



**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 2008

(CIVIL)

GOVERNMENT OF MAHARASHTRA

REPORT OF THE
COMMISSIONER OF THE
LAND OFFICE

FOR THE YEAR ENDING
MARCH 31, 1900

GOVERNMENT OF MASSACHUSETTS

W. B. BROWN, JR.,
COMMISSIONER

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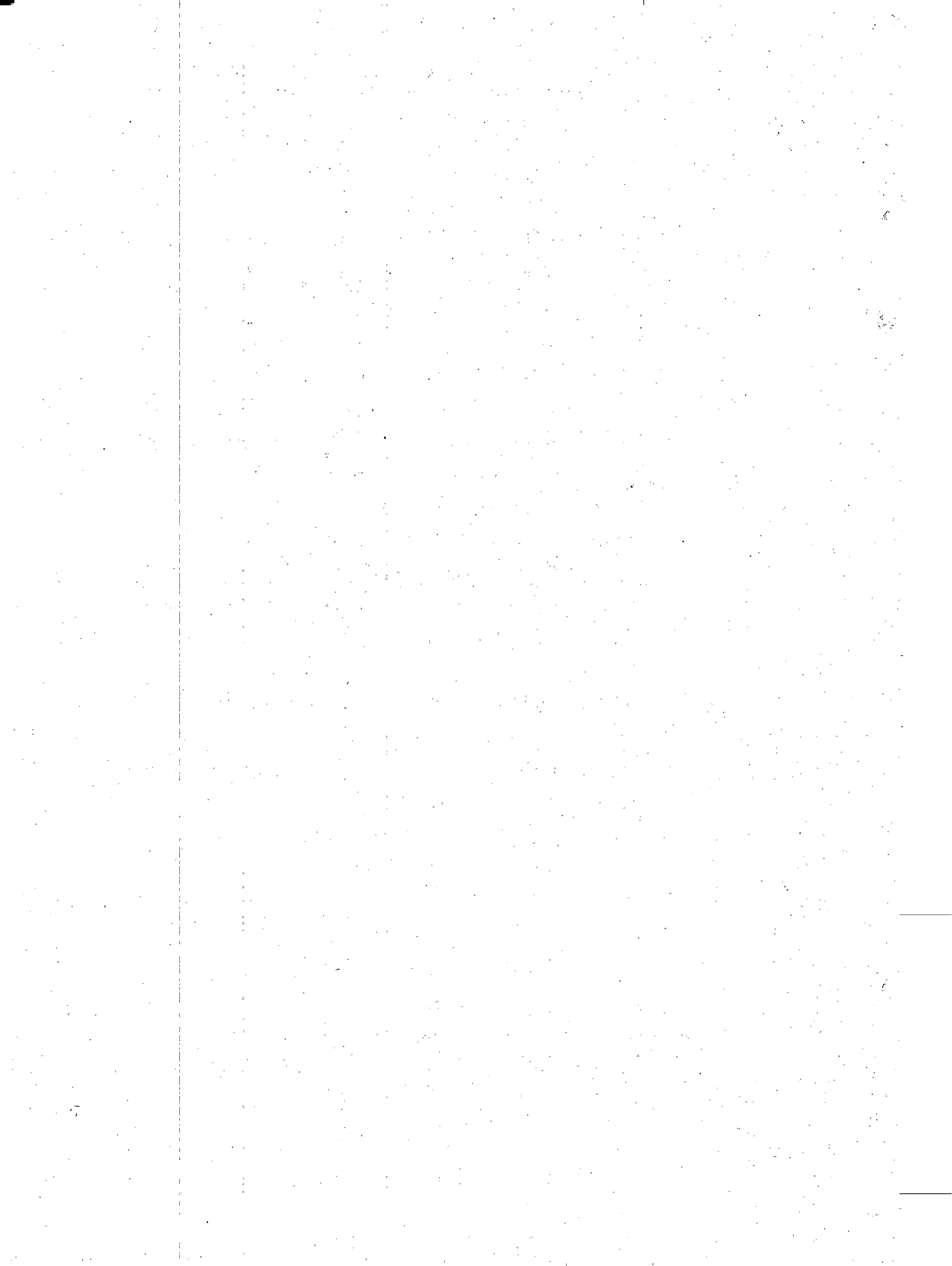
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P R E F A C E

- 1 This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
 - 2 Chapters I and II of this Report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2008.
 - 3 Chapter III deals with the findings of performance audit in various departments while Chapter IV deals with the findings of audit of transactions including Public Works, Irrigation and audit of Autonomous Bodies and departmentally run commercial undertakings. Chapter V deals with the comments on internal control mechanism existing in selected departments in the State.
 - 4 The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
 - 5 The cases mentioned in the Report are among those which came to notice in the course of test-audit of accounts during the year 2007-08 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2007-08 have also been included wherever necessary.
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OVERVIEW

Overview

The report comprises five chapters; the first two contain observations on the Finance and Appropriation Accounts of the Government for the year 2007-08 and the remaining three chapters contain five performance audits of certain selected programmes and activities, including audit of the internal control mechanism in the Forest Department and 46 paragraphs on audit of financial transactions of the various Government Departments 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 methods as well as on judgemental basis. The audit conclusions have been drawn and recommendations made taking into consideration the views of the Government.

A summary of the financial position of the State and audit comments on the performance of the Government in the implementation of certain programmes and schemes as well as the internal control mechanism in the Forest Department is given below:

1 Financial position of the State Government

The fiscal position of the State viewed in terms of the key fiscal parameters – revenue, fiscal and primary deficits – indicated significant improvement in 2007-08 relative to the previous year. The State has achieved the revenue and fiscal deficits targets relative to GSDP laid down under the Rules framed under the MFRBM Act during the year. The improvement in fiscal position of the State was observed to be mainly on account of increase in revenue receipts by Rs 17,388 crore (28 *per cent*) against an increase of Rs 3,395 crore (6 *per cent*) in revenue expenditure resulting in a steep increase of Rs 13,993 crore in revenue surplus in 2007-08 over the previous year. The State Government has managed to enhance the revenue receipts sharply during the year mainly on account of transfer of Rs 10,868 crore from 18 statutory funds maintained in Public Account to Consolidated Fund of the State as non-tax receipts through its Resolutions dated 10 and 15 March 2008 issued in pursuance to Maharashtra Ordinance No. II of 2008 dated 22 February 2008 and ratified vide Maharashtra Act No. V of 2008 dated 19 March 2008 and cabinet decision dated 3 May 2007 on the plea that the surplus amount lying in these funds cannot be utilised for any other purposes mentioned in the Acts under which these funds are maintained in the Public Account. The expenditure pattern of the State reveals that the revenue expenditure as a percentage to total expenditure still constitutes around 84 *per cent* of the total expenditure during 2007-08 and its NPPE component at Rs 54,505 crore during 2007-08 although was within the BE for the year (Rs 56,329 crore) but exceeded both the normative projection of the TFC for the State (Rs 43,795 crore) and State's

projection in its FCP (Rs 53,568 crore). Moreover, within the non-plan revenue expenditure, four components – salary expenditure (exclusive of salary component of GIA), pension liabilities, interest payments and subsidies – constitute about 54 *per cent* of NPRES during 2007-08. The increasing fiscal liabilities accompanied with negligible rate of return on Government investments and inadequate interest cost recovery on loans and advances might lead to a situation of unsustainable debt situation in medium to long run unless suitable measures are initiated to compress the non-plan revenue expenditure and to mobilise the additional resources both through the tax and non-tax sources in ensuing years. Besides, the State resorted to giving guarantees to various institutions for raising resources in a big way and outstanding guarantees as on 31 March 2008 were almost 73 *per cent* of the total revenue receipts and amounted to 10.07 *per cent* of GSDP in the current year. In case the Statutory corporations, Government companies, Co-operative banks and sugar factories continued to incur losses, there is inherent risk of invocation of Government guarantees which the State would have to honour out of its finances as it has not even set up the Guarantee Redemption Fund so far to meet such eventualities. The inordinate delays in completion of incomplete projects particularly irrigation projects in the State resulted in huge cost and time overruns is also a cause of concern for the State Government as revealed by the Report even on the basis of the fractured information made available by the respective departments of the State Government.

During 2007-08, the overall savings of Rs 16,719.06 crore was the result of savings of Rs 17,306.47 crore in 231 cases of grants and appropriations, offset by excesses of Rs 587.41 crore in 22 cases of grants and appropriations.

2 Management of Bio-medical Waste in Maharashtra

Government of India framed the Bio-medical Waste (Management and Handling) Rules, 1998, under the provisions of the Environment (Protection) Act, 1986 which prescribed the procedures for treatment and disposal of bio-medical waste generated by health care establishments (HCEs) such as hospitals, nursing homes, blood banks and veterinary institutions.

The Maharashtra Pollution Control Board (MPCB) neither conducted any survey of institutions which did not require authorisations but were required to treat bio-medical waste in the prescribed manner nor ascertained the mode of treatment of bio-medical waste generated by them. None of the 4,710 veterinary institutions under the jurisdiction of the Animal Husbandry Department of the State had obtained authorisations under the Bio-medical Waste (Management and Handling) Rules, 1998 from the MPCB. As of March 2007, 8168 hospitals and nursing homes neither had an individual facility nor joined common facility for disposal of bio-medical waste. The MPCB reported incomplete figures of bio-medical waste generated and disposed of, to the Central Pollution Control Board. Eleven HCEs did not segregate bio-medical waste as per colour codes envisaged in the Rules. Operators of common treatment facilities in nine districts did not observe the operational parameters

of time, temperature and pressure to ensure proper treatment of bio-medical waste. Plastic waste was sold to unauthorised recyclers without disinfection by 17 hospitals. Deep burial pits were being filled fully instead of half with BMW without the requisite layers of lime and soil by 58 health care establishments having a common treatment facility in Kolhapur District and three other hospitals having individual treatment facilities. Thirty one hospitals did not have effluent treatment facilities. The MPCB did not check the standards of liquid waste before they were discharged into public drains. The MPCB also did not fix any norms for inspection and verification of HCEs and common treatment facility operators by its officers. An Advisory Committee constituted in January 2003 met only once in September 2004. The Committee had not given any suggestions to the Government on management of Bio-medical Waste.

(Paragraph 3.1)

3 MP/MLA/MLC's Local Area Development Schemes

Government of India introduced the Members of Parliament Local Area Development Scheme in 1993-94, under which developmental works were taken up in each parliamentary constituency on the recommendations of the Members of Parliament. The Government of Maharashtra had introduced the Small Works Programme Based on Felt Needs of the District in 1984-85, which was re-christened as the Members of Legislative Assembly/Members of Legislative Council Local Area Development Programme in 1996, under which developmental works were taken up in assembly constituencies on the recommendations of the concerned Members of Legislative Assembly and Members of Legislative Council.

Central funds of Rs 204.83 crore for the scheme were received short due to non-recommendation of works by the MPs. Four out of nine test-checked District Collectorates had not distributed unspent balances of Rs 6.04 crore in respect of 16 former Rajya Sabha Members among the sitting Rajya Sabha Members, as required. Six out of nine test-checked District Collectors had sanctioned works costing Rs 2.36 crore during 2003-08 which were not covered under the Members of Parliament Local Area Development Scheme and Members of Legislative Assembly/Members of Legislative Council Local Area Development Programme. Government sanctioned 24 works during 2006-08 under the Local Area Development Programme, as special cases, which were not covered by the guidelines. In four out of nine test-checked districts, the Collectors had not carried out any inspections of works under the Members of Parliament Local Area Development Scheme. Irregularities pointed out in earlier Audit Reports, viz., retention of unspent balances, delay in sanction of works, delay in execution of works, lapses in monitoring continue to persist during 2003-08.

(Paragraph 3.2)

4 Management of Prisons in Maharashtra

Prisons in Maharashtra were established under the Prisons Act, 1894 with the purpose of confining offenders committing offences under the various laws. Apart from providing custodial care to offenders of laws and thus isolating them from the general community for a certain period of time with a view to ensuring security, peace and tranquility, the Home Department also undertook planned programmes aimed at reforming them as part of social reclamation. There was short receipt of Central funds of Rs 4.78 crore due to non-utilisation of funds by the State in time. Provisions of financial codes were not adhered to in the maintenance of cash books. As of 31 March 2008, 587 posts of security staff, (15.5 per cent) were lying vacant. Modern security equipments like closed circuit televisions, hand and door metal detectors, walkie talkies, X-Ray searching machines etc., were not installed in the prisons. Armoury of the prisons constituted mainly of 1078 antiquated 0.410 musket rifles. The problem of overcrowding in prisons was severe and the average occupancy in the prisons in the State was 147 per cent of their capacities. In Mumbai and Thane Central Prisons and Solapur, Kalyan, Byculla, Alibag, Buldhana, Parbhani, Ahmednagar, Chandrapur, Nanded and Wardha District Prisons, the average occupancy rates ranged from 157 to 402 per cent. As of March 2008, 36 per cent of works taken up under a scheme for modernisation of prison administration was in progress while seven per cent had not been started at all. Computerisation programme envisaged in the year 1999 has not yet been implemented. Non-official members had not been appointed for Boards of Visitors in 32 prisons. Inspections of the prisons were not regularly carried out by the Inspector General of Prisons. Internal audit of 42 units was pending for periods ranging upto 35 years. Model Prison Manual, 2003 furnished by the Government of India to the State Government for adoption, was not yet adopted.

(Paragraph 3.3)

5 Information Technology Audit of Lottery Allotment System in the Maharashtra Housing and Area Development Authority

The activities of the Mumbai Housing and Area Development Board (MHADB), a unit of the Maharashtra Housing and Area Development Authority include construction of residential buildings under different schemes for different sections of the society and their allotment to the beneficiaries. Computerisation of the various functions of MHADA was initiated in December 1995. Application software being used by MHADB for their activities relating to the processing of applications for tenements, picking of lotteries and allotment of tenements were 'Application Form', 'Lottery Management System' and 'Marketing Cell' respectively. Standard procedures in respect of system development were not followed for development of applications software. Application form as well as application systems lacked essential information about applicants. Duplicate applications for tenements

under the same category had been considered in respect of 34 cases and 112 cases for the lottery held in the years 2006 and 2005 respectively. Same applicants had applied for tenements under more than one income group in respect of 680 cases and 348 cases considered for lottery drawn in the years 2006 and 2005 respectively. Two tenements were allotted to applicants in the lottery held in 2005, two tenements were allotted to applicants in 2006 in respect of two cases and four existing MHADB tenement holders were again allotted tenements in the lottery held in 2005 and 2006. Sixty two out of 160 tenements having a total sale price of Rs 2 crore, located at Mankhurd and meant for the 'Low Income Group' in respect of the lottery held in July 2006 were yet to be allotted. Security policy had not been formulated to ensure security of the data. The application also lacked audit trails.

(Paragraph 3.4)

6 Internal control mechanism in the Forest Department

Internal control is an integral component of an organisation's management processes, which are established in order to provide reasonable assurance that the operations are being carried out effectively and efficiently, financial reports and operational data are reliable and the applicable laws and regulations are being complied with so as to achieve organisational objectives.

In Forest Department, large savings under the plan expenditure indicated deficiencies in budgeting, planning and execution of the plan. Funds drawn from the treasury/sub treasury offices were not entered in the cash book exposing the organisation to the risk of misappropriation and fraud. In violation of provisions contained in Bombay Contingency Fund Rule, non-plan expenditure of Rs 44 crore was incurred out of Contingency Fund though the same was included and demanded in regular estimates. Departmental Manual prepared in the year 1959 had not been updated. Development works in the National Park were executed at a cost of Rs 1.74 crore without the approval of committee and Principal Chief Conservator of Forests (Wild Life). No mechanism existed to ensure prescribed checks in plantation work by the Chief Conservator of Forests and Conservator of Forests. Chief Conservator of Forests and Deputy Conservator of Forests did not conduct mandatory inspections of Saw mills despite shortfall in inspection by the Range Forest Officers. There were arrears in internal audit and initiative to rectify the mistakes and deficiencies pointed out in internal audit was inadequate.

(Paragraph 5.1)

7 Transaction audit findings

Audit of financial transactions, subjected to test-check, in various departments of the Government and their field functionaries showed instances of misappropriation/fraudulent payments, excess payment, wasteful expenditure, idle investment, irregular expenditure etc. of over Rs 104.63 crore as mentioned below:

Misappropriation/fraudulent payments amounting to Rs 1.66 crore were noticed in the departments of Home (Rs 5.08 lakh), Public Health (Rs 24.56 lakh), Public Works (Rs 1.36 crore) and Revenue and Forest (Rs 0.30 lakh).

Excess payments and wasteful and infructuous expenditure amounting to Rs 23.56 crore were noticed in the departments of Environment (Rs 33.37 lakh), Housing (Rs 18.79 crore), Maharashtra Legislature Secretariat (Rs 49.78 lakh), Public Works (Rs 1.19 crore), Water Resources (Rs 2.29 crore) and Water Supply and Sanitation (Rs 46.34 lakh).

Violations of contractual obligations, undue favours to contractors and avoidable expenditure amounting to Rs 36.78 crore were noticed in the departments of Home (Rs 4.84 crore), Medical Education and Drugs (Rs 11.29 crore), Public Works (Rs 2.83 crore), Housing (Rs 3.46 crore), Urban Development (Rs 4.44 crore) and Water Resources (Rs 9.92 crore).

Idle investment/idle establishment/blocking of funds and unfruitful expenditure amounting to Rs 29.44 crore were noticed in departments of Home (Rs 43.29 lakh), Public Works (Rs 4.05 crore), Rural Development and Water Conservation and Water Resources (Rs 3.65 crore), School Education (Rs 2.52 crore), Tribal Development (Rs 4.45 crore) and Water Supply and Sanitation (Rs 14.34 crore).

Regularity issues like execution of inadmissible works, award of work without tendering, irregular payment of grants etc. amounting to Rs 13.19 crore were noticed in the Departments of Planning (Rs 78.22 lakh), Public Works and Water Resources (Rs 10.41 crore) and School Education (Rs 2 crore).

Some of the important findings are as follows:

- Payment of Rs 1.35 crore to the contractor against fake invoices for purchase of bitumen resulted in fraudulent payment in Public Works Division, Nilanga.
(Paragraph 4.1.3)
- Failure of the Maharashtra Housing and Area Development Authority to ensure the fulfillment of terms and conditions of allotment and taking action for the violation resulted in unauthorised occupation of land. Subsequent delay in taking a decision for regularisation resulted in non-recovery of Rs 12.75 crore on account of lease premium, rent and penalty and consequential loss of interest of Rs 1.53 crore on it.
(Paragraph 4.2.2)
- Investment of funds by the Slum Rehabilitation Authority in a loss making corporation having net worth of less than Rs 50 crore, contrary to Government guidelines, resulted in loss of interest of Rs 1.41 crore.
(Paragraph 4.2.4)

-
- Consideration of indices of the last months alone instead of the average indices of the entire period under consideration resulted in excess payment of price escalation of Rs 1.32 crore to the contractor by Executive Engineer, Upper Pravara Canal Division, Ahmednagar.
(Paragraph 4.2.9)
 - Failure to provide adequate funds in time for construction of a 500-bedded hospital building at Bhausahab Hire Government Medical College, Dhule resulted in inordinate delay in its construction and avoidable burden of Rs 6.36 crore.
(Paragraph 4.3.3)
 - Unauthorised deviation in specification from uncoursed rubble masonry to colgrout masonry led to avoidable expenditure of Rs 2.13 crore by the Executive Engineer, Purna Medium Irrigation Division, Achalpur.
(Paragraph 4.3.9)
 - Incorrect charge of the excise duty by the Executive Engineer, Bembla Project Division, Yavatmal resulted in undue benefit of Rs 1.47 crore to the contractor.
(Paragraph 4.3.10)
 - Failure to regulate payments for work done as per the stipulations in the contract led to extra contractual payment of Rs 1.35 crore to the contractor by the Executive Engineer, Upper Pravara Dam Division, Sangamner.
(Paragraph 4.3.11)
 - The Kasola Minor Irrigation (MI) project was approved based on a wrong survey report. The MI tank was constructed by the Executive Engineer at a cost of Rs 1.66 crore, though it was known to him that construction of the proposed canal was not feasible due to odd topography of the site.
(Paragraph 4.4.6)
 - In School Education Department, expenditure of Rs 2.52 crore incurred on the Continuous Education Centres was rendered unfruitful as the centres stopped functioning for want of funds.
(Paragraph 4.4.8)
 - Non-issue of the detailed norms and plan for implementation of the Gharkul Yojana resulted in blocking of Rs 4.45 crore, besides deprivation of intended benefits to the tribals.
(Paragraph 4.4.9)
 - Failure of Maharashtra Jeevan Pradhikaran to obtain forest clearance for commencement of non-forest works on forest land and subsequent stoppage of works resulted in blockage of funds amounting to Rs 8.81 crore.
(Paragraph 4.4.12)
-

- Failure of Maharashtra Jeevan Pradhikaran to convince the Zilla Parishad, Yavatmal to take over a water supply scheme for operation and maintenance and following their refusal, to operate and maintain it as per Government instructions resulted in idle investment of Rs 1.13 crore.

(Paragraph 4.4.13)

- School Education and Sports Department of the Government gave irregular financial assistance of Rs 2 crore to a private organisation in contravention of their guidelines.

(Paragraph 4.5.3)

CHAPTER - I

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CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (**Appendix 1.1- Part A**). The Finance Accounts of the Government of Maharashtra are laid out in 19 statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Accounts of the State of Maharashtra. The layout of the Finance Accounts is depicted in **Appendix 1.1-Part B**.

1.1.1 Summary of Receipts and Disbursements

Summary of the finances of the Government of Maharashtra for the year 2007-08 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements are shown in **Table 1.1**.

Table-1.1: Summary of receipts and disbursements for the year 2007-08

(Rupees in crore)

2006-07	Receipts	2007-08	2006-07	Disbursements	2007-08		
1	2	3	4	5	6	7	8
Section-A: Revenue					Non Plan	Plan	Total
62,195.38	Revenue receipts	79,583.15	61,385.28	Revenue expenditure	54,504.62	10,275.43	64,780.05
40,099.25	Tax revenue	47,528.45	25,106.29	General services	23,468.97	377.45	23,846.42
7,518.24*	Non-tax revenue	16,947.97	23,558.86	Social services	19,558.13	7,214.92	26,773.05
6,022.76	Share of Union Taxes/Duties	7,597.18	11,703.04	Economic services	10,589.06	2,647.83	13,236.89
8,555.13	Grants from Government of India	7,509.55	1,017.09	Grants-in-aid and Contributions	888.46	35.23	923.69
Section-B: Capital							
0.11	Miscellaneous Capital Receipts	0.00	10,092.18	Capital Outlay	2,022.68	9,466.93	11,489.61
50.70	Recoveries of Loans and Advances	732.59	2,321.62	Loans and Advances disbursed			1,225.16
11,891.69	Public debt receipts	11,807.66 ¹	2,041.92	Repayment of Public Debt			2,745.48
1,850.00	Appropriation from Contingency fund	350.00	1,050.00	Appropriation to Contingency fund			350.00
1,288.57	Contingency Fund	405.36	1,905.36	Contingency Fund			408.94

* Lower rounding.

¹ Excluding Ways and Means advances and overdraft - Receipt : Rs 1953.63 crore and Disbursement : Rs 1953.63 crore

1	2	3	4	5	6	7	8
30,640.21	Public Account receipts	19,785.69	26,974.70	Public Account disbursements			27,618.79
5,038.30	Opening Cash Balance	7,183.90	7,183.90	Closing Cash Balance			11,230.32
1,12,954.96	Total	1,19,848.35	1,12,954.96	Total			1,19,848.35

Following are the significant changes in receipts and expenditure/ disbursements during 2007-08 over the previous year (2006-07):

- Revenue receipts increased by Rs 17,388 crore in 2007-08 mainly contributed by tax revenue (Rs 7,429 crore), non-tax revenue (Rs 9,430 crore) and State's share of Union Taxes and Duties (Rs 1,574 crore). The grants-in-aid from GOI, however, declined by Rs 1,046 crore during the year.
- An increase of Rs 9430 crore (125 *per cent*) in Non-tax revenue of the State was mainly on account of transfer of Rs 10,868 crore by State Government from 18 statutory funds maintained in Public Account to Consolidated Fund of the State as non-tax receipts during the year through its Resolutions dated 10 and 15 March 2008 issued in pursuance to Maharashtra Ordinance No. II of 2008 dated 22 February 2008 and ratified vide Maharashtra Act No. V of 2008 dated 19 March 2008 and cabinet decision dated 3 May 2007 respectively. Had such transfers not effected, the non-tax receipts of the State would have been Rs 6,080 crore in 2007-08.
- The revenue buoyancy of the State which has increased from 1.596 in 2006-07 to 2.063 in the current year mainly owing to transfer of huge surplus funds from various statutory funds to consolidated fund as non-tax receipts through an Act, would have been 0.774 in 2007-08 in the absence of such transfers.
- Revenue expenditure increased by Rs 3,395 crore, of which 60 *per cent* (Rs 2,040 crore) was under plan heads while remaining 40 *per cent* (Rs 1,355 crore) under non-plan heads. The major heads that registered increases include roads and bridges (Rs 1,556 crore), general education (Rs 1,272 crore), power (Rs 798 crore), urban development (Rs 688 crore) and pensions and other retirement benefits (Rs 649 crore).
- Recoveries of Loans and Advances increased by Rs 682 crore. A major increase in the recoveries was from the power sector (Rs 202 crore).
- Public Debt Receipts reduced by Rs 84 crore while Public Debt disbursement increased by Rs 703 crore resulting in net reduction of Rs 787 crore in Public Debt receipts during 2007-08.
- Public Account receipts reduced by Rs 10,855 crore mainly on account of closure of inoperative reserve funds and transfer of amount to the Consolidated Fund of State. Public Account disbursements on the other

hand increased by Rs 644 crore during the year mainly due to increase under remittances (Rs 1,083 crore), deposit and advances (Rs 1,787 crore), small savings, Provident funds etc (Rs 120 crore) along with decrease under reserve funds (Rs 2,292 crore).

- Appropriation from contingency fund reduced by Rs 1,500 crore from Rs 1,850 crore in 2006-07 to Rs 350 crore in 2007-08. Similarly, appropriation to contingency fund also reduced by Rs 700 crore from Rs 1,050 crore in 2006-07 to Rs 350 crore in 2007-08.
- Cash balances of the State at the close of the year 2007-08 increased by Rs 4,046 crore as a result of fiscal transactions summarised in **Table 1.1**.

1.1.2 State Fiscal Position by Key Indicators

The fiscal position of the State Government during the current year as compared to the previous year is given in **Table 1.2**.

Table 1.2 (Rupees in crore)

2006-07	Sr. No	Major Aggregates	2007-08
62,195	1.	Revenue Receipts (2+3+4)	79,583
40,099	2.	Tax Revenue (Net)	47,528
7,518	3.	Non-Tax Revenue	16,948
14,578	4.	Other Receipts	15,107
51	5.	Non-Debt Capital Receipts	733
51	6.	of which Recovery of Loans	733
62,246	7.	Total Receipts (1+5)	80,316
57,582	8.	Non-Plan Expenditure	57,753
53,150	9.	on Revenue Account	54,505
11,656	10.	of which Interest Payments	12,204
2,110	11.	on Capital Account	2,023
2,322	12.	on Loans disbursed ²	1,225
16,217	13.	Plan Expenditure	19,742
8,235	14.	on Revenue Account	10,275
7,982	15.	on Capital Account	9,467
73,799	16.	Total Expenditure (13+8)	77,495
810	17.	Revenue Surplus(+)/Deficit(-) [1-(9+14)]	14,803
(-)11,553	18.	Fiscal Deficit(-)/Surplus(+) [(1+5) -16]	2,821
103	19.	Primary Deficit (-)/Surplus (+)[(1+5)-(16-10)]	15,025

Table-1.2 shows that revenue receipts increased by Rs 17,388 crore (28 per cent) during 2007-08 while revenue expenditure increased only by Rs 3,395 crore (6 per cent) over the previous year resulting an increase of Rs 13,993 crore in revenue surplus in 2007-08 over the previous year. Given the incremental revenue surplus of Rs 13,993 crore, an increase of Rs 1,398 crore

² Bifurcation of loan disbursement into plan and non-plan heads is not available.

in capital expenditure along with a decline of Rs 1,779 crore in net disbursement of loans and advances led to an incremental fiscal surplus of Rs 14,374 crore in 2007-08 which turned the fiscal deficit of Rs 11,553 crore in 2006-07 into a fiscal surplus of Rs 2,821 crore during the current year. The prevalence of fiscal surplus in 2007-08 also led to steep increase in primary surplus from Rs 103 crore in 2006-07 to Rs 15,025 crore in the current year.

It may, however, be pertinent to note that a steep increase of Rs 13,993 crore in revenue surplus and a turnaround situation in case of fiscal deficit of Rs 11,553 crore in 2006-07 to a fiscal surplus of Rs 2,821 crore in 2007-08 was mainly on account of transfer of Rs 10,868 crore by the State Government from 18 statutory funds maintained in Public Account to Consolidated Fund of the State as non-tax receipts during the year through an Act No. V of 2008 dated 19 March 2008. In the absence of these transfers of funds through an unusual act of State Government for raising the revenue receipts in current year, the revenue surplus would have increased only by Rs 3,125 crore while fiscal deficit would have reduced by Rs 3,506 crore in 2007-08 from their corresponding levels of Rs 810 crore and Rs 11,553 crore in 2006-07.

1.2 Methodology adopted for the assessment of Fiscal position

The trends in the major fiscal aggregates of receipts and expenditure as emerging from the Statements of Finance Accounts have been analysed wherever necessary over the period of last five years and observations are made on their behavior. In its Restructuring Plan of State finances, Twelfth Finance Commission (TFC) recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all States are required to enact the Fiscal Responsibility Acts and draw their fiscal correction path accordingly for the five year period (2005-06 to 2009-10) so that fiscal position of the States could be improved as committed in their respective FR Acts/Rules during medium to long run. The norms/ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the Legislature under the Act have been used to make a qualitative assessment of the trends and pattern of major fiscal aggregates during the current year.

Assuming that Gross State Domestic Product (GSDP)³ is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure etc, with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources,

³ GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production.

pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series with 1999-2000 as base year (Table 1.3) as published by the Directorate of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios.

Table 1.3: Gross State Domestic Product (GSDP) – Growth Trends

Estimates	2003-04	2004-05	2005-06	2006-07	2007-08
Gross State Domestic Product (GSDP) (Rupees in crore)	333145	371878	432413	509356 ⁴	578475 ⁵
GSDP growth (<i>per cent</i>)	12.86	11.63	16.28	17.79	13.57

The key fiscal aggregates for the purpose are grouped under four major heads: (i) Resources by Volume and Sources, (ii) Application of Resources, (iii) Assets and Liabilities and (iv) Management of Deficits (Appendix 1.2 to 1.5). The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given in Appendix 1.1 Part C.

1.2.1 The Maharashtra Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005

The State Government has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 to ensure prudence in fiscal management and to maintain fiscal stability in the State. To improve the fiscal position and to bring fiscal stability, the Act envisages progressive elimination of revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability. To ensure fiscal prudence the Act also provides for greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and matters connected therewith or thereto. The Fiscal Responsibility and Budgetary Management Rules (MFRBMR) were however, framed belatedly in February 2006. Rule 3 of MFRBMR prescribed the following fiscal targets for the State Government.

- Reduce the revenue deficit by one *per cent* or more of the GSDP in the first year, 1.5 *per cent* or more in the first two years, two *per cent* or more in the first three years, beginning from the financial year 2005-06 and the entire deficit by 2008-09.
- Reduce the fiscal deficit by an amount equivalent to 0.3 *per cent* or more of the GSDP at the end of each financial year beginning with the financial year 2005-06 until the fiscal deficit is brought down to not more than three *per cent* of the GSDP. The fiscal deficit in 2008-09 and thereafter should not exceed three *per cent* of GSDP.

⁴ Based on Economic Survey of Maharashtra (Preliminary Estimates).

⁵ Advance estimates as furnished by Directorate of Economics and Statistics, Government of Maharashtra.

1.2.1.1 Fiscal Policy Statements 2007-08

As prescribed in the Act, the State Government laid a Medium Term Fiscal Policy Statement (MTFPS) and a Fiscal Policy Strategy statement along with the budget for the year 2007-08 before the Legislature. MTFPS presents three years (2007-10) rolling targets, assumptions underlying the fiscal indicators and assessment of sustainability relating mainly to (i) balance between revenue receipts and revenue expenditure and (ii) the use of capital receipts for generating productive assets. The major pronouncement in MTFPS-2007-08 include bringing down the revenue deficit by more than 2 *per cent* of GSDP and reduction in fiscal deficit to 1.78 *per cent* of GSDP during 2007-08, not availing overdraft even once during 2007-08, rationalising the revenue expenditure, increasing expenditure on infrastructure sectors including those in irrigation, roads and power sectors, increasing funding for social sectors like education, health etc, healthy growth in tax revenues through a commitment to improve efficiency of tax collection that leads to increase in revenue receipts and reduction in debt servicing liability.

The Fiscal Policy Strategy Statement included (a) prospects of the State's economy and fiscal policy overview; (b) the fiscal policy for the ensuing financial year; (c) strategic priorities for the ensuing year and their rationale; (d) targets for the ensuing year and (e) policy evaluation. The statement envisaged that GSDP would continue to grow at the rate of 13.70 *per cent* at current prices and 8.5 *per cent* in real terms during 2007-08, to take measures to recover arrears of tax revenues and prevent further build-up of such arrears, mobilisation of additional resources through rationalisation of tax system and strengthening of VAT system and achieving fiscal targets by 2007-08 itself instead of 2008-09. A closer monitoring of guarantees to prevent invocation, creation of guarantee database, restructuring the legal agreements etc are the steps that have been initiated to ensure that management of Government guarantee becomes prudent and effective.

The trends in major fiscal parameters/variables vis-à-vis projections made in FCP and MTFPS for 2007-08 are summarised in Table 1.4. The comparative position presented in the Table below reveals that the State has achieved the targets for revenue and fiscal deficits as laid down in MFRBM Rules, 2006 as well as in MTFPS, FCP and TFC for the year 2007-08. The State has achieved fiscal targets as laid down in the MFRBM Act/Rules and TFC much before the timeline indicated in them with the current year ending in revenue surplus of Rs 14,803 crore and fiscal surplus of Rs 2,821 crore which was 0.49 *per cent* of GSDP. As a result of consistent performance the State Government received a debt waiver of Rs 339.97 crore during 2007-08 linked to its fiscal

performance from Government of India under Debt Consolidation and Relief Facility⁶.

Table 1.4: Trends in Major Fiscal Parameters/Variables vis-à-vis projections for 2007-08

Fiscal variables	2007-08					
	TFC (2009-10)	MTFPS	FCP	Actuals	Variations over :	
					MTFPS	FCP
Revenue deficit(-)/ Surplus(+) as percentage of GSDP	0.0	0.05	0.29	2.56	2.51	2.27
Fiscal Deficit(-)/ Surplus(+) as percentage of GSDP	3.0	(-)1.97	(-)2.71	0.49	2.46	3.2
Tax Revenue as percentage of GSDP	9.7	9.38	8.46	8.22	(-) 1.16	(-) 0.24
Total Debt Stock as percentage of GSDP	30.8	25.53	26.84	27.33	1.8	0.49
Total Contingent Liability (Guarantee) as percentage of GSDP	—	9.28	10.63	10.07	1.01	(-) 0.34
Interest Payment as percentage of Revenue receipts	15	18.16	19.47	15.33	(-) 2.83	(-) 4.14

1.2.1.2 Roadmap to achieve the fiscal targets laid down in the FRBM Act/Rules

The State's fiscal correction path containing pre-actuals for 2005-06, budget estimates for 2006-07 and the projections for 2007-08 onwards and up to 2009-10 for major fiscal variables are shown in Appendix 1.6.

1.2.1.3 Failure to spend as per cash flow projected to Legislature

In order to enforce control over expenditure, Government directed (July 2005) all Departmental heads to project monthly expenditure as per approved budget estimates in the form of a 'cash flow statement' (CFS).

Test-check of CFS for 2007-08 in general and actual expenditure under 13 major heads of accounts⁷ of three Departments (Public Works Department, Revenue and Forests Department and Water Resources Department) in central audit vis-à-vis their CFS, revealed that the percentile variation of excess over projections in CFS is ranging between 25 and 1794 indicating that the departments had neither considered the pattern of average monthly expenditure

⁶ In pursuance of the recommendations of the Twelfth Finance Commission (TFC) for fiscal consolidation and elimination of revenue deficit of the States, Government of India formulated a scheme "The State's Debt Consolidation and Relief Facility (DCRF) (2005-06 to 2009-10)" under which general debt relief is provided by consolidating and rescheduling at substantially reduced rates of interest the Central loans granted to States on enacting the FRBM Act and debt waiver is granted based on fiscal performance, linked to the reduction of revenue deficits of States.

⁷ 2701-Major and Medium Irrigation, 2702-Minor Irrigation, 4701-CO on Major and Medium Irrigation Projects, 4702-CO on Minor Irrigation, 4801-CO on Power Projects, 5054-CO on Roads and Bridges, 2059-Public Works, 2216-Housing, 3054-Roads and Bridges, 4059-CO on Public Works, 4216-CO on Housing, 2406-Forestry and Wildlife, 4406-CO on Forestry and Wildlife.

during the past three years nor had projected the monthly cash flow requirement realistically. Excess of expenditure over the projections in the CFS for the year is shown in **Appendix 1.7**. Projected cash flow by these departments, thus, proved unrealistic.

1.3 Trends and Composition of Aggregate Receipts

The aggregate receipts of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from the Public Account. **Table-1.5** shows that the total receipts of the State Government for the year 2007-08 were Rs 1,12,314 crore. Of these, the revenue receipts were Rs 79,583 crore, constituting 71 *per cent* of the total receipts. The balance came from borrowings, receipts from Contingency Fund and the Public Account (**Appendix 1.5**).

