

## OVERVIEW

This Report comprises four Chapters which include five performance audits, a Chief Controlling Officer (CCO) based audit of the Agriculture Department and 24 paragraphs (including three thematic 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. Working of AYUSH Department

The Indian System of Medicine and Homeopathy (ISM&H) now renamed as AYUSH (Ayurved, Yoga & naturopathy, Unani, Siddha and Homeopathy) is providing healthcare facilities in alternative medicine system to the rural and urban people of the State. Despite the importance attached to promotion of low cost and easily accessible treatment, especially for the poor, the delivery of healthcare services in the State could not be achieved to the desired extent. Even though the popularity of indigenous systems of medicines, particularly, Ayurved, in various districts of the State was evident from the growing number of outpatients. AYUSH, however, could not invite the adequate attention of the Government. There were significant shortages in the cadre of Medical Officers and supporting staff; lack of basic infrastructure like water, electricity, diagnostic facilities and dysfunctional healthcare infrastructure in primary, secondary and tertiary healthcare institutions had adversely affected the quality of healthcare services. Audit did not notice any significant improvement over the situation as assessed by the previous audit concluded in 2004.

*(Paragraph 1.1)*

### 2. Chhattisgarh State Road Sector Development Project (ADB assistance)

Government of Chhattisgarh (GOCG), Public Works Department developed Chhattisgarh State Road Sector Development Project with the loan assistance from Asian Development Bank for improving the connectivity of the State. The Department failed to implement the project as per the targets set in the Action Plan due to delay in getting approval from Finance Department for signing the loan agreement resulting in time and cost overrun of the project.

Performance Audit of the project revealed that the department failed to reach key milestones set in the Project Action Plan. This resulted in slippage of physical targets as well as cost escalation. The poor performance of

consultants and contractors delayed the project works beyond its stipulated date. There was inadequate monitoring and internal control which further hampered smooth implementation of the project.

*(Paragraph 1.2)*

### **3. Jawharlal Nehru National Urban Renewal Mission**

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched in December 2005 with the objective of reforms driven and fast track development of cities across the country, with focus on sustainable development of physical infrastructure in cities. The duration of the Mission was seven years from 2005-06 to 2011-2012. Despite availability of funds, the construction works under various projects remained incomplete due to failure of the Municipal Corporations to acquire land at Detailed Project Report stage, delay in construction works and lack of constant monitoring and evaluation. Delay in implementation of reforms also led to deduction of Central Assistance by Government of India (GoI) to the tune of ₹ 24.29 crore. Further, as envisaged in the City Development Programme for Raipur city, the various development strategies for providing sewerage, construction of public toilets at different slum areas, storm water drainage, solid waste management and transportation for urban population could not be developed due to lack of initiative by GoCG.

*(Paragraph 1.3)*

### **4. IT Audit on ‘Computerisation of Public Distribution System’**

The Computerisation project of Public Distribution System (PDS) of the Food, Civil Supply and Consumer Protection Department was initiated to ensure greater efficiency and transparency in PDS. Audit of the system revealed computerisation was commenced without preparing Software Design Document or conducting a feasibility study. Tangible progress has been made in implementation of the computerised PDS. Various deficiencies that can erode its effectiveness still persist. Application controls were not properly incorporated and adherence to the password policy was weak. Discrepancies in Delivery Order, Panchnamas, Ghoshanapatras and inventory control system etc. were casting a shadow over the robustness of the system.

Despite computerisation of PDS, the department could not utilise its ‘online data’ for claiming subsidy from GoI. It also failed to maintain the accounts online.

*(Paragraph 1.4)*

### **5. Audit of Transactions**

Audit of financial transactions in various departments of the Government revealed instances of avoidable expenditure, excess payment, undue financial aid, unauthorised expenditure, idle expenditure and irregular expenditure amounting to ₹ 190.68 crore in the Aviation Department (₹ 65.00 lakh),

Agriculture Department (₹ 6.16 crore), Public Works Department (₹ 27.00 crore), Public Health and Family Welfare Department (₹ 90.36 lakh), School Education Department (₹ 1.41 crore), Tribal Department (₹ 37.78 lakh), Water Resources Department (₹ 39.78 lakh), General Administration Department (₹ 23.09 crore), Veterinary Department (₹ 2.38 crore), Panchayat and Rural Development Department (₹ 22.54 crore), Department of Technical Education, Manpower Planning, Science and Technology (₹ 2.14 crore) and Department of Labour (₹ 103.63 crore).

*(Paragraphs 2.1 to 2.4)*

## **6. CCO based Audit of Agriculture Department**

Chief Controlling Officer based Audit of Agriculture Wing in Agriculture Department was carried out by Audit and noticed that the annual action plans for the State as well as district level were prepared on the basis of ceilings of expenditure fixed in the guidelines of Government of India and State Government under various schemes. Although an expenditure of ₹ 1724.19 crore was incurred during the period 2007-11, the Department failed in diversification of crops and to achieve its target of production of major crops. The department could achieve 45 *per cent* of production of paddy and pulses by the end of 2010 as against its commitment of contribution of two million tons by the end of 2012 under National Food Security Mission (NFSM). The non-achievement of the target was mainly due to poor implementation of various Central sector, Centrally sponsored and State Plan schemes and lack of proper monitoring and field control by the district officers.

