.97	246.25	122725.53
9	Shortfall in treatment of land	0.00	1276.59	14897.11	635.00	4169.30	4613.05	854.89	26445.94
10	Percentage of shortfall in treatment of land	0.00	3.08	37.51	16.56	17.78	67.35	77.64	17.73

Appendix-4.2.3

(Referred to in the Paragraph 4.2.10.1; Page 102)

Statement showing less production of standard size root-shoots

Name of division	Plantation year	No. of beds used	Actual production of standard size root-shoots			Production as per norms 700/bed (lakh) (Col 3 *700)	Less production of Standard size root-shoots (lakh) (Col 7-Col 4)
			Total (lakh)	Per Bed (Nos) Col 4/col 3	Percentage (Col *100/700) (Col 5 x 100/700)		
1	2	3	4	5	6	7	8
Panabaras	2004	4237	7.81	184	26	29.66	21.85
	2005	4450	5.85	131	19	31.15	25.30
	2006	4250	11.48	270	39	29.75	18.27
	2007	2500	15.46	618	88	17.50	2.04
	2008	5110	10.30	202	29	35.77	25.47
Sarguja	2007	3000	7.25	242	35	21.00	13.75
	2008	2600	0.15	6	1	18.20	18.05
Barnawapara	2004	5000	33.07	661	94	35.00	1.93
	2005	5000	26.01	520	74	35.00	8.99
	2006	4000	11.07	277	40	28.00	16.93
	2007	4144	28.00	676	97	29.01	1.01
Antagarh	2004	4403	16.57	376	54	30.82	14.25
	2005	5000	18.95	379	54	35.00	16.05
	2006	4000	20.54	514	73	28.00	7.46
	2007	4000	16.22	406	58	28.00	11.78
	2008	4100	19.00	463	66	28.70	9.70
Kawardha	2005	500	2.89	578	83	3.50	0.61
	2006	2540	13.53	533	76	17.78	4.25
	2007	4010	24.13	602	86	28.07	3.94
Kota	2004	4000	6.78	170	24	28.00	21.22
	2005	3000	7.88	263	38	21.00	13.12
	2006	3200	13.34	417	60	22.40	9.06
	2007	4000	14.27	357	51	28.00	13.73
	2008	3729	18.21	488	70	26.10	7.89
Manendragarh	2006	1000	1.00	100	14	7.00	6.00
Total		91773	349.76	381	54	642.41	292.65

Appendix-4.2.4
(Referred to in the Paragraph 4.2.12; page 106)
Statement showing targets and achievements

Sl. No.	Works	2004-05			2005-06			2006-07			2007-08			Total		
		Target	Actual	Short fall in %	Target	Actual	Short fall in %	Target	Actual	Short fall in %	Target	Actual	Short fall in %	Target	Actual	Short fall in %
1	Plantation Imp. Working circle(ha)	7708	4225	45	5348	2650	50	2470	310	87	2160	0	100	17686	7185	59
2.	Plantation Management Working circle(ha)	12652	8355	34	12328	8278	33	8150	7072	13	9892	7068	29	43022	30773	28
3	Improvement Working circle (ha)	13290	4978	63	16210	4135	74	7354	4969	32	8512	5407	36	45366	19489	57
4	Boundary pillars (Nos)	4494	4165	7	3829	3243	15	3691	694	81	4465	719	84	16479	8821	46
5	Demarcation line (Km)	1231	905	26	1886	1425	24	1071	392	63	935	270	71	5123	2992	42
6	Fire protection work (Ha)	79111	78484	1	146688	101608	31	104337	179361	0	179361	179361	0	509497	538814	0

Appendix-4.3.1
(Referred to in paragraph 4.3.4; Page 114)
List of paras involving recovery of money

A. Chhattisgarh State Electricity Board

(Rupees in lakh)

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
1.	Non-recovery of Rs 1.11 lakh towards temporary connection given to LT consumers	EE (O&M), Dhamtari 2001-02 to 2002-03 Part II B Para 1	1.11	Recovery details and latest position was not given by the Management.
2.	Outstanding recovery of Rs 62.71 lakh against RE/LIS ³ towards electrification work	EE (O&M), Dhamtari 2001-02 to 2002-03 Part II B Para 4	62.71	Recovery details and latest position was not given by the Management.
3.	Non-realisation of recoveries of Rs 15.54 lakh as pointed out by vigilance	EE (O&M), Kawardha (2001-2003) Part II B Para 1	15.54	Recovery details and latest position was not given by the Management.
4.	Non-recovery of Rs 7.72 lakh for using MPEB ⁴ poles by TV cable operators	EE(O&M), Korba East 1999-2001 Part II Para 1	7.72	Recovery details and latest position was not given by the Management.
5.	Defalcation of Rs 10,094 in Baradwar distribution center	EE(O&M), Champa 2000-2002 Part II B Para 2	0.10	Recovery details and latest position was not given by the Management.
6.	Non-recovery of Rs 92.50 lakh from Allied Steel	Sr.AO/MPEB, Raipur 1998-99 Para 1	92.50	Recovery details and latest position was not given by the Management.
7.	Recoveries of Rs 89.55 lakh outstanding against consumers identified by Vigilance Flying Squad	SE(O&M), CSEB Raipur 1999-2001 Para 2	89.55	Recovery details and latest position was not given by the Management.
8.	Non recovery of lease rent of Rs 3.49 lakh from the contractor of PCC ⁵ Pole factory	EE(Civil S&I), Jagadapur (1999-00 to 2000-01) Para 1	3.49	Recovery details and latest position was not given by the Management.
9.	Non-recovery of Rs 1.88 lakh based on revised license fees of quarters	EE(Civil S&I), Jagadapur (1999-00 to 2000-01) Para 2	1.88	Recovery details and latest position was not given by the Management.
10.	Non-recovery of revenue of Rs 8.59 lakh	EE(O&M), Bhatapara, CSEB (1994-95 to 1996-97) Para 1	8.59	Recovery details and latest position was not given by the Management.
11.	Non-recovery of Rs 66,131 on account of intimated by Vigilance Department	EE(O&M), Bhatapara, CSEB (1994-95 to 1996-97) Para 2	0.66	Recovery details and latest position was not given by the Management.