Table 1.5: Trends in Growth and Composition of Aggregate Receipts

(Rupees in crore)

Sources of State's Receipts	2003-04	2004-05	2005-06	2006-07	2007-08
I Revenue Receipts	34370	41013	48438	62195	79583
II Capital Receipts	22863	24230	20525	11943	12541
Recovery of Loans and Advances	482	2041	551	51	733
Public Debt Receipts	22381	22189	19974	11892	11808
Miscellaneous Capital Receipts	—	—	—	—	—
III Contingency Fund	887	348	1955	1289	405
IV Public Account Receipts	24452	27991	27146	30640	19785
a. Small Savings, Provident Fund etc	1714	1684	1794	1895	2060
b. Reserve Fund	5441	6461	5504	5988	-9196
c. Deposits and Advances	5609	7466	8371	8898	10847
d. Suspense and Miscellaneous	1461	1202	(-905)	436	325
e. Remittances	10227	11178	12382	13423	15749
Total Receipts	82572	93582	98064	106067	112314

The revenue and other receipts constituted 71 and 29 *per cent* of total receipts respectively. The total receipts of the State increased from Rs 82,572 crore in 2003-04 to Rs 1,12,314 crore in 2007-08. The Debt capital receipts which create future repayment obligation consistently decreased from Rs 22,381 crore in 2003-04 to Rs 11,808 crore in 2007-08. The recovery of loans and advances increased by Rs 682 crore over previous year. The Public Accounts receipts reduced by Rs 10,855 crore from Rs 30,640 crore in 2006-07 to Rs 19,785 crore in 2007-08 mainly due to decrease under reserve fund receipts by

Rs 15,184 crore on account of transfer of surplus funds from non-operational reserve funds and suspense and miscellaneous (Rs 111 crore) along with an increase under small saving, provident fund etc (Rs 165 crore), deposits and advances (Rs 1,949 crore) and remittances (Rs 2,326 crore).

1.3.1 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. The overall revenue receipts, their annual rate of growth, ratio of these receipts to the GSDP and their buoyancies are indicated in Table-1.6.

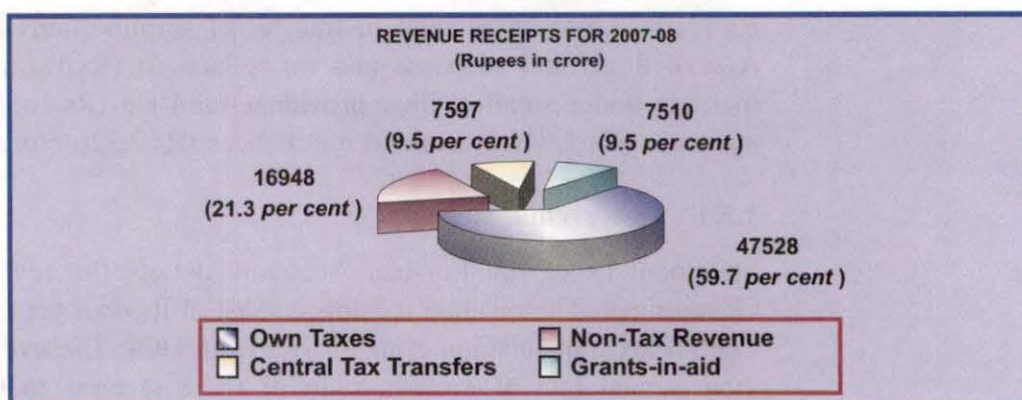
Table-1.6: Revenue Receipts - Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Receipts (RR) (Rupees in crore)	34370	41013	48438	62195	79583
Own Taxes (<i>per cent</i>)	25162 (73.2)	30606 (74.6)	33540 (69.2)	40099 (64.5)	47528 (59.7)
Non-Tax Revenue (<i>per cent</i>)	3549 (10.3)	4119 (10)	5935 (12.2)	7518 (12.0)	16948 (21.3)
Central Tax Transfers (<i>per cent</i>)	3389 (9.8)	3595 (8.7)	4982 (10.2)	6023 (9.7)	7597 (9.5)
Grants-in-aid (<i>per cent</i>)	2270 (6.6)	2694 (6.5)	3981 (8.2)	8555 (13.8)	7510 (9.5)
Rate of growth of RR (<i>per cent</i>)	10.5	19.3	18.1	28.4	28
RR/GSDP (<i>per cent</i>)	10.3	11.0	11.2	12.2	13.8
Buoyancy Ratio's					
Revenue Buoyancy w.r.t GSDP	0.816	1.659	1.112	1.596	2.063
State's own taxes Buoyancy w.r.t. GSDP ^s	0.397	1.797	0.842	1.158	2.609
Revenue Buoyancy with reference to State's own taxes (ratio)	2.059	0.921	1.321	1.379	0.791

General Trends

The revenue receipts have shown a progressive increase over the period 2003-08 with the declining trend in the share of own taxes and an increase in the share of grants-in-aid during the period 2003-08 with inter year variations especially during 2007-08 when grants-in-aid reduced to 9.5 *per cent*. The shares of non-tax revenue and central transfers exhibited relative stability during the period except during 2007-08 when the share of non-tax revenue increased considerably to 21.3 *per cent*. The sharp increase of 28 *per cent* in revenue receipts during 2007-08 over the previous year was mainly on account of increase in State's own taxes (19 *per cent*), non-tax revenue (125 *per cent*) and central tax transfers (26 *per cent*).

^s State's own taxes includes tax and non-tax revenue.



Tax Revenue

The major sectors where the tax revenue of the State increased are shown in **Table 1.7**.

Table 1.7: Sector-wise increase in tax revenue (Rupees in crore)

Tax Revenue	2003-04	2004-05	2005-06	2006-07	2007-08
Taxes on Sales, Trade, etc.	15326	18817	19677	24131	26753
State Excise	2324	2219	2824	3301	3963
Taxes on Vehicles	1206	1177	1309	1841	2143
Stamps and Registration fees	3354	4116	5266	6416	8550
Taxes and duties on electricity	630	1674	1661	1577	2688
Other taxes	2322	2603	2803	2833	3431
Total	25162	30606	33540	40099	47528

The tax revenue of the State increased by 19 per cent over the previous year from Rs 40,099 crore in 2006-07 to Rs 47,528 crore in 2007-08, mainly on account of increase in (a) taxes on sales, trade etc (Rs 2,622 crore) due to shift to VAT regime, (b) stamps and registration fees (Rs 2,134 crore) due to more receipts on impressing of documents, other items and sale of other non-judicial stamps, (c) taxes and duties on electricity (Rs 1,111 crore) due to sharp increase in consumption and sale of electricity, (d) state excise (Rs 662 crore) due to more receipts under foreign liquors, spirits and malt liquor and (e) taxes on vehicles (Rs 302 crore) due to increased sale of vehicles during the year.

Non-Tax Revenue

The non-tax revenue of the State increased by (Rs 9,430 crore) 125 per cent over the previous year from Rs 7,518 crore in 2006-07 to Rs 16,948 crore in 2007-08, mainly due to sharp increase in receipts booked under Major Head 'Miscellaneous General Services' (Rs 9,909 crore). Owing to the fact that surplus amount lying in various statutory reserve funds in Public Account which cannot be utilised for any other purposes mentioned in Acts under which these funds are maintained, State Government through Resolutions dated 10 and 15 March 2008 issued in pursuance to Maharashtra Ordinance No. II of 2008 dated 22 February 2008 and ratified vide Maharashtra Act No. V of 2008

dated 19 March 2008 and cabinet decision dated 3 May 2007 respectively, transferred Rs 10,868 crore from 18 such funds to Consolidated Fund of the State under the above mentioned Major Head as non-tax receipts during the year. Besides, a credit entry of Rs 467.54 crore (debt relief of Rs 339.97 crore for 2007-08 and Rs 108.23 crore for 2006-07, interest relief of Rs 19.34 crore for 2006-07) was also booked under Major Head 'Miscellaneous General Services' on account of debt waiver received from Government of India under DCRF. As a result, non tax receipts of the State recorded an impressive increase of 125 *per cent* during 2007-08 over the previous year.

The actual Revenue receipts vis-à-vis assessments made by TFC and State Government are given in Table 1.8.

Table 1.8: Revenue Receipts Relative to TFC and State's Projections

(Rupees in crore)

	Assessments made by TFC	Projections in FCP	Projections in MTFPS	Actuals
Tax revenue	43970	45070	45874	47528
Non-tax revenue	4193	5801	5748	16948

Table 1.8 reveals that the actual realisation of tax revenue during 2007-08 was higher than the normative assessment of TFC as well as the projections made in FCP/MTFPS. The non-tax revenue of the Government significantly exceeded both the FCP (192 *per cent*) of the Government as well as the TFC projection (304 *per cent*) mainly due to increase of Rs 9,909 crore in receipts under miscellaneous general services due to transfer of credit balances from public account to consolidated fund on account of closure of selected statutory reserve funds (Rs 10,868 crore) as well as credit entry of Rs 467.54 crore on account of debt waiver received from Government of India.

Central Tax Transfers

The Central tax transfers of the State increased by 26 *per cent* over the previous year from Rs 6,023 crore in 2006-07 to Rs 7,597 crore in 2007-08. The increase was mainly under (a) corporation tax (Rs 531 crore), (b) taxes on income other than corporation tax (Rs 477 crore), (c) customs duties (Rs 261 crore), (d) service tax (Rs 181 crore), and (e) union excise duties (Rs 123 crore).

Grants-in-aid

The grants-in-aid from the Government of India have decreased by 12 *per cent* from Rs 8,555 crore in 2006-07 to Rs 7,510 crore in 2007-08. While non-plan grants decreased by 40 *per cent* from Rs 3,489 crore in 2006-07 to Rs 2,106 crore in 2007-08, grants for State Plan Schemes decreased by 4 *per cent* from Rs 3,919 crore in 2006-07 to Rs 3,780 crore in 2007-08. Further, grants for central schemes also decreased by 29 *per cent* from Rs 89 crore in 2006-07 to Rs 63 crore in 2007-08 while the grants for Centrally Sponsored Plan Schemes increased by 48 *per cent* from Rs 1,058 crore in 2006-07 to Rs 1,561 crore in 2007-08 (Table 1.9).

Table 1.9: Grants-in-aid from Government of India (Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Grants for State plan schemes	797	1266	1255	3919	3780
Non Plan grants	639	570	1582	3489	2106
Grants for Central Schemes	85	86	286	89	63
Grants for Central and Centrally Sponsored Schemes	749	772	858	1058	1561
Total	2270	2694	3981	8555	7510
Percentage of increase/decrease over previous year	50.7	18.7	47.8	114.9	(-)12.2

The major decrease under plan grants for the State plan schemes was in the form of decrease in 'Block Grants' (Rs 345 crore) while under non-plan grants, the decrease was due to less receipt on account of central road fund, contribution to calamity relief fund and national calamity contingency fund. The increase in grants under centrally sponsored schemes (CSS) was mainly on account of increases in CSS relating to 'social services' (Rs 258 crore) and 'Family welfare' (Rs 232 crore).

Revenue Arrears

The arrears of revenue in respect of some principal heads have decreased by 20.73 *per cent* from Rs 30,836 crore as of March 2007 to Rs 24,444 crore as of March 2008. Arrears mainly pertained to taxes on Sales, Trade, State Excise *etc.*, (Rs 24,430 crore). The arrears of revenue as presented, however, do not reflect the actual position of total arrears, as information from all departments was not made available.

1.4 Application of Resources

1.4.1 Growth of Expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, extend the network of these services through capital expenditure and investments and discharge their debt service obligations. The total expenditure of the State, which includes revenue expenditure, capital expenditure and loans and advances, increased at an average growth rate of 9 *per cent* from Rs 52,781 crore in 2003-04 to Rs 77,495 crore in 2007-08. The total expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in Table 1.10.

Table-1.10: Total Expenditure – Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Total expenditure (TE)(Rupees in crore)	52781	61674	66620	73799	77495
Rate of growth (per cent)	15.0	16.8	8.0	10.8	5
TE/GSDP ratio (per cent)	15.8	16.5	15.4	14.5	13.4
RR /TE ratio (per cent)	65.1	66.5	72.7	84.3	102.7
Buoyancy of Total Expenditure with reference to :					
GSDP (ratio)	1.166	1.445	0.491	0.607	0.368
RR (ratio)	1.436	0.870	0.442	0.380	0.179

The increase of Rs 3,696 crore in total expenditure in 2007-08 was mainly on account of an increase in revenue expenditure by Rs 3,395 crore and an increase of Rs 1,398 crore in capital expenditure together with a decline of Rs 1,097 crore in disbursement of loans and advances. The increase in revenue expenditure during 2007-08 was mainly due to increase in (a) expenditure on bridges under roads and bridges (Rs 1,556 crore), (b) expenditure on grants-in-aid to ordinary secondary school, training of teachers and free education to children of primary teachers under general education (Rs 1,272 crore), (c) expenditure on thermal power generation and transmission and distribution under power (Rs 798 crore) and (d) expenditure on Jawaharlal Nehru National Urban Renewal Mission, providing facilities to Dalit Basties in urban places, Mumbai Urban infrastructure facilities project and special programmes for pilgrim places under urban development (Rs 688 crore).

The increase in capital expenditure during 2007-08 was mainly on account of increase in Government's contribution in share capital of Vidharbha Irrigation Development Corporation, Maharashtra Krishna Valley Development Corporation, Godavari Marathwada Irrigation Development Corporation, Tapi Irrigation Development Corporation and Konkan Irrigation Development Corporation. The decrease in disbursement of loans and advances during 2007-08 was mainly due to decline in loans for co-operation (Rs 1,164 crore).

The trends in total expenditure in the form of plan and non-plan expenditure during 2007-08 reveal that non-plan expenditure contributed dominant share of 75 per cent while remaining 25 per cent was in the form of plan expenditure. Moreover, of the increase of Rs 3,696 crore in total expenditure, plan expenditure shared 95 per cent (Rs 3,525 crore) while non-plan expenditure contributed only 5 per cent (Rs 171 crore) in 2007-08. Moreover, 58 per cent of the incremental plan expenditure during the current year was under revenue heads of various programmes/transfers.

The increase in ratio of revenue receipts to total expenditure from 84.3 per cent in 2006-07 to 102.7 per cent in 2007-08 indicates increasing reliance on State's own and mandated resources for meeting expenditure requirements of the State. The buoyancy of total expenditure with reference to GSDP which was greater than one during the years 2003-04 and 2004-05 significantly declined during 2005-06 to 2007-08 due to the combined effect of decrease in

rate of growth in expenditure, while GSDP rose sharply during these years indicating a relative fall in the State's propensity to spend with the increase in GSDP. Similarly, there was a consistent fall in buoyancy ratio of total expenditure with reference to revenue receipts during the period 2003-08 indicating increase in receipts at a pace greater than the expenditure.

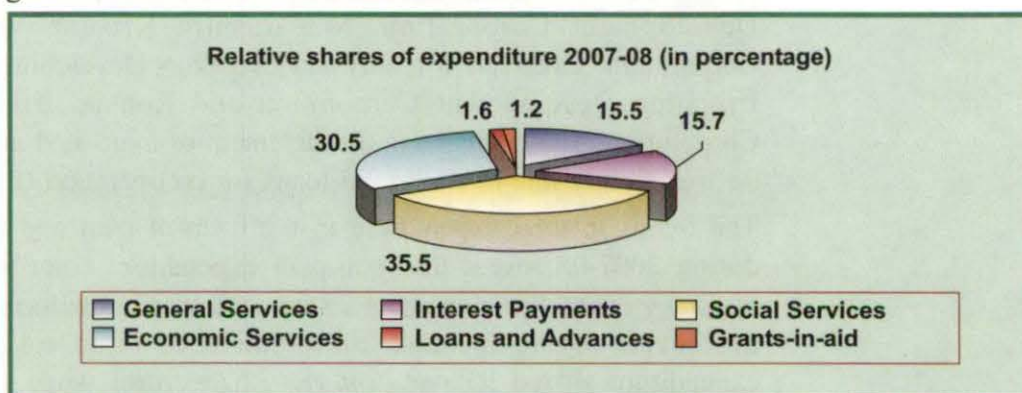
Trends in Total Expenditure by Activities

In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in the total expenditure is indicated in **Table-1.11**.

Table-1.11: Components of Expenditure – Relative Shares (in per cent)

	2003-04	2004-05	2005-06	2006-07	2007-08
General Services	37.7	36.1	32.7	34.4	31.2
of which Interest Payments	15.8	14.5	14.0	15.8	15.7
Social Services	30.8	28.9	31.8	33.1	35.5
Economic Services	26.1	29.1	27.1	28.0	30.5
Grants-in-aid	1.8	1.4	2.0	1.4	1.2
Loans and Advances	3.6	4.5	6.4	3.1	1.6

The movement of relative shares of the above components of expenditure indicated that the shares of social services and of economic services in the total expenditure increased during 2007-08 over the previous year. These increases were set off by decrease in the respective share of general services, grants-in-aid and of loans and advances.



The share of social services increased mainly on account of increase in general education (Rs 1,272 crore) and urban development (Rs 688 crore) while the share of economic services increased mainly due to increased expenditure under roads and bridges (Rs 1,556 crore), power (Rs 798 crore) and industries (Rs 531 crore). The share of general services reduced mainly due to less transfer of contribution to Employment Guarantee Fund from the head 'Collection of taxes on income and expenditure' (Rs 1,279 crore) in 2007-08 over the previous year. The share of loans and advances disbursed reduced mainly due to steep decline in loans disbursement for co-operation (Rs 1,164 crore).

1.4.2 Incidence of Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations and as such, does not result in any addition to the State's infrastructure and service network. Revenue expenditure had the predominant share of little more than 80 *per cent* in the total expenditure during the period 2003-08. The overall revenue expenditure, its rate of growth, the ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in Table-1.12.

Table-1.12: Revenue Expenditure – Basic Parameters (Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Expenditure (RE)	42680	51046	52280	61385	64780
<i>of which</i> Non-Plan Revenue Expenditure (NPRE)	39135	46392	47048	53150	54505
Plan Revenue Expenditure (PRE)	3545	4654	5232	8235	10275
Rate of Growth of					
RE (<i>per cent</i>)	5.4	19.6	2.4	17.4	5.5
NPRE (<i>per cent</i>)	5.1	18.5	1.4	13.0	2.5
PRE (<i>per cent</i>)	9.3	31.3	12.4	57.4	24.8
Revenue Expenditure as percentage to TE	80.9	82.8	78.5	83.2	83.6
NPRE/GSDP (<i>per cent</i>)	11.7	12.5	10.9	10.4	9.4
NPRE as percentage of TE	74.1	75.2	70.6	72.0	70.3
NPRE as percentage of RR	113.9	113.1	97.1	85.5	68.5
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.420	1.685	0.147	0.978	0.405
Revenue Receipts (ratio)	0.519	1.015	0.132	0.613	0.196

The revenue expenditure has increased only by Rs 3,395 crore from Rs 61,385 crore in 2006-07 to Rs 64,780 crore in 2007-08. The NPRE which constituted a dominant share of 84 *per cent* in the revenue expenditure has increased marginally by Rs 1,355 crore in 2007-08 over the previous year. The variations in NPRE under the major heads indicate increase in expenditure under education, sports, arts and culture (Rs 1,453 crore), transport (Rs 1,439 crore), energy (Rs 787 crore) and industries and minerals (Rs 643 crore) while decreases were observed in expenditure under general services (Rs 1,352 crore), social welfare and nutrition (Rs 575 crore), and rural development (Rs 1,483 crore). The PRE increased by Rs 2,040 crore during the year mainly due to increase in expenditure under water supply, sanitation, housing and urban development (Rs 1,387 crore). The buoyancy of revenue expenditure with reference to both GSDP and revenue receipts fluctuated widely and do not seem to be determined by these factors during the period 2003-08. This might be on account of the

fact that NPRE largely forms committed expenditure of the Government and constitutes the dominant share in the revenue expenditure.

The Table 1.13 provides the comparative position of NPRE with reference to assessments made by TFC and the projections of the State Government.

Table 1.13: NPRE vis-à-vis assessment made by TFC and FCP (Rupees in crore)

Year	Projections in MTFPS	Assessments made by TFC	Projections in FCP	Actuals
2006-07	54097	39222	50536	53150
2007-08	56329	43795	53568	54505

The NPRE during 2006-07 and 2007-08 remained significantly higher than the normative assessments made by TFC while as compared to State Government's projections (MTFPS and FCP); it reflected only marginal variations during both the years.

1.4.3 Committed Expenditure

1.4.3.1 Expenditure on Salaries and Wages

Expenditure on salaries and wages increased by 31 *per cent* from Rs 6,756 crore in 2003-04 to Rs 8,851 crore in 2007-08 as indicated in Table 1.14.

Table-1.14: Expenditure on Salaries (Rupees in crore)

Heads	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Salaries and Wages of which	6756	7225	7956	8136	8851
Non-Plan Head	5502	5916	6837	7155	8015
Plan Head	1254	1309	1119	981	836
As percentage of GSDP	2.0	1.9	1.8	1.6	1.5
As percentage of RR	19.7	17.6	16.4	13.1	11.1

Note 1: Expenditure on salary and wages does not include the salary component of grants-in-aid by the State Government to its institutions.

2: It includes both revenue and capital expenditure.

3: Plan Head also includes the salaries and wages paid under Centrally Sponsored Schemes

The expenditure on salaries and wages increased by Rs 715 crore from Rs 8,136 crore in 2006-07 to Rs 8,851 crore in 2007-08 mainly due to increase in expenditure under the major head 'administrative services' (Rs 472 crore). The ratio of non-plan salary expenditure to revenue expenditure net of interest payments and pensions stood at 17 *per cent* during 2007-08 which was well within the TFC norms of 35 *per cent*.

1.4.3.2 Pension Payments

The expenditure on pension payments increased by 59 *per cent* from Rs 2,636 crore in 2003-04 to Rs 4,191 crore in 2007-08 as indicated in Table 1.15.

Table-1.15: Expenditure on Pensions (Rupees in crore)

Heads	2003-04	2004-05	2005-06	2006-07	2007-08
Pension Expenditure	2636	2872	3328	3542	4191
Rate of growth	4.4	9.0	15.9	6.4	18.3
As percentage of GSDP	0.8	0.8	0.8	0.7	0.7
As percentage of RR	7.7	7.0	6.9	5.7	5.3
As percentage of RE	6.2	5.6	6.4	5.8	6.5

The increase in pension payments of Rs 649 crore (18 per cent) during 2007-08 over the previous year was mainly due to allowing domestic help allowance and medical allowance to retired Judges and revision of good number of pension cases of Judges. The Table 1.16 below shows actual pension payments with reference to assessment made by TFC and projections of the State Government.

Table 1.16: Pension Payments vis-à-vis TFC Assessment and State's projections

Year	Projections in MTFPS	Assessments made by TFC	Projections in FCP	Actuals
	(Rupees in crore)			
2006-07	5326	3304	4598	3542
2007-08	5643	3635	4965	4191

The pension payments during 2006-07 and 2007-08 were higher than the normative assessments made by TFC while they were lesser than the projections of the Government under MTFPS and FCP during both the years. The larger gap of pension payments with reference to projections of the State Government further emphasized need of working out the pension liabilities on actuarial basis. In order to limit future pension liabilities, the Government had however, introduced contributory pension scheme for employees recruited after 1 November 2005.

1.4.3.3 Interest payments

The trends in interest payments and their percentages against the total revenue receipts and revenue expenditure during the period 2003-08 are depicted in Table 1.17.

Table-1.17: Interest Payments (Rupees in crore)

Year	Total Revenue Receipts	Interest Payments	Percentage of Interest Payments with reference to	
			Total Revenue Receipts	Revenue Expenditure
2003-04	34370	8335	24	20
2004-05	41013	8978	22	18
2005-06	48438	9347	19	18
2006-07	62195	11656	19	19
2007-08	79583	12204	15	19

In absolute terms, interest payments increased by 46 per cent from Rs 8,335 crore in 2003-04 to Rs 12,204 crore in 2007-08, primarily due to increase in debt

liabilities. However, relative to revenue receipts, interest payments reveal a declining trend. It declined from 24 *per cent* in 2003-04 to 15 *per cent* in 2007-08.

The interest payments with reference to assessment made by TFC and the projections in FCP of the State Government (Table 1.18) indicate that the interest payments during 2006-07 and 2007-08 exceeded the assessments made by TFC and projection made by State Government in FCP. However, as compared to MTFPS, it reflected only marginal variations during both the years. During the current year, the interest payment exceeded the TFC's assessment by 14 *per cent*.

Table 1.18: Interest Payments vis-à-vis TFC Assessment and State's Projections (Rupees in crore)

Year	Projections in MTFPS	Assessments made by TFC	Projections in FCP	Actuals
2006-07	11769	9970	10904	11656
2007-08	12406	10717	12178	12204

During 2007-08, the State Government raised Rs 8,520 crore at the average interest rate of 8.18 *per cent* from the open market. Besides, it also borrowed Rs 2,958 crore from the National Small Savings Fund and other institutions and Rs 329 crore from Government of India during the year.

The increase in interest payments was Rs 548 crore over the previous year mainly due to payment of more interest on 'Special Securities issued to National Small Saving Fund' (Rs 715 crore), interest on loans for State/Union Territory plan schemes (Rs 267 crore⁹) and interest on State Provident fund (Rs 170 crore) which was offset by decrease (Rs 659 crore) in interest on other internal debts.

1.4.3.4 Subsidies

Though the finances of the State are under strain, State Government has been paying subsidies to various institutions/bodies/Corporations, *etc.* The trends in the subsidies given by the State Government are given in Table 1.19.

Table-1.19: Subsidies

Year	Amount (Rupees in crore)	Percentage increase (+) / decrease (-) over previous year	Percentage of subsidy in total expenditure
2003-04	975	-51.4	2
2004-05	3994	309.6	6
2005-06	2885	-27.7	4
2006-07	3777	30.9	5
2007-08	4935	30.7	6

Subsidies increased by 31 *per cent* from Rs 3,777 crore in 2006-07 to Rs 4,935 crore in 2007-08. During the current year, subsidies constituted about six *per cent* of the total expenditure; the major sectors being given subsidy include

⁹ Includes interest relief of Rs 19.34 crore.

power (57 per cent), industries in backward areas (17 per cent) and subsidy on food (3 per cent) etc.

Table 1.20: Subsidies vis-à-vis FCP (Rupees in crore)

	Projections in FCP	Actuals
Power	1611	2791
General	740	2144

The subsidies to power and general subsidies with reference to the projections in FCP of the State Government (Table 1.20) indicate that the subsidies payments exceeded the projection made by State Government in FCP.

1.5 Expenditure by Allocative Priorities

1.5.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore, the ratio of capital expenditure to total expenditure as well as to GSDP and the proportion of revenue expenditure being spent on running the existing social and economic services efficiently and effectively would determine the quality of expenditure. The higher the ratio of these components to the total expenditure and GSDP, the better would be the quality of expenditure. Table 1.21 gives these ratios during 2003-08.

Table-1.21: Indicators of Quality of expenditure (Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Capital Expenditure[#]	8199	7877	10078	10092	11490
Revenue Expenditure	42680	51047	52280	61385	64780
of which Social and Economic Services with	21873	27930	29232	35262	40010
(i) Salary & Wage Component ^{\$}	3594	3822	4079	4009	4444
(ii) Non-Salary & Wage Component	18279	24108	25153	31253	35566
Non-Salary & Wage component (net of subsidy)	17304	20114	22268	27476	30631
As percentage of Total Expenditure					
Capital Expenditure	15.5	12.8	15.1	13.7	14.8
Revenue Expenditure	80.9	82.8	78.5	83.2	83.6
As percentage of GSDP					
Capital Expenditure	2.5	2.1	2.3	2.0	2
Revenue Expenditure	12.8	13.7	12.1	12.1	11.2

Does not include Loans and Advances.

\$ Expenditure on salary and wages does not include the salary component of grants-in-aid by the State Government to its institutions.

The trends presented in the Table 1.19 reveal that capital expenditure increased by Rs 1,398 crore in 2007-08 over the previous year. Capital expenditure as a percentage of total expenditure remained on an average around 14.38 per cent during the period 2003-08 with inter-year variations. As a percentage of GSDP too, it exhibited relative stability around an average of 2.18 per cent with

inter-year variations during the period 2003-08. As salary and wage component of the revenue expenditure does not include the corresponding grants-in-aid component, it is difficult to draw a definite inference from the trends in expenditure on salary and wages but expenditure on non-salary wage component (net of subsidy) has picked up since 2003-04 and increased by 11 per cent during the current year.

1.5.2 Expenditure on Social Services

Given the fact that human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc., have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. Table 1.22 summarises the expenditure incurred by the State Government in expanding and strengthening of social services during 2003-08.

Table-1.22: Expenditure on Social Services (Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
(1)	(2)	(3)	(4)	(5)	(6)
General Education					
Revenue Expenditure	9014	9693	10107	11651	12923
of which					
(a) Salary & Wage Component	157	155	167	179	153
(b) Non-Salary & Wage Component	8857	9538	9940	11472	12770
Capital Expenditure	1	1	2	3	4
Total	9015	9694	10109	11654	12927
Health and Family Welfare					
Revenue Expenditure	1768	1891	2124	2254	2695
of which					
(a) Salary & Wage Component	772	842	973	1027	1084
(b) Non-Salary & Wage Component	996	1049	1151	1227	1611
Capital Expenditure	157	94	91	76	88
Total	1925	1985	2215	2330	2783
Water Supply, Sanitation, Housing and Urban Development					
Revenue Expenditure	1894	2491	2302	3566	5045
of which					
(a) Salary & Wage Component	33	32	33	35	38
(b) Non-Salary & Wage Component	1861	2459	2269	3531	5007
Capital Expenditure	14	21	902	29	60
Total	1908	2512	3204	3595	5105
Other Social Services					
Revenue Expenditure	3314	3474	5384	6088	6110
of which					
(a) Salary & Wage Component	511	563	648	691	739
(b) Non-Salary & Wage Component	2803	2911	4736	5397	5371
Capital Expenditure	111	168	252	764	591
Total	3425	3642	5636	6852	6701

(1)	(2)	(3)	(4)	(5)	(6)
Total (Social Services)					
Revenue Expenditure	15990	17549	19917	23559	26773
of which					
(a) Salary & Wage Component	1473	1592	1821	1932	2014
(b) Non-Salary & Wage Component	14517	15957	18096	21627	24759
Capital Expenditure	283	284	1247	872	743
Grand Total	16273	17833	21164	24431	27516

Note 1: Expenditure on salary and wages does not include the salary component of grants-in-aid by the State Government to its institutions.

The allocation to social sector increased at the annual growth rate of 14 *per cent* from Rs 16,273 crore in 2003-04 to Rs 27,516 crore in 2007-08 reaching the level of 36 *per cent* of total expenditure and 54 *per cent* of development expenditure¹⁰ during the current year (Rs 27,516 crore).

Out of the total expenditure on social services of Rs 27,516 crore in 2007-08, general education received the major share of 47 *per cent* (Rs 12,927 crore), health and family welfare shared only 10 *per cent* (Rs 2,783 crore) and 19 *per cent* (Rs 5,105 crore) was spent on water supply, sanitation, housing and urban development. The expenditure on education and health services increased at an annual average rate of nine *per cent*, while the growth rate in respect of water supply, sanitation, housing and urban development was 34 *per cent* during the period 2003-08. The revenue expenditure (non-salary and wage component) on general education increased by Rs 1,298 crore from 2007-08 due to more expenditure in the form of grants-in-aid to government secondary schools, training of teachers and free education to children of primary teachers. The enhanced expenditure mainly under urban development and housing led to a steep increase of Rs 1,476 crore in non-salary component of revenue expenditure under water supply, sanitation, housing and urban development in 2007-08. In case of health and family welfare it increased by Rs 384 crore during the year due to more expenditure on Employees State Insurance Scheme hospitals and mental hospitals.

Recognising the need to improve the quality of education and health services, TFC recommended that non-plan salary expenditure under education and health and family welfare should increase only by five to six *per cent* while non-salary expenditure under non-plan heads should increase by 30 *per cent* per annum during the award period. The expenditure on salary and wages does not present the complete picture as it is exclusive of salary component of grants-in-aid but the trends in expenditure on non-salary and wage component (even including expenditure under both plan and non plan heads) remained significantly below the norms of TFC during the current year.

¹⁰ Development expenditure is defined as the total expenditure made on social and economic services.

1.5.3 Expenditure on Economic Services

The expenditure on economic services includes all such expenditures which directly or indirectly promote the productive capacity within the State's economy. The expenditure on economic services (Rs 23,642 crore) accounted for 30 per cent of the total expenditure (Table 1.23). Of this, agriculture and allied activities, irrigation and flood control, energy and transport consumed nearly 27 per cent of the total expenditure.

Table-1.23: Expenditure on Economic Sector (Rupees in crore)

Sector	2003-04	2004-05	2005-06	2006-07	2007-08
(1)	(2)	(3)	(4)	(5)	(6)
Agriculture, Allied Activities					
Revenue Expenditure	2386	3492	2732	3363	3469
of which					
(a) Salary & Wage Component	885	908	987	1019	1144
(b) Non-Salary & Wage Component	1501	2584	1745	2344	2325
Capital Expenditure	422	284	326	772	816
Total	2808	3776	3058	4135	4285
Irrigation and Flood Control					
Revenue Expenditure	357	815	1318	1514	1648
of which					
(a) Salary & Wage Component	177	231	444	454	451
(b) Non-Salary & Wage Component	180	584	874	1060	1197
Capital Expenditure	6102	6003	6064	5323	6644
Total	6459	6818	7382	6837	8292
Power & Energy					
Revenue Expenditure	353	2983	1993	2601	3411
Of which					
(a) Salary & Wage Component	11	11	12	13	10
(b) Non-Salary & Wage Component	342	2972	1981	2588	3411
Capital Expenditure	297	483	562	800	804
Total	650	3466	2555	3401	4215
Transport					
Revenue Expenditure	262	220	554	697	2254
of which					
(a) Salary & Wage Component	0	0	0	0	0
(b) Non-Salary & Wage Component	262	220	554	697	2254
Capital Expenditure	1033	752	1085	1475	1526
Total	1295	972	1639	2172	3780
Other Economic Services					
Revenue Expenditure	2525	2871	2718	3528	2455
of which					
(a) Salary & Wage Component	1048	1081	815	591	825
(b) Non-Salary & Wage Component	1477	1790	1903	2937	1630
Capital Expenditure	14	23	724	607	615
Total	2539	2894	3442	4135	3070

(1)	(2)	(3)	(4)	(5)	(6)
Total (Economic Services)					
Revenue Expenditure	5883	10381	9315	11703	13237
of which					
(a) Salary & Wage Component	2121	2231	2258	2077	2430
(b) Non-Salary & Wage Component	3762	8150	7057	9626	10807
Capital Expenditure	7868	7545	8761	8977	10405
Grand Total	13751	17926	18076	20680	23642

Note 1: Expenditure on salary and wages does not include grants-in-aid.

The expenditure on economic services increased at the annual growth rate of 14.4 *per cent* from Rs 13,751 crore in 2003-04 to Rs 23,642 crore in 2007-08. Out of the total expenditure on economic services during 2007-08, 18 *per cent* on agriculture and allied activities, 35 *per cent* on irrigation and flood control and 16 *per cent* on transport was incurred. As compared to 2003-04, significant increases in expenditure were observed during 2007-08 in power and energy (548 *per cent*), agriculture and allied activities (53 *per cent*) and transport services (192 *per cent*). The salary and wage component in revenue expenditure on economic services ranged between 18 and 36 *per cent* during 2003-04 to 2007-08.

The trends in expenditure on Economic Services also reveal that the share of capital expenditure in total expenditure decreased from 57 *per cent* (Rs 7,868 crore) in 2003-04 to 44 *per cent* (Rs 10,405 crore) in 2007-08, while the share of revenue expenditure on non-salary components increased steeply from 2003-04 and maintained its average share in total expenditure around 44 *per cent* during last four years (2004-08). The significant increases under non-salary component of revenue expenditure were observed under transport (Rs 1,557 crore) and energy (Rs 823 crore) sectors while the increase in capital expenditure (Rs 1,428 crore) during 2007-08 over the previous year was mainly due to increased share of the Government in share capital of Vidarbha Irrigation Development Corporation, Maharashtra Krishna Valley Development Corporation, Godavari Marathwada Irrigation Development Corporation, Tapi Irrigation Development Corporation and Konkan Irrigation Development Corporation.

1.5.4 Financial Assistance by State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the five year period 2003-08 is presented in Table 1.24.

Table-1.24: Financial Assistance (Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	6139.77	2068.11	2200.13	5234.33	6859.58
Municipal Corporations and Municipalities	2136.39	1852.32	1031.02	2652.27	1351.25
Zilla Parishads and Other Panchayati Raj Institutions	5784.58	6300.48	7472.84	7321.27	8007.34
Development Agencies	5.61	1766.17	2463.92	761.65	1148.03
Hospitals and Other Charitable Institutions	96.62	256.10	131.07	64.15	80.57
Other Institutions	4353.06	8975.06	14088.71	10818.55	10842.90
Total	18516.03	21218.24	27387.69	26852.22	28289.67
Assistance as per percentage of revenue expenditure	43	42	52	44	44

Trends in **Table 1.24** indicate that financial assistance to local bodies and other institutions by the State Government has consistently increased from Rs 18,516 crore in 2003-04 to Rs 28,290 crore in 2007-08 except in 2006-07 when it reduced to Rs 26,852 crore. Further, except in case of Zilla Parishads and other PRIs where the assistance has indicated increasing trend during the period 2003-08, it has widely fluctuated in case of other institutions during the period. The financial assistance to Educational institutions increased by Rs 1,626 crore due to increased grants to ordinary secondary schools (Rs 455 crore), non-Government Junior colleges (Rs 104 crore) and non-Government Arts, Science, Commerce and Law colleges (Rs 849 crore). An increased financial assistance to PRIs was mainly due to increase in purposive grants to Zilla Parishads under the Zilla Parishads and Panchayat Samitis Act (Rs 501 crore). A significant proportion of financial assistance is being given to 'other institutions' every year but the details of the same are not available. Similarly, the steep reduction of Rs 1,301 crore in the financial assistance to Municipal Corporations and Municipalities in 2007-08 was mainly under Secondary Education (Rs 913 crore), Family Welfare Schemes (Rs 208 crore) and Grants for Twelfth Finance Commission (Rs 234 crore).

1.5.5 Delay in furnishing utilisation certificates

Of the 1,08,279 utilisation certificates (UCs) due in respect of grants and loans aggregating Rs 21,866 crore paid upto 2007-08, 1,08,097 UCs for an aggregate amount of Rs 21,629 crore were in arrears. Details of department-wise break-up of outstanding UCs are given in **Appendix 1.8**.

1.5.6 Non-submission/delay in submission of accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of the Department are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose of the assistance granted and the total expenditure of the

institutions. As of June 2008, nine departments of the Government had not furnished details for the year 2007-08 as shown in **Appendix 1.9**.

1.5.7 Abstract of performance of the autonomous bodies

The audit of accounts of 13 bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Reports and their placement in the Legislature is indicated in **Appendix 1.10**.

1.6 Misappropriations, losses, defalcations etc and write off of losses etc.

The State Government reported 214 cases of misappropriation, defalcation, etc involving Government money amounting to Rs 6.40 crore upto the period 31 May 2008 on which final action was pending. The department-wise break up of pending cases is given in **Appendix 1.11**.

As reported to Audit by the Food, Civil Supplies and Consumer Protection Department, losses due to theft, fire and irrecoverable revenue, etc amounting to Rs 12.69 lakh in 47 cases were written-off during 2007-08 by the competent authorities.