The department also failed to motivate farmers for adoption of crop rotation system and use of latest variety seeds through field demonstration with latest and high yielding variety seeds. Apart from the above, use of old variety seeds, distribution of substandard fertilizers, shortage of technical staff in soil testing laboratories and training centres was also partly responsible for shortfall in achievement of the targeted production. The goals to increase the production and productivity of Paddy, Pulses and Oil seeds could not be achieved to the extent envisaged.

*(Paragraph 3)*

## **7. Government Commercial and Trading Activities**

There were 16 Government Companies and two Statutory Corporations under the control of the State Government, as on 31 March 2011. The total investment in these PSUs was ₹ 9178.35 crore. As per their latest finalised accounts as on 30 September 2011, nine PSUs had shown profit of ₹ 565.24 crore and five PSUs incurred loss of ₹ 249.65 crore. Fifteen PSUs had not finalised their 39 accounts as on 30 September 2011.

*(Paragraphs 4.1.2, 4.1.7, 4.1.16 and 4.1.22)*

## **8. Power Distribution Activities of Chhattisgarh State Power Distribution Company Limited**

In Chhattisgarh, the distribution of power upto 31 December 2008 was carried out by the erstwhile Chhattisgarh State Electricity Board. Consequent to unbundling of the Board, from 1 January 2009, the distribution of power is carried out by the Chhattisgarh State Power Distribution Company Limited. The performance audit was conducted to assess economy, efficiency and effectiveness of activities relating to implementation of Central and State schemes, operational activities, billing and revenue collection, financial management and consumer satisfaction. The company was not able to recover its cost of operations and the revenue gap on this account worked out to ₹ 1556.72 crore in 2010-11. There was a delay in implementation of *Atal Jyoti Yojana*, a State sponsored scheme, which deprived the targeted load saving of ₹ 115.09 crore. In implementation of the Rajiv Gandhi *Grameen Vidyutikaran Yojana*, a Centrally sponsored scheme envisaging 100 per cent rural electrification, as on 31 March 2011, 95.28 per cent villages in the State were electrified. The implementation of Restructured Accelerated Power Development Reforms Programme was slow and did not yield the desired results of targeted reduction of Aggregate Technical & Commercial Losses by 3 per cent per year. Failure of the Company to make long term power projections despite the availability of 17<sup>th</sup> Electric Power Survey resulted in purchase of power at higher rates on short term basis resulting in loss of ₹ 420.57 crore. The Company could not restrict the Transmission and Distribution losses to the norms prescribed by the Chhattisgarh State Electricity Regulatory Commission and the aggregate value of losses on this account worked out to ₹ 1122.21 crore during 2006-11. The Company also lost ₹ 45.64 crore due to non withdrawal of concessions extended to ineligible captive power generators in the State. Non submission of tariff petitions in time resulted in loss of ₹ 668.55 crore to the Company over the review period.

*(Paragraphs 4.2)*

## **9. Audit of Transactions in Government Companies and Statutory Corporations**

Chhattisgarh Mineral Development Corporation Limited incurred anticipated loss of ₹ 1052.20 crore due to acceptance of lower rates for commercial mining.

*(Paragraph 4.3.1)*

Non recovery of value of minimum contracted quantity of Bauxite as per the agreement resulted in loss of ₹ 43.88 lakh to the Chhattisgarh Mineral Development Corporation Limited.

*(Paragraph 4.3.2)*

Chhattisgarh Infrastructure Development Corporation Limited suffered loss of interest of ₹ 20.14 lakh due to deficient investment policy.

*(Paragraph 4.3.3)*

Failure of Chhattisgarh State Beverages Corporation Limited to declare the actual stock for insurance cover resulted in loss of ₹ 26.99 lakh.

*(Paragraph 4.3.4)*

Chhattisgarh State Industrial Development Corporation Limited gave undue benefit to the allottee to the extent of ₹ 5.34 crore due to adoption of lower rate.

*(Paragraph 4.3.5)*

Chhattisgarh State Industrial Development Corporation Limited suffered loss of interest of ₹ 1.12 crore due to absence of investment policy.

*(Paragraph 4.3.6)*

Chhattisgarh State Industrial Development Corporation Limited failed to recover ₹ 50.21 lakh towards Workers' Welfare Cess.

*(Paragraph 4.3.7)*

Idling of asset valuing ₹ 23.96 crore resulted in non-achievement of reduction of energy loss of ₹ 9.00 crore because of non-synchronisation of work in Chhattisgarh State Power Transmission Company Limited.

*(Paragraph 4.3.8)*