³ Scheme code RE/LIS 036 relating to Majratola electrification.

⁴ Madhya Pradesh Electricity Board

⁵ Pre-stressed cement concrete pole

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
12.	Non-recovery of dues worth Rs 28.12 lakh from different suppliers	EE(Store) HTPS Korba West, CSEB 1999-2001 Part II B Para 3(b)	14.60	Recovery of Rs 13.52 lakh was made. Details of recovery of balance amount not given by the Management.
13.	Non-recovery of advances amounting to Rs 7.52 lakh	Sr. AO, HTPS, Korba West 1999 to 2000 Part II B Para 3	7.52	Recovery details and latest position was not given by the Management.
14.	Non-recovery of energy dues from consumers on accounts of energy theft detected by vigilance	CE (Comml), Raipur 2002-03 Part II B Para 5	14.44	Recovery details and latest position was not given by the Management.
15.	Non-recovery of Sales Tax of Rs 0.42 lakh for hiring of vehicles	EE(Civil Construction Division), Bhilai 2001-03 Part II B Para 2	0.42	Recovery details and latest position was not given by the Management.
16.	Non-recovery of dues from Railways amounting to Rs 7.93 crore on account of charges for parallel operation of railway traction	EE(O&M), Raigarh 1998-2000 Part II A Para 1	793.00	Recovery details and latest position was not given by the Management.
17.	Non-recovery of arrears detected by vigilance amounting to Rs 73.76 lakh on account of energy dues.	EE (O&M) City Division, Bilaspur 2001-03 Part II B Para 2(b)	73.76	Recovery details and latest position was not given by the Management.
18.	Non-recovery of outstanding rent of Rs 2.45 lakh from allotted shopkeepers	SE(Civil Circle), Korba East 2001-03 Part II B Para 2	2.45	Recovery details and latest position was not given by the Management.
19.	Illegal abstraction of electrical power violating the procedures. Non-recovery of dues of Rs 86.81 lakh	CE (Comml), Raipur 2003-04 Part II B Para 1	86.81	Recovery details and latest position was not given by the Management.
20.	Non-recovery of outstanding quarter rent of Rs 13.93 lakh	SR AO, Korba (East) 2001-02 Part II B Para 2	10.98	Recovery of 2.95 lakh was made. Details of recovery of balance amount not given by the Management.
21.	Non-recovery of thefts pointed out by the vigilance Rs 2.14 crore	EE(O&M), Korba East 1999-2001 Part II B Para 3	214.00	Recovery details and latest position was not given by the Management.
22.	Non-recovery of theft of energy cases Rs 31.98 lakh	EE(O&M) Champa 2000-2002 Part II B Para 3	31.98	Recovery details and latest position was not given by the Management.
23.	Non-recovery of Rs 2.12 lakh - energy theft detected by vigilance department	EE (O&M) Champa 1997-99 Part II B Para 1	2.12	Recovery details and latest position was not given by the Management.

24.	Non-recovery of additional charges earned money of Rs 83,897	EE(O&M) Dhamtari 1992-94 Part II B Para 6	0.83	Recovery details and latest position was not given by the Management.
25.	Non-recovery for installation of new meter in lieu of burnt meter	EE(O&M) Dhamtari 1992-94 Part II B Para 7	0.44	Recovery details and latest position was not given by the Management.
26.	Non-recovery of penal rent from the retired/terminated officers of board Rs 1.69 lakh	EE, CM. Division Bilaspur 2000-01 to 2001-02 Part II B Para 3	1.69	Recovery details and latest position was not given by the Management.
27.	Non-recovery of cost of short supply of coal from SECL ⁶ Rs 9.70 lakh	Sr.AO, HTPS ⁷ Korba West 1999 to 2000 Para 2	3.23	Recovery of Rs 6.47 lakh has been made. Details of recovery of the balance amount not given by the Management.
28.	Non-recovery of advances paid to Divisional Forest Officer Bilaspur Rs 33.23 lakh	Sr.AO, HTPS Korba West 1999-2000 Para 4	33.23	Recovery details and latest position was not given by the Management.
29.	Non-recovery of Rs 18.65 lakh from SECL	EE, Coal Transfer (Internal) Korba West 1993-95 Para 2	3.50	Recovery has been made upto Rs 15.15 lakh. Details of recovery of balance amount not given by the Management.
30.	Non-recovery of penalty due to delay in supply of materials-Rs 0.82 lakh	EE (Boiler and Maint) Dn. Korba (E) 1995-97 Para 4	0.82	Recovery details and latest position was not given by the Management.
31.	Non-recovery of penalty from contractor due to delay in completion of work in respect of annual overhauling of boilers Rs 5.01 lakh	EE(Boiler Maintenance) Korba East 1993-95 Part II B Para 6	5.01	Recovery details and latest position was not given by the Management.
32.	Pendency of railway claims Rs 14.91 lakh	EE(Stores) HTPS Korba (W) 1996-98 Part II B Para 5	14.91	Recovery details and latest position was not given by the Management.
33.	Non-receipt of Rs 9.12 lakh in respect of pump claim	EE(O&M) CSEB Mahasamund 1996-99 Part II B Para 8	9.12	Recovery details and latest position was not given by the Management.
34.	Misappropriation of Rs 3.60 lakh in the rural electrification scheme	EE(O&M), Bilaspur 1988-91 Part II B Para 3	3.60	Recovery details and latest position was not given by the Management.
35.	Non-recovery Rs 3,374 in deposit works.	EE(O&M), Bilaspur 1988-91 Part II B Para 10	0.03	Recovery details and latest position was not given by the Management.

⁶ South Eastern Coal field Limited.

⁷ Hasdeo Thermal Power Station.