1.7 Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.2** gives an abstract of such liabilities and the assets as on 31 March 2008, compared with the corresponding position on 31 March 2007. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets mainly comprise the capital outlay and loans and advances given by the State Government and the cash balances. **Appendix 1.5** depicts the data on State Government finances for the period 2003-08.

1.7.1 Financial analysis of the projects under Irrigation and Public Works

1.7.1.1 Financial Results of Irrigation Works

The financial results of the six out of 29 major irrigation projects of the Government having a capital outlay of Rs 692.60 crore at the end of March 2008, showed that revenue realised from these projects during 2007-08 (Rs 95.04 crore) was 13.72 per cent of the capital outlay. After considering the working and maintenance expenses (Rs 12.17 crore) and interest charges (Rs 70.01 crore), the schemes gained a net profit of Rs 12.86 crore during 2007-08.

1.7.1.2 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2008 is given in Table 1.25.

Table-1.25: Department-wise Profile of Incomplete Projects (Rupees in crore)

Department	Total number of Incomplete Projects/Initial Budgeted cost	No. of incomplete project of which Revised cost available/Initial Budgeted Cost	Revised cost	Cost escalation	Cumulative Actual Expenditure as on 31.3.2008
Public Works	97/ 572.93	9/ 37.49	53.04	15.55	518.06
Irrigation	25/ 911.61	23/ 893.80	3467.72	2573.92	5042.21
Total	122/ 1484.54	32/ 931.29	3520.76	2589.47	5560.27

The details of incomplete projects pertaining to only two departments are presented in Table 1.25. Moreover, the details of revised costs for majority of the incomplete projects especially relating to public works are not captured in the finance accounts. In respect of 32 incomplete projects, of which revised costs are available, the cost overrun was Rs 2,589.47 crore and the significant cost overruns are observed in irrigation projects. An analysis of the delays in completion of these 122 incomplete projects reveal the time overruns ranging between 1 to 22 years in case of major and medium irrigation projects and between 1 to 13 years in respect of the PWD projects.

1.7.2 Financial analysis of Government Investments

1.7.2.1 Departmental Commercial Undertakings

Activities of quasi-commercial nature are performed by Departmental undertakings of certain Government departments. These undertakings are required to prepare annually, *pro forma* accounts showing the results of financial operations so that Government can assess the results of their working.

As of March 2008, there were 49 such undertakings (42 Government Milk Schemes (GMSs), four Schemes of Land Development by Bulldozer, two Food and Civil Supplies and one Saw Mill and timber Depot) in the State. Out of 42 GMSs in six regions only 9 GMSs have finalized their *pro forma* accounts for 2007-08 by 4 August, 2008 and accounts for 33 Schemes are in arrears.

The Comptroller and Auditor General of India has repeatedly commented about the arrears in preparation of accounts. Accountant General (Commercial Audit) reminded Principal Secretary (Finance) and the Secretary of the Departments concerned regularly in this matter. The department-wise position of arrears in preparation of *pro forma* accounts and the investment made by the Government are given in Appendix 1.12 and 1.13 respectively. The summarised financial statement of these undertakings is given in Appendix 1.14.

1.7.2.2 Investments and Returns

As of 31 March 2008, Government had invested Rs 44,256 crore in statutory corporations, rural banks, joint stock companies and co-operatives (Table 1.26). The return on these investments was negligible and much below one *per cent* in the last five years while the Government paid interest at the average rate of 7.09 to 8.66 *per cent* on its borrowings during 2003-2008.

Table-1.26: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on Government borrowing ¹¹	Difference between interest rate and return
	(Rupees in crore)		(per cent)		
2003-04	19790.89	18.92	0.10	8.76	8.66
2004-05	25829.74	26.73	0.10	7.97	7.87
2005-06	31917.62	3.66	0.01	7.09	7.08
2006-07	37531.49	6.16	0.02	7.78	7.76
2007-08	44256.26	122.00	0.28	7.74	7.46

The increase in investments of Rs 6,725 crore during 2007-08 was attributable to increased capital contributions to Vidarbha Irrigation Development Corporation (Rs 2,588 crore), Maharashtra Krishna Valley Development Corporation (Rs 850 crore), Godavari Marathwada Irrigation Development Corporation (Rs 1,688 crore), Tapi Irrigation Development Corporation (Rs 664 crore), Konkan Irrigation Development Corporation (Rs 361 crore), Maharashtra State Road Transport Corporation (Rs 159 crore) and Maharashtra Water Conservation Development Corporation (Rs 148 crore) as compared to the previous year.

As on 31 March 2008, as per the provisional estimates available, 48 Companies and one corporation in which Government had invested Rs 12,251.89¹² crore (Share Capital: Rs 11,764.16 crore, Loan: Rs 487.73 crore) were incurring losses and their accumulated losses amounted to Rs 6,305.16 crore. According to the information furnished by the Commissioner for Co-operation and Registrar of Co-operative Societies as on March 2008, 3,891 societies with an aggregate investment of Rs 141.83 crore (Rs 88.60 crore by way of equity and Rs 53.23 crore by way of loan) had incurred losses and their accumulated losses (Rs 182.93 crore) were 129 *per cent* of the initial investments made in these societies.

¹¹ Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

¹² These figures are updated on the basis of accounts received upto 31 July 2008.

1.7.2.3 Loans and Advances by State Government

In addition to investments in co-operative societies, corporations and companies, Government has also been providing loans and advances to many of these institutions/organisations. The total outstanding loans and advances as on 31 March 2008, was Rs 18,126 crore (Table 1.27). The amount of loans disbursed during the year reduced from Rs 2,322 crore in 2006-07 to Rs 1,225 crore in 2007-08. Out of the total amount of loans advanced during the year, Rs 320 crore went to social services and Rs 405 crore to economic services. Under the economic services, the major portion of loans went to co-operatives (39 per cent) followed by power (27 per cent). Interest received against these loans declined from 3.87 per cent in the previous year to 2.92 per cent during 2007-08 mainly on account of fall in interest receipts on loans advanced to power projects (Rs 148 crore). However, recovery of loans and advances increased from Rs 51 crore in 2006-07 to Rs 733 crore during the current year mainly on account of more recoveries from the power and energy sector (Rs 202 crore).

Table-1.27: Average Interest Received on Loans Advanced by the State Government
(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Opening Balance	9522	10942	11652	15363	17634
Amount advanced during the year	1902	2751	4262	2322	1225
Amount repaid during the year	482	2041	551	51	733
Closing Balance	10942	11652	15363	17634	18126
Net addition	1420	710	3711	2271	492
Interest received	337	311	1095	639	522
Interest received as per cent to outstanding Loans	3.29	2.75	8.11	3.87	2.92
Average interest paid ¹³ on borrowings by State Government (per cent)	8.76	7.97	7.09	7.78	7.74
Difference between average interest paid and received (per cent)	-5.47	-5.22	1.02	-3.91	-4.82

1.7.3 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of ways and means advances (WMA) – ordinary and special – from the Reserve Bank of India (RBI) has been put in place. The operative limit for normal ways and means advances is reckoned on the three year average of revenue receipts and the operative limit for special ways and means advances is fixed by RBI from time to time, depending on the holding of Government securities and SF and GRF.

¹³ Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

The limits fixed by RBI of normal ways and means advances was Rs 1,050 crore from 1 April 2007 while for special ways and means advances, it was Rs 6.45 crore from 2 April 2007, Rs 938.49 crore from 15 June 2007, Rs 1,871.87 crore from 22 June 2007, Rs 2,338.32 crore from 29 June 2007, Rs 3,274.02 crore from 6 July 2007, Rs 2,341.97 crore from 14 September 2007, Rs 1,408.60 crore from 21 September 2007, Rs 942.15 crore from 28 September 2007, Rs 942.10 crore from 1 October 2007, Rs 3.18 crore from 5 October 2007, Rs 3.15 crore from 1 January 2008 and Rs 1,870.47 crore from 25 January 2008. During the year 2007-08, special ways and means advances of Rs 1,953.63 crore were taken and repaid by the Government.

The ways and means advances and overdrafts availed of by the State, the number of occasions on which they were availed and the interest paid by the State are detailed in Table 1.28.

Table-1.28: Ways and Means Advances and Overdrafts of the State

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Ways and Means Advances					
Availed of in the year	7898.67	2675.04	2386.62	2664.83	1953.63
Number of occasions	15	11	4	3	2
Outstanding	—	—	—	—	—
Interest paid	29.2	8.47	5.34	3.12	3.18
Number of days	168	68	21	42	25
Overdrafts					
Availed of in the year	1422.7	862.87	1298.31	—	—
Number of occasions	23	12	9	—	—
Interest paid	4.92	0.76	3.70	—	—
Number of days	39	12	20	—	—

The cash balance of the State increased by Rs 4,046 crore from Rs 7,184 crore in 2006-07 to Rs 11,230 crore in 2007-08 in the form of an increase of Rs 3,747 crore in the form of cash balance investments and investments in earmarked funds (Rs 1,169 crore).

1.8 Undischarged Liabilities

The total liabilities of the State as defined under the FRBM Act, 2005 of the Government means liabilities under the Consolidated Fund of the State and the Public Account of the State.

1.8.1 Fiscal Liabilities – Public Debt and Guarantees

There are two sets of liabilities of the State Government namely, public debt and other liabilities. Public debt consists of the internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund – Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the

security of its Consolidated Fund, within such limits, as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of the Public Account, include deposits under small savings schemes, provident funds, reserve funds and other deposits.

Table-1.29 gives the fiscal liabilities of the State, their rate of growth, the ratio of these liabilities to GSDP, to revenue receipts and to State's own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table-1.29: Fiscal Liabilities – Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Fiscal Liabilities ¹⁴ (Rupees in crore)	104404	121026	142491	157039	158114
Rate of Growth (<i>per cent</i>)	21.68	15.92	17.74	10.21	0.68
Ratio of Fiscal Liabilities to					
GSDP (<i>per cent</i>)	31.3	32.5	33.0	30.8	27.3
Revenue Receipts (<i>per cent</i>)	303.8	295.0	294.1	252.5	198.7
Own Resources (<i>per cent</i>)	363.6	348.5	360.9	329.8	245.2
Buoyancy of Fiscal Liabilities with reference to :					
GSDP (ratio)	1.686	1.369	1.090	0.574	0.05
Revenue Receipts (ratio)	2.064	0.824	0.980	0.360	0.024
Own Resources (ratio)	4.249	0.760	1.296	0.496	0.019

The overall fiscal liabilities of the State increased at an average annual rate of growth of 10.3 *per cent* from Rs 1,04,404 crore in 2003-04 to Rs 1,58,114 crore in 2007-08. The growth rate reduced sharply from 10.21 *per cent* in 2006-07 to 0.68 *per cent* in 2007-08 mainly on account of reduction in reserve funds (Rs 10,547 crore) due to transfer of surplus balance to Consolidated Fund of the State as revenue receipts under the major head 'Miscellaneous General Services' owing to closure of non-operational reserve funds. During 2007-08, debt to GSDP ratio at 27.3 *per cent* was slightly higher than the State projections made in both the MTFPS (25.53 *per cent*) and FCP (26.84 *per cent*). These liabilities stood at around two times the revenue receipts and two and a half times the State's own resources as at the end of 2007-08. The buoyancy of these liabilities with respect to GSDP during the year was less than one, indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 0.05 *per cent*.

Out of the total fiscal liabilities during 2007-08, the share of public debt was maximum (74 *per cent*), followed by deposits (11 *per cent*); reserve funds (9 *per cent*) and small savings, provident fund *etc* (6 *per cent*). Fiscal liabilities increased from Rs 1,57,039 crore in 2006-07 to Rs 1,58,114 crore in 2007-08 mainly due to increase in public debt (Rs 9,062 crore) and deposits (Rs 1,875 crore).

¹⁴ Includes internal debt (market loans, loans from NSSF and loans from other financial institutions), loans and advances from GOI, the liabilities arising from the transactions in the Public Account of the State.

The State Government set up a Consolidated Sinking Fund during the financial year 1999-2000 for amortization of open market loans. As on 31 March 2008, the outstanding balance in Sinking Fund was Rs 3,640.62 crore, of which Rs 1,175.94 crore were the accretions during 2007-08. The entire amount in the fund stood invested as of 31 March 2008.

1.8.2 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in cases of default by borrowers for whom the guarantees are extended. No explicit ceiling on giving guarantees upon the security of the Consolidated Fund of the State has been fixed. The State resorted to giving guarantees for raising resources in a big way during the last five years.

The maximum amounts for which guarantees were given by the State and the outstanding guarantees at the end of year since 2003-04 are given in Table 1.30.

Table-1.30: Guarantees given by the Government of Maharashtra

(Rupees in crore)

Year	Maximum amount guaranteed	Outstanding amount of guarantees	Percentage of maximum amount guaranteed to total revenue receipts
2003-04	82228	70126	239
2004-05	80184	60871	195
2005-06	86725	66239	179
2006-07	87778	63509	141
2007-08	84164	58276	106

During the year 2007-08, guarantees of the order of Rs 1,373 crore were given by the State Government. Guarantees were given for repayment of share capital, raising loans, debentures, bonds etc by Maharashtra State Handloom Corporation (Rs 3.50 crore), Maharashtra Krishna Valley Development Corporation (Rs 730.75 crore), co-operative sugar factories (Rs 188.87 crore) and Ratnagiri Gas and Power Pvt Ltd (Rs 450 crore). Outstanding guarantees (Rs 58,276 crore) during 2007-08 accounted for 73 per cent of the revenue receipts (Rs 79,583 crore). The outstanding guarantees during 2007-08 were 10.07 per cent of the GSDP. The State Government has achieved the commitment made in MTFPS (March 2007) to bring it down to approximately 10 per cent in 2007-08 from 12.47 per cent in previous year. Moreover, State Government has not set up the Guarantee Redemption Fund so far despite the recommendation of TFC to meet the contingent liabilities arising from the guarantees given by the Government.

The State Government charges Guarantee fees for Guarantees given to institutions and the same is booked under 'Miscellaneous General Services'. The Guarantee fees recovered during 2007-08 was Rs 123.77 crore.

Sums paid by the Government in the event of invocation of guarantee are charged to Consolidated Fund of the State under the concerned loan head and

irrecoverable sums are adjusted under the concerned revenue expenditure heads where the Guarantee Reserve Fund does not exist and under the Guarantee Reserve Fund where it exists. It is reported that State Government paid Rs 186.72 crore on account of invocation of guarantees which were recoverable at the end of 2005-06. An amount of Rs 5 crore was paid as a result of invocation of Guarantee to the Maharashtra State Co-operative Bank on behalf of Co-operative sugar factories during 2006-07. However, the information in respect of other cases of invocation of guarantee, amount recovered during 2006-07 and 2007-08 and amount recoverable at the end of the year is awaited (August 2008).

1.8.3 Off - Budget Borrowings

As per Fiscal Policy Strategy Statement 2007-08, the State Government had completely stopped off-budget borrowings from the year 2005-06. The Government did not envisage any difficulty in raising the necessary resources to finance the Plan for 2007-08. During the years 2005-06 to 2007-08, there were no off-budget borrowings. However, the outstanding off-budget borrowings were Rs 5,214 crore at the close of 2007-08 which pertained to the years prior to 2005-06.

1.9 Debt Sustainability

The debt sustainability is defined as the ability of the State to maintain a constant debt to GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt. A prior condition for debt sustainability is the debt stabilisation in terms of debt/GSDP ratio.

1.9.1 Debt Stabilisation

A necessary condition for debt stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt x rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. Trends in fiscal variables indicating the progress towards the debt stabilisation are indicated in Table 1.31.

Table-1.31: Debt Sustainability–Interest Rate and GSDP Growth

(in per cent)

	2003-04	2004-05	2005-06	2006-07	2007-08
Average Interest Rate	8.76	7.97	7.09	7.78	7.74
GSDP Growth	12.86	11.63	16.28	14.98	13.57
Interest spread	4.10	3.66	9.19	7.20	5.83
Quantum Spread (Rs in crore)	3518	3821	11122	10259	9155
Primary Deficit(-)/ Surplus (+) (Rupees in crore)	-9593	-9642	-8284	103	15025

Table 1.31 reveals that quantum spread together with primary deficit was negative during the first two years (2003-05) indicating rising Debt-GSDP ratios during the period. The emergence of positive sum of quantum spread and primary deficit since 2005-06 indicates that the tendency towards the debt stabilisation which would eventually improve the debt sustainability position of the State in ensuing years.

1.9.2 Sufficiency of Non-debt Receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. Table 1.32 indicates the resource gap as defined for the period 2003-08.

Table 1.32: Incremental Revenue Receipts and Revenue Expenditure

(Rupees in crore)

Period	Incremental				Resource Gap
	Non-Debt Receipts	Primary Expenditure	Interest Payments	Total Expenditure	
2003-04	3281	5713	1205	6918	(-)3637
2004-05	8201	8250	644	8894	(-)693
2005-06	5936	4577	368	4945	(+)991
2006-07	13256	4871	2309	7180	(+)6076
2007-08	18070	3147	548	3695	(+)14375

The persistent negative resource gap indicates the non-sustainability of debt while the positive resource gap strengthens the capacity of the State to sustain the debt. During the period 2003-08, except in years 2003-04 and 2004-05 reflecting the negative resource gaps, the positive and increasing resource gap since 2005-06 indicate towards the increasing capacity of the State to sustain the debt in the medium to long run.

1.9.3 Net Availability of Funds

The debt sustainability of the State also depends on (i) the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and (ii) application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. The solution to the Government debt problem lies in application of borrowed funds, *i.e.*, they are (a) not being used for financing revenue expenditure; and (b) being used efficiently and productively for capital expenditure which either provides returns directly or results in increased productivity of the economy in general which may result in increase in Government revenue.

Table-1.33 below gives the position of the receipts and repayments of internal debt and other fiscal liabilities of the State over the last five years.

Table-1.33: Net Availability of Borrowed Funds (Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Internal Debt					
Receipt	21129	20387	19484	11394	11478
Repayment (Principal +Interest)	4466	7178	8604	11251	12058
Net Funds Available	16663	13209	10880	143	(-580)
Net Funds Available (<i>per cent</i>)	78.8	64.8	55.8	1.3	(-)5.1
Loans and Advances from GOI					
Receipt	1252	1802	490	498	329
Repayment (Principal +Interest)	10892	11440	1381	954	1231
Net Funds Available	(-9640)	(-9638)	(-891)	(-456)	(-902)
Net Funds Available (<i>per cent</i>)	(-)769.9	(-)534.8	(-)181.8	(-)91.6	(-)274.2
Other obligations					
Receipt	12435	15236	15302	16566	3435
Repayment (Principal +Interest)	9582	11164	13174	13361	13083
Net Funds Available	2853	4072	2128	3205	(-)9648
Net Funds Available (<i>per cent</i>)	22.9	26.7	13.9	19.3	(-)280.9
Total liabilities					
Receipt	34816	37425	35276	28458	15242
Repayment (Principal + Interest)	24940	29782	23159	25566	26372
Net Funds Available	9876	7643	12117	2892	(-)11130
Net Funds Available (percentage)	28.3	20.4	34.3	10.2	(-)73.0

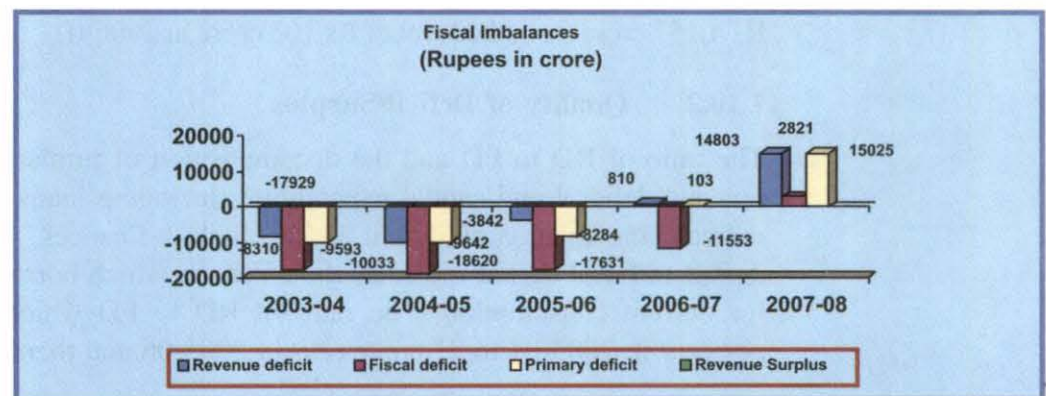
Debt redemption ratio exceeded the unity for the first time in 2007-08 during the last five years when the repayments towards the discharge of past debt obligations were significantly more than the fresh debt receipts during the year. During the current year the Government raised internal debt of Rs 11,478 crore, Government of India loans of Rs 329 crore and other obligations of Rs 3,435 crore and repaid internal debt of Rs 2,333 crore, Government of India loans amounting to Rs 413 crore and also discharged other obligations of Rs 11,422 crore along with interest obligations of Rs 12,204 crore resulting in net decrease of Rs 11,130 crore in debt receipts during the year.

1.10 Management of Deficits

The Deficits in Government accounts represent the gaps between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. The trends in fiscal parameters depicting the position of fiscal equilibrium in the State are presented in **Table 1.34**.

Table-1.34: Fiscal Imbalances: Basic Parameters

Parameters	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue deficit (-) / Surplus (+) (Rupees in crore)	-8310	-10033	-3842	810	14803
Fiscal deficit(-)/ Surplus (+) (Rupees in crore)	-17929	-18620	-17631	-11553	2821
Primary deficit(-)/Surplus (+) (Rupees in crore)	-9593	-9642	-8284	103	15025
RD/GSDP (<i>per cent</i>)	-2.5	-2.7	-0.9	0.2 ¹⁶	2.6 ¹⁶
FD/GSDP (<i>per cent</i>)	-5.4	-5.0	-4.1	-2.3	0.5 ¹⁶
PD/GSDP (<i>per cent</i>)	-2.9	-2.6	-1.9	0 ¹⁵	2.6 ¹⁵
RD/FD (<i>per cent</i>)	46.3	53.8	21.8	0 ¹⁶	0 ¹⁶



¹⁵ There was primary surplus.

¹⁶ There was revenue surplus and fiscal surplus.

1.10.1 Trends in Deficits

Table 1.34 reveals that the revenue account experienced a situation of huge deficit of Rs 8,310 crore and Rs 10,033 crore during the period 2003-04 and 2004-05 respectively. The deficit reduced sharply to Rs 3,842 crore during 2005-06 and revenue account turned into a surplus of Rs 810 crore during 2006-07 which increased to Rs 14,803 crore during 2007-08. The turnaround situation in revenue account during the current year was mainly on account of an increase of Rs 17,388 crore in revenue receipts (28 *per cent*) against the increase of Rs 3,395 crore in revenue expenditure (6 *per cent*). It may, however, be observed that apart from increase in State's own tax revenue (19 *per cent*) and Central tax transfer (26 *per cent*) significant push in revenue receipts is provided by transfer of surplus amount of Rs 10,868 crore lying in various statutory reserve funds in Public Account by the State Government to its Consolidated Fund as non-tax receipts during the year.

Given the steep increase of Rs 13,993 crore in revenue surplus in 2007-08 and a decline of Rs 1,779 crore in net disbursement of loans and advances, fiscal deficit of Rs 11,553 crore turned into a fiscal surplus of Rs 2,821 crore despite an increase of Rs 1,398 crore in capital expenditure during the year.

The primary deficit¹⁷ which persisted in the State budget till 2005-06 took a turnaround and resulted into a primary surplus during 2006-07 and 2007-08. A sharp decline of Rs 14,374 crore in fiscal deficit together with an increase of Rs 548 crore in interest payments led to an increase in primary surplus to Rs 15,025 crore during the current year from Rs 103 crore in 2006-07.

It may, however, be noted that in the absence of these transfers of funds through an unusual act of State Government for raising the revenue receipts in current year, the revenue surplus would have increased only by Rs 3,125 crore while fiscal deficit would have reduced by Rs 3,506 crore in 2007-08 from their corresponding levels of Rs 810 crore and Rs 11,553 crore in 2006-07. Similarly, the primary surplus which has increased steeply to Rs 15,025 crore in 2007-08 would have been only Rs 4,157 crore from the level of Rs 103 crore in 2006-07.

1.10.2 Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of primary deficit into primary revenue deficit¹⁸ and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. The ratio of RD to FD which declined from 46.3 *per cent* in 2003-04 to 21.8 *per cent* in 2005-06 and thereafter revenue account

¹⁷ Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the States during the course of the year.

¹⁸ Primary revenue deficit defined as gap between non interest revenue expenditure of the State and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.

turned into surplus during 2006-07 and 2007-08 indicating consistent improvement in the quality of the deficit during the period 2003-08.

The bifurcation of the factors resulting into primary deficit or surplus of the State during the period 2003-08 reveals (Table - 1.35) that throughout this period, the primary deficit was on account of capital expenditure incurred and loans and advances disbursed by the State Government. In other words, non-debt receipts of the State were enough to meet the primary expenditure¹⁹ requirements in the revenue account, rather left some receipts to meet the expenditure increased under the capital account. But the surplus non-debt receipts were not enough to meet the expenditure requirements under capital account resulting in primary deficit during 2003-06. However, during 2006-07 and 2007-08, non-debt receipts were sufficient to meet the expenditure requirement both under revenue and capital account resulting in primary surplus. This indicates the extent to which the primary deficit in the past has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.35: Primary deficit/surplus - Bifurcation of factors (Rupees in crore)

Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and Advances	Primary Expenditure	Primary revenue deficit (-) / surplus (+)	Primary deficit (-) / surplus (+)
1	2	3	4	5	6(3+4+5)	7 (2-3)	8 (2-6)
2003-04	34853	34345	8199	1902	44446	(+)508	(-)9593
2004-05	43054	42068	7877	2751	52696	(+)986	(-)9642
2005-06	48990	42933	10078	4262	57273	(+)6057	(-)8283
2006-07	62246	49730	10092	2322	62144	(+)12516	(+)102
2007-08	80316	52576	11490	1225	65291	(+)27740	(+)15025

1.11 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table-1.36 below presents a summarised position of the Government's finances for the period 2003-08, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facts.

¹⁹ Primary expenditure of the State defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.

Table-1.36: Indicators of Fiscal Health (in per cent)

Fiscal Indicators	2003-04	2004-05	2005-06	2006-07	2007-08
(1)	(2)	(3)	(4)	(5)	(6)
I Resource Mobilisation					
Revenue Receipt/GSDP	10.3	11	11.2	12.2	13.8
Revenue Buoyancy	0.816	1.659	1.112	1.596	2.063
Own Tax/GSDP	7.6	8.2	7.8	7.9	8.2
II Expenditure Management					
Total Expenditure/GSDP	15.8	16.5	15.4	14.5	13.4
Revenue Receipts/Total Expenditure	65.1	66.5	72.7	84.3	102.7
Revenue Expenditure/ Total Expenditure	80.8	82.7	78.5	83.2	83.6
Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	8.4	7.5	7.8	6.5	6.9
Non-Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	42.8	47.2	48.1	50.9	54.9
Capital Expenditure/ Total Expenditure	16.1	12.7	15.1	13.7	14.8
Capital Expenditure on Social and Economic Services/ Total Expenditure	15.44	12.69	15.02	13.35	14.39
Buoyancy of TE with RR	1.436	0.870	0.442	0.380	0.179
Buoyancy of RE with RR	0.519	1.015	0.132	0.613	0.196
III Management of Fiscal Imbalances					
Revenue deficit(-)/Surplus(+) (Rs in crore)	(-)8310	(-)10033	(-)3842	810	14803
Fiscal deficit(-)/Surplus (+) (Rs in crore)	(-)17929	(-)18620	(-)17631	(-)11553	2821
Primary Deficit(-)/Surplus(+) (Rs in crore)	(-)9593	(-)9642	(-)8284	103	15025
Revenue Deficit/Fiscal Deficit	46.3	53.8	21.8	0 ²⁰	0 ²¹
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	31.3	32.5	33.0	30.8	27.30

²⁰ There was revenue surplus.

²¹ There was revenue surplus and fiscal deficit

(1)	(2)	(3)	(4)	(5)	(6)
Fiscal Liabilities/RR	303.8	295.0	294.1	252.5	198.70
Buoyancy of FL with RR	2.064	0.824	0.980	0.360	0.024
Buoyancy of FL with Own Receipt	4.249	0.760	1.296	0.496	0.019
Interest spread	4.10	3.66	9.19	7.20	5.83
Net Fund Available	28.3	20.4	34.3	10.2	0
V Other Fiscal Health Indicators					
Return on Investment	0.10	0.10	0.01	0.02	0.28
Balance from Current Revenue (Rs in crore)	(-6203)	(-7280)	(-600)	4505	20238
Financial Assets/Liabilities	0.6	0.6	0.6	0.6	0.7

The trends in ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy and accessibility of State to resources. Revenue receipts are comprised not only of the tax and non-tax resources of the State but also the transfers from Union Government. The ratio of revenue receipts to GSDP during the current year was 13.8 *per cent*, an increase of one and half percentage point over the previous year. During 2003-08, the ratio of own taxes to GSDP hovered within the narrow range of 7.6 and 8.2 *per cent*. The ratio at 8.2 *per cent* in 2007-08 is below the budget estimate of 9.38 *per cent* for the year indicating the fact that tax efforts need to be stepped up in the State.

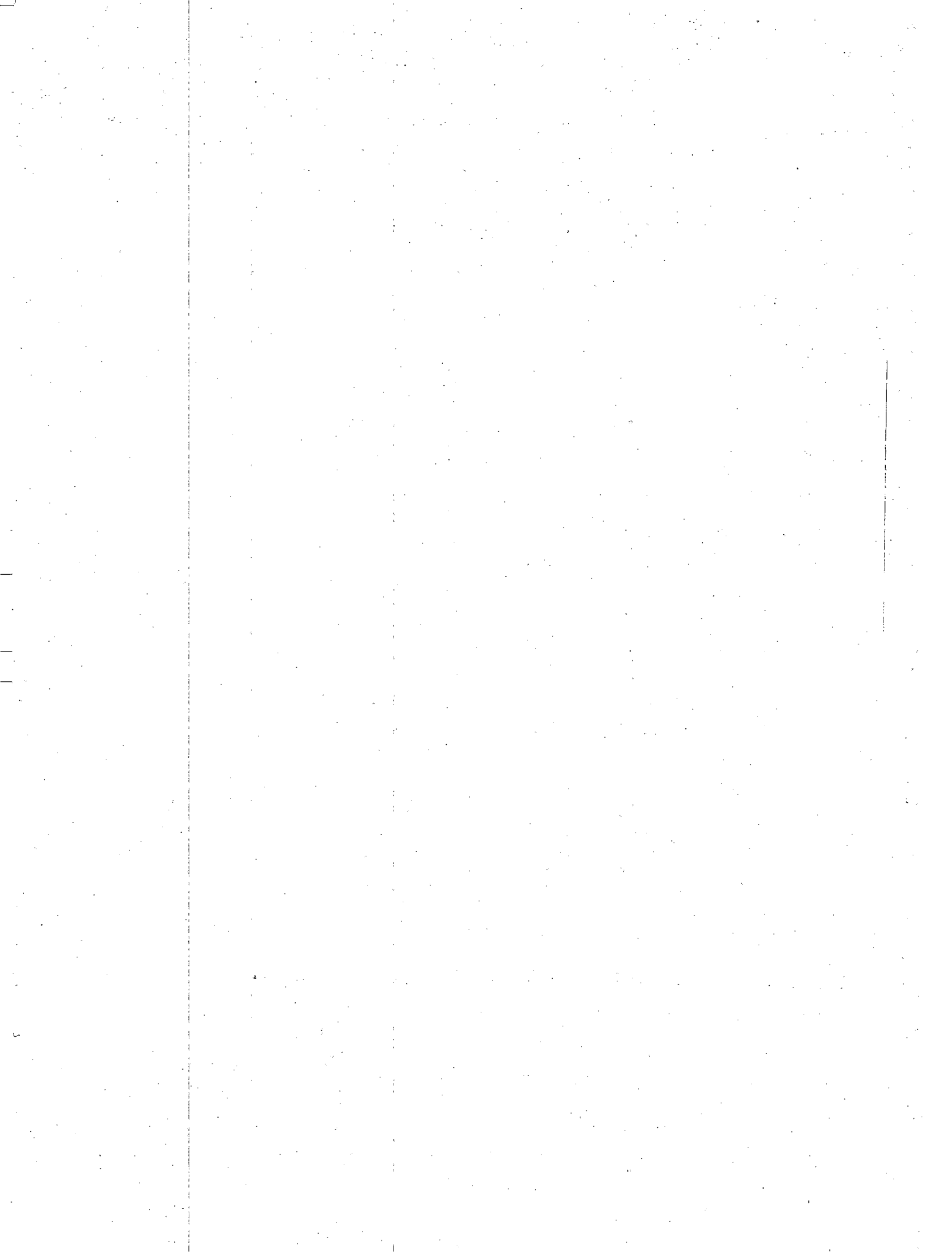
Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilization efforts. The revenue expenditure as a percentage to total expenditure increased from 80.8 *per cent* in 2003-04 to 83.6 *per cent* in 2007-08 (except in 2005-06 when it was 78.5 *per cent*). The higher buoyancy ratio of total expenditure as compared to that of revenue expenditure with respect to revenue receipts indicates the propensity of the State Government to create assets by resorting to *inter alia* capital expenditure. Increasing reliance on revenue receipts to finance the total expenditure which amounts to 102 *per cent* during 2007-08 indicates decreasing dependence on borrowed funds. This is also reflected by the decreasing ratio of financial liabilities to revenue receipts. Maintaining the proportion of capital expenditure in the total expenditure at 12 *per cent* or more with inter year variations and increase in share of revenue expenditure net of subsidies on non-salary and wage items also indicates improvement in the quality of expenditure. But the negligible return on the Government investment continued to be a cause of concern and low productivity of capital expenditure would not only put strain on the Government budget but also might adversely affect the maintenance and upkeep as well as efficiency in delivery of social and economic services in the State.

Revenue surplus and fiscal surplus along with positive BCR during 2007-08 indicates an improvement in fiscal position of the State. However, despite improvement in fiscal position and cash balances position of the State, 30 *per cent* of the liabilities of the State still remain without assets back up in 2007-08 and this ratio continues to be static at 40 *per cent* during the period 2003-07.

1.12 Conclusion

The fiscal position of the State viewed in terms of the key fiscal parameters – revenue, fiscal and primary deficit – indicated significant improvement in 2007-08 relative to the previous year. The State has achieved the revenue and fiscal deficits targets relative to GSDP laid down under the Rules framed under the MFRBM Act during the year. The improvement in fiscal position of the State was observed to be mainly on account of increase in revenue receipts by Rs 17,388 crore (28 *per cent*) against an increase of Rs 3,395 crore (6 *per cent*) in revenue expenditure resulting in a steep increase of Rs 13,993 crore in revenue surplus in 2007-08 over the previous year. The State Government has managed to enhance the revenue receipts sharply during the year mainly on account of transfer of Rs 10,868 crore from 18 statutory funds maintained in Public Account to Consolidated Fund of the State as non-tax receipts through its Resolutions dated 10 and 15 March 2008 issued in pursuance to Maharashtra Ordinance No. II of 2008 dated 22 February 2008 and ratified vide Maharashtra Act No. V of 2008 dated 19 March 2008 and cabinet decision dated 3 May 2007 on the plea that the surplus amount lying in these funds cannot be utilized for any other purposes mentioned in the Acts under which these funds are maintained in the Public Account. The expenditure pattern of the State reveals that the revenue expenditure as a percentage to total expenditure still constitutes around 84 *per cent* of the total expenditure during 2007-08 and its NPRES component at Rs 54,505 crore during 2007-08 although was within the BE for the year (Rs 56,329 crore) but exceeded both the normative projection of the TFC for the State (Rs 43,795 crore) and State's projection in its FCP (Rs 53,568 crore). Moreover, within the non-plan revenue expenditure, four components – salary expenditure (exclusive of salary component of GIA), pension liabilities, interest payments and subsidies – constitute about 54 *per cent* of NPRES during 2007-08. The increasing fiscal liabilities accompanied with negligible rate of return on Government investments and inadequate interest cost recovery on loans and advances might lead to a situation of unsustainable debt situation in medium to long run unless suitable measures are initiated to compress the non-plan revenue expenditure and to mobilise the additional resources both through the tax and non-tax sources in ensuing years. Besides, the State resorted to giving guarantees to various institutions for raising resources in a big way and outstanding guarantees as on 31 March 2008 were almost 73 *per cent* of the total revenue receipts and amounted to 10.07 *per cent* of GSDP in the current year. In case the Statutory corporations, Government companies, Co-operative banks and

sugar factories continued to incur losses, there is inherent risk of invocation of Government guarantees which the State would have to honour out of its finances as it has not even set up the Guarantee Redemption Fund so far to meet such eventualities. The inordinate delays in completion of incomplete projects particularly irrigation projects in the State resulted in huge cost and time overruns as is also a cause of concern for the State Government as revealed by the Report even on the basis of the fractured information made available by the respective departments of the State Government.



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CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2007-08 against grants and appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving(-)/ Excess(+)
Voted	I. Revenue	54782.96	6854.99	61637.95	53917.65	(-)7720.30
	II. Capital	13422.41	2613.16	16035.57	14305.00	(-)1730.57
	III. Loans and Advances	2861.44	186.88	3048.32	1785.24	(-)1263.08
Total (Voted)		71066.81	9655.03	80721.84	70007.89	(-)10713.95
Charged	IV. Revenue	17910.97	264.24	18175.21	13117.49	(-)5057.72
	V. Capital	25.25	5.11	30.36	24.33	(-)6.03
	VI. Public Debt	5646.50	0.00	5646.50	4705.14	(-)941.36
	VII. Loans and Advances	—	1.19	1.19	1.19	0.00
Total (Charged)		23582.72	270.54	23853.26	17848.15	(-)6005.11
Appropriation to Contingency Fund		350.00	0.00	350.00	350.00	0.00
Grand Total		94999.53	9925.57	104925.10	88206.04	(-)16719.06

Note: The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 2,255.09 crore and capital expenditure Rs 3,407.03 crore

The overall savings of Rs 16,719.06 crore was the net result of savings of Rs 17,306.47 crore in 231 cases of grants/appropriations offset by excess of Rs 587.41 crore in 22 cases of grants/appropriations. Detailed Appropriation Accounts were sent to the Controlling Officers. Separate meetings were also held with the Controlling Officers of each department by the Accountant General (Accounts and Entitlement) during the period from 26 May and

11 June 2008 in which they were requested to furnish reasons for excesses/savings. The reasons for savings/excesses are still awaited from the concerned Controlling Officers.

Out of total expenditure of Rs 87,856.04 crore, expenditure of Rs 37,676.25 crore (43 per cent) was spent during the quarter January to March 2008. It was further noticed that Rs 23,400.77 crore (27 per cent) was spent in March 2008.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Analysis of savings with reference to allocative priorities brought out the following:

In 31 cases, savings exceeded Rs 10 crore in each case and also by more than 20 per cent of total provision (Appendix 2.1).