36.	Pending revenue recovery amounting to Rs 52.48 lakh	EE(O&M) Bilaspur 1998-2000 Part II B Para 3	52.48	Recovery details and latest position was not given by the Management.
37.	Delay in recovery of electricity theft cases caught by vigilance party amounting to Rs 5.83 lakh	EE(O&M) Bilaspur 1998-2000 Part II B Para 4	5.83	Recovery details and latest position was not given by the Management.
38.	Non-recovery of penalty due to non completion of sewerage system renovation at CD type colony Korba East Rs 2.44 lakh	SE(Civil) Korba (E) 1994-2001 Part II B Para 2	2.44	Recovery details and latest position was not given by the Management.
39.	Non-recovery of advance paid to contractor Rs 51.95 lakh	Sr. AO, HTPS, Korba West 1999 -2000 Para 5	51.95	Recovery details and latest position was not given by the Management.
40.	Non-recovery of rent Rs 21.28 lakh from Government quarters	SE(Civil circle) Korba (E) 2001-03 Part II B Para 1	21.28	Recovery details and latest position was not given by the Management.
41.	Non-recovery of outstanding rent from Government quarters Rs 16.40 lakh	SE(Civil) Korba (E) 1999 -2001 Para 1	16.40	Recovery details and latest position was not given by the Management.
42.	Under billing of energy charges - Rs 29.54 lakh	EE (O&M) Raigarh 1998-2000 Part II A Para 5	29.54	Recovery details and latest position was not given by the Management.
43.	Recovered less service charges of Rs 0.72 lakh	EE(O&M) Dhamtari 1988-90 Para 2	0.72	Recovery details and latest position was not given by the Management.
44.	Short billing of energy charges of Rs 3.06 lakh from consumers	EE(O&M) Dhamtari 1994-97 Part II B Para 1	3.06	Recovery details and latest position was not given by the Management.
45.	Short billing of FCA ⁸ charges for the units sold to public street lighting - loss of revenue of Rs 1.48 lakh	EE(O&M) Balod, 2000-02 Para 1	1.48	Recovery details and latest position was not given by the Management.
46.	Short billing of FCA charges during 1995-96 Rs 16.39 lakh	EE City division Bilaspur 1999-2000 to 2000-01 Part II A Para 1(a)	16.39	Recovery details and latest position was not given by the Management.
47.	Short billing of FCA charges Rs 1.98 lakh on public street light and private consumption	EE City division Bilaspur 1999-2000 to 2000-01 Part II A Para 1(b)	1.98	Recovery details and latest position was not given by the Management.
48.	Short billing of FCA charges on assessed/minimum units where meter is defective Rs 89,865	EE City division Bilaspur 1999-2000 to 2000-01 Part II A Para 1(c)	0.90	Recovery details and latest position was not given by the Management.
49.	Outstanding of Rs 16.85 lakh on electrification of irrigation well	EE(O&M) Dn II Durg 1993-95 Part II B Para 1	16.85	Recovery details and latest position was not given by the

⁸ Fuel Cost Adjustment.

				Management.
50.	Non-recovery of excess payment of excise duty by pole factory Bilaspur	EE(Civil) MPEB Bilaspur 1986-89 Part II B Para 4	1.53	Recovery details and latest position was not given by the Management.
51.	Dues to be realised from South Eastern Railway Rs 430.99 crore	CE (Comml) Raipur 2002-03 Part II B Para 4	43099.00	Recovery details and latest position was not given by the Management.
52.	Non-recovery of interest of Rs 0.52 lakh/month from DCC ⁹ Bank Bilaspur on account of belated remittances	EE (City) Dn Bilaspur 1997-99 Part II B Para 5	0.52	Recovery details and latest position was not given by the Management.
53.	Non-recovery of dues from LT consumers Rs 3.92 crore	EE (O&M) Raigarh 1998-2000 Part II A Para 6(a)	392.13	Recovery details and latest position was not given by the Management.
54.	Non-recovery of Rs 24.06 crore as penalty for delay from Alstom Power India Ltd.	SE (R & M) Korba, East (2002-03)	2406.00	Recovery details and latest position was not given by the Management.
55.	Non-recovery of Additional security deposit from HT consumers to the extent of Rs 1.89 crore	Sr.AO, Bilaspur 2002-03 Part II B Para 2	189.40	Recovery details and latest position was not given by the Management.
56.	Non-encashment of energy security deposit of Rs 0.57 lakh	EE(O&M) Dn II Durg 1993-95 Part II B Para 3	0.57	Recovery details and latest position was not given by the Management.
	Total		47922.79	

B. Chhattisgarh State Civil Supplies Corporation Limited

Sl. No.	Para	Year of IR	Amount Involved	Remarks
1.	Non-recovery of Rs 71.45 lakh	2001-02 Para. 12	71.45	Recovery details and latest position was not made available by the management.
2.	Non-recovery of sales tax from the Sales tax department paid during October 2001 to March 2002 without availing exemption available.	2001-02 Para 14	3.03	Recovery details and latest position was not made available by the management.
3.	Misappropriation of funds to the extent of Rs 37.83 lakh by Sri F.R.Jayde, Assistant and incharge of Mandi in Kugumi during 2000-2002	2002-03 Para 12	37.83	The official suspended. The official was absconding since November 2002. Latest position was not made available by the management.
4.	A sum of Rs 21.50 crore remained not recovered from various bodies like FCI ¹⁰ , Railways, DRDA, Millers and others as on 31.3.2001	2003-04 Para.9	2,150.00	Recovery details and latest position was not made available by the management.
5.	Non-recovery of Rs 13.28 lakh from the transporters and SWC ¹¹ for shortages in transit and in storages in SWC/CWC warehouses	1996-97 Part IIB Para 5	13.28	Recovery details and latest position was not made available by the management.
6.	Non-recovery of claim of Rs 81.46 lakh from SWC/CWC for shortage during storage in Bilaspur and Raigarh district warehouses.	1999-2000 Part II B Para 13	81.46	Recovery details and latest position was not made available by the management.
7.	Delay in recovery of Rs 2.08 lakh from the transporter	1996-97 Part II B Para 7	2.08	Recovery details and latest position was not made available by the management.
8.	Non-recovery of shortage in SWC warehouse worth Rs 1.80 lakh	1996-97 Part II B Para 9	1.80	Recovery details and latest position was not made available by the management.
9.	Delay in recovery of Rs 3.85 crore from millers	2000-01 Part II B Para 6	385.40	Recovery details and latest position was not made available by the management.
10.	Non-recovery of penalty (LD) of Rs 6.15 lakh for delay in supply	2001-02 Para 13	6.15	Recovery details and latest position was not made available by the management.
	Total		2,752.48	

¹⁰ Food Corporation of India.

¹¹ State Warehousing Corporation.

C. Chhattisgarh State Industrial Development Corporation Limited

Sl. No.	Para	Year of IR	Amount Involved	Remarks
1.	Arrears of water charges- Rs 2.13 crore	2003-04 Part II B Para 4	212.79	Recovery details and latest position had not been made available by the management.

D- Chhattisgarh Mineral Development Corporation Limited.

Sl. No.	Para	Year of IR	Amount Involved	Remarks
1.	Non-recovery of advance of Rs 7.71 lakh	2002-03 Part II B Para 6	4.75	Recovery was made upto Rs 2.96 lakh. Balance has to be done.

Appendix-4.3.2
(Referred to in paragraph 4.3.5; Page 115)
List of paras involving deficiencies

A. Chhattisgarh State Electricity Board

(Rupees in lakh)

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
1.	Avoidable loss of revenue amounting to Rs 453.36 crore on account of theft of energy	CE (O&M) Raipur 2002-03 Part II B Para 5	45336.00	Latest position not furnished by the management.
2.	Abnormal delay in decision by the Board resulting in loss of dues of Rs 110.93 crore on account of parallel operation of Railway Traction substation	EE(O&M) Korba East 1999-2001 Part II Para 2	11093.00	Latest position not furnished by the management.
3.	Purchase of power from Jindal strips Ltd. Rebate for prompt payment Rs 3.01 crore	EE(O&M) Korba East 1999-2001 Part II A Para 2	301.00	Latest position not furnished by the management.
4.	Avoidable over payment Rs 37.71 crore to Jindal Strips due to defective clause on firm power	EE(O&M) Korba East 1999-2001 Part II A Para 4	3771.00	Latest position not furnished by the management.
5.	Loss of Rs 2.87 lakh to the board due to energy theft by Abhilasha Ispat Industries	EE (MRT) Dn. I, Raipur 2000-02 Para 1	2.87	Latest position not furnished by the management.
6.	Loss of Rs 23.39 lakh due to billing at minimum whereas actual quantity consumed exceed minimum quantity.	EE(City) Dn. Bilaspur 1997-99 Part II B Para 2	8.98	Latest position not furnished by the management.
7.	Loss of Rs 6.04 lakh as the transformer became defective	EE(City Dn) East, Raipur 1995-98 Part II Para 3	6.04	Latest position not furnished by the management.
8.	Loss of Rs 5.17 crore due to excess loss of energy over norm	SE(O&M) Dn. Bilaspur 1995-97 Part II B Para 1	517.20	Latest position not furnished by the management.
9.	Finalisation of contract resulting in an avoidable expenditure of Rs 25.71 lakh	Concurrent of High Value Contract	25.71	Latest position not furnished by the management.
10.	Undue benefit of Rs 36.52 lakh to three HT consumers	EE(Sub transmission) and Rural Electrification, Bilaspur 1996-99 Part II A Para 1	36.52	Latest position not furnished by the management.
11.	By not adhering to the provisions of Electricity Supply Act resulting in non recovery of dues Rs 1.87 crore	EE (O&M) Raigah 1998-2000 Part II A Para 9	187.13	Latest position not furnished by the management.

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
12.	Excess payment of property tax of Rs 7.03 lakh and non-availing of rebate at the rate of 6.25 per cent (Rs 3.04 lakh) available for payment within the stipulated time of 15 days	EE(Civil) Maintenance Dn. II Korba East 1989-92 Para 2	10.28	Latest position not furnished by the management.
13.	Delay in remittance of Sale proceeds of scrap to board accounts Rs 1.30 crore	CE (S&P) Generation, Raipur for the period ending March 2004 Para 2	129.56	Latest position not furnished by the management.
14.	Transformer failed within guarantee period-lying un-repaired	SE(Stores) Circle, Raipur 2002-04 Para 2	0	Latest position not furnished by the management.
15.	Non-supply of 11 KV & 33 KV VCB and CT against extension order valuing Rs 2.12 crore	High Value Contract audit of CE (S&P) Raipur for the period ending March 2004 Para 4	212.00	Latest position not furnished by the management.
16.	Non-supply of material against extension order resulted in extra expenditure of Rs 1.78 crore	High Value Contract audit of CE (S&P) Raipur for the period ending March 2004 Para 5	178.00	Latest position not furnished by the management.
17.	Purchase of conveyor belt worth Rs 2.86 crore from disqualified suppliers	HVC/CE (S&P) Generation Raipur 2003-04 Para 4	285.51	Latest position not furnished by the management.
18.	Procurement of PCC ¹² poles giving undue advantages to private manufacturers	EE (S&P) Raipur 2003-04 Part II B Para 1	0	Latest position not furnished by the management.
19.	Loss of Rs 2.12 lakh due to delay in replacement of defective 11 KV pre insulators	EE (S&P) Raipur 2003-04 Para 2	2.12	Latest position not furnished by the management.
20.	Delay in replacement of defective 11 KV fittings	EE(S&P), Raipur 2003-04 Para 3	0	Latest position not furnished by the management.
21.	Non supply of VCBs ¹³ within the delivery period by ABB Limited	EE (S&P) Raipur 2003-04 Para 4	0	Latest position not furnished by the management.
22.	Non execution of extension order by the contractor for supply of line material for Naragarh transmission line-Extra expenditure of Rs 2.50 crore	HVC of CSEB For the period ending June 2004 Para 1	250.00	Latest position not furnished by the management.

¹² Pre stressed cement concrete pole

¹³ Vacuum Circuit Breaker.