Out of 31 cases, six cases resulted in 100 per cent savings in grants/appropriations under Transport, Administration, Secretariat-Other General Services, Sales Tax Administration, Rural Employment and other Rural Development Programmes, while five cases resulted in 75 per cent or more savings under Revenue and District Administration, Secretariat-Other General Services, Other Fiscal and Miscellaneous Services, Capital expenditure on Social Services and Loans for Urban Development.

Excess requiring regularisation

2.3.2 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, but the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). Excess expenditure amounting to Rs 6,078.76 crore for the years 2002-03 to 2006-07 was still to be discussed by the PAC and regularised by the State Legislature. Reasons for the excess expenditure had not been intimated by Government.

(Rupees in crore)

Year	No. of grants/ appropriation	Amount of excess
2002-03	29	2542.88
2003-04	25	1015.24
2004-05	26	407.35
2005-06	34	1156.99
2006-07	29	956.30
Total	143	6078.76

2.3.3 Excess over provisions during 2007-08 requiring regularisation

The excess of Rs 427.92 crore under 11 grants and Rs 159.49 crore under 11 appropriations requires regularisation (Appendix 2.2).

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 9,925.58 crore) made during the year constituted 10.45 per cent of the original provision (Rs 94,999.53 crore) as against 16.13 per cent in the previous year.

Unnecessary/excessive/inadequate supplementary provisions

2.3.5 Supplementary provisions of Rs 1,502.60 crore made in 38 cases of grants/appropriations during the year proved unnecessary, as the actual expenditure was even below the original provision in view of aggregate saving of Rs 3,658.63 crore as detailed in Appendix 2.3.

2.3.6 In 44 cases, against actual requirement of Rs 6,375.07 crore, supplementary grants and appropriations of Rs 8,475.86 crore were obtained resulting in savings exceeding Rs 1 crore, aggregating Rs 2,100.79 crore. Details of these are given in Appendix 2.4.

2.3.7 In 7 cases, supplementary provision of Rs 177.99 crore proved insufficient by more than Rs 1 crore each, leaving an aggregate uncovered excess expenditure of Rs 361.60 crore (Appendix 2.5).

2.3.8 Excessive/insufficient re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Sixty seven cases where the re-appropriation of fund proved to be excessive or insufficient over grant by Rs 1 crore or more are detailed in Appendix 2.6.

2.3.9 Anticipated savings not surrendered

As per paragraphs 158 and 173 of the Maharashtra Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2007-08, there were, however, 11 grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was Rs 136.10 crore (Appendix 2.7).

Similarly, out of total savings of Rs 7,157.83 crore under 34 other grants/appropriations, the amount of available savings of Rs 1 crore and above in each grant/appropriation not surrendered aggregated Rs 3,113.21 crore (18 per cent of total savings). Details are given in Appendix 2.8. Thus, in these cases, Government could not utilise the unspent funds for other activities where more funds could be utilised.

2.3.10 Besides, in 61 cases, (surrender of funds in excess of Rs 10 crore), Rs 10,216.41 crore were surrendered on the last two working days of March

2008 indicating inadequate financial control over expenditure. Details are given in **Appendix 2.9**.

2.3.11 In 40 grants/appropriations the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. As against the actual savings of Rs 2,069.55 crore, the amount surrendered was Rs 2,610.86 crore, resulting in excess surrender of Rs 541.31 crore. Details are given in **Appendix 2.10**.

2.3.12 Pendency in submission of Detailed Contingent Bills against Abstract Contingent Bills

As per the Maharashtra Treasury Rules, 1968, detailed contingent (DC) bills are to be submitted within one month of the drawal of abstract contingent (AC) bills. Scrutiny revealed that DC bills had not been submitted by the Controlling Officers to the Accountant General for a total amount of Rs 1,246.78 crore drawn in 42,797 AC bills upto March 2008, as shown below:

(Rs. in crore)		
Year in which drawn	No. of AC Bills	Amount outstanding
Upto 2000-01	35254	275.31
2001-02	670	19.31
2002-03	779	17.44
2003-04	631	24.21
2004-05	837	406.77
2005-06	943	368.11
2006-07	1208	91.33
2007-08	2475	44.30
Total	42797	1246.78

Department-wise pending detailed contingent bills for the years upto 2007-08 are detailed in **Appendix 2.11**.

2.4 Un-reconciled expenditure

Departmental figures of expenditure should be reconciled with those of the Accountant General (Accounts and Entitlement) every month. The reconciliation had, however, remained in arrears in several departments. In respect of 26 departments, expenditure of Rs 3,113.65 crore pertaining to 2007-08 remained un-reconciled till April 2008. Details are given in **Appendix 2.12**.

2.5 Budgetary Control

2.5.1 In six cases, expenditure aggregating Rs 273.95 crore exceeded the approved provisions by Rs 25 lakh or more in each case and also by more than 10 per cent of the total provisions. Details are given in **Appendix 2.13**.

2.5.2 As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs 29.52 crore was incurred in seven cases as detailed in

Appendix 2.14 without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

2.5.3 Drawal of funds to avoid lapse of budget grant

As per provisions of Maharashtra Treasury Rules, 1968 read with Rule 57 of Bombay Financial Rules, no money shall be drawn from the treasury unless it is required for immediate disbursement.

(a) In respect of the cases mentioned in **Appendix 2.15**, the amounts drawn (Rs 552.76 crore) were neither fully spent for the specific purposes nor remitted to Government Accounts before closure of financial year 2007-08.

(b) The Principal, Industrial Training Institute, Wani District Yavatmal (March 2008) had drawn Rs 29.50 lakh for construction of workshop sheds, class rooms and upgradation of equipments. However, no administrative approval for construction works was found on record. Out of this, Rs 17 lakh was transferred to the Executive Engineer, Public Works Division, Pandharkawada, Rs 1.77 lakh was kept in his Personal Ledger Account (May 2008) and the remaining amount of Rs 11.23 lakh was kept in his cash chest in the form of cheques (June 2008).

2.6 Advances from Contingency Fund

The Contingency Fund is in the nature of an imprest and its corpus is Rs 150 crore which was temporarily raised to Rs 500 crore with effect from 8 June 2007 under the Maharashtra Contingency Fund (Amendment) Ordinance No III of 2007. The balance at the beginning of the year was Rs 94.64 crore with an un-recouped balance of Rs 55.36 crore. During 2007-08, advances drawn but not recouped to the Fund amounted to Rs 58.94 crore. The closing balance of the Fund as on 31 March 2008 was Rs 91.06 crore.

The details of expenditure incurred by the Controlling officers (COs) from the advances sanctioned from the Contingency Fund were not sent by the COs and reconciliation was not done with the Accountant General's books.

During 2007-08, 103 sanctions were issued for withdrawal of Rs 498.97 crore from the Contingency Fund. A review of the operation of Contingency Fund disclosed that (i) one sanction amounting to Rs 18 crore was increased to Rs 48 crore (ii) one sanction amounting to Rs 0.03 crore was decreased to Rs 0.01 crore (iii) one sanction for Rs 0.20 crore was subsequently cancelled during the year. A few illustrative cases detailed in **Appendix 2.16** shows that advances from Contingency Fund were obtained (for Rs 264.90 crore in 13 cases) though the expenditure was foreseeable.

2.7 Personal Ledger Account

According to Rule 494 of Maharashtra Treasury Rules (MTR) 1968 and Rule 12 of Bombay Financial Rules 1959, Personal Ledger Account (PLA) can be opened with Treasury Officer for specified purposes on the basis of approval of Government in consultation with Accountant General of the State.

During 2007-08, 2,461 PLAs were in operation in Vidarbha and Marathwada regions. Flow of funds from these PLAs during 2007-08 was as follows:

(Rupees in crore)	
Opening Balance as on 01 April 2007	848.20
Amount transferred to PLA during the year	1833.45
Amount disbursed from PLA during the year	1001.04
Closing Balance as on 31 March 2008	1680.61

Records relating to 30 PLAs in seven¹ districts maintained by Medical Colleges and Hospitals, Special Land Acquisition Officers (SLAOs), Education Institutions and Joint Directors of Higher Education were reviewed between May 2008 and June 2008. Following important points were noticed:

2.7.1 Short remittance of hospital fees collected

Government of Maharashtra, Public Health Department, Mantralaya, Mumbai vide Resolution No WBP-1099/CR-7/99-WB, dated 6-11-1999 directed that the hospital fees collected by District Hospitals/Rural Hospitals should be remitted in PLA on the same day.

Six² Government Medical Colleges and Hospitals collected hospital fees of Rs 55 lakh during 2007-08 but kept the amount as cash in hand for expenditure of hospitals. Similarly Dean, Medical College, Ambejogai did not credit Rs 62 lakh collected for the earlier years. Retention of PLA cash in hand may lead to misutilisation /misappropriation.

It was also noticed that twelve³ hospitals and three⁴ technical institutions did not credit the hospital fees and other receipts collected within the prescribed time limit and there were delays ranging from 7 to 270 days.

2.7.2 Non-maintenance of separate PLA cash book

Principals of three⁵ colleges did not maintain separate cash books of PLAs for entering the transactions of Government Scholarships though required in terms of Rule 494 of MTR, 1968.

Due to non-maintenance of separate PLA cash book, reconciliation at the end of each month with treasury and the closing balance at the end of each month could not be ascertained in Audit.

Principals replied (May/June 2008) that separate cash books of PLA would be maintained from April 2008, as pointed out by Audit.

¹ Amravati, Aurangabad, Beed, Chandrapur, Jalna, Latur and Nagpur

² Aurangabad, Ambejogai, Jalna & Nagpur (3)

³ Ambejogai, Amravati, Aurangabad, Chandrapur, Darwha, Gangakhed, Nagpur (3), Osmanabad, Wardha & Yavatmal

⁴ Bhandara, Buldhana & Khamgaon

⁵ Deogiri College & Vivekanand College, Aurangabad and Rajiv Gandhi College of E.R. & T., Chandrapur

2.7.3 Irregularities in operation from PLAs

Irregular expenditure from PLA

Medical Education and Drugs Department had allowed (November 2001) the Medical Colleges to incur expenditure from PLA on prescribed items which are of contingent, emergent and time bound nature.

Dean Government Medical College, (Hospital side) Ambejogai, Aurangabad, Nagpur and Latur (College side) incurred expenditure of Rs 56.58 lakh on employment of private security guards during 2007-08 which was not prescribed in the order quoted *supra*.

It was replied (May/June 2008) that expenditure was incurred from the PLA with the orders of the Director and the same would be recouped in due course.

Payment of interest of Rs 7.77 lakh without sanction from Government

The Joint Director of Higher Education, Nagpur Division, Nagpur paid (March 2008) the amount of Rs 7.77 lakh from PLA on account of interest on arrears of pensionary benefit on the basis of Hon. High Court Nagpur Bench's Judgment dated 1 November 2007. However, sanction for making payment of interest to the concerned persons was not received from the Government of Maharashtra.

The Department replied that the payment was made as per the directives given by the Director of Education, (Higher Education), Maharashtra State vide letter dated 19 December 2007. The contention was not acceptable as sanction for making payment of interest was not received from Government.

Un-operated Personnel Ledger Account for more than three years

As per Rule 495 of the Maharashtra Treasury Rules (MTR), 1968 and para 585 (2) of the Maharashtra Treasury Manual (MTM), Personnel Deposits (PDs)/Personnel Ledger Accounts (PLAs) which are not operated for more than three continuous accounting years are to be closed and the balances in such PDs and PLAs are to be credited to Government Accounts as Miscellaneous Revenue under Major Head 0075.

Scrutiny of records revealed that 41 PLAs in Vidarbha and Marathwada regions with balance amount of Rs 84.34 lakh were not in operation since last three years and were not closed as on March 2008. Similarly, 85 PLAs in rest of Maharashtra which were not operated for more than three years had not been closed and the balance of Rs 84.22 lakh lying in them was not credited to the Government account.

Non-reconciliation of balances

As per para 589 of MTM, Treasury Officers are required to obtain certificates of balances at the end of each year from the administrators of PLAs. After obtaining such certificates, differences, if any, are required to be reconciled with the treasury figures and the certificates are to be forwarded to the Accountant General (A&E)-I, Mumbai for confirmation of the balances.

It was, however, noticed that:

- there were differences between the administrators' balances and treasuries' balances in 302 cases,
- there were differences between the treasuries' balances and sub-treasuries' balances in 175 cases and
- there were differences between the sub-treasuries' balances and the administrators' balances in 191 cases.

Besides, annual certificate of balances as on 31 March 2007 had not been submitted by 425 administrators.

It was further noticed (June 2008) that ten⁶ Drawing Officers had not reconciled PLA difference of Rs 3.93 crore with the records of the treasury concerned as on March 2008. Non-reconciliation may lead to non-detecting of fraud and misappropriation.

Department replied (May/June 2008) that monthly reconciliation with treasury records would be carried out hereafter.

2.8 Government money outside the Consolidated Fund

An amount of Rs 2.42 crore released by the Government in July 2004 for construction of police staff quarters at Pendhari, Jambandi and Kasansur Police stations in Gadchiroli District to the Superintendent of Police Gadchiroli was lying in a bank account outside the consolidated fund of the State. This account was opened in the State Bank of India, Gadchiroli as the Public Works Division II, Gadchiroli and Public Works Division, Allapalli had returned this amount due to their inability to construct the staff quarters. The inability of the public works divisions to construct the quarters was attributed to contractors not responding to tenders due to naxalite threats.

⁶ Amravati (1), Aurangabad (3), Jalna (2), Latur (2) and Nagpur (2)

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CHAPTER III

THE MANAGEMENT OF THE

The management of the business is a task of great importance and one which requires the most careful attention. It is the responsibility of the manager to see that the business is conducted in a profitable and efficient manner. This involves a number of factors, including the selection of the right personnel, the establishment of a sound system of control, and the maintenance of a high standard of efficiency. The manager must also be able to adapt to changing conditions and to make the most of the opportunities which present themselves. In short, the management of the business is a task which requires the highest degree of skill and judgment.

CHAPTER - III

PERFORMANCE AUDIT

This chapter contains performance audit on Management of Bio-medical Waste in Maharashtra (3.1), MP/MLA/MLC Local Area Development Schemes (3.2), Management of Prisons in Maharashtra (3.3), Information Technology (IT) Audit of Lottery and Flat Allotment System in the Maharashtra Housing and Area Development Authority (3.4).

Environment Department

3.1 Management of Bio-medical Waste in Maharashtra

Highlights

Government of India framed the Bio-medical Waste (Management and Handling) Rules, 1998, under the provisions of the Environment (Protection) Act, 1986 which prescribed the procedures for treatment and disposal of bio-medical waste generated by health care establishments (HCEs) such as hospitals, nursing homes, blood banks and veterinary institutions. The enforcement of the Bio-medical Waste (Management and Handling) Rules in the State was found to be inadequate. A large number of HCEs had no facilities for disposal of bio-medical waste; veterinary institutions had not obtained authorisation for treatment of bio-medical waste as required; bio-medical waste was not segregated as per colour codes; plastic wastes of Bio-medical Waste were sold to unauthorised recyclers without disinfection and norms were not prescribed for inspection of health care establishments by the Maharashtra Pollution Control Board (MPCB). The Advisory Committee for advising the Government and the Maharashtra Pollution Control Board on the implementation of the BMW Rules, 1998 met only once during 2003-08.

The Maharashtra Pollution Control Board did not conduct any survey of those institutions which did not require authorisations but were required to treat bio-medical waste in the prescribed manner and the mode of treatment of bio-medical waste generated by them.

(Paragraph 3.1.6)

None of the 4,710 veterinary institutions under the jurisdiction of the Animal Husbandry Department of the State had obtained authorisations under the Bio-medical Waste (Management and Handling) Rules, 1998 from the MPCB.

(Paragraph 3.1.6)

As of March 2007, 8168 hospitals and nursing homes neither had an individual facility nor joined any common treatment facility for disposal of bio-medical waste.

(Paragraph 3.1.7)

The MPCB reported incomplete figures of bio-medical waste generated and disposed of to the Central Pollution Control Board (CPCB).

(Paragraph 3.1.8)

Operators of common treatment facilities in nine districts did not observe the operational parameters of time, temperature and pressure. As such, the proper treatment of bio-medical waste could not be ensured.

(Paragraph 3.1.11.2)

Deep burial pits were being filled fully instead of half with BMW, without the requisite layers of lime and soil, by 58 health care establishments having a common treatment facility in Kolhapur District and three other hospitals having individual treatment facilities.

(Paragraph 3.1.11.3)

Thirty one hospitals did not have effluent treatment facilities. The MPCB also did not check the standards of liquid waste before they were discharged into public drains.

(Paragraph 3.1.11.4)

In Mumbai, 4,575 MT of treated and shredded material, which was required to be disposed in landfills, was dumped along with untreated municipal solid waste.

(Paragraph 3.1.11.5)

The MPCB did not fix any norms for inspection and verification of HCEs and common treatment facility operators by its officers.

(Paragraph 3.1.16)

An Advisory Committee constituted in January 2003 met only once in September 2004. The Committee had not given any suggestions to the Government on management of Bio-medical Waste.

(Paragraph 3.1.17)

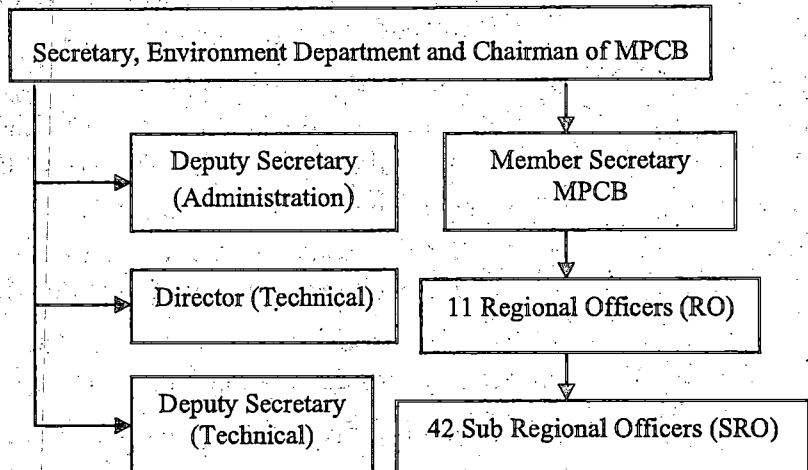
3.1.1 Introduction

Wastes are threat to the environment and human health if not treated properly. Bio-medical Waste (BMW) is generated during diagnosis, treatment, immunisation of human beings and animals, related research activities etc. Health care establishments (HCEs) such as hospitals, nursing homes, pathological laboratories, blood banks etc. are the BMW generating establishments. Government of India framed the Bio-medical Waste (Management and Handling) Rules, 1998 (BMW Rules) under the provisions of the Environment (Protection) Act, 1986, wherein the procedure for treatment and disposal of BMW was prescribed. The Rules require the BMW generating establishments to ensure compliance of the provisions of the Rules

within the prescribed time schedule. As of March 2007, there were 17,720¹ HCEs in Maharashtra.

3.1.2 Organisational set-up

The Secretary, Environment Department, who also acts as the Chairman, MPCB is responsible for implementation of the BMW Rules in the State. The structure of the organisation is shown in the flow chart below:



While the Sub Regional Officer (SRO) is responsible for overall implementation of the Rules in each district, he reports the violations and progress to the Regional Officer (RO). The RO is responsible for the implementation of the Rules in the Region and he reports to the Member Secretary (MS), Maharashtra Pollution Control Board (MPCB).

3.1.3 Audit scope and methodology

A performance audit on the implementation of the BMW Rules in the State covering period from 2003-04 to 2007-08 was conducted between September 2007 and March 2008 by test-check of records in the Environment Department, the head office of MPCB and ROs and SROs of MPCB in nine² out of 35 districts in the State. Three hospitals and common bio-medical waste treatment facilities and individual incinerators in each district were test-checked, along with the representatives of MPCB. Eight out of the 35 districts were selected on the basis of the simple random sampling method. Mumbai District and 14 HCEs in Mumbai were selected based on high risk perceptions. Twelve common treatment facilities (CTFs) and three individual treatment facilities situated in the selected districts were also test-checked. The details of the sample are given in Appendix 3.1 and 3.2. The audit plan, the audit objectives and audit criteria were discussed with the Member Secretary, MPCB in an entry conference. The results of the performance audit were discussed with the Member Secretary, Maharashtra Pollution Control Board,

¹ As reported in MPCB's Annual Report submitted to Central Pollution Control Board

² Ahmednagar, Aurangabad, Chandrapur, Kolhapur, Mumbai, Nagpur, Nashik, Pune, and Wardha

Mumbai on 6 August 2008. The Government also concurred (August 2008) with the views of the Member Secretary. The views of the Member Secretary/Government have been incorporated at appropriate places.

3.1.4 Audit objectives

The objectives of the performance audit were to examine whether the:

- identification of the BMW generating establishments and assessment of BMW by Government / MPCB was adequate;
- authorisations have been issued by MPCB in all cases, segregation and storage of BMW at source (HCEs), collection and transportation of BMW by operators³, were as per the relevant Act, Rules and Orders and were enforced effectively;
- BMW treatment facilities such as incinerators, autoclaves and deep burial pits were adequate and were functioning effectively;
- requirements of maintenance of records by the HCEs, individual facilities and common treatment facilities were complied with; and
- monitoring by MPCB and Government was effective.

3.1.5 Audit criteria

The main criteria used for the performance audit were:

- Bio-medical Waste (Management and Handling) Rules, 1998 issued by Government of India.
- Rules, orders and instructions issued by the State Government as well as the MPCB from time to time.
- Guidelines for common treatment facilities prescribed by the Central Pollution Control Board.

Audit findings

3.1.6 Identification of BMW generating establishments/ HCEs

Health care establishments dealing with less than 1000 patients per month were not required to obtain authorisations, but were required to treat the BMW generated by them. It was, however, found that MPCB did not conduct any survey of such HCEs in the State and ascertain the mode of treatment of BMW generated by them. During the entry conference the MS, MPCB agreed to conduct such a survey.

During the exit conference the Member Secretary, stated (August 2008) that MPCB had obtained some information through Regional Officers and Medical Associations. The details were, however, not furnished.

³ Operator means a person who own or control or operates a facility for collection, reception, storage, transportation, treatment and disposal or any other form of handling of BMW

None of the 4,710 veterinary institutions obtained authorisations for disposal of BMW

➤ Position in veterinary institutions

There were 4,710 Government veterinary institutions in the State as of 31 March 2007, which were required to obtain authorisations from MPCB under the BMW Rules. The Commissioner, Animal Husbandry stated (May 2008) that none of them had obtained authorisation from MPCB under the BMW Rules. Department also did not have any information about the quantity of BMW generated and disposed of by these institutions.

During the exit conference the Member Secretary agreed (August 2008) to take up the matter with the Animal Husbandry Department.

3.1.7 Authorisation

According to Rule 8 (1) of the BMW Rules, every occupier⁴ of an institution generating, collecting, receiving, storing, transporting, treating, disposing and/or handling BMW in any manner, except such occupier of clinics, dispensaries, pathological laboratories and blood banks providing treatment/services to less than 1000 patients per month, was to make an application in Form 1 of BMW Rules to the MPCB for grant of authorisation. The authorisation granted by MPCB specified the way in which BMW was to be disposed of. Authorisation was also required to be obtained by the operator of a common treatment facility, maintained through private parties. Authorisation fees were also payable by the occupiers and operators as per Rule 8(3).

The revenue realised by MPCB on account of authorisation fees for implementation of BMW Rules including renewal charges during the period covered by Audit was as follows:

(Rupees in lakh)

Year	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue	51.91	73.86	43.90	69.90	119.00

During the exit conference the Member Secretary stated (August 2008) that MPCB had incurred expenditure on issuing public notices, awareness cum training, etc. Details of expenditure were, however, not furnished to audit.

➤ Obtaining of authorisations by HCEs in the State

8,168 hospitals and nursing homes had no treatment facilities for BMW

As on March 2007, out of 17,720 HCEs in the State only 8155 (46 per cent) HCEs had authorisations, 8,520 were attached to common treatment facilities for disposal of BMW, while 1,032 had their own treatment and disposal facilities. Thus, 8,168 hospitals and nursing homes (46 per cent) neither had an individual facility nor joined a common facility for disposal of BMW. Therefore, it could not be ascertained in audit as to how the BMW generated

⁴ Occupier in relation to any institution generating BMW includes a hospital, nursing home, clinic dispensary, veterinary institution, animal house, pathological laboratories, blood banks by whatever name called, and means a person who has control over that institution/premises

by these hospitals and nursing homes was disposed of and whether it was getting mixed with municipal solid waste (MSW).

➤ Medical colleges and Primary Health Centres (PHCs) had to obtain authorisation for disposal of BMW. It was observed that in Kolhapur District, all nine⁵ medical colleges and all 73 PHCs had not applied for authorisation. The RO stated (December 2007) that necessary notices would be issued.

In Mumbai 901 hospitals and nursing homes did not have authorisation for disposal of BMW

In Mumbai, there were 2,255⁶ hospitals and nursing homes registered with the Municipal Corporation (June 2008). However, only 1,354 hospitals and nursing homes including Government and Municipal hospitals had been given authorisation by MPCB for disposal of BMW as of June 2008. Thus, 901 hospitals and nursing homes did not have authorisation for disposal of BMW. Therefore, it could not be ascertained in audit as to how BMW generated by the remaining 901 HCEs was treated by these HCEs.

The MS, MPCB stated (June 2008) that the small and medium scale HCEs were not economically capable of providing full-fledged treatment and disposal arrangements like incineration and deep burial in-house. He also stated that prosecution methods would be taken against the hospitals which had not applied for authorisation and had not joined CTFs.

During the exit conference, the Member Secretary stated (August 2008) that directives were issued to Public Health Department and Local Bodies to ensure that all HCEs apply for authorisations under BMW Rules.

3.1.8 Estimation and generation of bio-medical waste

BMW Rules stipulated that every occupier, even if he does not require authorisation, was to submit an annual report to the MPCB by 31 January every year regarding the details of BMW generated and disposed of by him. MPCB was to send this information in respect of every occupier to the Central Pollution Control Board (CPCB) by 31 March every year. Information prior to 2004-05 regarding BMW generated and disposed of was not available with the MPCB and similar information for the year 2007-08 has not been prepared by the MPCB (August 2008). As per the information furnished by MPCB to CPCB, the quantities of BMW generated and disposed of during 2004-05 to 2006-07 were as under:

(Quantity in metric tonnes)

Year	No of HCEs	Quantity generated	Quantity treated	Quantity remained untreated
2004-05	11505	9245.45	9245.45	---
2005-06	15223	27771.75	27771.75	--
2006-07	17720	18969.42	17985.34	984.08

⁵ Chatrapati Shahu Medical College, D Y Patil Medical College, Medical Colleges at Kawala Naka, Darara Chowk, Gadinglaj, Jaysingpur, Rankala, Vadgaon Peth and Warna Nagar

⁶ As per the details furnished by BMC

MPCB sent incomplete reports to the CPCB regarding the quantities of BMW generated and treated

Scrutiny of the returns, however, revealed that category-wise BMW generated and treated was not indicated in the reports. Further, information regarding generation and treatment of BMW in Mumbai city during the above period was not included in the reports sent to CPCB. It was also noticed that the information on quantities of BMW generated and treated were compiled on the basis of the reports furnished by the ROs instead of obtaining the same from the occupiers. The ROs had furnished the quantities of BMW treated only by the CTF operators. Since there were no CTFs in 12 districts in the State, quantities/treatment of BMW was also not reported in respect of those districts. Thus, relying only on data of generation and treatment of BMW in CTFs and non-inclusion of data from 12 districts not having any CTF, resulted in inaccurate reporting of generation and treatment of BMW to CPCB.

The Member Secretary accepted (June 2008) the position and assured that the annual reports (2006-07) would be amended and resubmitted to CPCB. During the exit conference the Member Secretary stated that category-wise information would be submitted from 2007-08 onwards. Efforts would also be made to collect the information from HCEs which did not join the common facilities and did not have individual facilities.

3.1.9 Collection and segregation of bio-medical waste

BMW was to be segregated into appropriate colour coded containers/bags at the point of generation in the HCEs, in accordance with a colour code scheme prior to its transportation, treatment, and disposal as shown below:

Colour code	Waste category	Mode of treatment
Yellow	human anatomical waste, animal waste, micro- biological and bio-technological waste, solid waste contaminated with blood etc	incineration/ deep burial
Red	disinfected containers and solid waste such as dressings soiled plaster casts, beddings etc	autoclaving/ micro- wave/ chemical treatment
Blue/ White translucent	needles, syringes, scalpels, blades, glass, tubes, catheters etc	autoclave/ micro- wave/ chemical treatment and destruction/ shredding
Black	discarded medicines and cytotoxic drugs, incineration ash and chemical waste	disposal in secured landfill

Eleven out of 38 test-checked HCEs did not segregate BMW as per prescribed colour codes

The segregated BMW was then sent to common treatment facilities, where treatment was to be given according to the colours of the bags. Joint site visits of 38 test-checked HCEs during September 2007 to June 2008 by Audit with MPCB officials revealed that in 11⁷ HCEs, BMW was not being segregated as per colour codes in the wards of the HCEs. The non-segregation of BMW into

⁷ Ahmednagar District: Saibaba Hospital; Aurangabad District: Dhoot Hospital and Hegdewar Hospital; Kolhapur District: Adhar Hospital and Chhatrapati Prameela Raje Hospital; Mumbai District: Petit Hospital for Animals, Tata Memorial Centre; Nagpur District: Indira Gandhi Medical College Hospital and Government Medical College; Nashik District: ESIS Hospital; Pune: Sasoon Hospital.

appropriate colour codes would adversely impact the transportation, treatment and disposal. The ROs/SROs had accepted the facts and agreed (September 2007 to June 2008) to issue notices to the HCEs. The Director of Health Services, Mumbai admitted (July 2008) that wrong treatment could also result in emission of toxic gases such as dioxins and furans, which were carcinogenic.

During the exit conference, the Member Secretary stated (August 2008) that the current status of these was being obtained from the ROs concerned.

3.1.10 Storage and transportation of bio-medical waste

According to the provisions contained in Rule 6 (5) of the BMW Rules, untreated BMW was not to be stored beyond a period of 48 hours in the HCEs, provided that if for any reason it became necessary to store the waste beyond such period, an authorised person was to take permission from MPCB and ensure that such storage did not adversely affect human health and the environment.

It was, however, noticed during joint site visits (September 2007 and June 2008) in three hospitals (Sarvodaya Hospital- Yellow category BMW and Bhabha Hospital Mumbai- Red category BMW and Adhar Hospital, Kolhapur -Red category BMW) that untreated BMW was kept for periods ranging from two to 15 days beyond the stipulated period of 48 hours.

Further, the untreated bio-medical waste was to be transported only in such vehicles which were authorised for the purpose by MPCB. It was, however, noticed (December 2007) that in Chandrapur District, the CTF operator was transporting the BMW collected from HCEs during 2003-2008 in a cycle rickshaw, which was not authorised by MPCB.

The Member Secretary stated (June 2008) that the operator had been directed (May 2008) to stop transporting BMW in cycle-rickshaws.

3.1.11 Disposal of bio-medical waste

According to Schedule I of the BMW Rules, human anatomical waste and animal waste, microbiological and biotechnological waste, cytotoxic and discarded drugs generated in towns and cities having populations of five lakh and above were to be disposed of through incineration while in towns with population below five lakh, they were to be disposed of through deep burial. Other types of wastes such as intravenous fluid bottles and sharps were to be disinfected, autoclaved/micro-waved, shredded and disposed of in municipal landfills or recycled. Liquid waste generated from the HCEs was to be disinfected or treated in effluent treatment plants before discharging it into municipal drains. Disposal facilities could be set up in the form of individual or common treatment facilities.

Joint physical verification of sites (September 2007 to July 2008) revealed that in two hospitals (Bhabha Hospital and Sarvodaya Hospital) in Mumbai out of 38 test-checked in the State, bottles, intravenous fluid bottles, needles, syringes etc., were not being disposed of in the prescribed manner. These were

not disinfected with 1 *per cent* hypochlorite solution as prescribed. In fact, on the date of visit (4 March 2008), there was no stock of the solution in the Sarvodaya hospital. This not only resulted in violation of the BMW Rules but also exposed the waste handlers to the infected material. MPCB accepted the position and issued show cause notices to these hospitals.



Glass bottles kept without disinfection at Bhabha hospital (4 March 2008)



Used needles/ sharps kept without disinfection at Sarvodaya Hospital (4 March 2008)

3.1.11.1 Operational standards for incinerators

According to Schedules V (A) and (B) of the BMW Rules, while operating incinerators, the temperature of the primary chamber was to be maintained at 800 ± 50 °C and the secondary chamber residence time was to be kept at 1050 ± 50 °C for at least one second, with a minimum of 3 *per cent* oxygen in the gases emitted from the chimney so as to minimise the release of suspended particulate matters (SPM) in the atmosphere. If the required temperatures were not maintained during incineration, toxic pollutants like dioxins, furans, heavy metals would be emitted which could be carcinogenic.

During the joint physical verification (September 2007), it was noticed that MPCB had given authorisation to Dr DY Patil Medical College and Hospital, Kolhapur for operation of a single chamber incinerator on 16 May 2002, in spite of the requirement of a double chamber incinerator (primary and secondary). It was also observed that the RO, Kolhapur had not checked the gas emitted from the chimney, to monitor the quality of emissions from the single chamber.

During the exit conference the Member Secretary agreed (August 2008) to identify the incinerators with single chamber.

➤ Joint site visits were conducted on 11 December, 2007 with MPCB team to two out of the 15 incinerator plants test-checked. At Indira Gandhi Medical College, Nagpur and Government Medical College, Nagpur, it was noticed that the temperatures in both the primary and secondary chambers of the incinerators were between 700°C and 800 °C, on the day of visit. The RO, Nagpur agreed (December 2007) to issue notices to the medical college authorities.

During the exit conference, the Member Secretary agreed (August 2008) to obtain the current position for taking necessary action.

Monitoring of the prescribed parameters of incinerators was not done by the five test-checked Regional Offices

➤ According to the standards for incinerators prescribed in the BMW Rules, five⁸ parameters were required to be monitored by the ROs/SROs so as to ensure that pollution limits were maintained. Scrutiny of monitoring of these parameters involving 15 common and individual facilities done by five⁹ ROs of MPCB revealed that all the prescribed parameters were not being monitored. Hence, the actual position of emissions of nitrogen oxide, hydro-chloric acid released into air and volatile organic compounds in ash could not be checked by MPCB and verified in Audit.

During the exit conference, the Member Secretary stated (August 2008) that necessary instructions would be issued to all the ROs to monitor all the prescribed parameters.

➤ Scrutiny of the stack monitoring reports of the nine test-checked ROs and SROs further revealed that though the permissible concentrations of SPM and hydro-chloric acid of incinerators were 150 mg/ Nm³ and 50 mg/m³ respectively, the actual concentration of SPM ranged from 167 mg/ Nm³ to 1637 mg/Nm³ at these places (maximum at CTF at Chandrapur in February 2007). The concentration of hydro-chloric acid ranged from 65 mg/m³ to 1019 mg/m³ (maximum at Jawarharlal Medical College, Dhule in January 2007). The MS, MPCB stated (June 2008) that notices would be issued and bank guarantees would be obtained from the operators of common and individual treatment facilities so that they could be invoked in case the limits of pollution were not observed by the operators.

However, it is seen that the BMW (M&H) Rules, 1998 do not provide for any such bank guarantee or monetary penalty to be imposed in such situations. In fact, as per Rules 7(6) and 7(8), the MPCB can only cancel or suspend an authorisation of an occupier/operator for failure to comply with any provisions of these Rules.

Though there was a CTF in Sangli-Miraj Municipal Corporation area, Vasantdada Patil Government Hospital, Sangli, since December 2006 when its incinerator was not in working condition, neither handed over the BMW generated by it to the CTF nor treated the waste as per the provisions of the BMW Rules. The plastic waste of BMW was being sold to the CTF. The SRO noted (9 October 2007) that BMW generated by the hospital was being burnt in an open pit in the hospital premises which resulted in emission of carcinogenic gases into air. An estimated quantity of 40.8 MT¹⁰ was thus burned in an open pit from December 2006 to April 2008 in contravention to the Rules. The SRO agreed (December 2007) to issue a notice to the hospital.

⁸ SPM, NoX, H Cl, Stack (incinerator's chimney) height and Volatile organic compounds in incineration ash

⁹ Aurangabd, Kolhapur, Nashik, Nagpur, and Pune

¹⁰ Worked out on the basis of the approximate quantities indicated by the hospital

Six common and individual treatment facilities had not provided ramps for washing the vehicles carrying bio-medical waste

➤ Providing of vehicle/container washing facilities

The urban local bodies (ULBs) are providing sites for CTFs and thereafter, the operators create infrastructure with an agreement with the ULBs and then the MPCB issues authorisations to the operators on payment of prescribed fees. Vehicle washing facilities were also required to be provided at the premises of BMW waste treatment facilities by the operators. Every time a vehicle was unloaded of BMW, the vehicle waste containers were required to be washed and disinfected on an impermeable surface and the liquid effluent treated in an effluent treatment plant (ETP). Joint physical verification of sites (September 2007 to February 2008) revealed that in six¹¹ out of 15 common treatment facilities and individual treatment facilities, ramps (i.e. impermeable surfaces) were not provided. The contaminated effluents can seep into the soil and pollute the ground water.

During the exit conference, the Member Secretary stated (August 2008) that necessary condition regarding providing vehicle washing facility would be incorporated in the authorisation.

3.1.11.2 Autoclave/microwave and shredding of non-incinerable BMW

➤ Installation of autoclaves

According to Schedule I of the BMW Rules, micro-biological and biotechnology waste, waste sharps, solid waste were required to be treated through autoclave¹². Further, autoclaved BMW in the form of plastic and waste sharps is required to be shredded and disposed of on the landfills.

➤ Joint physical verification of site (December 2007) revealed that in Chandrapur, autoclave had not been installed resulting in disposal of plastic material including all type of BMW through incineration, without disinfection by autoclaving. The SRO, Chandrapur accepted (December 2007) the facts and agreed to issue a notice to the operator.

➤ Every autoclave was required to have a graphic or computer recording device which would automatically and continuously monitor and record the time, date, load identification number and operating parameters throughout the entire autoclave process. BMW was not to be considered as properly treated unless the required time, temperature and pressure were reached during the autoclave process.