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
23.	Non-deduction of Income Tax amounting to Rs 24.47 lakh on free supply of electricity to employees	SR A.O Raipur 2001-04 Part II B Para 1	24.47	Latest position not furnished by the management.
24.	Extra expenditure of Rs 12.63 lakh incurred on shifting of electrical support on behalf of Municipal Corporation, Raipur	EE (City construction) Raipur 2001-04 Para 2	12.63	Latest position not furnished by the management.
25.	Loss due to theft Rs 38.33 lakh	CE (O&M) Raipur 2003-04 Para 2	38.33	Latest position not furnished by the management.
26.	Payment of excise duty and Central Sales Tax to a firm without conforming documentary evidence Rs 39.44 lakh	Concurrent (High Value Contract) -Part II A Para 2	39.44	Latest position not furnished by the management.
27.	Wrong adoption of differential rates resulted in excess payment of Rs 0.62 lakh in purchase of power from Prakash Industries Limited	Sr.AO, Bilaspur 2002-03 Part II B Para 3	0.62	Latest position not furnished by the management.
28.	Non-disposal of unserviceable items of stores amounting to Rs 2.18 crore	EE (Stores) Bhilai 2001-03 Part II B Para 2	217.62	Latest position not furnished by the management.
29.	Dishonored cheque of Rs 23.00 lakh	EE (O&M) City Division Bilaspur 2001-03 Part II B Para 2(B)	23.00	Latest position not furnished by the management.
30.	Loss of Rs 3.61 lakh due to non billing of average consumption charges on defective/stopped meter.	EE(O&M) Champa 2000-02 Part II B Para 1	3.61	Latest position not furnished by the management.
31.	Billed less due to damage of meter of Rs 0.42 lakh	EE(O&M) Dhamtari 1988-90 Para 1	0.42	Latest position not furnished by the management.
32.	Short billed for 3,885 units	EE(O&M) Dhamtari 1994-97 Part II B Para 2	0	Latest position not furnished by the management.
33.	Theft of assets of board valuing Rs 0.56 lakh	EE(O&M) Dhamtari 1992-94 Part II B Para 5	0.56	Latest position not furnished by the management.
34.	Loss of material by theft - Rs 0.98 lakh	EE(O&M) Dhamtari 1997-99 Para 2	0.98	Latest position not furnished by the management.
35.	Excess payment of Rs 6.43 lakh to the contractor due to material supplied above SOR ¹⁴ percentage	EE(Civil) Construction, Bhilai 1994 -96	6.43	Latest position not furnished by the management.

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
		Para 1		
36.	Loss of Rs 2.31 lakh due to theft of conductors	EE(O&M)Dn Khairagarh, Rajnandgaon 2000-01 to 2001-02 Part II A Para 2	2.31	Latest position not furnished by the management.
37.	Transformer purchased at a value of Rs 1.96 crore but not used till 1999	EE(Civil) Bhilai 1996-99 Para 1	196.00	Latest position not furnished by the management.
38.	An amount of Rs 32.61 lakh incurred in construction of service station but the work was abandoned	EE(Civil) Bhilai 1996-99 Para 2	32.61	Latest position not furnished by the management.
39.	Locking up of funds in purchase of land Rs 22.65 lakh	EE (EHT) Constn. Durg 1993-96 Para 2	22.65	Latest position not furnished by the management.
40.	Loss of Rs 4.00 lakh due to placement of work order without acquisition of land.	EE, Civil Division Bilaspur 2000-01 to 2001-02 Part II B Para 1	4.00	Latest position not furnished by the management.
41.	Avoidable payment of excise duty of Rs 5.94 lakh on the poles manufactured by universal enterprises Bishrampur	EE, CM. Division Bilaspur 2000-01 to 2001-02 Part II B Para 2	5.94	Latest position not furnished by the management.
42.	Loss of material issued from stores worth Rs 2.73 lakh	EE (Maintenance Division)PH-3 Korba (E) 1996-97 to 1998-99 Part II B Para 1	2.73	Latest position not furnished by the management.
43.	Excess consumption of coal as per norm in electricity production resulting in extra expenditure Rs 7.41 crore	SE(operation) PH II Korba (E) 2000-02 Part II B Para 1	740.68	Latest position not furnished by the management.
44.	Irregular purchase order placed to God Enterprises, Calcutta	EE(O&M) Dn. 2X120 KW PH No.3 Korba (East Bank) April 1990 to April 1993 Part II B Para 3	0	Latest position not furnished by the management.
45.	Equipment worth Rs 16.00 lakh lying unused	EE(R&D) Korba (Bilaspur East) April 1996 to March 1998 Part II B Para 2	16.00	Latest position not furnished by the management.
46.	Irregular payment of Rs 4.73 lakh	EE(R&D) Korba (Bilaspur East) April 1996 to March 1998 Part II B Para 3	4.73	Latest position not furnished by the management.

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
47.	Loss of Rs 37.00 lakh due to sanction of Irregular Tender	EE Civil/ Maintenance Division, Korba (E) April 1998 to March 2000 Part II B Para 1	37.00	Latest position not furnished by the management.
48.	Irregular payment of allowances of Rs 2.87 lakh due to posting of employees against abolish post of security guard	EE (Training Dn) MPEB Raipur 1995-98 Para 1	2.87	Latest position not furnished by the management.
49.	Theft of money worth Rs 20,000 of the Board from SBI, Raipur	EE (Training Dn) MPEB Raipur 1995-98 Para 2	0.20	Latest position not furnished by the management.
50.	Non-receiving of expenditure incurred Rs 5.52 lakh claim from Government on electrification of agriculture pump	CE(Raipur Region), CSEB Raipur 2000-02 Para 1	5.52	Latest position not furnished by the management.
51.	Short billing of Rs 0.10 lakh on account of defective meter Sri Punjab Rice mill	JE(Distribution center) Bhattapara 1958-59 to 1986-87 Para 1	0.10	Latest position not furnished by the management.
52.	Non-scaling of meters terminal seats and non recovery of rescaling charges of Rs 3,264	JE(Distribution center) Bhattapara 1958-59 to 1986-87 Para 2	0.03	Latest position not furnished by the management.
53.	Short recovery of energy charges from Sri Chimam Bhai Rs 3,920	JE(Distribution center) Bhattapara 1958-59 to 1986-87 Para 4	0.03	Latest position not furnished by the management.
54.	Non-deposit of sales tax of Rs 17,454 in treasury	EE(O&M) Dn Bhatapara 1994-95 to 1996-97 Para 3	0.17	Latest position not furnished by the management.
55.	Loss of revenue amounting to Rs 85.65 lakh in supply of energy for irrigation pumps on flat rate	Divisional (O&M) Raipur 1997-98 to 1999- 2000 Para 1	85.65	Latest position not furnished by the management.
56.	Loss of revenue in supply of energy to single point of consumers- Rs 1.85 crore	Divisional (O&M) Raipur 1997-98 to 1999- 2000 Para 2	185.14	Latest position not furnished by the management.
57.	Idle investment on purchase of additional parallel housing feeder worth Rs 39.46 lakh and loss of interest Rs 71.03 lakh thereon	EE(Store) HTPC, Korba (West) 1999 to 2001 Para 1	71.03	Latest position not furnished by the management.

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
58.	Excess payment of commercial tax amounting to Rs 7.95 lakh	SE(Operation) Korba, west 1997-99 Para 4	7.95	Latest position not furnished by the management.
59.	Poor maintenance of conveyor system resulting in short receipt of coal led to generation loss of power worth Rs 86.88 lakh and additional expenditure of Rs 35.10 lakh on transportation of coal by road	SE(CHP) Internal, Korba West 2000-02 Para 1	121.98	Latest position not furnished by the management.
60.	Purchase of on-off switch of Larsen and Turbo make valuing Rs 57.42 lakh without assessing responsibility of rates.	SE(CHP) Internal, Korba West 2000-02 Para 2	57.42	Latest position not furnished by the management.
61.	Irregular payment of Commercial Tax to contractor - Rs 1.04 lakh	CE (Services), Korba West 1997 to 2000 Para 1	1.04	Latest position not furnished by the management.
62.	Cost over run of Rs 0.80 crore due to abnormal time over run	Sr.AO Korba West 2000-01 Para 4	80.00	Latest position not furnished by the management.
63.	Avoidable extra payment of Rs 17.95 lakh to Thejo Engg. Limited	EE CHP (Internal) Korba West 2000-02 Para 1	17.95	Latest position not furnished by the management.
64.	Non-feeding of 4.24 lakh MT coal valuing Rs 22 crore as per requirement of power houses	EE CHP (Internal) Korba West 2000 -02 Para 2	0	Latest position not furnished by the management.
65.	Irregular purchase of Rs 48.46 lakh	EE(Maint) Circle II Korba West 1994-95 to 1995-96 Para 1	48.46	Latest position not furnished by the management.
66.	Theft of conveyor belt and other items Rs 20.23 lakh	EE(Store) Korba West 1994-96 Para 1	20.23	Latest position not furnished by the management.
67.	Undue advantages to contractors in construction of earthen bund and ancillary work for disposal pond- Rs 9.52 lakh	SE(Civil) Circle-2 Korba (E) 1994 -96 Para 1	9.52	Latest position not furnished by the management.
68.	Estimate of capital works/oprn. Maint. Work valuing Rs 10.10 crore not sanctioned by competent authorities	SE(Civil) Circle-2 Korba (E) 1994-96 Para 2	1,010.19	Latest position not furnished by the management.
69.	Amount of Rs 1.65 lakh sanctioned more than the ceiling limit	SE(Civil) Circle-2 Korba (E) 1994-96 Para 3	1.65	Latest position not furnished by the management.
70.	Estimates of 13 capital works costing Rs 6.67 crore not sanctioned by the competent authorities	SE (Civil circle II) Korba East 1981-94 Part II B Para 1	667.00	Latest position not furnished by the management.

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
71.	Undue advantages to contractor due to non compliance of relevant rules for job work - Rs 2.92 lakh	EE (Boiler and Maint) Dn. Korba (E) 1995-97 Para 1	2.92	Latest position not furnished by the management.
72.	Avoidable expenditure of Rs 96.39 lakh on account of S&I ¹⁵ under forest area without forest clearance from GOI	EE(Civil) S&I Mini Dn. Bilaspur 1999-2001 Part II A Para 1	96.39	Latest position not furnished by the management.
73.	Excess expenditure of Rs 1.23 crore on different schemes without approval of revised sanctioned	EE(Civil) S&I Mini Dn. Bilaspur 1999-2001 Para 2	123.44	Latest position not furnished by the management.
74.	Unfruitful expenditure on S&I - Rs 2.30 crore	EE(Civil) S&I Mini Dn. Bilaspur 1999-2001 Para 3	230.00	Latest position not furnished by the management.
75.	Irregular payment on Earned leave encashment	EE(O&M) Dn I Durg 1992-94 Part II Para 1	0	Latest position not furnished by the management.
76.	Irregular payment of house rent allowance	EE(O&M) Dn I Durg 1992-94 Para 2	0	Latest position not furnished by the management.
77.	Loss of revenue due to short billing and unauthorized increase in weigh Rs 23,863	EE(O&M) Dn.I Durg 1990-92 Para 1	0.23	Latest position not furnished by the management.
78.	Loss of interest of Rs 8.98 lakh due to belated issue of bills to consumers	EE (City) Dn Bilaspur 1997-99 Part II B Para 1	8.98	Latest position not furnished by the management.
79.	Short recovery of rent Rs 0.74 lakh due to recovering rent at ordinary rate instead of at penal rate from unauthorized occupants	EE(Civil) Maintenance Dn. II Korba East 1989-92 Para 3(a)	0.74	Latest position not furnished by the management.
80.	Theft of material valuing Rs 0.31 lakh	EE(STRE) Division Bilaspur 1980-87 Part II B Para 9	0.31	Latest position not furnished by the management.
81.	Annual overhauling of 50 MW boiler through contracted labour-non observation of statutory requirements	EE(Boiler Maintenance) Korba East 1993-95 Part II B Para 2	0	Latest position not furnished by the management.
82.	Loss of Rs 15.55 lakh due to procurement of materials from non-registered firms	EE(Boiler Maintenance) Korba East 1993-95 Part II B Para 3	15.55	Latest position not furnished by the management.