Joint site visits (October 2007 to February 2008) to the common treatment facilities in nine¹³ districts, revealed that this recording device was not provided by the common treatment facility operators. In its absence, it could not be ascertained whether the BMW was being properly treated during the

Operational parameters of time, temperature and pressure were not observed in the CTFs in nine districts

¹¹ Aurangabad, Kolhapur and Pune common treatment facilities and individual treatment facilities at IGM, GMC and Super Specialties Hospital in Nagpur

¹² Autoclave is an equipment wherein micro-biological and biotechnology waste, waste sharps, solid waste is disinfected by way of maintaining prescribed pressure and temperature

¹³ Ahmednagar, Aurangabad, Chandrapur, Ichalkaranji, Kolhapur, Mumbai, Nagpur, Nashik and Pune

autoclave process. This aspect was also not pointed out by the ROs of the MPCB though they made periodic visits to the common facilities. It was noticed that the operator of the common treatment facility at Navi Mumbai was however, following the prescribed procedure for recording of parameters.

During the exit conference, the Member Secretary stated (August 2008) that it was decided to issue instructions to all ROs to review the position and thereafter action would be initiated.

➤ **Procurement of autoclaves and shredders in medical colleges**

Three medical colleges had not utilised Central funds of Rs 1.39 crore for autoclaves and shredders

The Ministry of Health and Family Welfare (GOI) released (March 2004) Central assistance of Rs 1.46 crore to three¹⁴ Government medical colleges for purchase of autoclaves and shredders to each of the hospitals as they did not have any such equipment and for imparting training to autoclave operators. It was, however, noticed that the colleges had kept the funds in Personal Ledger Accounts (PLA). These hospitals were among the 19 hospitals, which were selling plastic waste to private persons.

These colleges had spent Rs 12 lakh¹⁵ on training of their staff on management of waste though the release orders of GOI did not stipulate such training. The Director of Medical Education and Research, Mumbai, while accepting the audit observation stated that the machinery (autoclaves and shredders) had not been purchased even as of June 2008, as the Purchase Committee at State Government level did not select the agency for procurement of the machinery.

Non-utilisation of funds (Rs 1.34 crore) resulted in blocking of Government of India funds besides improper disposal of infected BMW plastic material, endangering public health. The GOI also failed in monitoring the utilisation of funds released by them.

➤ **Disposal of plastic waste by hospitals**

Plastic bottles used for intravenous fluid were to be disinfected first through autoclave/microwave. Thereafter, they were to be shredded and only then used for plastic recycling by recyclers, approved by MPCB. It was, however, noticed that 17¹⁶ out of 38 test-checked hospitals disposed of plastic waste to private parties through auction sales, without disinfection for recycling of plastic material. The ROs and SROs (September 2007 to June 2008) promised to issue notices to the concerned hospitals.

During the exit conference, the Member Secretary stated (August 2008) that instructions would be issued to all the ROs to ascertain whether HCEs were

¹⁴ Beheramji Jijibhai Medical College, Pune, Grant Medical College, Mumbai and Government Medical College, Nagpur

¹⁵ (i) Government Medical College, Nagpur Rs 4.50 lakh, (ii) Beheramji Jijibhai Medical College, Pune, Rs 0.50 lakh and (iii) Grant Medical College, Mumbai Rs 7.00 lakh

¹⁶ Ahmednagar District: Civil Hospital; Aurangabad District: Ghati Hospital, Hegdewar Hospital; Chandrapur District: Civil Hospital; Mumbai District: Bhabha Hospital, KEM Hospital, St. George Hospital, ESIS Hospital, Mahatma Gandhi Memorial Hospital and R N Kuper Hospital; Nagpur District: IGMC, GMC, Super Specialties Hospital; Nashik District: ESIS Hospital; Wardha District: Civil Hospital; Pune district: K E M Hospital and Sasoon Hospital

sending plastic waste to CTFs for treatment and shredded material was sold to authorised plastic recyclers.

3.1.11.3 Disposal of bio-medical waste by way of deep burial

As per Schedule I of the BMW Rules, 1998, human anatomical waste and animal waste is to be either incinerated or buried deep in towns with population less than five lakh and in the rural areas. Schedule V of the BMW Rules, lays down the standards for deep burial. A pit or trench of about two meters depth was required to be dug. The deep burial pit was to be impermeable with masonry work, so that fluids do not percolate under ground. It was to be half filled with BMW, and then covered with lime within 50 cm of the surface, before filling the rest of the pit with soil. Scrutiny of deep burials revealed the following:

➤ There was no provision in the Rules as to how many days it was to be kept after the pit was closed and where the decomposed material was to be disposed of. Though the authorisations given by MPCB specified the standards and mode of disposal of BMW in respect of autoclaving and incineration, it did not specify the ways in which the buried material was to be disposed of.

The Director of Health Services, Mumbai, stated that the bio-degraded BMW can be used as manure after two months for the hospital garden and the reopened pits can be reused after one month. However, the Director could not cite any rules or provisions in the Act/Rules for the same.

➤ During joint site visits (September 2007 to December 2007) along with the MPCB team, it was noticed that the deep burial pits were filled fully with BMW without the requisite layers of lime and soil by 58 HCEs which had a common deep burial treatment facility at Gadhinglaj, Kolhapur District and by the Sub District Hospital, Kamptee, District General Hospital, Wardha and the Civil Hospital Chandrapur which had individual treatment facilities. In Mahatma Gandhi Institute of Medical Sciences, Sewagram, Wardha, 60 open *kaccha* pits were dug without any masonry work, of which 30 pits were filled with BMW up to the rim, during the period covered by Audit. As the pits were *kaccha* and lime was not filled in at the half-filled stage, there was danger of pollution to ground water through percolation/run-of of surface water and ground water.

➤ Deep burial facilities were admissible only in towns and cities having population of less than five lakh. It was, however, noticed that the Mahatma Gandhi Memorial Hospital and Medical College, Aurangabad and Chhatrapati Shahu Medical College, Kolhapur were burying human anatomical waste in the college campuses itself, without the authorisation of MPCB. The RO accepted (June 2008) the facts and agreed to issue notices to the hospitals.

Government agreed (August 2008) to obtain present status from the respective ROs.

➤ It was also noticed during joint visits that the hospital authorities of the Civil Hospital, Wardha had reopened a fully filled deep burial pit and shifted the BMW to municipal solid waste (MSW) dumping ground of the Wardha Municipal Council. No replies were received from the MS regarding the above issues.

During the exit conference, the Member Secretary stated (August 2008) that there was no provision in the Rules regarding reclamation and reopening of the deep burial pits filled with BMW. It was also stated that an expert committee would be formed to look into this aspect and send their opinion to Central Pollution Control Board.

3.1.11.4 Treatment of liquid waste

According to Schedule V of the BMW Rules, the effluents generated from hospitals should conform to the specified standards of pH, suspended solids, oil and grease, Bio Chemical Oxygen Demand, Chemical Oxygen Demand and Bio-assay test. These standards were applicable to those hospitals which were either not connected to public sewers or connected with sewers without terminal sewage treatment plants.

Scrutiny of the records and joint site visits (October 2007 to June 2008) with the field staff of the MPCB revealed that in 31¹⁷ out of the 38 test-checked hospitals, effluent treatment plants (ETPs) had not been installed for treatment of liquid waste and samples of liquid waste were not taken by the officials of the MPCB for test in laboratory and to ensure the prescribed limits.

The Member Secretary stated (August 2008) that initially, in respect of major hospitals, waste sample would be collected.

3.1.11.5 Mixing of BMW with MSW

According to provisions contained in Rule 6 (1) of the BMW Rules, BMW was not to be mixed with other wastes. Further, according to Schedule I of the BMW Rules, incineration ash and shredded waste were to be disposed of in municipal landfills. Scrutiny of the records of MPCB revealed that as there were delays ranging from 10 to 57 months¹⁸ in setting up of common treatment facilities, BMW of 3388 metric tonnes (**Appendix 3.3**) generated (estimated quantity) during April 2003 to September 2007 was not treated and was mixed with municipal solid waste (MSW) in 22 districts. CTFs had also not been set up in 12¹⁹ other districts. MPCB has no information regarding BMW generated and mixed with MSW in these districts (July 2008).

¹⁷ Terminal treatment facilities were available only in Nashik (three hospitals) and Yashwantrao Chavan Memorial Hospital, Pimpri-Chinchvad. Individual ETPs were available in three test checked HCEs in Aurangabad.

¹⁸ Calculated from 1 January 2003; as per the Rules all facilities for disposal of BMW were to be constructed by 31 December 2002

¹⁹ Akola, Bhandara, Dhule, Gadchiroli, Hingoli, Nandurbar, Parbhani, Ratnagiri, Sindhurg, Yavatmal, Wardha and Washim

Thirty one out of 38 test-checked hospitals had not set up effluent treatment plants and samples of liquid waste were not checked by MPCB

The Member Secretary stated (August 2008) that the responsibility of providing suitable site for CTFs within their jurisdiction was with the respective ULBs.

➤ Scrutiny of the records showed that out of the three test-checked hospitals in Kolhapur District, Chhatrapati Pramila Raje Hospital, Kolhapur, a 665 bedded hospital, was mixing sharps, needles etc with municipal solid waste (MSW) though a CTF existed at the district headquarters. It was also observed that Kolhapur Municipal Corporation (KMC) had refused (October 2006) to lift the solid waste as it contained untreated BMW. The KMC did not report the same to the MPCB.

The Member Secretary stated (August 2008) that current status of the hospital would be called for.

➤ In Mumbai, shredded plastic BMW weighing 4,575 MT was disposed of in an open dumping ground at Deonar, Mumbai, along with MSW, though required to be disposed of in municipal landfills²⁰, during 2003-08. In Mumbai there is no secured landfill authorised by the MPCB.

For want of secured landfills in Mumbai, shredded BMW was disposed of in open ground

During the exit conference, the Member Secretary stated (August 2008) that it was the responsibility of Municipal Corporation of Greater Mumbai to provide suitable site for MSW treatment and landfill.

3.1.12 Personal protective gear for waste handlers

As per the CPCB guidelines for CTFs, personal protective gear was necessary to reduce the risks faced by the waste handlers. Appropriate specialised clothing was also required to protect them from blood and potentially infectious material. The Government of India, Ministry of Labour had stipulated (2004) the use of gloves, masks, gum boots and aprons for such waste handlers.

It was, however, noticed during the joint physical verification (September 2007 to June 2008) that the waste handlers were not using gloves in any of the hospitals (except Bombay Hospital, Mumbai). Further, aprons, eye shields and proper footwear were not being used in all the test-checked hospitals (except Bombay Hospital, Mumbai) and in the common treatment facilities. No guidelines had been issued in this regard either by the State Government or by MPCB. The Director of Health Services, Mumbai stated (April 2008) that instructions had been issued in this matter to the hospitals under his control for use of protective gear.

During the exit conference, the Member Secretary agreed (August 2008) to incorporate a condition to this effect in the authorisation.

3.1.13 Selection of location for disposal of bio-medical waste

As per CPCB's guidelines, common treatment facilities were required to be located at places which were reasonably far away from residential and

²⁰ Disposal of residual solid waste on land in a facility designed with protective measures against pollution of ground water, surface water, erosion etc.

sensitive areas so that they had minimal impact on these areas. Site visits with MPCB team revealed that out of the 12 CTFs visited, the CTF at Yeshwantrao Chavan Hospital, Pimpri-Chinchwad, Pune was situated in the hospital premises itself.

During the exit conference, the Member Secretary stated (August 2008) that a suitable site had been provided by the Pimpri-Chinchwad Municipal Corporation.

3.1.14 Deep burial facilities in inhabited areas

According to Schedule V of the BMW Rules, deep burial pits were required to be kept away from human habitation in order to rule out contamination of surface or ground water.

However, the Sub-District Hospital at Kamptee, Nagpur, the District General Hospital, Mahatma Gandhi Institute of Medical Sciences, Wardha and the Civil Hospital, Chandrapur were permitted by the MPCB to dispose of BMW in inhabited areas. Ground water and surface water samples were also not taken by MPCB.

During the exit conference, the Member Secretary stated (August 2008) that the individual deep burial facilities were required to be in the campus of hospital area so as to avoid transportation of BMW for long distance and the standards for deep burial take care of the contamination of ground water.

Reply of the Member Secretary was not tenable as the standards prescribed for deep burial i.e. the pit was to be half filled with BMW etc were not followed by the above four hospitals. Therefore, the possibility of contamination of ground water and surface water could not be ruled out.

3.1.15 Monitoring

According to Rule 11(1) of the BMW Rules, all authorised persons were required to maintain records relating to the generation, collection, reception, storage, transportation, treatment, disposal of BMW in accordance with these Rules. It was, however, noticed that 22²¹ out of the 38 test-checked hospitals had not kept records.

➤ As per the guidelines for setting up of common treatment facilities, the operators were to keep records of daily category-wise collection from individual generators and submit a weekly list for taking action against the generators who had not sent the BMW to the facility. Moreover, this would also help the operator to know which HCE was properly segregating the BMW as per Rules.

Twenty two out of 38 test-checked hospitals did not maintain records of generated and treated BMW

²¹ Ahmednagar: Saibaba, Aurangabad: Kamalnayan Bajaj, Kolhapur: Adhar, Dr. D Y Patil, Mumbai: J J, Sarvodaya, Jaslok, KEM, Petit, ESIS Hospital, City Hospital, Mahatma Gandhi Memorial Hospital, R N Cooper Hospital, Sabnis Hospital Pune: KEM, Sasoon, Nagpur: IGMC, GMC, Wardha: District General Hospital, Nashik: Civil Hospital, ESIS, HAL

It was, however, noticed that nine²² out of 15 common and individual treatment facilities test-checked had not kept records showing category-wise quantities of BMW received from each occupier. The registers maintained were showing only the total BMW disposed during the day. Thus, the quantity generated by each HCE and sent for disposal was not available with the CTFs. These incomplete details were subsequently reported by the MPCB to CPCB. The concerned ROs agreed to issue notices to the hospitals and common treatment facility operators.

During the exit conference, the Member Secretary stated (August 2008) that instructions were being issued to the RO/ SRO and current status would be obtained.

3.1.16 Inspection by the ROs

According to Rule 11 of the BMW Rules, all records maintained by the HCEs under the Rule were to be subject to inspection and verification by MPCB at any time. The MPCB had however not fixed any norms for conducting inspections of HCEs and common treatment facilities. In the absence of any such norms, shortfall in conducting inspection could not be ascertained in audit. The region-wise position of visits as stated by the ROs was as under:

Norms for conducting of inspections of health care establishments were not prescribed by MPCB

Region	ROs' remarks
Aurangabad	RO stated (November 2007) that major hospitals were monitored quarterly and hospitals were visited at the time of renewal of authorisation.
Kolhapur	RO, stated (October 2007) that due to paucity of staff, hospitals could not be visited.
Mumbai	RO stated (February 2008) that major hospitals were visited once in a month and other hospitals as per convenience
Nashik	RO stated (February 2008) that hospitals with more than 100 beds were inspected once in six months and the remaining hospitals were inspected depending upon the availability of manpower.
Nagpur	RO stated (December 2007) that due to paucity of staff, all the major hospitals were inspected more than twice a year and others could not be visited.
Pune	RO stated (October 2007) that inspections could not be carried out due to insufficient staff.

Lack of proper inspections resulted in non-observance of the provisions of the Rules by the hospitals and CTFs as brought out in the preceding paragraphs.

The MS stated (June 2008) that the lack of inspections was due to shortage of staff. A proposal for creation of 626 posts (including senior level post) had been approved (April 2008) by MPCB and the same would be sent to the State Government for sanction.

²² Common treatment facilities: Aurangabad, Chadrapur, Nagpur, Nashik, Mumbai, Individual facilities in Aurangabad District: Ghati Hospital and Nagpur District: IGMC, GMC, Super Specialities

During the exit conference, the Member Secretary stated (August 2008) that in view of inadequate manpower, the issue of uniform frequency of visits to the HCE's would be examined. Proposal for additional manpower was also submitted to the Government.

3.1.17 Advisory Committee

According to Rule 9 of the BMW Rules, the State Government was required to constitute an Advisory Committee to advise the State Government and MPCB on matters relating to the implementation of BMW Rules. As per the Government Resolution (January 2003), the Committee was to meet at least twice a year.

The Committee was to be constituted from experts in various fields. The Committee constituted in January 2003 (after four years of introduction of Rules) met only once in September 2004. The implementation of various suggestions of the Committee like formation of advisory committee at regional level, legal action against defaulting agencies, arranging workshops was not on record. A second committee formed on 30 December 2006 i.e., after almost two years of expiry of the term of first committee (22 January 2005) has also not met as of July 2008. As a result the State was deprived of the advantage of advice on implementation of the Rules from experts in the field.

3.1.18 Supervision by the State Government

According to Rule 7(3) of the BMW Rules, MPCB was to function under the supervision and control of the State Government. Scrutiny of the records of MPCB and the Environment Department, however, revealed that neither MPCB sent any returns regarding generation, storage, transportation, treatment of BMW to the Government nor the Government insisted for the same. MPCB had also not prescribed any periodical returns to be sent by the ROs and SROs regarding achievement of operating standards, emission standards, standards for autoclaving, microwaving and deep burial etc, so as to consolidate and send it to Government. The effective implementation of BMW Rules was thus not ensured by the Government.

Government (August 2008) stated that an Advisory Committee was constituted for this purpose. The manner, by which supervision could be made more effective, would be taken up with the Committee.

3.1.19 Conclusion

Enforcement of the BMW Rules in the State was inadequate. Large numbers of health care establishments had no facilities for disposal of bio-medical waste. Veterinary institutions were disposing of their bio-medical waste without any authorisation from MPCB. MPCB reported inaccurate figures of generation and disposal of BMW in the State to the CPCB. Bio-medical waste was not segregated as per the required colour codes. Plastic waste of BMW was sold to unauthorised recyclers without disinfecting the same. Hospitals at Nagpur, Wardha and Chandrapur were permitted by MPCB to dispose of their BMW through deep burial pits in contravention of the Rules. Waste handlers

The Advisory Committee to advise on matters relating to implementation of BMW Rules, met only once during 2003-08

in common and individual facilities were not provided with full personal protective equipments. Incinerators and deep burial pits established for disposal of BMW were not as per required standards. No norms were prescribed for inspection of the health care establishments by the Maharashtra Pollution Control Board. The Advisory Committee set up to advise the Government met only once during 2003-08.

3.1.20 Recommendations

Government should:

- conduct a survey for identification of occupiers of institutions generating bio-medical waste in the State and should ensure that these occupiers follow the prescribed procedure for disposal of the same.
- make a provision in the Conditions/Rules for strict penalty for the failure to obtain authorisation and thereafter also for failure to comply with any provisions of the Act of these Rules.
- ensure that the health care establishments segregate the bio-medical waste as per the prescribed colour codes.
- issue clear directions regarding reopening of pits filled with BMW and their disposal after the pits are filled completely.
- fix norms for inspections of health care establishments and operators of common and individual treatment facilities and ensure their compliance by MPCB.
- ensure that the Advisory Committee meets at proper intervals and its recommendations are implemented.
- ensure close monitoring and inspection for effective implementation of Rules and procedures.

The matter was referred to the Principal Secretary to the Government in July 2008. Reply had not been received (August 2008).

Planning Department

3.2 MP/MLA/MLCs' Local Area Development Schemes

Highlights

Government of India introduced the Members of Parliament Local Area Development Scheme in 1993-94, under which developmental works were taken up in each parliamentary constituency on the recommendations of the Members of Parliament. Government of Maharashtra had introduced the Small Works Programme Based on Felt Needs of the District in 1984-85, which was re-christened as the Members of Legislative Assembly/Members of Legislative Council Local Area Development Programme in 1996, under which developmental works were taken up in assembly constituencies on the recommendations of the concerned Members of Legislative Assembly and Members of Legislative Council. A review of the implementation of the schemes revealed that Central funds were received short due to non-recommendation of works; funds were disbursed towards the end of the year; inadmissible works were sanctioned; a large number of works were lying incomplete; inspections of works were either not carried out or there were shortfalls in inspections and the monitoring mechanism was inadequate.

Central funds of Rs 204.83 crore were received short due to non-recommendation of works by the Members of Parliament and non-utilisation of scheme funds by the Collectors.

(Paragraph 3.2.6)

Four out of nine test-checked District Collectors had not distributed unspent balances of Rs 6.04 crore in respect of 16 former Rajya Sabha Members among the sitting Rajya Sabha Members, as required.

(Paragraph 3.2.6.2)

Six out of nine test-checked District Collectors had sanctioned works costing Rs 2.36 crore during 2003-08 which were not covered under the Members of Parliament Local Area Development Scheme and Members of Legislative Assembly/Members of Legislative Council Local Area Development Programme.

(Paragraphs 3.2.7.1)

Government sanctioned 24 works during 2006-08 under the Members of Legislative Assembly/Members of Legislative Council Local Area Development Programme, as special cases, which were not covered by the guidelines.

(Paragraph 3.2.7.2)

In four out of nine test-checked districts, the Collectors had not carried out any inspections of works under the Members of Parliament Local Area Development Scheme.

(Paragraph 3.2.9)

Irregularities pointed out in earlier Audit Reports, viz., retention of unspent balances, delay in sanction of works, delay in execution of works, lapses in monitoring continue to persist during 2003-08.

(Paragraph 3.2.9)

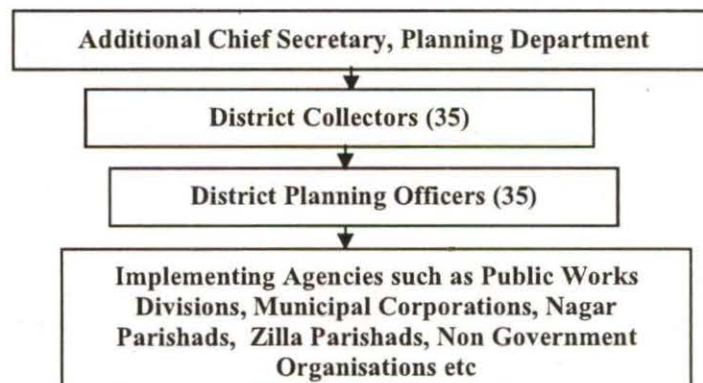
3.2.1 Introduction

The Members of Parliament Local Area Development Scheme (MPLADS), a fully funded Central scheme, was launched by the Government of India (GOI) during 1993-94. Under this scheme, each Member of Parliament (MP) could recommend works for their respective constituencies. Elected members of the Rajya Sabha could recommend works for implementation in one or more districts as per their choice in the States from which they were elected. Nominated members of the Lok Sabha and Rajya Sabha could recommend works for implementation in one or more districts anywhere in the country. Works to be taken up under MPLADS were to meet locally felt community infrastructural and developmental needs and lead to the creation of durable assets in the respective constituencies. The time limit for completion of the works was generally not to exceed one year.

A State run scheme namely the "Small Works Programme Based on Felt Needs of the District" on the same lines to provide small developmental works based on the local needs of the people was introduced from 1984-85. It was rechristened as MLA/MLCs' Local Area Development Programme (MLA/MLC LADP) from 1996-97.

3.2.2 Organisational set-up

The Planning Department, headed by the Additional Chief Secretary, was the nodal agency for implementation of MPLADS in the State and also to co-ordinate with the Ministry of Statistics and Programme Implementation of the GOI. An organisational chart of implementation of MPLADS in the State was as follows:



A State level co-ordination committee headed by the Chief Secretary at State level and the Divisional Commissioner at Divisional level were to undertake periodic review of the programme.

The same organisational structure was also responsible for implementation of the MLA/MLC LADP.

3.2.3 Audit Scope and Methodology

Performance Audits of MLA/MLC LADP covering the period from 1993-99 and of MPLADS covering the period 1993-1997 and 1997-2000 were conducted and comments included in the Audit Reports for the years ended on 31 March 1997, 31 March 1999 and 31 March 2000 vide paragraphs 3.12, 3.2 and 3.13 respectively. An action taken note by the Government on these paragraphs and further audit observations thereon is included in paragraph 3.2.9 of this report.

As the objectives of both the schemes were similar and were being implemented through the same organisational structure, a synoptic performance audit of both the schemes were undertaken (February to June 2008) for the period 2003-08 by test-check of records in the Planning Department, Collectorates and 48 implementing agencies in nine²³ out of 35 districts. Seven districts having the maximum number of MPs/MLAs/MLCs were selected on risk basis and one tribal district viz., Nandurbar and one newly established district, viz., Washim were also selected. There were 71 MP (Lok Sabha-48; Rajya Sabha/Nominated-23) and 288 MLAs and 77 MLCs. The MPs and MLAs/MLCs were selected by applying the Simple Random Sampling Method in seven districts while 100 *per cent* of the MPs and MLAs of Nandurbar and Washim districts were selected. The audit plan and the audit objectives were discussed with the Additional Chief Secretary, Planning Department at a meeting held on 2 May 2008.

The audit findings were discussed with the Additional Chief Secretary in a meeting held on 8 August 2008 and the views of the Government have been incorporated at appropriate places.

3.2.4 Audit Objectives

The objectives of the performance audit were to assess whether:

- the finances were being managed economically and efficiently;
- the works were being sanctioned and executed as per the guidelines; and
- the monitoring mechanism was effective.

²³ Amravati, Aurangabad, Mumbai Suburban, Nagpur, Nandurbar, Nashik, Pune, Thane and Washim.

3.2.5 Audit criteria

The main criteria used for the performance audit were:

- Members of Parliament Local Area Development Scheme guidelines of April 2002 and November 2005.
- The MLA/MLC's Local Area Development Programme guidelines and the orders issued by the Government of Maharashtra, Planning Department from time to time.
- Compliance to the Bombay Financial Rules, 1959 Maharashtra Treasury Rules, 1968, Public Works Manual etc.

Audit findings

3.2.6 Fund Management

Allotment of funds under MPLADS was raised to Rs 2 crore (Rs 1 crore earlier) from 1998-99 for each MP. The funds were directly released by GOI to the District Collectors, who in turn released them to the implementing agencies. Under the MLA/MLC LADP, funds allotted by the State Government to each assembly constituency was increased from Rs 80 lakh to Rs one crore (2007-08). Funds for the implementation of the scheme were placed at the disposal of the District Collectors by the Planning Department through budget allotment and in turn they released the same to the implementing agencies.

➤ MPLADS

Year-wise funds received from GOI and spent on implementation of MPLADS during the period 2003-04 to 2007-08 were as follows:

(Rupees in crore)

Year	Opening balance	Funds received from GOI	Total funds available with Collector	Funds released to implementing agencies	Closing balance with Collector	Expenditure
2003-04	34.80	132.50	167.30	141.94	25.36	135.76
2004-05	25.36	132.38	157.74	119.67	38.07	115.26
2005-06	38.07	125.08	163.15	114.92	48.23	105.09
2006-07	48.23	96.21	144.44	93.58	50.86	76.23
2007-08 (Dec. 2007)	50.86	35.00	85.86	22.73	63.13	13.17
Total		521.17		492.84		445.51

Out of the interest amount (Rs 55.87 crore) available with District Collectors since inception of the scheme, Rs 11.13 crore was released to the agencies for works taken up, against which Rs 10.83 crore was incurred.

Scrutiny of MP-wise and constituency-wise progress reports of December 2007, compiled by the Planning Department for the State as a whole revealed that, as unspent balances were more than Rs 1 crore and audit and utilisation

certificates of previous years were not furnished by the Collectors, funds amounting to Rs 204.83 crore were not released by GOI during the years 2003-08, as detailed in **Appendix 3.4**.

Further scrutiny revealed that in respect of 11 MPs (LS and RS) listed in **Appendix 3.5**, only Rs 28.81 crore was received by the respective Collectors during 2003-08 against their entitlement of Rs 88 crore, mainly due to non-recommendation of works/cancellation of works. Non-availing of the entitled funds due to non-recommendation of works by MPs had resulted in depriving the public from the benefits of the scheme.

During the exit conference, the Additional Chief Secretary stated (August 2008) that the recommendation of works was the prerogative of MPs. Moreover, bunching of recommendations at one time also created problems. Further, the audit of accounts and sending of audit certificates was newly introduced in November 2005.

➤ **MLA/MLC LADP**

The budget provisions and expenditure incurred on MLA/MLC LADP during the past five years were as follows:

(Rupees in crore)

Year	Provision	Expenditure	Excess (+)/Saving (-)	Percentage
2003-04	- 302.70	263.95	(-) 38.75	12.80
2004-05	329.42	317.40	(-) 12.02	3.65
2005-06	302.42	306.08	(+) 3.66	1.21
2006-07	287.05	283.09	(-) 3.96	1.38
2007-08	373.80	369.93*	(-)3.87	1.04
Total	1595.39	1540.45	(-) 54.94	3.44

*Note: As per provisional figures of Appropriation Accounts 2007-08

➤ The Government had only information on total funds released and did not have any information about district wise release of funds, works completed, works not started, etc. under MLA/MLC LADP.

➤ As per the provisions contained in the Maharashtra Treasury Rules, 1968 and orders issued by the Government of Maharashtra from time to time, the drawal of funds from the treasuries toward the end of the financial year to avoid lapse of budget grants was not allowed. It was however, noticed that in seven²⁴ out of nine test-checked districts, DPOs had drawn and disbursed funds amounting to Rs 24.71 crore to 37 implementing agencies during the years 2003-04 to 2007-08 at the end of the financial year to avoid lapse of grants.

The DPOs attributed such late drawal to late release of funds by the State Government (2005-06) and prevalence of the code of conduct due to holding of election during 2004-05.

Seven District Planning Officers had drawn and disbursed Rs 24.71 crore at the fag end of the year to avoid lapse of budget provision

²⁴ Aurangabad, Mumbai Suburban, Nagpur, Nandurbar, Nashik, Pune and Washim.

During the exit conference, the Additional Chief Secretary stated (August 2008) that release of Rs 24.71 crore at the end of financial year in five years was not significant as compared to the total funds released during that period. Government, however, did not give reasons for delay in release of funds to the districts.

The reply, was not tenable as comparison of total funds drawn at State level with the funds released at the end of financial year in seven test-checked districts was not correct. Moreover, as discussed above, the Government did not have any information on funds released to these districts.

3.2.6.1 Maintenance of accounts under the schemes

As per the MPLADS guidelines, the District Collectors and the implementing agencies were to maintain MP-wise accounts of MPLADS funds. Cash books and other books of accounts were also to be maintained as per the prescribed Government procedure. MPLAD funds received by the District Collectors and implementing agencies were to be kept only in savings bank accounts of nationalised banks. It was, however noticed that three²⁵ out of 48 test-checked implementing agencies kept MPLADS funds in co-operative banks instead of in nationalised bank.

Scrutiny revealed that two (Thane and Nandurbar) out of nine test-checked District Collectors and four out of 48 test-checked implementing agencies had maintained only a single account for all the MPs as shown in **Appendix 3.6**.

As per Guidelines, deposit of MPLADS funds by the District Collectors and implementing agencies into the treasuries was strictly prohibited. It was, however, noticed that six²⁶ out of 48 test-checked implementing agencies did not maintain any separate cash books during 2003-08 but deposited the funds into Government treasury. These agencies drew the amounts from the deposit head as and when expenditure was incurred.

Under the State scheme of MLA/MLC LADP since the funds were drawn from the treasuries, the transactions were to be routed through general cash books. In one (Amravati) out of nine test-checked District Collectors, the transactions relating to receipt and disbursement of MLA/MLC LADP funds were recorded in the bill register during 2003-08, instead of in their cash books. As a result, monthly balances could not be worked out.

During the exit conference, the Additional Chief Secretary stated (August 2008) that all district authorities were advised (August 2008) to follow the guidelines strictly.

Two District Collectors and 14 implementing agencies had not maintained the accounts of MPLADS funds properly

²⁵ Vastagulm Magas-Vargiya Shikshan, Krida and Sanskritik Mandal, Washim; Municipal Council, Washim and Zilla Parishad, Washim

²⁶ Public Works Division, Amravati; Special Project Division, Amravati; Public Works Division, Achalpur; Public Works Division, Aurangabad; Public Works Division (West), Aurangabad; Public Works Division, Washim.

3.2.6.2 Unspent balances under the scheme

As per the MPLADS guidelines, savings on completed works were required to be refunded by the implementing agencies to the District Collectors within 30 days from the date of their completion. Scrutiny revealed that two (EE, Special Project Division, PWD, Daryapur, Amravati and EE Rural Water Supply, Division ZP, Nandurbar) out of the 48 test-checked implementing agencies did not refund the unspent balances of Rs 7.16 lakh and Rs 1.96 lakh in respect of twenty six and seven works respectively as of March 2008 to the Collectors, though the works were already completed in June 2006. The EEs agreed (June 2008) to refund the unspent balances.

During the exit conference, the Additional Chief Secretary stated (August 2008) that necessary instructions were issued to the district authorities.

MPLADS funds of Rs 6.04 crore in respect of earlier Rajya Sabha Members were not distributed among newly elected members

➤ As per the provisions of the MPLADS guidelines, unspent balances of funds left in the nodal district by the erstwhile Rajya Sabha Members of the State were to be equally distributed by the State Government amongst the subsequently elected Rajya Sabha Members. It was, however, noticed that in four²⁷ out of nine test-checked districts, unspent balances of 16 former Rajya Sabha Members amounting to Rs 6.04 crore were lying in bank accounts for periods ranging from three to fifteen months (June 2008). These funds had not been distributed amongst the sitting Rajya Sabha Members as of July 2008. Three²⁸ out of above four districts had not reported the balances to the Planning Department. Even in the case of Pune, where the balance (Rs 80.38 lakh) in respect of three Rajya Sabha Members was reported (June 2007), no action to redistribute the same was taken by Planning Department.

The DPOs stated that necessary action would be taken to report the unspent balances to the Planning Department by closing the savings bank accounts. The replies were not tenable as non-reporting of these balances resulted in these funds remaining idle for three to 15 months.

During the exit conference, the Additional Chief Secretary stated (August 2008) that instructions were issued to concerned Collectors to transfer the amounts and close the accounts of retired Rajya Sabha MPs.

3.2.6.3 Levy of centage charges on MPLADS works

As per the MPLADS guidelines, the District Collectors and implementing agencies were not to levy any administrative charges, centage charges, salaries, travel costs, etc., for their services in respect of preparatory works and implementation and supervision of project/works under MPLADS. Scrutiny, however, revealed that seven²⁹ out of 48 test-checked implementing agencies levied contingency/centage charges of Rs 17.08 lakh in respect of 107

²⁷ Mumbai Suburban, Pune, Amravati & Nashik.

²⁸ Mumbai Suburban, Amravati and Nashik

²⁹ PW Dn., Amravati, B&C (North) Dn., ZP, Pune & Municipal Council, Indapur, PW Dn, Nandurbar and Shada, NGO, Washim, PW Dn.(E), Pune

MPLADS works (out of 125) sanctioned during the years 2003-04 to 2006-07, contrary to the guidelines. Thus, scheme funds were overcharged.

During the exit conference, the Additional Chief Secretary stated (August 2008) that the matter regarding levy of centage charges in respect of MPLAD works had been taken up (September 2004) with the GOI and their reply was awaited (August 2008).

3.2.7 Implementation of Schemes

Physical performance as per progress report (December 2007) of Planning Department under MPLAD was as follows:

Year	Works suggested	Works sanctioned	Works completed	Works in progress	Works yet to start
2003-04	7793	4965	4510	355	100
2004-05	6922	4078	3389	491	198
2005-06	6017	3888	2737	831	320
2006-07	5676	3506	1566	1291	649
2007-08 (December 2007)	2865	1468	228	523	717
Total	29273	17905	12430	3491	1984

It would thus be seen that 298 works sanctioned in 2003-05 were not started as of December 2007. An analysis of some of the works not started in the test-checked districts is given in paragraph 3.2.7.5.

3.2.7.1 Inadmissible works under the schemes

Six Collectors sanctioned inadmissible works under the schemes

Scrutiny revealed that six out of nine test-checked District Collectors sanctioned inadmissible works such as repairs and maintenance of road, installation of music system, construction of VIP suite, Officers' Club, office building etc under the schemes during 2003-08 as follows:

District	Details of inadmissible works	Reply of the department and comments thereon
(1)	(2)	(3)
Amravati and Thane	<p>Repair and maintenance works were not admissible under MPLADs. It was however noticed that asphaltting works of 13 existing roads costing Rs 42.65 lakh (Amravati) and of 7 existing roads costing Rs 32.17 lakh (Thane) were sanctioned by Collectors contrary to the above guidelines.</p> <p>Under MLA/MLC LADP the admissible list of works did not include installation of music systems in jogging parks. The work of providing a music system at the Bara Bangla Area Jogging Park at Thane costing Rs 10 lakh was sanctioned and executed in November 2006.</p>	<p>The DPOs stated (February & March 2008) that WBM roads were converted into asphalt roads. As such, they could not be considered as repair works. Replies were not tenable as it had been mentioned in the estimates for the works that asphaltting would be carried out over bituminous roads and as such were not new works.</p> <p>The DPO stated (February 2008) that providing a music system in the jogging park was part of beautification and hence sanctioned. Reply was not tenable as providing music system did not form a part of beautification and thus was not as per guidelines.</p>

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(1)	(2)	(3)
Nandurbar	<p>A Samajik Sabhagriha at the Government Rest House Campus, Nandurbar costing Rs 16.86 lakh was sanctioned under MPLADs (March 2005). Scrutiny of records and site visit (June 2008) revealed that the structure constructed, comprised of a meeting hall, a VIP suite with meeting hall, bed room, sitting room and waiting hall instead of a Samajik Sabhagriha. This was irregular.</p> <p>Construction of a concrete road and a protection wall at Dr. Babasaheb Ambedkar Nagar at Sarangkheda, Taluka - Shahada costing Rs 5.38 lakh was sanctioned in March 2007. Scrutiny of the plans, estimates of the work and site visit (June 2008) revealed that the work carried out was construction of supporting structure including platform for statue and development of the surrounding space which was not as per the administrative approval.</p>	<p>The DPO stated (June 2008) that the comments of the implementing agency would be obtained. Reply was not tenable as the sanction was accorded after preparation of the estimates which contained the details.</p>
Washim	<p>Work of construction of an Officer's Club at Washim costing Rs 32.22 lakh was sanctioned by splitting it into four parts during 2002-03 and 2005-06. The works were recommended by two MPs, one MLA and one MLC. Since the club was used exclusively by officers and was not open to the public, the same did not come under the purview of both the schemes.</p> <p>The work of construction of a public park at Mandwa Taluka - Karanja, District Washim was sanctioned (December 2006) under MPLADs for Rs 10 lakh. Scrutiny of the estimates on the basis of which administrative approval was given revealed that the same included construction of a park house costing Rs 7 lakh, which was not recommended by the MP.</p>	<p>The DPO stated (June 2008) that the club was meant for officers and members. Reply was not tenable as the club was not open to the public hence beyond the scope of the scheme. The Collectors should have rejected the work recommended by MP/MLA.</p> <p>The DPO stated (June 2008) that a revised recommendation would be obtained. The reply was not tenable as the work was not as per the recommendation of the MP.</p>
Nagpur	<p>Work of construction of a Samajik Sabhagriha at the Collector's office compound, Nagpur was split into four parts and sanctioned between September 2000 and March 2003, on the recommendation of four MPs. The work was completed at a cost of Rs 34.53 lakh. As per the list of inadmissible works, construction of buildings relating to Central and State Governments was not permitted.</p>	<p>The DPO stated (April 2008) that a detailed report on the audit observations would be submitted in due course.</p>
Mumbai Suburban	<p>Under State Scheme works costing Rs 10 lakh and above were not to be split up into parts and taken up. Work of construction of school rooms at the Municipal School, Bazaar Road, Bandra (West), estimated to cost Rs 52 lakh was taken up by splitting it up into 10 parts on recommendation of an MLA during the years 2003-04 & 2005-06 instead of rejecting the inadmissible works.</p>	<p>The DPO stated (March 2008) that works recommended by the peoples' representatives, were independent works and were eligible and hence were sanctioned. The reply was not tenable as splitting of works above Rs 10 lakh was not admissible under the guidelines.</p>

During the exit conference, the Additional Chief Secretary stated (August 2008) that instructions had been reiterated to the Collectors in respect of MPLAD works. As regards, the works under State scheme, Government concurred with the views of the DPOs' in case of splitting of works and sanction of music system.

The reply was not tenable as it was the Government's own orders (September 1998) that works costing above Rs 10 lakh should not be split up. Further, music system did not form part of admissible works in the list.

3.2.7.2 Approval of special cases under the State Scheme

Government sanctioned works costing Rs 2.58 crore under MLA/MLC LADP during 2006-08 as special cases, though not covered by the guidelines

According to the MLA/MLC LADP guidelines MLAs/MLCs were to suggest development works from these funds in their constituencies only for stipulated purposes and categories. No deviations from the guidelines were permissible. On scrutiny of the records in Mantralaya, it was noticed that on several occasions, the Government had sanctioned works suggested by MLAs/MLCs during 2006-2008 (up to March 2008) as special cases, amounting to Rs 2.58 crore (Appendix 3.7) though all the works were inadmissible and not covered by the guidelines. These special cases included construction of roads in the campus of private college, fencing for private school buildings, development of facilities outside constituencies, payment of public contributions, development of pilgrim centre, construction of conference hall in a Divisional Commissioner's office building and construction of a building for a non-Government organisation. In each of the cases, even though the Secretary, Planning Department had opined that the works were ineligible as per the guidelines, the Minister had approved the works as special cases without recording any justification.

When pointed out in audit, the Department stated (July 2008) that the guidelines were not inviolable and that sanctions were accorded at the request and persuasion of the MLAs/MLCs. The reply was not tenable as Government should revise the guidelines so as to cover such works.

➤ The list of admissible works under the State Scheme prohibited construction of any Sahakar Bhavans³⁰. It was, however, noticed in Amravati that an MLA had recommended (July 2002) 32 works of Sahakar Bhavans costing Rs 33.17 lakh. Instead of rejecting these works, the Collector, Amravati approved (December 2002/March 2003) the works by changing the nomenclature as 'Sanskritik Bhavans' (buildings used for cultural programmes). These works were completed (October 2005) at a cost of Rs 32.64 lakh. During joint physical verification (April 2008) in respect of three such works on which expenditure of Rs 3.10 lakh was incurred, it was noticed that one building (at Linga) was being used as a co-operative fair price shop and two others as Sahakar Bhavans (at Amdapur and Wandali). On pointing out the above, the DPO stated (April 2008) that the change in nomenclature had been approved by the MLA. The reply was not tenable as

³⁰ Centres where offices of Co-operative Societies function

the change of nomenclature of the work did not change the nature of work. Besides, the buildings were not being utilised for the intended purpose.

During the exit conference the Additional Chief Secretary agreed (August 2008) to ascertain from Collector, Amravati the actual use of 32 buildings.

3.2.7.3 Works for SC/ST

As per the MPLADS guidelines (November 2005), MPs were to recommend every year, works costing at least 15 *per cent* of MPLADS funds for areas with Scheduled Caste population and 7.5 *per cent* for areas with Scheduled Tribe population. In case a constituency did not have ST inhabited areas, such funds were to be utilised in SC inhabited areas and vice versa. Scrutiny of the progress reports submitted by the DPOs to the Planning Department showed that there was a shortfall in observance of the prescribed percentage ranging from 50 *per cent* to 100 *per cent* in six³¹ out of the nine test-checked districts. There was no shortfall in Nandurbar and Nashik districts and information was not furnished by Amravati district.

During the exit conference, the Additional Chief Secretary stated (August 2008) that this provision was introduced recently and that the Collectors had been advised to request the MPs to make recommendations in this regard.

➤ Under MLA/MLC LADS, 10 *per cent* of the funds were to be utilised for the benefit of the SC population. Scrutiny revealed that there was a shortfall in observance of the prescribed percentage ranging from 35 *per cent* to 100 *per cent* in five³² out of nine test-checked districts.

During the exit conference, the Additional Chief Secretary stated (August 2008) that Collectors had been suitably advised regarding implementation of this aspect of guidelines.

3.2.7.4 Idling of funds



Incomplete community hall building at VRC land at Nagpur

The Collector, Nagpur approved (December 2002) construction of a community hall on land belonging to the Vidharbha Relief Committee (VRC) on the recommendation of an MP. The work was allotted to the Nagpur Improvement Trust (NIT) and funds were released (July 2003). The agency submitted the completion and utilisation certificate to the Collector in June 2006 in spite of the work being incomplete. The estimate was modified as per request of VRC and cost was increased from Rs.25 lakh to Rs 1.06 crore. During site visit (April 2008) it was noticed

³¹ Aurangabad, Mumbai Suburban, Nagpur, Pune, Thane and Washim.
³² Aurangabad, Mumbai Suburban, Nagpur, Nandurbar and Nashik

that the work was incomplete. Scrutiny at NIT showed (April 2008) that after incurring expenditure of Rs 51.27 lakh, the work was abandoned since December 2005 after termination of the contract, resulting in idle investment of Rs 24.85 lakh of MPLAD funds incurred on the work.

During the exit conference, the Additional Chief Secretary stated (August 2008) that the Collector Nagpur had been asked to look into the matter.

➤ It was further noticed that works of construction of nine storage tanks of 5000 litre capacity at Dehu Road cantonment area, approved (May 2001) by the Collector, Pune at an estimated cost of Rs 5 lakh on a recommendation from an MLA were completed by the Executive Engineer, Rural Water Supply Division, Zilla Parishad, Pune in September 2002 after incurring an expenditure of Rs 4.72 lakh. The asset was not used and the user agency (Dehu Road Cantonment Board) had not taken over (July 2008) the asset. Thus, the expenditure incurred on it was idle for more than six years.

3.2.7.5 Cancellation/ not starting of sanctioned works

Audit noticed that works were not started even after their sanction as brought out below:

➤ Collector, Mumbai Suburban District sanctioned (November 2006) 24 works of construction of toilet blocks and drinking water stands at suburban railway stations costing Rs 62.40 lakh, on the recommendation of an MP. These works were cancelled in January 2008 on further communication from the MP. During the exit conference the Additional Chief Secretary stated (August 2008) that if the Collector had waited for railway clearance before sanctioning the works, it would have resulted in delay in sanction of the works.

The reply was not tenable as the district authority, before sanctioning the work, should have ensured that all necessary clearances for the works had been taken from the competent authority.

➤ The work of construction of two classrooms in Kasbegavhan recommended by an MP and sanctioned (June 2003) by the Collector, Amravati at an estimated cost of Rs 5.93 lakh was not started for want of land (March 2008) though a work order was issued (June 2003). Besides, funds released (Rs 5.93 lakh) remained unutilised with the agency i.e., Special Project PW Division, Daryapur for more than four to five years.

➤ Sixteen works of gymnasium, sanctioned by Collector, Nagpur for Rs 84.51 lakh during 2004-07 was not started even as of April 2008 by Nagpur Improvement Trust due to increase in cost. The DPO, Nagpur stated (April 2008) that revised administrative approval has been accorded and works would be started by the agency. However, funds released amounting to Rs 53.20 lakh were lying idle with the agency for one to two years.

➤ Two works (cultural halls in Pune City) estimated at Rs 14.28 lakh, sanctioned (December 2006) by the Collector, Pune on the recommendations of an MP during the year 2004-05 had not been started as of February 2008

due to non-availability of land. Funds released (Rs 6.78 lakh) was lying unutilised with the agency i.e. Pune Municipal Corporation for more than 18 months.

3.2.7.6 Incomplete works under MLA/MLC LADP

In six districts, 96 works sanctioned under MLA/MLC LADP during 1996-2000 were not completed, resulting in blockage of Rs 1.12 crore

As per Government circulars of September 1988 and July 1992, works sanctioned under the MLA/MLC LADP were to be completed in the same year or at the most within the next year i.e. within two working seasons. It was however, noticed that in six³³ out of the nine test-checked districts, 96 works sanctioned during the year 1996-97 to 2005-06 (expenditure Rs 1.12 crore) were not completed within the scheduled dates of completion. A list showing District-wise position of works lying incomplete for two to five years (2003-06) is at Appendix 3.8. Of these, two roads (expenditure Rs 2.98 lakh) pertained to EE (B&C), Division No. 1 Nashik were lying incomplete for more than 10 years due to increase in costs. Audit noticed that the main reasons for work lying incomplete were the retendering of works, non-availability of land and slow progress due to increase in cost.

3.2.7.7 Utilisation of funds transferred to other States

As per the MPLADS guidelines, work completion reports, utilisation certificates and audit certificates for works taken up in areas affected by calamities were to be provided by the District Collectors of the affected districts to the respective funding Collectorates. It was, however, noticed that six³⁴ out of nine test-checked District Collectors had sanctioned MPLADS funds amounting to Rs 1.75 crore for rehabilitation works in areas affected by the tsunami at Pondicherry, Gujarat earthquake, Orissa storm (Appendix 3.9) during the years 2004-07 and released the same to the Chief Secretaries of the States. The completion reports, utilisation certificates and audit certificates were however not submitted by the recipient district Collectors of the recipient State. As a result, it was not possible to verify whether the funds released were utilised for the purpose for which they were granted.

During the exit conference, the Additional Chief Secretary stated (August 2008) that the Collectors had been advised to follow up with the authorities in the concerned states and obtain the utilisation certificates.

3.2.7.8 Maintenance of Asset Register

Four district Collectors had not maintained any Asset Register during 2003-08

As per the MPLADS guidelines, the District Collectors were to maintain head-wise lists of works executed in Asset Registers for all the MPLADS works. It was, however, noticed that four³⁵ out of nine test-checked District Collectors had not maintained any Asset Register during the years 2003-08. The number of works completed in these districts was 1189 and expenditure incurred was

³³ Aurangabad, Mumbai Suburban, Nandurbar, Nashik, Pune and Washim

³⁴ Amravati (Rs 11 lakh- March 2007), Mumbai Suburban (Rs 75 lakh- 2004-05), Nagpur (Rs 10 lakh- 2004-05), Nandurbar (Rs 11 lakh - 2004-05), Nasik (Rs 15 lakh -2004-05) and Pune (Rs 51 lakh - 2005-06)

³⁵ Nandurbar, Nashik, Pune and Washim

Rs 37.02 crore. The DPOs stated (March/June 2008) that they would maintain the asset registers in future.

During the exit conference, the Additional Chief Secretary stated (August 2008) that the Collectors had been advised to maintain a list of assets created under MPLADS.

3.2.8 Monitoring

3.2.8.1 Submission of monthly progress reports

Implementing agencies did not submit reports

As per the MPLADS guidelines, the implementing agencies were to furnish physical and financial progress of each work to the District Collectors who consolidate and send it to the Government. It was however, noticed that 10³⁶ out of 48 test-checked implementing agencies had not prepared and submitted such reports to the District Collectors and the Government during the years 2003-04 to 2007-08. This showed that the reports submitted by the District Collectors to the State Government and GOI were incomplete.

3.2.8.2 Review meetings at district level

As per the MPLADS guidelines, the District Collectors were to conduct meeting to review the implementation of works with the implementing agencies every month along with MPs concerned. It was however, noticed that, though District Collectors of Mumbai Suburban and Washim District had conducted one meeting (2003-04), no records/minutes of meetings were maintained. The Collectors of Aurangabad and Nandurbar had not conducted any review meetings during 2003-08. Collector, Nashik conducted only one meeting in each year during 2004-07 and two meetings in the year 2007-08. Collector, Pune had conducted three meetings in each year during 2003-08 and there was shortfall of 3-4 and 3-10 meetings in each year during 2003-08 in respect of Collector, Nagpur and Amravati respectively. Information from Collector, Thane was awaited (July 2008).

During the exit conference, the Additional Chief Secretary stated (August 2008) that instructions had been issued for conducting review meetings.

3.2.9 Action taken by Government

Government/Head of Department have to take necessary remedial action on the paragraphs mentioned in the reports of the Comptroller and Auditor General of India and subsequent Public Accounts Committee recommendations of them. Mention was made in Para 3.2 and Para 3.13 of the Comptroller and Auditor General of India for the year ended 31 March 1999 and 31 March 2000 regarding implementation of MP Local Area Development Scheme and Members of Legislative Assembly/Council respectively in the State. However, irregularities persist and their current status is as follows:

³⁶ KDMC, Thane; EE, MHADA (E); EE, MHADA (W); NMC, Nagpur, EE, ZP, Nagpur; EE, PW Dn, Nasik; EE B&C, ZP, Nandurbar, EE, RWS, ZP, Nandurbar; CO, Alandi, Pune and CO, Indapur.

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Nature of Irregularity	Gist of the Para/PAC recommendation/action proposed by Government	Current status
(1)	(2)	(3)
Retention of huge unspent balances by the implementing agencies	Mention was made in Para 3.2.7.1 (MLA/MLC LADP) that Municipal Corporations and Zilla Parishads retained huge unspent balances of Rs 2.45 crore pertaining to the year 1995-98. In the Government memorandum it was stated that extensions were given and works were completed.	➤ The Government of Maharashtra permitted (August 2006) the implementing agencies to utilise the unspent balances of the works sanctioned during the years 1998-99 to 2005-06 by 30 June 2007. The unspent balances remaining on 30 June 2007 were to be refunded to the District Collectors. In eight ³⁷ out of 48 implementing agencies test-checked unspent balances of Rs 2.45 crore as on 30 June 2007 were not refunded to the District Collectors as of June 2008. The implementing agencies agreed (February and June 2008) to refund the unspent balances to the Government.
Delay in sanction of works	It was pointed out in Para 3.13.3 (a) 2 (MP LADS) that, in three test checked districts alone there were delays ranging from 45 to 365 days in 32 cases in according sanction to the works. In the Government memorandum it was stated that necessary instructions were issued to implementing agencies to adhere to the time schedule.	➤ In eight ³⁸ out of nine test checked districts, 522 out of 1997 recommended works were sanctioned with delays ranging upto 630 days, during the years 2003-04 to 2007-08. (Appendix 3.10). Audit noticed that majority of delays were in Thane (11 works upto one year), Nandurbar (16 works – upto one year; nine works- above one year) and Nagpur (11 works – upto one year; seven works- above one year). Delay in sanction of works resulted in postponement of benefit of schemes. Government stated (August 2008) that preparation of plans and estimates, ensuring availability of land, bunching of recommendation from MPs can at time lead to delay in sanctioning of works. However, district authorities were again advised to strictly observe the guidelines.

³⁷ B&C (North) ZP, Pune; B&C (South) ZP, Pune; RWS Dn ZP, Pune; RWS Dn ZP Nagpur; B&C Dn., ZP, Aurangabad; Nagpur Improvement Trust; RWS ZP, Nandurbar; B&C ZP, Nandurbar.

³⁸ Amravati, Aurangabad, Nagpur, Nandurbar, , Nashik, Pune, Thane, and Washim.

(1)	(2)	(3)
Delay in execution of works	Mention was made in Para 3.13.3 (a) 1 (MPLADS) that, during 1993-98 the works taken up were behind schedule by 24 months to 48 months. In the Government Memorandum it was stated that necessary instructions to complete the works as early as possible were issued to Implementing Agencies.	In six ³⁹ out of nine test-checked districts, 89 works sanctioned during 2002-03 to 2005-06 were not completed within the scheduled date of completion. Thus, expenditure to the tune of Rs 2.36 crore incurred on these works was blocked for periods ranging from 12 to 48 months. The works were delayed mainly due to retendering of works and land not being available. Government stated (August 2008) that making available land suitable for work free of cost is the responsibility of the local authority. In some cases works are likely to be delayed for want of land.
Monitoring	It was pointed out in Para 3.13.4 (MPLADS) that only one meeting of State level committee was conducted between 1997 and 2000. The prescribed inspections in districts were either not conducted by Collectors or there was shortfall. In the Government memorandum it was stated that instructions about monitoring and inspecting works had already been given to all District Collectors.	➤ As per MPLADS guidelines, a committee under the Chief Secretary/ Development Commissioner/Additional Chief Secretary was to review the progress of implementation of the scheme with the District Collectors and MPs at least once in a year. A committee consisting of six members set up (May 2001) to review the progress of MPLADS implementation had never met since its setting up. The Government stated (August 2008) that due to various other pressing items of works it had not been possible for the Chief Secretary to hold such meetings. However, Development Commissioner had held such review meetings during 2005-08. It was noticed that four District Collectors (Amravati, Nandurbar, Pune and Washim) had not carried out any inspections. Further, during 2003-08 there were shortfalls in inspections of works ranging from 60 to 100 per cent by three District Collectors viz. Mumbai Suburban (maximum 100 per cent in 2003-04 & 2004-05), Nagpur (maximum 67 per cent in 2007-08) and Thane (maximum 90 per cent in 2005-06). Government stated (August 2008) that instructions had been issued for inspection of works executed under the scheme.

³⁹ Amravati, , Aurangabad, Nandurbar, Nashik, Pune and Washim.

3.2.10 Conclusion

MPLADS scheme suffered from self inflicted shortage of funds due to non-recommendation of works by the MPs and non-utilisation of the funds in time. Funds were drawn and disbursed toward the end of the year under the State Scheme contrary to the financial rules. Accounts of MPLADS funds were not maintained as per the guidelines. Unspent balances of MLA/MLC LADP funds were not refunded as required under the programme to the Collectors by the implementing agencies. Inadmissible works were sanctioned under both the schemes. There were delays in sanctioning works which ranged from six months to over one year. A large number of works were lying incomplete mainly due to retendering/land disputes. Asset registers were not maintained. The State level committee formed for monitoring the implementation of MPLADS had not conducted any meeting since its inception. Inspections of works were either not conducted by the District Collectors or there were shortfall in inspections. Review meetings with the implementing agencies to be held by the District Collectors were not conducted regularly.

3.2.11 Recommendations

Government should:

- ensure that accounts of MPLADS and MLA/MLCLADP funds are maintained by the District Collectors and implementing agencies according to the guidelines.
- issue instructions that only admissible works are sanctioned under MPLADS and MLA/MLCLADP.
- evolve a proper mechanism to avoid delays in sanctioning of works under MPLADS by the District Collectors as well as delays in execution by the implementing agencies.
- ensure that maintenance of asset registers of works at district level under MPLADS are maintained by the District Collectors.
- ensure that the implementing agencies and District Collectors submit monthly reports in respect of both the schemes and also in soft formats.
- ensure that the State level committee constituted for supervision of the implementation of MPLADS meets regularly.

The matter was referred to the Principal Secretary to the Government in July 2008. Reply had not been received (August 2008).

Home Department

3.3 Management of Prisons in Maharashtra

Highlights

Prisons in Maharashtra were established under the Prisons Act, 1894 with the purpose of confining offenders committing offences under the various laws. Apart from providing custodial care to offenders of laws and thus isolating them from the general community for a certain period of time with a view to ensuring security, peace and tranquility, the Home Department also undertook planned programmes aimed at reforming them as part of social reclamation. A performance audit of the Management of Prisons in the State revealed that there was short receipt of Central funds due to non-utilisation of funds by the State in time; provisions of financial codes were not adhered to in the maintenance of cash books; a large number of posts of security staff were lying vacant; modern security equipments were not installed in the prisons; there was overcrowding in prisons; a large number of works relating to improvement of prison infrastructure were not completed; inspections of the prisons was not carried out regularly by the IGP and the internal audit of 42 units was pending for periods ranging up to 35 years.

There was a shortfall in receipt of Central funds of Rs 4.78 crore under a scheme for up-gradation of prison administration, due to delay in utilisation of funds already released by GOI.

(Paragraph 3.3.6.2)

As against 3,782 sanctioned posts of security staff, 587 posts (16 per cent) were lying vacant as of 31 March 2008.

(Paragraph 3.3.7.1)

Modern security equipments like closed circuit televisions, hand and door metal detectors, walkie talkies, X-ray searching machines etc., were not installed in the prisons.

(Paragraph 3.3.7.3)

The problem of overcrowding in prisons was severe and the average occupancy in the prisons in the State was 147 per cent of their capacities. In twelve District Prisons, the average occupancy rates ranged from 157 to 402 per cent.

(Paragraph 3.3.8.1)

As of March 2008, 36 per cent of works taken up under a scheme for modernisation of prison administration was in progress while seven per cent had not been started at all.

(Paragraph 3.3.10.1)

Non-official members of Boards of Visitors had not been appointed in 32 prisons as of October 2007.

(Paragraph 3.3.11.1)

Internal audit of 42 units was pending for periods ranging up to 35 years. Further 2,913 internal audit paras pertaining to the period from 1971-72 to 2003-04 were outstanding as of July 2008.

(Paragraph 3.3.11.3)

Model Prison Manual, 2003 furnished by the Government of India to the State Government for adoption in December 2003, was not adopted as of August 2008.

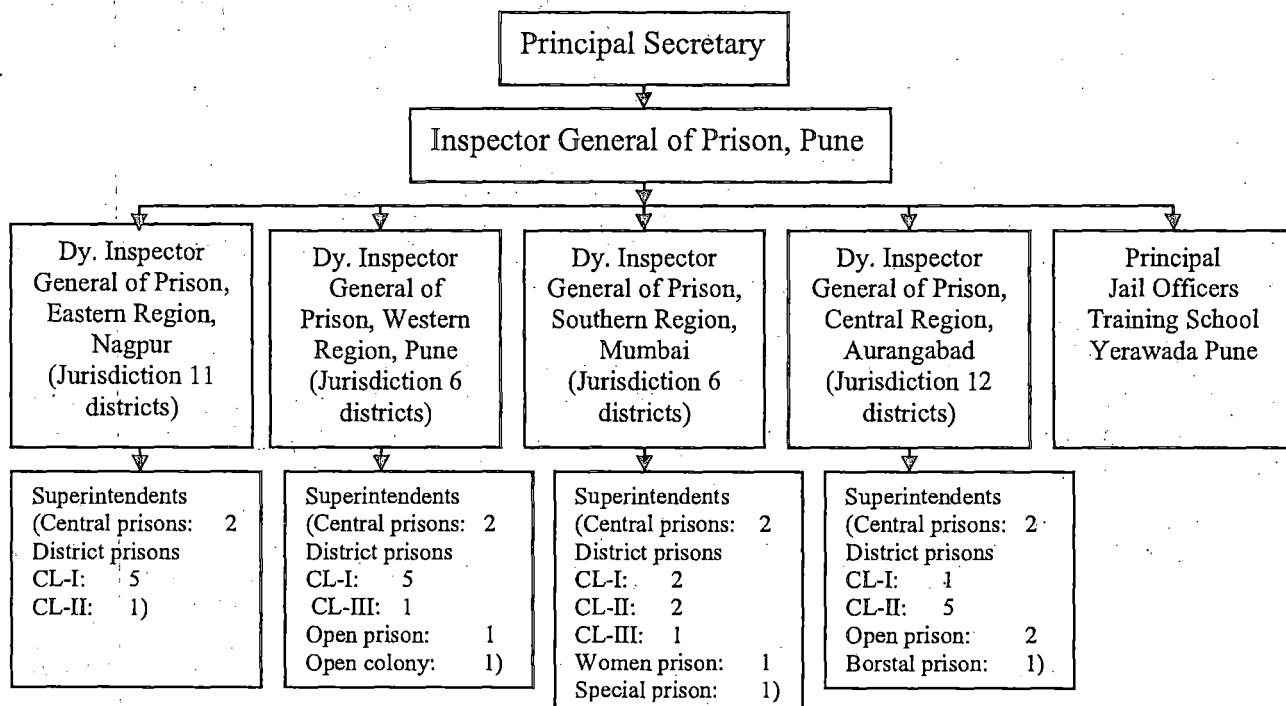
(Paragraph 3.3.12)

3.3.1 Introduction

Prisons in Maharashtra were established under the Prisons Act, 1894. The prisons in the State were being managed under the provisions of the Maharashtra Prison Manual, 1979. The main purpose of establishing prisons was to confine offenders committing offences under the various laws enacted from time to time. Apart from providing custodial care to offenders of laws and thus isolating them from the general community for a certain period of time with a view to ensuring safety and security, the Department also undertook planned programmes aimed at reforming them as part of social reclamation.

3.3.2 Organisational set up

The Principal Secretary, Home Department was responsible for the overall administration of prisons in the State. The organisational chart depicting the hierarchy of administration of prisons in the State is as follows:



The Superintendents are assisted by Jailors, security staff and other ministerial

staff as well as medical and vocational training personnel. Besides, there were 172 sub-jails, managed by revenue authorities under the overall control and supervision of the Home Department.

3.3.3 Audit objectives

The objectives of the performance audit were to assess whether:

- fund management in respect of the prisons were adequate and proper;
- custody and detention of prisoners were being done in a safe and secure manner;
- facilities and privileges of the prisoners as envisaged in the rules were being provided for and being managed in an economic and efficient manner;
- activities for employment and rehabilitation were consistent with Government policies and the desired objectives were being achieved;
- schemes and projects related to improvements in the administration of prisons were properly and effectively implemented and
- monitoring mechanism including internal audit was effective.

3.3.4 Audit criteria

The main criteria used in the performance audit were as under:

- Prisons Act, 1894 and Rules made thereunder;
- Maharashtra Prison Manual, 1979 and
- Government orders issued from time to time.

3.3.5 Audit scope and methodology

A performance audit of the Management of Prisons in Maharashtra covering the period 2003-08 was conducted (February to June 2008) by test-check of records in the Home Department, office of the Inspector General of Prisons, Pune (IGP), four regional Deputy Inspector General of Prisons (DIGPs) and eleven⁴⁰ out of 38 prisons. While six⁴¹ prisons were selected on the basis of the stratified random sampling method, five⁴² prisons were selected due to their uniqueness and the high risks involved in their management. Besides, the records of the Jail Officers' Training School, Yeravada, and four⁴³ works divisions entrusted with the civil works of prisons were also test-checked. The

⁴⁰ Central prisons at Mumbai, Nagpur, Nashik and Yeravada; District Prisons at Solapur and Wardha; Mumbai District Women Prison; Swatantrapur Open Colony, Aatpadi; Paithan Open Prison; J.J. Hospital Prison, Mumbai and Borstal School, Nashik,

⁴¹ Central prisons at Nagpur, Nashik and Yeravada; District Prisons at Solapur and Wardha and Open Prison at Paithan.

⁴² Borstal School, Nashik; JJ Hospital Prison, Mumbai; Mumbai Central Prison; Mumbai District Women Prison and Swatantrapur Open Colony, Aatpadi.

⁴³ Maharashtra Jeevan Pradhikaran Works Division-II, Nagpur; PWD (West) Division, Aurangabad; PWD, Road Development Division No III, Panvel and PWD Works Division Wardha

audit objectives were discussed with the Principal Secretary, Home Department and IGP in an entry conference held on 30 April 2008 for the purpose. The audit findings have been discussed with the Principal Secretary and IGP in an exit conference held on 7 August 2008 and their views have been incorporated wherever applicable.

Audit Findings

3.3.6 Financial management

3.3.6.1 Budget provision and actual expenditure

The budget allocations and expenditure of the Department during the period 2003-08 were as under:

(Rupees in crore)

Year	Non Plan			Plan		
	Allocation	Expenditure	Saving (-) Excess(+)	Allocation	Expenditure	Saving (-) Excess.(+)
2003-04	111.20	86.40	(-)24.80	0.19	Nil	(-) 0.19
2004-05	92.68	97.02	(+) 4.34	Nil	Nil	Nil
2005-06	96.91	98.83	(+) 1.92	0.26	0.26	Nil
2006-07	92.67	92.96	(+) 0.29	0.50	0.50	Nil
2007-08	110.15	111.04	(+)0.89	0.70	0.70	Nil
Total	503.61	486.25	(-) 17.36	1.65	1.46	(-) 0.19

Savings of Rs 24.99 crore during 2003-04 were not surrendered

It may be seen from the above that there were savings of Rs 24.80 crore under Non-Plan allocations and Rs 0.19 crore under Plan allocations during the year 2003-04. The IGP stated (June 2008) that the savings under Non-Plan allocation during 2003-04 were due to non-sanction of the scheme of Modernisation of Prison Administration by GOI and return of some bills by the Pune Treasury with remarks. The savings under the Plan allocation were due to non-receipt of administrative approval for expenditure from the Government till 31 March 2004.

The reply was not tenable because the scheme of Modernisation of Prison Administration was approved by GOI in November 2002 and funds were released in March 2004. Further, Government should have accorded the administrative approval in time. The objection of the treasury should have been complied with and the bills got cleared expeditiously.

3.3.6.2 Utilisation of funds provided by the Eleventh Finance Commission

Government of India, on the recommendation of the Eleventh Finance Commission (EFC), allocated Rs 8 crore for upgradation of Prison Administration in the State during 2000-05. The scheme consisted of upgradation of vocational training, medical facilities, internal development of prison kitchens and security arrangements in prisons. As per the conditions governing the grants, any grant remaining unutilised as on 31 March 2005

Central funds of Rs 4.78 crore were not received due to delayed utilisation of funds already received

would lapse. Also, the release of further grants was subject to utilisation of the grants released earlier and submission of utilisation certificates thereof.

Scrutiny of records revealed that Rs 3.22 crore was released by GOI upto June 2003, of which only Rs 3.03 crore⁴⁴ was utilised by September 2005 and the balance by July 2008. Delay in utilisation was because the funds pertaining to the year 2003-04 were released at the end of the financial year i.e., in February 2004.

Due to failure of the Government to utilise EFC grant within the stipulated period, Government of India did not release the balance grant (Rs 4.78 crore), which adversely affected the upgradation of the prison administration as mentioned in paragraph 3.3.7.3.

3.3.6.3 Drawal of funds not required for immediate payment

Rs 9.20 crore was drawn contrary to the codal provisions to prevent the lapse of grants

As per Rule 282 (2) of the Maharashtra Treasury Rules, 1968, no money was to be drawn from the treasury unless it was required for immediate disbursement. Money also should not be drawn with the aim of preventing lapse of budget grants. It was, however, noticed that Rs 9.20 crore was drawn and deposited in personal ledger accounts (PLAs) during 2006-08 and was lying therein for periods ranging from 11 to 19 months as detailed below:

Rupees 5 crore was drawn during February 2007 (Rs 3 crore by the Superintendent, Yerawada Central Prison) and November 2007 (Rs 2 crore by the Superintendent, Thane Central Prison) for construction of a new prison at Palghar under the scheme for Modernisation of Prison Administration. The amounts were deposited in the PLA in the name of the Superintendent, Thane Central Prison between July and November 2007 as the plans and estimates of the work were not prepared by the Executing Agency.

Similarly, Rs 4.20 crore drawn between August 2006 and October 2007 for construction of a new prison at Gondia was deposited between February and October 2007 in the PLA of the Superintendent, District Prison Bhandara, as the land for the work had not been acquired.

3.3.6.4 Shortcomings in maintenance of cash book

As per Rule 98 of the Maharashtra Treasury Rules (MTR), 1968, all monetary transactions were to be entered in a cash book as soon as they occurred and were to be attested by the head of office in token of check. The cash book was to be closed regularly and completely checked. At the end of each month, the head of the office was to verify the cash balance and record a signed and dated certificate to that effect.

It was, however, noticed that these instructions were not followed by four out of 16 offices (excluding the Home Department) test-checked in audit as detailed in the following table.

⁴⁴ Vocational training: Rs 128.44 lakh; Development of kitchen: Rs 87.39 lakh and Medical facilities for inmates: Rs 86.99 lakh

Sr. No.	Name of the office	Irregularity noticed
1	Inspector General of Prisons, Pune	Certificates of verification of cash balances were not recorded since April 2005. Monthly abstracts of closing balances were not drawn
2	Yerawada Central Prison, Yerawada	Closing balances had not been worked out since November 2007. Entries of items of expenditure viz. salaries etc were not made since July 2006.
3	Deputy Inspector General of Prison, Western Region	Closing balances had not been worked out since March 2007.
4	Jail Officers Training School, Yerawada	Cash book had not been maintained since September 2007. Physical verification of cash balance had not been conducted since July 2006.

Scrutiny of the cash books in the office of the IGP also revealed that in the event of non-availability of sufficient grants, expenditure on petrol, diesel and other contingencies was being made out of the balances in the cash chest without making any entries in the general cash book, termed as 'out money expenses' which were recouped when the grants were available. Verification (10 June 2008) of the closing balance in the cash book and actual cash balance in the chest carried out in the presence of Audit, revealed a difference of Rs 15,46,951. Even considering the 'out money expenses' of Rs 15,28,293 utilised pending recoupment, there was a difference of Rs 18,658 which needed to be reconciled and rectified.

3.3.6.5 Pending detailed contingent bills

As per Rule 303 of MTR 1968, read with the Finance Department's orders of July 2000, detailed contingent (DC) bills in respect of amounts drawn on abstract contingent (AC) bills were to be submitted within one month of the dates of drawal of AC bills.

Scrutiny at IGP's office revealed that as of June 2008 submission of 1,213 DC bills for Rs 69.49 crore for the period April 1993 to January 2008 were pending. The IGP stated (August 2008) that DC bills for Rs 35.47 crore were pending for want of details from PWD to whom the amounts were given for construction works. Reasons for the pendency of balance amount were not furnished.

During the exit conference, the IGP stated (August 2008) that all the DIGs were instructed to submit the bills within one month.

3.3.7 Custody of Prisoners in safe and secure manner

The Prisons Act, 1894 and the Maharashtra Prisons (Safe Custody of Prisoners) Rules, 1970 are provided for custody of prisoners in a safe and secure manner. Scrutiny revealed the following shortcomings:

3.3.7.1 Shortage of security staff

Rule 2(i) of the Maharashtra Prisons (Safe Custody of Prisoners) Rules, 1970 required IGP to determine from time to time, the strength of jail guards for each prison for the safe custody of the prisoners. It was noticed that out of 3,782 sanctioned posts (during 1960 to 2008) of security staff for all the

Submission of DC bills for Rs 69.49 crore drawn on 1,213 AC bills was pending

Out of 3,782 sanctioned posts of security staff for all the prisons, 587 posts were vacant

prisons, 587 posts (16 per cent) were vacant as on 31 March 2008, for periods ranging from 12 to 18 months.

Detailed scrutiny of the staff position in the 11 test-checked prisons revealed that:

- the post of Superintendent was vacant in four⁴⁵ prisons.
- the six posts of Additional Superintendent were vacant in three⁴⁶ prisons.
- out of 116 sanctioned posts of Jailors, 25 posts were vacant in seven⁴⁷ prisons.
- out of 1,035 sanctioned posts of security guards, 90 posts were vacant in 10 prisons (except Open Colony, Atpadi).

The reasons for the posts lying vacant were not furnished by the IGP. The shortage of security personnel adversely affected the functioning of the prison.

During the exit conference, IGP stated (August 2008) that the review of manpower and establishment was being taken at all levels. He further stated that all necessary preparations are complete and the recruitment would be completed after the monsoon season is over.

3.3.7.2 Refresher training to the security staff

As per the provisions contained in the Maharashtra Prison Manual, 1979, a refresher course of two months, in every three years, for Superintendents and Jailors and a refresher course of one month in every four years for the other guarding staff were to be arranged. Scrutiny of records of IGP revealed that only 231 guards had undergone refresher training during the period 2003-08 against 3195 security staff of various cadres working in the department as of March 2008.

During the exit conference, IGP stated (August 2008) that as the limited training facilities/resources, available with the department were utilised to train regular recruits, the refresher training could not be conducted.

3.3.7.3 Modern security equipment in the prisons

Modern security equipments such as closed circuit televisions (CCTV), walkie talkies, X-ray searching devices, explosive detection devices, hand metal detectors, door metal detectors etc., were very important in maintaining the security of the prisons. The Model Prison Manual, 2003, which was yet to be adopted by the Government, also provides for supply of such equipment.

➤ Installation of closed circuit television

Scrutiny of the records of IGP revealed that the revised action plan for work to be undertaken out of the grants receivable as per the recommendations of EFC

Modern security equipment like closed circuit televisions, walkie talkies, X-ray screening devices etc., were not installed in the prisons

⁴⁵ Nagpur Central Prison and Solapur District Prison, and Mumbai District Women Prison and Open Colony, Atpadi

⁴⁶ Mumbai, Nagpur and Yerawada Central Prisons.

⁴⁷ Mumbai, Nagpur, Nashik and Yerawada Central Prisons and Borstal School Nashik, Open Prison, Paithan and J.J. Hospital Prison, Mumbai.

was submitted to the GOI in September 2003. This action plan included installation of CCTVs with camera and other relevant instruments in Mumbai and Thane Central Prisons and Byculla District Prison. However, the proposal of installation of CCTVs in all the Central Prisons was submitted by IGP to the Government only in November 2004 for approval. The scheme could not materialise due to non-receipt of Central funds as mentioned in paragraph 3.3.6.2.

Subsequently, Government decided to install CCTVs in Mumbai and Thane Central Prisons, on experimental basis. Accordingly, CCTVs were installed in Mumbai Central Prison in July 2008. In the meantime, Nashik Central Prison also installed CCTVs on the initiative of the Superintendent. In all other prisons the same were yet to be installed. Thus, though initiated in September 2003, the installation of CCTVs was not yet completed as of July, 2008. This resulted in depriving the prisons of modern security equipment.

During the exit conference, the IGP stated (August 2008) that the matter was under process and under consideration of the Government.

➤ **Installation of hand and door metal detectors, walkie talkies, X-ray screening machines**

Scrutiny of records of IGP revealed that most of the prisons in the State were not provided with hand and door metal detectors, walkie talkies and x-ray screening machines etc.

The IGP stated (January 2008) that the demands of such equipment would be obtained from the various prisons and consolidated and proposal would be submitted to the Government.