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
83.	Daily maintenance of slag conveyers through departmental labour-extra expenditure of Rs 2.03 lakh	EE(Boiler Maintenance) Korba East 1993-95 Part II B Para 4	2.03	Latest position not furnished by the management.
84.	Blocking of funds of Rs 2.85 lakh due to defective distribution transformers	EE(City) Constn. CSEB Raipur 1996-99 Part II B Para 1	2.85	Latest position not furnished by the management.
85.	Charges incurred by board on shifting of electrical supports on behalf of municipal corporation Raipur -Rs 12.63 lakh	EE/City Constn. Division Raipur 2001-04 Part II B Para 2	12.63	Latest position not furnished by the management.
86.	Irregular payment of allowance of Rs 1.15 lakh to Junior Engineer	EE(O&M) Nayapara Raipur 1996-99 Part II B Para 1	1.15	Latest position not furnished by the management.
87.	Purchase of conveyor belt worth Rs 2.85 crore lakh from disqualified suppliers	HVC, CSEB Raipur Upto December 2002 Para 4	285.51	Latest position not furnished by the management.
88.	Excess expenditure over estimated cost on construction Rs 1.87 lakh	EE(City Division), East Raipur 1995-98 Para 7	1.87	Latest position not furnished by the management.
89.	Blocking up of funds of Rs 2.85 lakh due to defective distribution transformer	EE(City Dn) CSEB, Raipur 1996-99 Para 1	2.85	Latest position not furnished by the management.
90.	Undue benefit given to the contractor	EE High Tension (Mant.) Dn Bhilai 3 1993-94 to 1995-96 Part II B Para 2	0	Latest position not furnished by the management.
91.	Contract of unloading of coal wagon and feeding of coal into tipper extra payment of Rs 11.38 lakh to the contractors	EE Coal Handling Plant, Korba(E) Thermal power station 1994-96 Part II B Para 1	11.38	Latest position not furnished by the management.
92.	Loss due to hand picking of coal not in existence	Coal Handling Plant Division, Korba (Thermal. PH Korba (E) 1993-94 Part II B Para 2	0	Latest position not furnished by the management.
93.	Awarding of work for feeding of coal and cleaning of conveyor plant/belt at higher rate	Coal Handling Plant Division, Korba (Thermal. PH Korba (E) 1993-94 Part II B Para 3	0	Latest position not furnished by the management.

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
94.	Irregular payment of Rs 0.55 lakh on account of Incentive Bonus	CE, Electricity Generation Training Institute, Korba (E) 1988-95 Part II B Para 1	0.55	Latest position not furnished by the management.
95.	Irregular payment of Rs 1.85 lakh	CE, Electricity Generation Training Institute, Korba (E) 1988-95 Part II B Para 2	1.85	Latest position not furnished by the management.
96.	Extra expenditure of Rs 5.91 lakh on one point connection	EE(O&M), Bilaspur 1988-91 Part II B Para 2	5.91	Latest position not furnished by the management.
97.	Extra expenditure of Rs 1.94 lakh in the ND scheme	EE(O&M), Bilaspur 1988 to 91 Part II B Para 5	1.94	Latest position not furnished by the management.
98.	Irregular payment of Rs 7.27 lakh due to be prepared electricity consumption bill of LT consumer from private firm	EE(O&M) Korba 1997-99 Part II A Para 1	7.27	Latest position not furnished by the management.
99.	Materials transferred on loan basis- Rs 3.41 lakh	EE(Sub Transmission) and Rural Electrification division Bilaspur 1996-99 Part II B Para 1	3.41	Latest position not furnished by the management.
100.	Avoidable expenditure of Rs 0.46 lakh	EE(Sub transmission) and Rural Electrification division Bilaspur 1996-99 Part II B Para 3	0.46	Latest position not furnished by the management.
101.	Loss of Rs 12.70 lakh to the board due to extraordinary increase of event of theft.	SE(O&M) Division Bilaspur 1995-97 Part II B Para 4	12.70	Latest position not furnished by the management.
102.	Non-verification of items issued from division level by indenting officers-amounting to Rs 1.99 lakh	EE(O&M) Bilaspur 1998-2000 Part II B Para 1	1.99	Latest position not furnished by the management.
103.	Non-receipt of subsidy by Board from different departments on extension of line for completion of pumps.	EE(O&M) Bilaspur 1998-2000 Part II B Para 2	0	Latest position not furnished by the management.
104.	Theft items of board amounting to Rs 2.52 lakh	EE(O&M) Bilaspur 1998-2000 Part II B Para 6	2.52	Latest position not furnished by the management.

Sl. No.	Para	Name of Division Year of IR	Amount involved	Remarks
105.	Selection of BHEL Limited for EPC ¹⁶ contract for implementation of Korba (East) 2 X 250 MW Thermal Power Project	Concurrent of High Value Contract Part II A Para 3 -	0	Latest position not furnished by the management.
106.	Extra/irregular expenditure of Rs 156.38 lakh in respect of works under the scheme improvements/communication and general development	EE(O&M) CSEB Mahasamund 1996-99 Part II B Para 2	156.38	Latest position not furnished by the management.
107.	Extra expenditure towards bank commission charges Rs 1.51 lakh due to not utilizing free services	EE (O&M) Dhamtari 2001-02 to 2002-03 Part II B Para 2	1.51	Latest position not furnished by the management.
108.	Avoidable loss of Rs 4.25 lakh due to delay in recovery of short billing detected by internal audit	Sr A.O Raipur 2001-04 Part II B Para 2	4.25	Latest position not furnished by the management.
109.	Extra expenditure Rs 15.46 lakh due to non completion of work for execution of renovation of earthing system of 220/132 KV sub station to CSEB	CE (ROC/TC) Raipur 2001-04 Para 1	15.46	Latest position not furnished by the management.
110.	Outstanding Additional Security Deposit Rs 1.26 lakh	EE(O&M) Dn II Durg 1993-95 Part II B Para 2	1.26	Latest position not furnished by the management.
	Total		67196.10	