3.3.7.4 Recovery of prohibited items

Rules 17 and 18 of the Maharashtra Prison (Discipline) Rules, 1963 listed the articles which were prohibited inside the prison. These included bhang, ganja, opium and other intoxicants, cash, any implement capable of assisting escape of prisoners; firearms, weapons etc. Further, as per Rules 49 and 51 of the Maharashtra Prisons (Staff Functions) Rules, 1965 the gate keepers of the prisons were to search all persons entering in and going out of the prisons for preventing entry of any such articles into the prisons. Scrutiny of records at IGP's office revealed that there were 125 cases of recovery of prohibited items in 26 prisons during 2004-07. Of these, 46 cases pertained to narcotics, liquor, mobile phones and their spare parts and cash. It was further noticed that there was recurrence of such cases in Mumbai (8 occasions), Thane (6 occasions) and Yerawada (10 occasions) Central Prisons and Kalyan District Prison (6 occasions) which indicated laxity in the prison security system and the resultant security threat to the prisons and the prisoners.

The IGP stated (March 2008) that departmental action against the staff, responsible for such omissions, was already in progress.

There were 127 cases of recovery of prohibited items in 26 prisons during 2004-08

3.3.7.5 High rise buildings in the vicinity of prisons

As per the provisions of the Model Prison Manual, 2003, which was yet to be adopted by the Government, no building was to be constructed within 150, 100 and 50 metres of the prison walls of Central Prisons, District Prisons and Sub-prisons respectively. High rise buildings in the vicinity of prisons could cause security threats to the prisoners and the staff, making them prone to attacks from outside and could also facilitate easy interaction between the prisoners and outsiders. It was, however, noticed that a high rise residential building was being constructed by a private builder under the Slum Rehabilitation Scheme in the vicinity of the Mumbai Central Prison. The Superintendent, Mumbai Central Prisons had requested (October 2007) the Brihanmumbai Municipal Corporation, the authority which grants permission for construction of building in Mumbai, to stop the work. The work is yet to be stopped.



Highrise residential building under construction near Mumbai Central Prison

During exit conference, the IGP stated (August 2008) that a committee had been formed on 26 July 2008 to look into the matter relating to high rise buildings in the vicinity of prisons.

3.3.7.6 Pending reports relating to custodial death

The Maharashtra Prison (Death of Prisoners) Rule, 1967 as amended in February 2000 laid down the procedure to be followed in respect of custodial deaths.

Such deaths were to be reported to the National Human Rights Commission (NHRC) and the Government within 24 hours of occurrence. Inquest reports were to be prepared and post-mortems were to be carried out to determine the causes of death and video-graphed in case of doubt. These reports were to be submitted to NHRC. District Magistrates were to enquire upon these cases and submit the reports to NHRC.

It was, however, seen from the records that a large number of such reports was pending as of February 2008 as follows:

Year (1)	Number of custodial deaths (2)	Number of reports pending			
		Inquest Report (3)	Post mortem Report (4)	Detailed Report (5)	Magisterial enquiry Report (6)
2003	139	1	15	3	130
2004	154	9	15	16	128
2005	116	22	51	25	107
2006	116	16	35	12	91
2007	121	24	50	48	119
Total	646	72	166	104	575

The IGP stated (March 2008) that the preparation of these reports depended on receipt of information from various other authorities. Since the information had been received late from these authorities, there were delays in submission of the reports. Delays in submission of the reports could hamper the enquiries into the violation of human rights, if any, by the NHRC.

During the exit conference, IGP stated (August 2008) that the IG Office was dependant on authorities such as District Magistrates, forensic laboratory, civil surgeons for obtaining the information relating to the death and cause of death. The matter was being pursued with these departments.

3.3.7.7 Custody and maintenance of armoury

The armoury of the Department consisted of 1,078 outdated 0.410 musket rifles purchased in 1957

The Maharashtra Prison Manual, 1979 provided for deployment of armed guards to protect stores and Government properties in order to resist attempts made to break into any parts of the prisons and to aid the authorities in suppressing violence or opposition of any kind.

The types of arms provided to the guards, their dates of acquisition and their present status were as follows:

Sr. No.	Name of weapon	Number of weapons provided	Year of procurement	Number of weapons in working condition	Number of weapons repairable	Number of weapons not working
1	.410 musket rifle	1078	October 1957	856	143	79
2	9mm pistol	139	Between June 1966 and September 1998	139	--	--
3	.38 revolver	35	Between May 1999 and June 2007	33	--	2
4	.455 revolver	18	Between June 1993 to June 1996	5	13	--

It may be seen from the above table that the armoury of the prisons consisted of 1078 antiquated 0.410 musket rifles purchased in 1957. Further, 143 musket

rifles and 13 revolvers required repairs. A total of 79 musket rifles were not in working condition. It was also noticed that the spare parts needed for repairs of the above-mentioned arms had not been provided for the last nine years. Also, though demands for ammunitions were submitted to the Director General of Police, Mumbai regularly, the same had not been supplied since 2005. The Principal, Jail Officers' Training School, Pune, the authority which was responsible for procurement and supply of the same, stated that a proposal for acquisition of new weapons had been submitted to the Government in January 2008; but sanction was awaited (June 2008).

Non-supply of modern weapons to security staff could seriously hamper the work of protection of the prisons.

During the exit conference, IGP stated (August 2008) that the manufacturing of 0.410 muskets and its ammunition was discontinued. It was further stated that a new weapon policy was being formulated.

3.3.8 Facilities and privileges for prisoners

3.3.8.1 Overcrowding in the prisons

As per provisions contained in the Maharashtra Prisons (Prisons Buildings and Sanitary Arrangements) Rules, 1964 the minimum space to be provided to the prisoners was as follows:

Particulars of space	Sleeping barracks	Cells	Hospital barracks
Ground space in square metres	3.71	8.92	5.58
Air space in cubic metres	15.83	33.98	23.75
Lateral ventilation in square metres	1:12	2.23	Not applicable

The capacity of each prison was fixed on the basis of the above norms.

As per information furnished by the IGP, the position of the capacity of the prisons, actual occupancy of prisoners and the percentage of occupancy rate during the period from 2003-07 in respect of all the prisons in the State was as under:

Year	Total capacities in all prisons	Actual average inmates population	Percentage of occupancy rate
2003-04	16216	23551	145.23
2004-05	16216	25019	154.28
2005-06	17931	25845	144.14
2006-07	17767	25765	145.02

The average occupancy in prisons during 2003-07 was 147 per cent of the capacities

The prison-wise details of occupancy during 2003-07 in respect of all the prisons in the State are given in **Appendix 3.11**.

It may be seen from the above table that the problem of overcrowding was very severe, the average occupancy rate being 147 per cent of the capacities during 2003-07. Detailed analysis of the prison-wise position of occupancy rates of the prisoners revealed that the position was very severe in 12 prisons⁴⁸, where the occupancy rates ranged from 157 to 402 per cent of the capacities. It was further noticed that during the same period, the average occupancy rates in the District Prisons at Akola, Sawantwadi and Visapur, Special Jail, Ratnagiri, J.J Hospital Prison, Mumbai and Borstal School Nashik ranged between 10 per cent and 64 per cent.



Undertrial prisoners sleeping in the corridor of Mumbai Central Prison

Overcrowding in prisons resulted in denial of the required ground, air and lateral ventilation spaces to the prisoners, which could affect their mental and physical health. It also put pressure on utilities such as water supply and sewerage systems. The work load of the security staff also increased, hampering their ability to control crime and violence in the prisons.

During exit conference, the IGP stated (August 2008) that the main reason for over crowding was large number of under trials who were to be kept in the district where they committed the crime. It was also stated that with the help of construction of new prisons and enhancing capacity of existing prisons, proper distribution of prisoners in all prisons and pressing the courts for speedy trials in pending cases so that the problem would be solved. The fact, however, remained that a large number of undertrials were languishing in prisons for considerable periods, which worsened the situation.

3.3.8.2 Delays in review of sentences

Rule 25 of the Maharashtra Prisons (Review of Sentences) Rules, 1972 provided for review of sentences of convicted prisoners, with life imprisonment or imprisonment for more than 14 years to explore the possibility of their premature release after undergoing a minimum sentence of 14 years.

Scrutiny of the records at the office of the IGP revealed that out of the 1,105 proposals of remission of sentences received during 2003-07, 148 proposals were pending as follows:

⁴⁸Mumbai and Thane Central Prisons and Chandrapur, Nanded, Wardha, Sholapur, Kalyan, Byculla, Alibag, Buldhana, Parbhani and Ahmednagar District Prisons

Year	Proposals received from prisons	Proposals pending at IGP's office	Proposals pending at Government level
2003	148	Nil	Nil
2004	155	Nil	Nil
2005	368	1	2
2006	207	8	7
2007	227	90	40
Total	1105	99	49

As per the procedure laid down in the Prison Manual, 1979 and subsequent Government circular of August 2004, the proposal for premature release of prisoners should be initiated after completion of 12 years of imprisonment and all the formalities should be completed and proposal submitted to the Government 12 to 14 months prior to the completion of 14 years of imprisonment.

Detailed scrutiny of cases pending in IGP's office revealed that in 54 cases, the prisoners had already completed 14 years as of May 2008. These cases were pending in the IGP's office for periods ranging from less than one month to 28 months. It was further noticed that 16 proposals were received in IGP's office only after completion of 14 years of imprisonment by the prisoners.

The reasons for such delays though called for, was furnished only in respect of five cases. In four out of five cases the prisoners were absconding and in one case the prisoner had been awarded another sentence of three years. In other 49 cases no reasons have been given.

3.3.8.3 Non-provision of Open Prisons and Borstal School for women

As per the Maharashtra Open Prisons Rules, 1971, Open Prisons were set up with the object of saving those prisoners undergoing life imprisonment and long term imprisonment from the ill-effects of imprisonment and continuous exposure to the criminals.

There were three Open Prisons at Aurangabad, Paithan and Yerawada for male prisoners. However, no such Open Prison had been provided for female prisoners in the State. Further, there was one Borstal School for young male offenders aged 16 to 23 years. But no such school was provided for young female offenders. Women prisoners were thus denied the benefits of Open Prisons and Borstal School.

During the exit conference, IGP stated (August 2008) that proposal for starting an Open Prison at Yerawada for female prisoners was submitted to the Government and was under consideration.

3.3.9 Rehabilitation of prisoners

The ultimate objective of the prison administration was reformation and rehabilitation of offenders, shifting the emphasis from the custody and control of prisoners to their training and treatment. This was also stressed in the Model Prison Manual, 2003. Prisons needed to be equipped with facilities which enabled the prisoners to "Learn and Earn". With this end in view, 11

Open Prisons, Open Colonies and Borstal School were not established for women

small-scale industries were set up in the prisons of the State. An appraisal of the performance of the prison industry revealed the following:

3.3.9.1 Provision of small-scale industries in District Prisons

Industries were not established in 26 prisons

The prison industries were being run in seven Central Prisons (Mumbai Central Prison handled only undertrials) and four (out of 30) prisons viz., Paithan and Yerawada Open Prisons and Akola and Dhule District Prisons. There was no scope for providing industries in four⁴⁹ prisons. As such, 3026 prisoners at the remaining 22 prisons were not provided with the opportunities to train in gainful industrial activities, defeating the very objectives envisaged by the Prison Department.

During exit conference, the IGP stated (August 2008) that review of prison industry was being taken and this aspect would be considered.

3.3.9.2 Manufactured cloth lying undelivered

It was observed that 31,504 metres of grey cloth valued at Rs 30.24 lakh, and 65,623 metres of khaki polyester cloth valued at Rs 63 lakh manufactured against supply orders (August 2002) of the Police Department were lying with the prisons since May 2005 and April 2006 respectively, as the Police Department had subsequently changed its requirements to fibre dyed khaki polyester viscose cloth, resulting in blockage of Government funds of Rs 93.24 lakh.

3.3.9.3 Outstanding recoveries on account of sales by prison industries

The various products such as office furniture, wooden and iron doors and windows, office articles, curtain cloths, bed-sheets etc., produced at the prisons were sold to various Government, non-Government and private agencies. Scrutiny of records of IGP revealed that as of March 2008 an amount of Rs 7.63 crore was due for recovery from various Government departments (Rs 7.39 crore), non-Government organisations (Rs 13.49 lakh), private persons and institutions (Rs 2.52 lakhs) and staff (Rs 8.43 lakh). The year-wise break up of the outstanding dues is as follows:

(Rupees in lakh)

Upto 2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Total
348.51	46.61	46.36	55.83	72.63	193.08	763.03

During the exit conference, IGP stated (August 2008) that the matter was being looked into on priority basis.

3.3.10 Modernisation of prison administration

3.3.10.1 Incomplete works under the scheme of modernisation of prisons

In recognition of the need to improve the condition of prisons, GOI introduced (November 2002) the Modernisation of Prison Administration scheme and sanctioned Rs 129.16 crore (Central share Rs 96.87 crore and State share Rs 32.29 crore) during 2002-07 which was extended upto March 2009. The

⁴⁹ Borstal school, Nashik; J.J. Hospital Prison, Mumbai; Aurangabad Open Prison; Open colony, Atpadi.

funds were to be utilised for construction of new prisons, repairs and renovation of existing prisons, construction of staff quarters and improvement in water supply and sanitation. As per the guidelines of the scheme, the State Government was required to submit a five year perspective plan (FYPP) for the period 2002-07 and annual action plan (AAP) each year to GOI for approval. Central funds were to be released as per the approved AAP proportionate to the utilisation of funds released in previous years by the State. Position of the works undertaken under the scheme as on 31 March 2008 was as under:

Sr. No.	Description of works	Number of works proposed	Number of works completed	Number of works in progress	Number of works not yet started
1	Construction of new prisons	09	01	06	02
2	Repairs and renovation of existing prisons	42	33	07	02
3	Construction of staff quarters	14	02	11	01
4	Improvement in sanitation and water supply	05	04	01	-
	Total	70	40	25	05

Out of 70 works taken up under the Modernisation of Prison Administration Scheme, 25 works were in progress and five works were not started

It may be seen from the above that even after the expiry of one year of the extended period of two years, only 40 works (57 per cent) were completed. While 25 works (36 per cent) were under progress, five works (seven per cent) had not even been started. Reasons for delay in completion of the works were not furnished by the IGP. It was, however, noticed that there were delayed release of funds by 4 to 12 months and frequent revision of FYPP and the AAPs by the Government which resulted in delays in commencement and completion of the work.

3.3.10.2 Delay in construction of Taloja Central Prison

Construction of a Central Prison at Taloja, Navi Mumbai to deal with the problem of increasing crime in Mumbai and overcrowding of prisoners in the nearby Thane Central Prison and the Kalyan District Prison was entrusted to the Public Works Department (PWD) in July 1995. The project was initially taken up through State funds but was later brought under the Centrally sponsored scheme of Modernisation of Prison Administration since 2003-04 and Central funds of Rs 27.10 crore were released for the project. Initially the work was very slow as the site was situated in remote locality without proper approaches, water supply arrangements etc.

The stipulated date of completion of the work was extended upto March 2006. The work was reported as completed by PWD in March 2008 at a cost of

Rs 51.29 crore. The prison authorities, however, did not take the formal possession of the new prison on the ground that various minor civil works and electrical works were incomplete, various defects in civil and electrical works were to be rectified and regular pipelines for carrying sewage to the main sewer line and waste water from kitchen and bathrooms to main drainage were not provided.

Pending the rectification works and some ancillary works, the prison was started in March 2008 on experimental basis transferring 70 prisoners there. As of June 2008, 302 prisoners were lodged there, as against the capacity of 2,124 prisoners.

Thus, the prison which was to be completed by March 2006 had not been made operational fully as of June 2008, after incurring an expenditure of Rs 60.06 crore (including land cost of Rs 8.77 crore).

During the exit conference, IGP confirming the facts attributed (August 2008) the non-utilisation of the facilities to unsatisfactory construction by PWD.

3.3.10.3 Computerisation of prison administration

Computerisation of the Department was envisaged by the Government as far back as 1999 for prompt management of information, data collection and meaningful interaction with the other limbs of criminal justice system. The Department initially approached NIIT in 1999, NCRB in 2000 and C-DAC in 2003 for the process of computerisation but due to some reason or the other there was no progress. The Mumbai High Court in its judgment of 2004 directed the State Government to complete the computerisation of all the prisons by 31 March 2006. The Government approached the National Informatics Centre (NIC), Pune in 2005 and signed a Memorandum of Understanding (MOU) on 29 August 2005 to complete the project within six months. Further, while software was to be developed by NIC free of cost, expenses for traveling, training and documentation was to be paid to it as operational cost. The Home Department sanctioned (January 2006) Rs 26.70 lakh towards computerisation of the Yeravada Central Prison as a pilot project. Out of this, Rs 22.60 lakh worth of hardware was received by the prison authorities in November 2006. The balance (Rs 4.10 lakh) was paid to NIC towards travel expenses, documentation etc.

Although software prepared by NIC was tested at Yeravada Prison, no acceptance certificate was issued to NIC since the project was not fully operational at Yeravada Prison itself. Hence, the Department informed (December 2007) NIC that the project could not be completed as per contractual period and they had difficulties in operating important modules. The matter was not followed up. Hence, the entire expenditure of Rs 26.70 lakh incurred on the programme was rendered unfruitful. Besides, the desired objectives of the computerisation programme were not achieved.

During the exit conference, the IGP stated (August 2008) that the matter was under consideration of the Government.

3.3.11 Monitoring and internal audit

3.3.11.1 Appointments of non-official members and representatives of the National Human Right Commission on the Board of Visitors

Non-official members of Board of Visitors were not appointed in 32 prisons

The Maharashtra Visitors of Prisons Rules, 1962 provided for constitution of a Board of Visitors for each prison consisting of ex-officio and non-official members. Further, as per Government orders of February 2003, a representative of the National Human Rights Commission was also to be nominated as a member of the Board of Visitors. The Board was to conduct prison inspections to hear and attend to all representations and petitions made by the prisoners.

It was noticed that non-official members were not appointed (October 2007) in 32 prisons. Similarly, representatives of the National Human Rights Commission were appointed only in 18 out of 38 prisons as of October 2007.

During the exit conference, the IGP stated (August 2008) that the matter was under consideration of the Government.

3.3.11.2 Inspection of prisons by the Inspector General of Prisons

IGP had not carried out inspections of four Central prisons and all the 13 District Prisons Class-I during 2003-08

As per para 9(i) of the Maharashtra Prisons (Staff Functions) Rules, 1965 the IGP was to inspect every Central Prison, Special Prison and District Prison Class I, at least once in three years to ensure the proper functioning of prisons and treatment of prisoners. Scrutiny of records of IGP revealed that four (Amravati, Aurangabad, Nashik and Thane) out of eight Central Prisons and all the 13 District Prisons Class-I were not inspected by the IGP during 2003-08. This resulted in inadequate monitoring of the proper functioning of the prisons.

During the exit conference, the IGP stated (August 2008) that this was neglected in the past and would be taken up on priority basis and completed in a scheduled time frame.

3.3.11.3 Internal audit

Internal audit of 42 units was pending for periods ranging upto 35 years

An Internal audit wing was constituted in 1996 in the office of the IGP. It was however, seen from the records that as on 31 March 2008, internal audit of 42 various prisons and allied offices were pending for periods ranging up to 35 years. It was further noticed that 2,913 internal audit paras pertaining to the period from 1971-72 to 2003-04 relating to 37 offices were outstanding as of July 2008.

The large number of units pending for inspection and internal audit paras outstanding for such long periods indicated that the internal audit in the department was inadequate.

During the exit conference, IGP stated (August 2008) that two teams had been formed to conduct the internal audit and the same would be completed in a scheduled time frame.

3.3.12 Model Prison Manual

The Model Prison Manual 2003 was forwarded by the Home Department of the Government of India to the State Government in December 2003 for

adoption. Accordingly, a committee consisting of a DIGP, one Superintendent of Central Prison, one Superintendent of District Prison and a Research Officer was constituted for study of the same. The Committee submitted the report to the Government in April 2005. However, Government approval to the same was awaited (August 2008).

During the exit conference, the Principal Secretary stated (August 2008) that the Manual has been divided into parts and given to the Deputy IGPs for detailed study and comments.

3.3.13 Conclusion

The management of prisons in the State was found to be deficient. The State was denied of Central funds due to non utilisation of funds already received within the stipulated time. Provisions of financial codes were not adhered to in the maintenance of the cash books. Many posts of security staff were lying vacant. Modern security equipments like close circuit televisions, walkie talkies, X-ray screening machines etc., were not provided in the prisons. Many prisons were overcrowded and the average occupancy was 147 *per cent*. There were delays in reviewing the sentences of prisoners. Open Prisons and Borstal school for women were not provided. Many works under the Centrally sponsored scheme of Modernisation of Prison Administration were incomplete. Appointments of non-official members and representatives of the National Human Rights Commission on the Board of Visitors constituted for conducting inspection of the prisons and hearing and attending the complaints of the prisoners was pending. Inspection of prisons was not carried out regularly by the IGP. The internal audit of various units, was pending for long periods. The Model Prison Manual formulated by the Government of India was not adopted even after four years of its receipt.

3.3.14 Recommendations

Government should:

- ensure expeditious utilisation of Central funds.
- strengthen security arrangements of prisons by procuring modern security equipments.
- solve the problem of overcrowding of prisons by early completion of new prisons and also by transferring prisoners to prisons which are underutilised.
- expedite the appointment of non-official members and representatives of the National Human Right Commission on the Board of visitors.
- ensure that the IGP carries out the inspections of the prisons regularly and the internal audit of all the units are carried out in a time-bound manner.
- consider adoption of the Model Prison Manual, 2003 without further delay.

The matter was referred to the Principal Secretary to the Government in July 2008. Reply had not been received (August 2008).

Housing Department

3.4 Information Technology Audit of Lottery and Flat Allotment System in the Maharashtra Housing and Area Development Authority

Highlights

Application form as well as application systems lacked essential information about applicants.

(Paragraph 3.4.8.1)

Duplicate applications for tenements under the same category had been considered in respect of 34 and 112 cases for the lottery held in the years 2006 and 2005 respectively.

(Paragraph 3.4.9.2)

Same applicants had applied for tenements under more than one income group in respect of 680 and 348 cases considered for lottery drawn in the years 2006 and 2005 respectively.

(Paragraph 3.4.9.3)

Tenements were allotted to applicants even when they were tenement holders with MHADB through the lotteries held in 2005 and 2006. In the lottery held in 2005, two tenements were allotted to the same applicant.

(Paragraph 3.4.9.4)

Sixty two out 160 tenements having a total sale price of Rs 2 crore, located at Mankhurd and meant for the 'Low Income Group' in respect of the lottery held in July 2006 were yet to be allotted.

(Paragraph 3.4.10.2)

3.4.1 Introduction

The Maharashtra Housing and Area Development Authority (MHADA) was established on 5 December 1977 by the Maharashtra Housing and Area Development Act, 1976. The Authority has nine regional boards. The Mumbai Housing and Area Development Board (MHADB), is one of the executive arms of MHADA. The activities of this Board include construction of residential buildings under different schemes for different sections of the society within the jurisdiction of Mumbai city and the Mumbai Suburban District.

The sale of tenements was governed by the Maharashtra Housing and Area Development (Estate Management, Sale, Transfer and Exchange of Tenements) Regulations, 1981 (Regulations). During the years 2005 and 2006,

the number of tenements advertised for sale by MHADB was 3184, costing Rs 403 crore and 1871, costing Rs 234 crore respectively.

Computerisation of the various functions of MHADB was initiated in December 1995. Application software being used by MHADB for their activities relating to the processing of applications for tenements, picking of lotteries and allotment of tenements were 'Application Form', 'Lottery Management System' and 'Marketing Cell' respectively. The salient features of these applications which were operational in MHADB as of April 2008 were as under:

3.4.1.1 'Application Form' application

The 'Application Form' application in use since January 2005 was developed by the National Informatics Centre (NIC), Pune using MS Access as RDBMS and Visual Basic as the front end tool on a Windows operating system. The software was supplied to various bank branches assigned for collecting applications on behalf of MHADB. The preliminary data captured by the bank was thereafter scrutinised by the Marketing Cell of MHADB before transfer to the 'Lottery Management System' for drawing the lotteries.

3.4.1.2 'Lottery Management System' application

The 'Lottery Management System' application was developed in June 2006 by M/s Vigigraphics using Sybase as RDBMS and Power Builder as the front end tool on the Windows operating system. For the drawal of lotteries, information such as various schemes, categories and number of applicants to be drawn for winner lists/wait lists were entered in the system. Thereafter, the system internally generated random numbers and picked the applicants on a random basis to generate the lists of winners and waitlisted applicants. This application was in use since July 2006.

3.4.1.3 'Marketing Cell' application

The 'Marketing Cell' application for processing post lottery activities of the Marketing Cell was developed by NIC using SQL Server as RDBMS and Visual Basic 6 as the front end tool on a Windows operating system. The application was designed for recording allotment of tenements, issuing offer letters and allotment letters to the winners of lotteries and for capturing payments made by the allottees. It was in use since June 2005. The data pertaining to lottery winners and wait-listed applicants is imported into the application from text files generated from the 'Lottery Management System' application. Data relating to lotteries held in 2005 and 2006 were available in this application system.

3.4.2 Organisational set-up

MHADB is headed by a Chief Officer and its Marketing Cell is headed by a Director. The computer operations are managed by the Computer Wing of MHADB which is headed by a Chief Engineer who is assisted by a Deputy Chief Engineer.

3.4.3 Scope of audit

Information Technology (IT) Audit of the Lottery and Tenements Allotment system of MHADB was conducted during April 2008, covering data in respect of applications for tenements and allotment of tenements in respect of two lotteries held on 14 June 2005 and 11 July 2006 by MHADB.

3.4.4 Audit objectives

The audit objectives were to evaluate:

- the effectiveness of the application in respect of lotteries and tenement allotments.
- the methodology for development/ modification of the application
- the incorporation of business rules in the application.
- the adequacy of audit trails available in the system.
- the adequacy of security controls to ensure the integrity of data.

3.4.5 Audit methodology

The audit commenced with an entry conference held on 9 April 2008 with the officials concerned of MHADA and MHADB. The data from the auditee was analysed using Computer Assisted Audit Techniques (CAATs). The application and data were examined with reference to the Maharashtra Housing and Area Development (Estate Management, Sale, Transfer and Exchange of Tenements) Regulations, 1981. The audit findings were discussed with the officials of the MHADB in an exit conference held on 9 September 2008.

3.4.6 Audit Findings

As the applications *viz.*, 'Application Form', 'Lottery Management System' and 'Marketing Cell' were related to important activities of MHADB, it was imperative that the software being used incorporated all the user requirements completely, mapped all the business rules, maintained data integrity and generated all the information required from such systems to ensure transparency, accountability and service to the citizen. Deficiencies in this regard are discussed in the following paragraphs.

3.4.7 System development

An application software is required to go through all the stages of system development such as identification of user requirements, system requirements, testing and implementation to ensure that all lacunae are identified and rectified at the time of systems development and all business rules are incorporated in the software.

The 'Application Form' and 'Marketing Cell' applications developed by NIC and the new lottery management system (LMS) with enhanced functionalities and security features developed in June 2006 by M/s Vigigraphics did not have any documentation relating to the various stages of system development.

The 'application form' and 'marketing cell' applications did not have any documentation of various stages of system development

In reply, the Deputy Chief Engineer, Computer Cell, MHADB stated (April 2008) that the documents in respect of 'Application Form' and 'Marketing Cell' applications had not been prepared by NIC and the size and complexity of the LMS software was very small and hence the System Development Life Cycle (SDLC) was not felt necessary.

The fact remains that by not following a systematic system development adequately supported by proper documentation, all business rules were not mapped into the system. The application developed had deficiencies and insights into the functioning of the application was not available that could also ensure business continuity in case of any emergent situation.

3.4.8 Input information

In a database, where the data entry is manual, the data is entered through the input source documents. It is important that the input source documents are structured, capture all the necessary information and correspond to the input form of the application system. The input source document should be appropriately authenticated and authorised. This ensures that the data fed into the application system is correct, complete and uniform.

3.4.8.1 Insufficient applicant data

The application form (input source document) for the tenements which was used as an input form for data entry by MHADB as well as the application system were deficient in respect of the following:

- A column for date of birth was not prescribed in the application form. Instead, the years completed by an applicant was required to be filled. Further, whereas the brochure for the tenements mentioned that the applicant should be more than 18 years of age on the date of submission of application, the application form indicated that an applicant below 18 years of age on the date of advertisement would not be eligible to apply.
- There was no column in the application form for writing the applicant's gender.
- There was no provision in the application system to capture an applicant's monthly family income though the application form had a column prescribed for this purpose.
- To uniquely identify an applicant, a PAN or Voter ID number was required. It was noticed that there was no provision in the application system to capture the PAN though the application form had a column prescribed in this regard.
- The application form was not in a structured format which would have aided in better capture of data and subsequent analysis once it was transferred to the computerised system.
- The application system did not have a provision to capture an applicant's photograph.

The application form (input source document) had many deficiencies

The deficiencies in the data captured was a constraint in detecting the invalid applications viz., applicants applying more than once under the same scheme and category, applicants applying across multiple income groups and underage applicants. Such invalid applications were identified in audit using parameters such as name, age and address of applicants.

3.4.8.2 Deficient input records in 'Marketing Cell' application

A study of the data entry procedure in respect of the Marketing Cell application revealed that MHADB did not have a laid down procedure and prescribed document for feeding data into the application system. Further, it was noticed that the details were also being maintained manually in a register.

A comparison of both data and the details in the register of the lottery held in June 2005 in respect of Scheme No. 195 for 'General Public' (GP) and 'Scheduled Caste' (SC) categories revealed the following:

- The details relating to the application number, lottery priority number, payment details, allotment date and possession dates were not entered in the manual register and it was not being reviewed regularly by the higher authorities. Entries relating to 188 out of 253 in the case of GP and 39 out of 54 in the case of the SC category have not been authorised by the Director, Marketing.
- There were differences in the allotment figures shown in the manual register and the application system as shown below:

Category	Number of tenements available	Number of Allotments	
		As per the computer application	As per the register
GP	253	234	253
SC	55	53	55

In addition to this, the application did not also have provision for authorisation of data input.

The Director Marketing, MHADB stated (July 2008) that due to heavy workload, some details were not recorded and the differences were due to the data loss.

This proved that the data in the application system was incomplete and unreliable.

3.4.9 Mapping of business rules

Inadequate system development methodology followed by MHADA led to inadequate mapping of business rules and relevant controls. Mapping of business rules, regulations etc. in the application systems ensure that such rules are followed while processing the data captured in the system. It was observed during audit that many such rules were not mapped into the application system thus allowing undue benefit to applicants as discussed in the following paragraphs:

The Board did not have any laid down procedure for feeding data into the application system

Business rules and regulations were not mapped into the application system allowing undue benefits to the applicants

3.4.9.1 Non-detection of applicants below 18 years of age by application software

The application system failed to detect applicants below 18 years of age

As per the regulations in force, persons below the age of 18 years would not be eligible to apply for any tenements. Scrutiny of data revealed that in the lottery held in June 2005, four applicants below 18 years were considered out of which one person was among the declared winners and one person was selected as a waiting list candidate. In the lottery held in July 2006, 318 such applicants were considered, out of which 26 were winners and 28 were selected as waiting list candidates.

The Director Marketing, MHADB stated (July 2008) that allotment of tenements was made only after scrutiny of the applicants' forms and it was found that the applicants were all above 18 years.

This shows the absence of validation of the data in the system before using the same in lotteries.

3.4.9.2 Non-detection of duplicate applications

The application software could not detect duplicate applications

As per the terms and conditions, only one application could be submitted by an applicant for any particular category, failing which all the applications of that applicant under that category would be rejected. Analysis of the database of applicants revealed that:

- 112 cases of duplicate applications were found in the data used for the lottery in 2005. Fifteen applicants from these cases were selected in the confirmed list and four were selected in the waiting list.
- 34 cases of duplicate applications were found in the data used for the lottery in 2006. Out of these, two applicants were selected in the waiting list.

Absence of input controls to disallow duplicates has resulted in undue benefit to such applicants. The Director Marketing, MHADB accepted (July 2008) the absence of such provision in the application and stated that the issues would be examined in detail.

3.4.9.3 Non-detection of applicants applying under different income groups

MHADB provided housing to various income groups⁵⁰ at different rates. The applicants under each income group were eligible for applying for the relevant tenements for those income groups only. Data analysis revealed that:

- 172 applicants who had applied under more than one income group were considered for the lottery held in 2005. Out of these, 134 applicants got selected in the lottery.

⁵⁰ Lower Income Group (LIG), Middle Income Group (MIG) and Higher Income Group (HIG)

- Three hundred and thirty eight applicants who had applied under more than one income group were considered for the lottery held in 2006. Out of these, 85 applicants got selected in the lottery.

The Director Marketing, MHADB accepted (July 2008) the facts and stated that there was no provision in the application software to detect such duplication.

3.4.9.4 Non-detection of applicants owning more than one tenement

The application software failed to detect duplicate applicants who were already owning more than one tenement

Regulations stipulated that a person already in possession of any tenement either from MHADB or in the municipal area under jurisdiction of Mumbai would not be eligible to apply for any tenement. Data analysis revealed that:

- Two tenements were allotted to one applicant in the lottery held in 2005 (Appendix 3.12).
- Two tenements were allotted to two applicants in 2005 as well as 2006 (Appendix 3.13).
- Four applicants already owning tenements prior to 2005 were again allotted tenements in 2005 and 2006 (Appendix 3.14).

The Director Marketing, MHADB accepted (July 2008) the facts and stated that necessary action would be taken.

3.4.9.5 Floor-wise allotments of tenements not according to the priority of lottery numbers

As per the regulations in force the allotment of tenements have to be done floor-wise using priority numbers, commencing from the first floor upwards and the ground floor would be allotted after all the upper floor tenements was completed.

Test-check of allotment details of 400 tenements under scheme code 197 under the GP category revealed that 24 tenements (Appendix 3.15) were not allotted according to the priority numbers.

The Director Marketing, MHADB replied (July 2008) that change of tenement on applicant's request was considered on payment of Rs 5000, provided vacant tenement was available. The reply of MHADB was not acceptable as sufficient number of successful as well as waitlisted applicants were available for this category and the facts could not be verified as well since the records to that effect were not furnished.

3.4.10 Other points of interest

3.4.10.1 Allotments to waitlisted applicants not in serial order

In fifteen cases (2005 & 2006) the allotment of tenements was not made as per priority

Allotment of tenements was to be carried out according to their priority numbers. However, an analysis of the post-lottery database for the lotteries held in 2005 and 2006 revealed that such allotments had not been carried out in the order of priority in respect of fifteen cases (Appendix 3.16).

MHADB did not provide the records pertaining to wait-listed applicants not considered and the Director Marketing, MHADB stated (July 2008) that an explanation would be given after detailed examination of the matter.

3.4.10.2 Delay in allotment of tenements

The Marketing cell application did not have any MIS feature so as to monitor the timely allotment of tenements

As per rules in force payments for allotments should be made within 90 days from the issue of provisional offer and could be further extended by 45 days.

In the lottery held in July 2006, out of the 969 applicants for 160 tenements under scheme code 138 (GP), 160 applications were selected as confirmed and another 160 as waiting list. It was noticed that only 98 tenements had been allotted within 20 months from the month of lottery and 62 tenements with a total sale price of Rs 2 crore were still to be allotted as on March 2008. It was also noticed that no Management Information System (MIS) reports had been designed in the 'Marketing Cell' application to monitor the timely allotment of tenements.

The Director Marketing, MHADB stated (July 2008) that the files in respect of the 62 tenements were under process. Audit holds that such delays would result in blocking of funds and in the absence of MIS reports the computerised system could not be fruitfully utilised to monitor the allotment process.

3.4.11 Security

MHADB did not have any IT security policy

Every organisation should stipulate an IT security policy, clearly stating the organisation's priorities. By enunciating an IT security policy, the organisation would demonstrate its ability to reasonably protect all critical business information.

3.4.11.1 Lack of IT Security policy

It was noticed that no security policy had been formulated to ensure the security of the data by adopting a password policy, incorporating logical access controls, segregation of duties and roles of the users, monitoring and follow up of security violations, if any, promoting user awareness through training, etc.

The Deputy Chief Engineer, Computer Cell, MHADB stated (May 2008) that an IT security policy would be formulated.

3.4.11.2 Lack of audit trails

The Marketing cell application lacked audit trails

Access to all the modules of the 'Marketing Cell' application was through a single user name and password. Thus, the application lacked audit trails, which were required to identify the users responsible for entering, modifying and deleting data regarding applicants.

The Deputy Chief Engineer, Computer Cell, MHADB stated (April 2008) that the deficiencies pointed out, would be considered during future development of software.

Data lost during a hard disk crash in October 2006 could not be retrieved .

3.4.11.3 Inadequate backup initiatives

It was noticed that due to lack of regular backup, the data lost during a hard disk crash in October 2006 could not be retrieved. Though back-ups were taken after the incident, the backups were kept in the server room itself and no records were kept regarding the frequency of backups taken, the media used for backups and the persons assigned for taking backups.

The Deputy Chief Engineer, Computer Cell, MHADB stated (May 2008) that a Disaster Recovery plan would be formulated.