B. Chhattisgarh State Civil Supplies Corporation Limited

Sl. No.	Para	Year of IR	Amount Involved	Remarks
1.	Huge shortage of paddy to the extent of 1,597.72 MT valuing Rs 86.97 lakh as on 31.3.2002	2002-03 Para 8	86.97	Latest position not furnished by the management.
2.	Rice of 193.70 MT (Rs 17.55 lakh) and 861.61 MT (Rs 77.98 lakh) procured under Above Poverty Line in Janjgir and in Rajnandgaon could not be sold. This resulted in loss of Rs 95.53 lakh.	2002-03 Para 9	95.53	Latest position not furnished by the management.
3.	Loss of Rs 18.45 lakh due to not returning 1,84,450 gunny bags (returnable) by Kanker district office under <i>Gramin Yojana</i> in 2002-03	2003-04 Para 10	18.45	Latest position not furnished by the management.
4.	Loss of Rs 1.21 lakh due to misappropriation of 749.73 quintals paddy by Bhushan Enterprises, Jagdalpur Rice mill	1999-2000 Part II B Para 17	1.21	Latest position not furnished by the management.

5.	Loss of Rs 28.85 lakh due to non settlement of theft and embezzlement cases	1999-2000 II B Para 18	28.85	Latest position not furnished by the management.
6.	Loss of Rs 10.52 lakh on sale of substandard paddy during the year 99-2000	1999-2000 Part II B Para 7	10.52	Latest position not furnished by the management.
7.	Loss of Rs 15.33 lakh due to shortage of paddy of 3,232.81 quintal in private and 2,777.70 quintal in institutional shortage	1999-2000 Part II B Para 12	15.33	Latest position not furnished by the management.
8.	Blockage of Gingam funds Rs 3.00 lakh with the Railway	1996-97 Part II B Para 6	3.00	Latest position not furnished by the management.
9.	Loss of Rs 1.50 lakh due to delay in disposal of wet wheat and rice	1996-97 Part II B Para 8	1.50	Latest position not furnished by the management.
10.	Transportation of paddy from one district to another district during the year 1997-98 and 1998-99 resulting unwarranted expenditure on transporter Rs 2.02 crore	1997-99 Part II B Para 5	202.21	Latest position not furnished by the management.
11.	Transportation of paddy from one district to another district resulting avoidable expenditure on transporter Rs 17.09 lakh.	1999-2000 Part II A Para 3	17.09	Latest position not furnished by the management.
12.	Review of Jawahar <i>Rojgar Yojna</i>	2000-01 Part II B Para 2	0	Latest position not furnished by the management.
13.	Excess payment of Rs 1.54 crore under food for work scheme	2001-02 Para 9	154.00	Latest position not furnished by the management.
14.	Loss of Rs 79.75 lakh on disposal of paddy of 3521.24 MT through auction sales at the rate of Rs 450.20/quintal when GoI offered reimbursement at the rate of Rs 567.77/quintal against the purchase cost of Rs 782.91/quintal	2002-03 Para 5	75.75	Latest position not furnished by the management.
15.	Stacking of paddy in open yards led to damage due to which the corporation suffered a loss of Rs 8.71 crore	2002-03 Para 6	871.00	Latest position not furnished by the management.
16.	Abnormal loss on account of dryness in paddy stock-value Rs 4.99 crore	2002-03 Para 7	499.00	Norms for dryness to be formed.
17.	Blocking of funds Rs 98.58 lakh due to delay in finalization of custom milling accounts	2002-03 Para 13	98.58	Latest position not furnished by the management.
18.	Excess collection of Demand Drafts charges Rs 0.60 lakh by SBI, Vaikunthpur	2002-03 Para 14	0.60	Latest position not furnished by the management.
19.	Proposals/activities implemented without financial concurrence	2003-04 Para 11	0	Regularisation details may be furnished.

20.	Loss of Rs 7.25 lakh due to shortage of food grains valuing Rs 3.50 lakh in Dhamtari District and Rs 3.75 lakh in Kawardha District	2003-04 Para 13	7.25	Latest position not furnished by the management.
21.	Mandi charges paid on CMR during 2002-03 at the time of procurement and sale in Rajnandgaon district office in 2002-03 was very high	2003-04 Para 15	0	Latest position not furnished by the management.
22.	(a) Non-maintenance of important records by Dantewada district office (b) Non-furnishing of records.	2003-04 Para 17(a) & (b)	0	Updation of records may be carried out.
23.	Loss of Rs 4.16 lakh as paddy valuing Rs 4.79 lakh was kept in SWC ¹⁷ godowns became unfit for use and disposed of for Rs 0.60 lakh	2002-03 Para 14	4.16	Latest position not furnished by the management.
	Total		2191.00	

C. Chhattisgarh State Industrial Development Corporation Limited

Sl. No.	Para	Year of IR	Amount Involved	Remarks
1.	Unfruitful expenditure of Rs 15.95 lakh incurred on Project Report	2003-04 Part II Para 3	15.95	Latest position not furnished by the management.

D. Chhattisgarh Mineral Development Corporation Limited.

Sl. No.	Para	Year of IR	Amount Involved	Remarks
1.	Non-disposal of immovable property lying at Bardwan, Janjgir	2002-03 Part II B Para 6	10.90	Decided by the company to give to Govt. Details of disposal/utilization is required.

E- Chhattisgarh State Beverages Corporation Limited

Sl. No.	Para	Year of IR	Amount Involved	Remarks
1.	Traveling expenses of the Chairman of the Corporation- Rs 2.89 lakh	2001-03 Part II B Para 10	2.89	Latest position not furnished by the management.

¹⁷ State Warehousing Corporation.