3.4.12 Conclusion

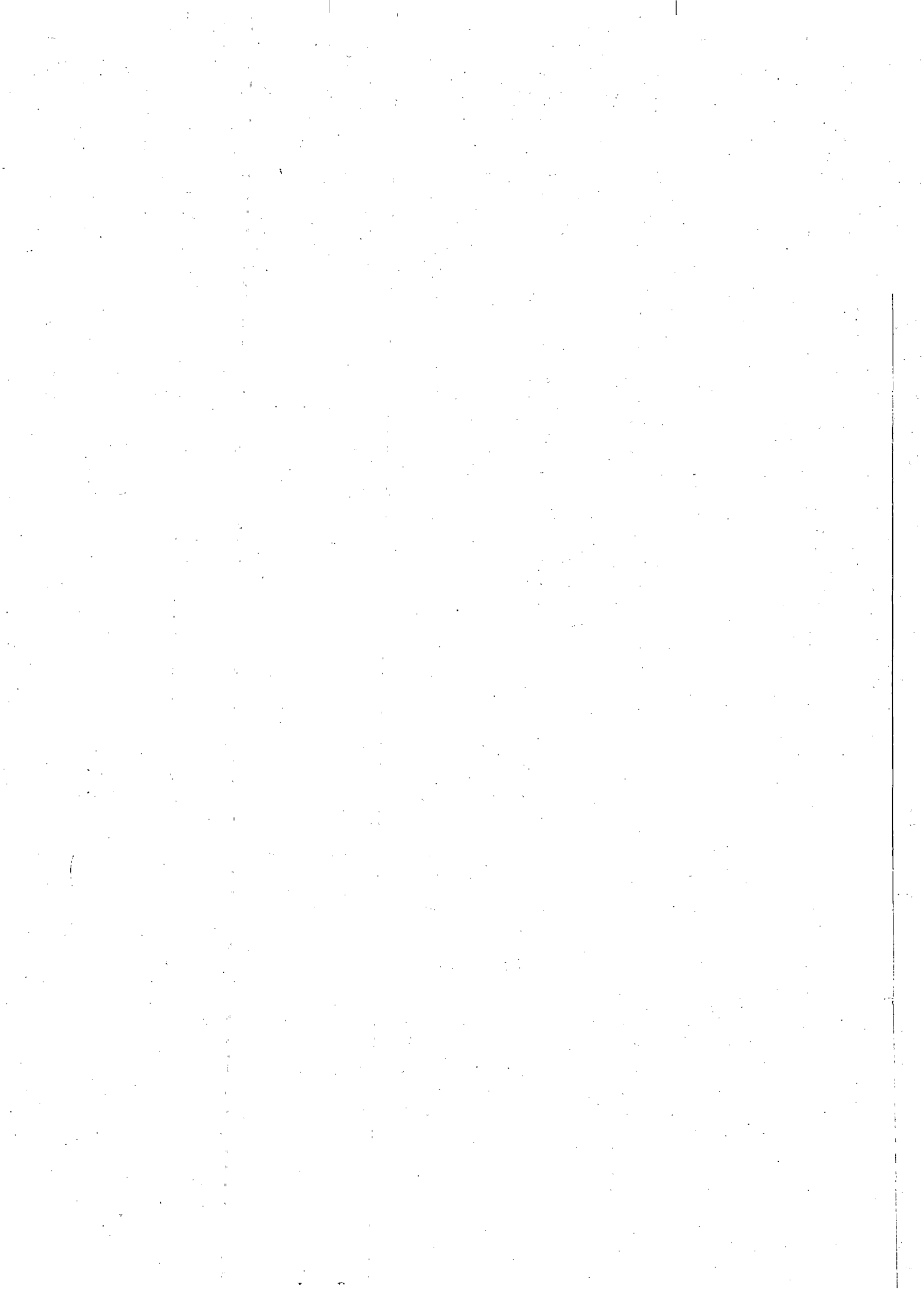
MHADB could not utilise IT for ensuring the credibility of its activities relating to allotment of tenements even 12 years after the initiation of the computerisation project. The deficiencies brought out in the report above, point to an adhoc approach towards the utilisation of computerised systems which delivered an unreliable system, with deficient data that could not invoke all the business rules of the MHADB and its schemes. The reliance on scrutiny by its officials and maintenance of manual records in addition to that in the computerised system, further made the recourse to computerisation questionable. Inappropriate utilisation of IT applications thus led to genuine applicants being denied a fair chance through the lottery.

3.4.13 Recommendations

MHADB should:

- follow a documented systems development methodology in respect of development of application software;
- modify the system by incorporating controls for ensuring correct mapping of all business rules like age restriction on applicants, disqualification of applicants in case of duplicate application for tenements, applications under different income groups, applicants owning more than one tenement etc.;
- use appropriate and structured input source documents to facilitate complete and correct data inputs;
- take regular backups of data and store the same off site;
- formulate and implement IT security policy and disaster recovery plan;
- design appropriate MIS to make an effective use of the computerised system.

The matter was referred to the Secretary to the Government in July 2008. Reply had not been received (August 2008). However, during the exit conference, the Chief Officer, MHADB while accepting the audit observations stated that the existing system was old and the points would be taken care of in the on-going computerisation project.



CHAPTER - IV

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AUDIT OF TRANSACTIONS 115 to 164

- 4.1 *Fraudulent drawal/misappropriation/embezzlement/losses*
- 4.2 *Excess payment and wasteful/infructuous expenditure*
- 4.3 *Violation of contractual obligations, undue favour to contractors and avoidable expenditure*
- 4.4 *Idle investment/idle establishment/blocking of funds, delays in commissioning of equipments and diversion/misutilisation of funds*
- 4.5 *Regulatory issues and other points of interest*

CHAPTER IV

LIST OF THE AUTHOR'S PUBLICATIONS

The following list contains the titles of the papers and books published by the author since 1900. The titles are given in full, and the year of publication is indicated in parentheses. The titles are arranged in alphabetical order of the author's name.

1. The structure of the atom (1913)

2. The quantum theory of the atom (1913)

3. The quantum theory of the atom (1913)

4. The quantum theory of the atom (1913)

5. The quantum theory of the atom (1913)

6. The quantum theory of the atom (1913)

7. The quantum theory of the atom (1913)

8. The quantum theory of the atom (1913)

9. The quantum theory of the atom (1913)

10. The quantum theory of the atom (1913)

CHAPTER IV

AUDIT OF TRANSACTIONS

Audit of transactions of departments of the Government, their field functionaries as well as that of autonomous bodies brought out several instances of ineffective management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

4.1 Fraudulent drawal/misappropriation/embezzlement/losses

Home Department

4.1.1 Misappropriation of Government money

Improper handling of cash and improper maintenance of cash book resulted in misappropriation of Government money of Rs 5.08 lakh.

As per provisions contained in the Maharashtra Treasury Rules (MTR), 1968, all monetary transactions should be entered in the cash book as soon as they occur and got attested by the head of office in token of check. The head of office should verify the totalling of the cash book or have it done by some responsible officer other than the cashier. He should also verify the cash balance at the end of the month and record a signed and dated certificate mentioning the cash balance, both in figures and words. Surprise verification of the cash balance is also to be conducted periodically.

A detailed scrutiny (December 2007) of the cash book and related records of the Control Branch of the Commissioner of Police, Thane maintained by an Assistant Police Sub Inspector (ASI), revealed that the codal provisions mentioned above were not strictly adhered to by the Department resulting in suspected misappropriation of Government money of Rs 25.75 lakh as detailed below:

- Rs 1.30 lakh received on 22 June 2007, taken as receipt in the cash book, was not included in the closing cash balance as on 23 June 2007.
- Acknowledgements for Rs 7.26 lakh shown as disbursed to the police personnel between November 2006 and August 2007 were not produced to Audit.
- Cash book was not maintained from 17 September to 9 October 2007 by the cashier who subsequently absconded from duty from 1 October 2007.

- Closing balance of Rs 12.92 lakh as on 16 September 2007 was not carried forward to a new cash book maintained from 10 October 2007 by the new cashier.
- Rs 4.27 lakh received on 17, 18 and 27 September 2007 was not entered in the cash book as a receipt.

After this was pointed out by Audit in December 2007, the Commissioner of Police, Thane stated (June 2008) that since the then cashier was absconding from 1 October 2007, a new cashier was appointed and a cash book was opened from 10 October 2007 with a 'nil' opening cash balance. The absconding cashier joined duty on 18 January 2008 and produced acknowledgements for Rs 7.26 lakh. He also completed the cash book and furnished the disbursement details for Rs 13.41 lakh out of 17.19 lakh (Rs 12.92 lakh + Rs 4.27 lakh) leaving a balance amount of Rs 3.78 lakh, which was considered as misappropriated by him. Further, Rs 1.30 lakh not taken in the closing balance as on 23 June 2007 was also considered as misappropriated by him. Accordingly, an FIR for misappropriation of Rs 5.08 lakh had been lodged (April 2008) against the ASI.

The matter was referred to the Principal Secretary to the Government in May 2008. Reply had not been received (August 2008).

Public Health Department

4.1.2 Pilferage of stores

The Department's negligence in following due procedure in account of stores resulted in pilferage of Rs 24.56 lakh.

The State Financial Rules provide that all material received should be examined, counted, measured or weighed, as the case may be, when delivery is accepted. Further, they should be received by a responsible officer who should see that the quantities are correct and certify that they are of good quality and that he has actually received the material and recorded it in the appropriate stock register.

Test-check of records of the Medical Superintendent, Laxmibai Deshmukh General Hospital, Murtizapur (LDGH) revealed (February 2008) that payment of Rs 24.56 lakh was made for purchase of articles like multi seater chairs, coolers and other consumable items for hospital use and the certificate of entry in the stock book was also recorded on the vouchers. Though the material was stated to have been received for which bills were drawn and payments were made during 2005-06 to 2006-07, no entry thereof was made in the stock books to confirm that the material was actually received.

The Medical Superintendent, LDGH, Murtizapur accepted (February 2008) the facts and confirmed that no entries of receipt of articles were

taken in the stock books by the storekeeper. The drawing and disbursing officer failed to ensure that the materials were actually received and entered in stock book before making the payment.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

Public Works Department

4.1.3 Fraudulent payment

Payment of Rs 1.35 crore to the contractor against fake invoices for purchase of bitumen resulted in fraudulent payment.

Work of improvement of Shirur-Anantpal-Shekapur road under Central Road Fund (CRF) was awarded (December 2006) to the contractor by the Executive Engineer, Public Works Division, Nilanga, (EE). As per contractual conditions bulk bitumen of 60-70 grade was to be procured and brought by the contractor at his own risk and cost from any reputed Government refinery and the contractor was to promptly produce sufficient documentary evidence i.e., bill for the purchase, octroi receipt, etc. for the purchase of material brought on the work site if so requested by the department.

Scrutiny (January 2008) of the Running Account Bill (RAB) paid in January 2008 revealed that 193 MT of bitumen was used on this work. Eight Xerox copies of invoices involving 121.23 MT of bitumen purchased from Bharat Petroleum Corporation Limited (BPCL) valued at Rs 27.08 lakh were attached to the RAB. Some of these invoices had the same delivery number but different dates. On cross verification, the BPCL, Mumbai confirmed (February 2008) that none of the invoices were issued/generated by them and the details appearing in the invoices were fake. Since the invoices submitted by contractor with RAB were fake and the stock register maintained by the division mentioned these invoices as record of bitumen used for the road construction, quality of the execution of the roadwork and the payment thereof was doubtful. Thus, submission of fake invoices by the contractor indicates fraud in purchase of bitumen by contractor, which resulted in fraudulent payment of Rs 27.08 lakh. Similarly, 66 invoices of seven works were sent (June 2008) for verification in which BPCL has confirmed (August 2008) that 25 invoices of three¹ works involving bitumen of 359.030 MT valued of Rs 1.08 crore were not issued by them. Thus, payment of Rs 1.08 crore made between March 2007 and March 2008 for these 25 invoices were also fraudulent.

¹ i) Improvement of Madha-Vairaj-Chikhali-Osmanabad-Ter Road (Public Works Division, Osmanabad)
ii) Improvement of Sawargaon-Bhoyara-Akola-Chikurda Road (Public Works Division, Latur)
iii) Improvement of Ratnagiri-Solapur-Tuljapur-Nagpur Road (Public Works Division, Latur)

Superintending Engineer, Osmanabad directed (July 2008) the concerned EE to initiate action against the Sub-Divisional Engineer, Accounts Officer and Internal Auditor for their failure in verification of fake invoices submitted with RAB. He also instructed the EE to cross verify all other invoices of bitumen and in case of default lodge First Information Report. under Section 420 of the Indian Penal Code against the contractor.

The matter was referred to the Secretary to the Government in July-August 2008. Reply had not been received (August 2008).

4.1.4 Fraudulent Payment

Passing of leave travel concession claims of 29 officials who were on duty indicates that payment made of Rs 1.30 lakh was fraudulent.

Government introduced (March 1995) leave travel concession (LTC) scheme for the State Government employees from 1993. A Government servant is entitled to avail two home town LTCs or one LTC at pre-declared destination from headquarter to any place within the peripheral area of Maharashtra State and one home town LTC in a block of four years. Travel expenses are reimbursable on the basis of actual ticket fare by shortest route.

Scrutiny (December 2007) of records in central audit revealed that the Executive Engineer, Public Works Division, Pandharkawada (EE) had sanctioned LTC bills between January and May 2007 and paid (August 2007) Rs 2.51 lakh to Class III and Class IV employees. It was, however, seen that in 29 cases the officials were found on duty as per attendance register on the dates on which they had availed LTC. Failure to exercise routine checks by the EE while passing the bills is indicative of fraudulent payment of Rs 1.30 lakh to 29 officials who were on duty on the date of LTC availed.

On being pointed out (April 2008), Government stated (July 2008) that, the Chief Engineer had initiated action for recovery of amount and disciplinary action against the concerned officials.

Revenue and Forests Department

4.1.5 Fraudulent transactions

Fraudulent payment of Rs 0.30 lakh was made by forging the thumb impressions.

Payment of wages made to the labourers employed for carrying out various activities in the forest were to be acknowledged by them either through signature or thumb impression.

Scrutiny (October 2007) of the muster rolls of nine² Forest Divisions for the month of March 2007, June 2007 and July 2007 in Central Audit revealed that the thumb impressions of labourers appeared to be of the same person. The payment of Rs 4.13 lakh made to labourers was thus doubtful. The matter was therefore, referred to the Deputy Director, Finger Print Bureau, Crime Investigation Department, Maharashtra State, Nagpur (DD) in May 2008. In respect of two divisions (Buldhana and west Nashik) he confirmed that the thumb impressions in the muster rolls were of the same person although the names were different. Reports in respect of remaining seven divisions were awaited. Thus, forging of thumb impressions in muster rolls resulted in fraudulent payment of Rs 0.30 lakh.

The matter was referred the Secretary to the Government in July 2008. Reply had not been received (August 2008).

4.2 Excess payment/wasteful/infructuous expenditure

Environment Department

4.2.1 Short recovery of consent fees

Incorrect computation of consent fees recoverable from industries resulted in short-recovery of Rs 33.37 lakh.

Under Sections 25 and 26 of the Water (Prevention and Control of Pollution) Act, 1974 and Section 21 of the Air (Prevention and Control of Pollution) Act, 1981, all new/existing industries that discharge sewage or trade effluents have to obtain consent from the State Pollution Control Board for their establishment and operation. The Government of Maharashtra fixed (January 1997) the rates of consent fees to be recovered from industries for discharging their treated effluents on the basis of their capital investments for establishment and operation. In its circular of January 1997, the Maharashtra Pollution Control Board (MPCB) while intimating the rates of consent fees to its regional offices stated that for calculation of the fees, the gross value of the capital investments³ and not the weighted down value (depreciated value) was to be taken into account. The Regional Officers of the MPCB were responsible for ensuring that consent fees were levied correctly. The Government revised the rates of consent fees in June 2004.

Scrutiny (October-December 2007) of the records of the regional offices (ROs) of MPCB at Kalyan, Mumbai, Navi Mumbai-Raigad and Thane

² (1) Deputy Director, Social Forestry, Raigad; (2) Deputy Conservator of Forest (DCF), East Nashik; (3) DCF, Buldhana; (4) DCF, West Nasik; (5) Sub-divisional Forest Officer, Beed; (6) DCF, Ahmednagar; (7) DCF, Junnar; (8) DCF, Shahapur and (9) DCF, Nanded.

³ Gross value of capital investment includes value of land, building, flat, machinery etc., but without any depreciation.

revealed that consent fees had been recovered from 23 industries on the basis of their net block assets of capital investment instead of gross capital investment leading to realisation of consent fees of Rs 28.66 lakh as against Rs 62.03 lakh due, during 1993-2007.

Thus, incorrect computation of consent fees in contravention of MPCB's own instructions resulted in short recovery of consent fees of Rs 33.37 lakh⁴.

The Regional Officers of MPCB accepted (October-December 2007) the omission. An amount of Rs 3.22 lakh out of Rs 8.27 lakh was recovered (February 2008) by the Regional Officer, MPCB, Kalyan on account of unrealised consent fees. Recovery made in respect of Mumbai, Navi Mumbai and Thane Regions was awaited.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

Housing Department

Maharashtra Housing and Area Development Authority

4.2.2 Unauthorised occupation of land and non-recovery of lease premium

Failure of the Maharashtra Housing and Area Development Authority to ensure the fulfillment of terms and conditions of allotment and taking action for the violation resulted in unauthorised occupation of land. Subsequent delay in taking a decision for regularisation resulted in non-recovery of Rs 12.75 crore on account of lease premium, rent and penalty and consequential loss of interest of Rs 1.53 crore on it.

The Mumbai Housing and Area Development Board (Board) a constituent of the Maharashtra Housing and Area Development Authority (MHADA) decided (April 1978) to allot a plot of 5929.40 sqm reserved for the purpose of secondary school on lease to Vandre Nagrik Shikshan Sanstha (VNSS)⁵ to build a secondary school. The lease deed for a period of 30 years was executed in October 1984 and actual possession of the land was given in January 1985. As per the clause 1(h) of the lease deed, subletting or transfer of the land without the prior permission of MHADA was not permissible. Further, as per clause 4 of the agreement, MHADA could terminate the lease deed and take back possession of the land and building thereon.

VNSS, however, entered into a co-operation agreement with the Indian Education Society (IES)⁵, another society involved in the educational field,

⁴ RO, Kalyan (Rs 8.27 lakh); RO, Mumbai (Rs 12.95 lakh); RO, Navi Mumbai (Rs 8.75 lakh) and RO, Thane (Rs 3.40 lakh).

⁵ A society registered under Societies Registration Act, 1960 and also registered under Bombay Public Trust Act, 1950 (it is a private body).

vide an agreement of November 1987, without the prior approval of the Board and MHADA. IES constructed a multi-storeyed building without the approval of the Board and MHADA, established architectural and management colleges which was beyond the objective of initial allotment and also rented part of the building to private parties for commercial use. The Board came to know of these facts only in November 1997, when IES approached the Board for transferring the plot in their name. However, MHADA did not terminate the lease agreement with VNSS and take back the possession of the land and building as per the conditions of lease agreement. Instead, the legal Advisor/MHADA in February 2002 while agreeing that the terms of allotments to VNSS had been violated, advised that the allotment in favour of IES may be regularised. Accordingly, MHADA decided in January 2004 to regularise the allotment of the plot in the name of IES from the time of actual occupation (January 1985) of the plot. They imposed a condition of levying 50 per cent of the present market cost for the area of land used for the architectural and management colleges, which was not envisaged as per the original allotment conditions of the plot to VNSS. The Board raised (November 2005) a demand with IES for Rs 12.75 crore which included lease premium, rent and penalty. IES however, did not pay the amount and continued (March 2008) to occupy the plot irregularly.

The Secretary, Housing Department directed (November 2006) the Vice President and Chief Executive Officer, MHADA to offer a hearing to IES in the matter. Action in the matter had not been taken as of March 2008.

Thus, failure of MHADA to monitor and ensure fulfilment of the conditions of allotment of the plot by VNSS and thereafter to terminate the lease agreement and to take over the land and buildings thereon resulted in usage of the plot by IES for purposes other than stipulated by it at the time of allotment. Besides, the delay in taking a decision in the matter and the subsequent inaction of MHADA has resulted in continued unauthorised utilisation of MHADA land by IES. MHADA has also failed to ensure recovery of Rs 12.75 crore on account of lease premium (Rs 0.39 crore), rent (Rs 12.18 crore) and penalty (Rs 0.18 crore) for the continued occupation of the plot by the IES. The loss on account of interest on these dues to MHADA, at the prevailing Government lending rate, from January 2006 to March 2008 was Rs 1.53 crore.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

Maharashtra Housing and Area Development Authority

4.2.3 Non-recovery of land rent

Non-raising of demand with the Brihanmumbai Municipal Corporation for land rent in respect of slum dwellers to whom photo passes were issued resulted in non-recovery of Rs 2.47 crore.

The Housing Department of the Government, while announcing a scheme of issuance of photo passes to all eligible slum dwellers whose slums were in existence up to 1 January 1995, decided (July 2001) to levy a monthly consolidated tax from the slum dwellers having photo passes. The rate of tax prescribed for the residential category was Rs 100 per month. This tax⁶ consisted of service charges (40 per cent), land rent (40 per cent) and administrative charges (20 per cent). As per instructions issued (May 2003) by the Government, the tax was to be recovered from January 2003 onwards.

The Brihanmumbai Municipal Corporation (BMC) was to collect the consolidated tax in respect of all the slums in Mumbai irrespective of the ownership of the land and to remit the land rent portion to the landowners i.e., the Government or the Maharashtra Housing and Area Development Authority (MHADA) as the case may be.

Scrutiny (January 2007) of the records of the Chief Officer, Mumbai Housing and Area Development Board (Board), a unit of MHADA, revealed that though the Board had issued 12,872 photo passes during the period from January 2003 to March 2008, it had not raised any demand for the land rent portion with the BMC. The amount of land rent recoverable from 12,872 photo pass holders for the period from January 2003 to March 2008 was Rs 2.47 crore. The reasons for not raising any demand with the BMC were sought for from the Board in October 2007. A response from MHADA is still awaited (May 2008). It was also seen that BMC could not collect the consolidated tax in respect of photo pass holders in MHADA land due to non availability of the details from MHADA.

Thus, non-raising of any demand with BMC for land rent in respect of slum dwellers to whom photo passes were issued, resulted in non-recovery of Rs 2.47 crore on account of land rent due to MHADA alone for the period from January 2003 to March 2008.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

⁶ On collection of this consolidated tax by BMC the service charges and administrative charges were to be retained by it and land rent (40 per cent) was to be handed over to the land owning authority i.e., the Government, MHADA or BMC as the case may be.

Slum Rehabilitation Authority

4.2.4 Loss of interest due to investment in contravention of investment policy

Investment of funds in a loss making corporation having net worth of less than Rs 50 crore by the Slum Rehabilitation Authority, contrary to Government guidelines, resulted in loss of interest of Rs 1.41 crore.

Finance Department's guidelines (August 2002) on investment of surplus funds by State Public Sector Enterprises (PSEs), permitted inter-corporate loans, provided the borrowing PSEs were profit-making and had a net worth of not less than Rs 50 crore. They also stipulated that every PSE should arrange to place the revised guidelines at its next Board meeting and ensure that these guidelines were scrupulously followed. Accordingly, the Slum Rehabilitation Authority (SRA) placed the above guidelines in its meeting held on 26 November 2002 and decided to follow the same.

Scrutiny (November 2007) of investment of surplus funds by the SRA revealed that SRA invested Rs 5.22 crore with M/s Maharashtra Small Scale Industries Development Corporation Limited (MSSIDC) during the period from April to October 2004, for a period of one year without verifying whether MSSIDC was profit making and had a net worth of not less than Rs 50 crore. It was however, noticed from the provisional accounts of MSSIDC for the year 2003-04 that MSSIDC had incurred a loss of Rs 5.30 lakh and had a net worth of only Rs 8.24 crore during that year. Thus, MSSIDC did not fulfill any of the conditions prescribed in the Government guidelines.

Further, as per terms of investment, the principal along with interest was to be redeemed on maturity. Though, SRA asked for the return of the principal amount, the MSSIDC could not return the same due to its poor financial position. Further, SRA was not receiving any interest from MSSIDC on its investment from June 2005 onwards (i.e., for nearly three years). The loss on account of non-receipt of interest was Rs 1.12 crore as of March 2008. Considering the Government lending rates prevailing during the period from 2005-06 to 2007-08, the loss of interest on the unrealised interest works out to Rs 28.56 lakh.

Thus, non-adherence to the investment policy of the Government resulted in a loss of interest of Rs 1.41 crore on the injudicious investment. Besides, the possibility of recovery of the principal of Rs 5.22 crore invested with MSSIDC appears to be remote.

The matter was referred to Secretary to the Government in May 2008. Reply had not been received (August 2008).

Maharashtra Housing and Area Development Authority

4.2.5 Loss due to sub-standard work

Allotting of building work to inexperienced contractors and not ensuring the quality of construction during execution resulted in sub-standard work and consequential loss of Rs 63.21 lakh due to reduction in the sale price of tenements.

The Aurangabad Housing and Area Development Board (Board), a unit of the Maharashtra Housing and Area Development Authority (MHADA) constructed (December 2001) 100 tenements for the lower income group for Gumashta Co-operative Housing Society (Society) in Latur District at a cost of Rs 68.95 lakh. In order to comply with the Chief Minister's directives to complete the project within the stipulated period of six months, the normal procedure of tendering was dispensed with. The work was split into 10 parts and allotted directly to inexperienced unemployed engineers⁷ on the recommendation of the Superintending Engineer, Public Works Circle, Osmanabad, at the estimated cost. The sale price per tenement was fixed (February 2002) at Rs 84,665⁸ as per the pricing policy of MHADA.

The tenements were allotted (March 2002) to the members of the Society after taking an initial payment of Rs 28,290 per tenement. The balance amounts (Rs 60,000 per tenement) were treated as loans bearing interest of 13.5 *per cent*, repayable in 14 years at monthly installments of Rs 900.

Scrutiny (April 2008) of the records of the Chief Officer of the Board revealed that after taking possession of the tenements, a majority of the members of the Society did not pay the monthly installments. In January 2005, the members of the Society complained to the Chief Minister that the construction of the tenements was of poor quality and sub-standard and requested for a reduction in the cost of the tenements.

An investigation of the quality of the tenements was conducted (July 2005) by the vigilance wing of MHADA which concluded that there were failures by the then Executive Engineer, the Deputy Engineer and the Junior Engineer in ensuring the quality of the work during execution. They also recommended that the administration may take suitable action against them. However, no action was taken against any of these officials (August 2008).

In order to settle the grievances of the members of the Society, a meeting was convened (November 2005) by the Principal Secretary, Housing Department,

⁷ There is a panel of unemployed engineers registered with the Public Works Department and a work allotment committee headed by the Superintending Engineer who forwards their names to various agencies for allotment of work.

⁸ Work expenditure: Rs 69,000 + Establishment charges (7.5 *per cent*): Rs 5,175 + Interest capitalisation upto February 2002: Rs 9,110 + Unforeseen liability (2 *per cent* on Rs 69,000): Rs 1,380 = Rs 84,665.

wherein it was decided to reduce the price of the tenements under a one-time settlement. Accordingly, MHADA decided (February 2006) to fix the sale price per tenement at Rs 57,286 as against the earlier sale price per tenement of Rs 1,20,500⁹ recoverable in February 2006, as per the pricing policy of MHADA.

Thus, execution of the building work through inexperienced contractors and not ensuring proper quality of work during execution resulted in sub-standard work. Consequently, MHADA had to reduce the sale price of the tenements, sustaining a loss of Rs 63.21 lakh.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

Maharashtra Legislature Secretariat

4.2.6 Loss due to delay in submission of refund claims

Failure of the department to claim refunds on unused railway tickets within the stipulated period resulted in loss of Rs 49.78 lakh.

According to the provisions of the Maharashtra Legislature Members (Free Transit by Railways) Rules, 1965, Members of the Maharashtra Legislative Assembly (MLA) are provided rail travel coupons which can be exchanged for tickets for travelling by rail within and outside the State of Maharashtra. Further, Railway Refund Rules provide that in case of journeys being cancelled by the Members, the unused or partly used tickets are forwarded by the Members to the department, which in turn presents the same to the railways to claim refunds. The refund claims of the unused tickets are admissible provided they are submitted within 90 days from the dates of the journeys. These claims shall, in all cases, be made only to the Secretary, Maharashtra Legislature Secretariat (MLS) and not to individual Members.

Scrutiny (January 2008) of the records of the MLS and further information collected (March 2008) revealed that refund claims amounting to Rs 49.78 lakh in respect of unused tickets from 1999-2000 to 2005-06 were rejected by the Railways on the grounds that the same were not submitted within the specified period of 90 days. The refund claims included Rs 47.66 lakh for the period from 1999-2000 to 2003-04, which were submitted to the Railways on 9 September 2004 and 8 October 2004. This resulted in loss of Rs 49.78 lakh to the Government.

In reply, the Deputy Secretary to the Government stated (July 2008) that the fact that refund claims were to be submitted within 90 days of the date of journeys, was not brought to the notice of the Government by the Railway authorities and as such the staff was not aware of the same.

⁹ Considering interest capitalisation up to January 2006 (Rs 45,013), establishment charges (Rs 5175) and unforeseen liability (Rs 1195)

The reply was not tenable because as per Rule 19(2) of the Maharashtra Legislature Members (Free Transit by Railways) Rules, 1965 the refunds are subject to Railway Rules. As such it was the responsibility of the Government to ascertain the provisions of the Railway Rules.

Public Works Department

4.2.7 Extra liability

Withdrawal of work on the ground of paucity of funds, despite availability of funds, resulted in extra liability of Rs 99 lakh on Government on retendering of the work.

The work of construction of Administrative building for Collector, Hingoli was administratively approved (November 1999) by Government, to be executed by Executive Engineer, Public Works Division, Hingoli (EE) as deposit work. The work was awarded (March 2001) by the EE to a contractor at 19.22 per cent below the estimated cost of Rs 5.53 crore. However, the work was withdrawn (June 2007) from the contractor under clause 15(i) after incurring an expenditure of Rs 5.18 crore on the ground of paucity of funds. The balance work costing Rs 1.16 crore was revised to Rs 1.69 crore due to adoption of current rates and was awarded (November 2007) to another contractor at 14.70 per cent above the revised estimate at Rs 1.93 crore.

Scrutiny (February 2008) of records of the EE revealed that the proposal for the withdrawal of work under clause 15 (i) submitted by the EE in April 2006 on the ground of paucity of funds, was approved (October 2006) by the Chief Engineer, Public Works Department, Aurangabad (CE). It was, however, observed that Rs 2.60 crore was available (March 2006) with the EE on the date of submission of proposal of withdrawal. Thus, re-tendering of the balance work despite availability of funds resulted in an excess liability of Rs 99¹⁰ lakh on Government being the differential cost.

The Government stated (July 2008) that due to non-receipt of funds the extension for completion of works was granted upto March 2006. However, due to price rise in materials i.e., cement, steel etc., the contractor requested for withdrawal of work under Clause 15 (i) in January 2006 and accordingly the work was withdrawn in October 2006. Further, Government accepted extra liability of Rs 36.92 lakh.

The contention of the Government is not acceptable as the price escalation clause was there in contract and sufficient funds were available with the EE at the time of withdrawal of work.

¹⁰ Cost of balance work (as per original estimate)	Rs 1.16 crore
Tendered cost of balance work (19.22 per cent below)	Rs 0.94 crore
Revised cost of balance work (adopting the current rate)	Rs 1.68 crore
Re-tendered cost of balance work (14.70% above)	Rs 1.93 crore
Excess liability = Rs 1.93 crore (-) Rs 0.94 crore =	Rs 0.99 crore

4.2.8 Extra expenditure due to non-observance of specifications

Non-adoption of the prescribed specification by the Executive Engineers led to extra expenditure of Rs 20.07 lakh on NABARD assisted road works.

The Government in Public Works Department issued (October 1998) instructions that uniform specifications should be adopted in all road works across the regions. The specifications to be adopted for NABARD works stipulated that the roads should be provided with liquid seal coat over 20 millimeter (mm) Open Grade Premix Carpet (OGPC). It was, however, noticed that in Public Works Divisions, Pusad and Yavatmal, the premix seal coat was provided in 17 road works executed during 2006-07 under NABARD road project. According to the current schedule of rates (CSR) of Amravati Region, the cost of providing liquid seal coat was Rs 20 per square meter (sqm) and that of premix seal coat was Rs 26.50 per sqm. The Department, thus, incurred an extra expenditure of Rs 14.01 lakh on 17 road works in which 21,5476.63 sqm of premix seal coat was provided.

Further, as per the Government instructions (1998), the roads should be provided with 20 mm OGPC with liquid seal coat over Bituminous Bound Macadam (BBM) surface. It was, however, noticed that in respect of two road works¹¹ executed by the Executive Engineer (EE), Tribal Public Works Division, Kalwan, Nashik and the EE, Public works (North) Division, Pune during the years 2002-03 and 2007-08 respectively, 25 mm OGPC over BBM was provided instead of 20 mm OGPC. As per the relevant CSRs, the differences in rates were Rs 12 per sqm and Rs 15.80 per sqm in respect of the works in Nashik and Pune respectively. This resulted in extra expenditure of Rs 3.38 lakh in Nashik on 28,160 sqm of OGPC used in the road and Rs 2.68 lakh in Pune on 16,968 sqm of OGPC provided in the road.

The Superintending Engineer (SE), Yavatmal stated (April 2008) that liquid seal coat was not up to the mark, therefore premix seal coat was provided. Similarly, the EE, Nashik and the EE, Pune stated (May 2008) that provisions were made as per site conditions and technical requirements. The replies were not tenable, as neither the Government instructions permitted any relaxation from uniform standards nor the SE/EEs sought for any relaxation from the Chief Engineers.

Thus, the Department incurred an extra expenditure of Rs 20.07 lakh on NABARD assisted works due to non-adoption of the specification prescribed by the Government.

The matter was referred to the Secretary to the Government in June 2008. Reply had not been received (August 2008).

¹¹ Improvement of Nanduri to Saptashrunji Gad at Nashik and Poud Kolavan - Lonavala road at Pune

Water Resources Department

4.2.9 Excess payment

Consideration of indices of the last months alone instead of the average indices of the entire period under consideration resulted in excess payment of price escalation of Rs 1.32 crore to the contractor.

Work of construction of Mula High Level Right Bank Pipe Canal (Wambori Pipe Chari) was awarded (February 2000) to a contractor by Executive Engineer, Upper Pravara Canal Division, Ahmednagar (EE) in C form tender for Rs 91.90 crore for completion within 84 months including monsoon. Work is ongoing and 42nd bill was paid in March 2008. One of the conditions of contract stipulates that bill should be submitted by the contractor by 25th day of every month. Further, for computing price escalation, the average consumer price index for industrial workers, cement, steel and material to be considered for the quarter under consideration in which the work was actually executed. In respect of fuel component, the average official retail price of Indian Oil Corporation at Ahmednagar for the 15th day of the middle calendar month of the quarter under consideration should be taken. Price escalation amounting to Rs 29.72 crore was paid (March 2008) to the contractor.

Scrutiny (January 2008) of records of EE and details collected (April 2008) revealed that the contractor was furnishing the bills after periods ranging from two to 15 months instead of every month. Further, while calculating the price escalation the EE was considering the indices of the last months prior to the date of submission of bill instead of the average of the entire period from February 2000 to December 2006 of the bill as the bills were not submitted regularly, resulting in excess payment of Rs 1.32 crore on account of price escalation. Thus, consideration of incorrect indices resulted in excess payment of price escalation to the contractor.

The EE stated (April 2008) that the indices were considered on quarter basis from the date of work order which was correct.

The reply was not acceptable as the payment for price escalation was made considering indices of last three months alone instead of average of indices of the entire period (for which each bill was drawn) under consideration as per the terms of contract.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

4.2.10 Irregular Payment

Irregular payment of Rs 36.91 lakh was made to the contractor on account of price escalation on forest and environmental clearance work.

Work of designing, planning and construction of the dam at Bhagpur Nashirabad, Bodhwad and Shree Padmalaya Parisar Sinchan Yojana in Jalgaon District along with all appurtenant works including forest and environmental clearance were awarded (December 1999) to the contractors on 'C' (lump sum contract) tender at a cost of Rs 689.54 crore.

As per the details of the contract and the Letter of Intent (LOI), the contractor was required to obtain the forest clearance from GOI and final work order was to be issued after submitting the forest and environmental clearances. As per special condition of the contract, the price escalation was payable on the basis of the prevailing price index from the date of work order. However, the forest clearance was not included in the list of items on which price escalation was payable.

Scrutiny (August 2005) of the records of the Executive Engineer, Minor Irrigation Division, Jalgaon (EE) revealed that EE issued (March to June 2002) the final work orders and paid (between January and April 2003) Rs 36.91 lakh on account of price escalation on forest clearance work to the contractors. As the forest and environmental clearance work was not included in the items on which price escalation was payable, the payment of price escalation thereon was irregular and against the contract conditions. This resulted in irregular payment of Rs 36.91 lakh to the contractor.

Executive Director, Tapi Irrigation Development Corporation, Jalgaon stated (October 2006) that the price escalation on forest clearance work was paid to the contractor as the work was a part of accepted tender.

Reply was not tenable because even though the forest and environmental clearance was a part of dam work, the same was not included in the items on which price escalation was payable.

The matter was referred to the Secretary to the Government in April 2008. Reply had not been received (August 2008).

4.2.11 Wasteful expenditure on consultancy charges

Wasteful expenditure of Rs 59.75 lakh was incurred on payment to a consultant hired for obtaining environmental clearance to Bembla Irrigation Project which was not required.

As per Government of India Ministry of Environment and Forest (MOEF), notification dated 27 January 1994, expansion or modernisation of any existing project/activity (if pollution load is to exceed the existing one), or new project listed in Schedule I to the notification, shall not be undertaken in any part of India unless it has been accorded environmental clearance by the

Central Government in accordance with the procedure specified in the notification.

Scrutiny (November 2007) of the records of Executive Engineer (EE), Bembla Project Division, Yavatmal revealed that the EE awarded (March 2004) a lump-sum contract to carry out Environmental Impact Assessment study as per the provisions of MoEF's Notification dated 4 May 1994 for obtaining Environmental Clearance of ongoing Bembla Project (started in January 1993) to a contractor at a cost of Rs 59.75 lakh. The work of environmental clearance completed between March 2004 to November 2005 and proposal was submitted to MoEF in December 2005 for approval. The MoEF stated (December 2005 and January 2007) that the Bembla Project is an ongoing project which had started before issue of Notification dated 27 January 1994 and hence did not attract the provisions of Notification stated *supra*. Entire payment of Rs 59.75 lakh was made to the contractor (November 2007).

Thus, incurring the expenditure by the EE for obtaining environmental clearance without ascertaining its actual requirement has resulted in wasteful expenditure of Rs 59.75 lakh.

The EE stated (November 2007) that the environmental clearance work was awarded to the contractor, as the report on environmental aspect was required to be included in the Detailed Project Report to be submitted to the Central Water Commission, New Delhi.

The reply was not tenable as the contract was awarded specifically for obtaining environmental clearance in terms of MoEF's Notification of January 1994 as amended in May 1994.

The matter was referred to the Secretary to the Government in March 2008. Reply had not been received (August 2008).

Water Supply and Sanitation Department

4.2.12 Loss of interest

Funds received under Shivkalin Pani Sathwan Yojana were kept in current account instead of savings account resulting in loss of interest of Rs 46.34 lakh.

To increase the availability of drinking as well as for other domestic use and to augment the source of water, Government introduced (February 2002) *Shivkalin Pani Sathwan Yojana* (Scheme). Funds from various Central and State programmes were to be utilised for this scheme. In May 2003, Government issued instructions that funds received from various sources for implementation of the scheme, should be kept in separate bank account (Nationalised or Co-operative bank).

Scrutiny (August 2007) of records of the Senior Geologist, Groundwater Survey and Development Agency (GSDA), Jalna revealed that the funds

received during the years 2003-07 under the Scheme were kept in current account. Similar position was noticed in Beed and Osmanabad Districts. Keeping the scheme funds in current account has resulted in loss of interest of Rs 46.34 lakh for the period from April 2003 to January 2008.

While accepting (January 2008) the fact, the Principal Secretary stated that action would be taken against the officials and intimated to Audit within a week. Government also issued (January 2008) instructions to implementing agencies for opening savings account in nationalised banks. Report on action taken had not been received (August 2008).

4.3 Violation of contractual obligations, undue favour to contractors and avoidable expenditure

Departments of Home, Medical Education & Drugs and Public Works

4.3.1 Avoidable financial liability

Due to non-availing of the benefit of an amnesty scheme of Brihan Mumbai Electric Supply and Transport for waiver of delayed payment charges of electricity bills, three Departments missed the opportunity of reducing liability of Rs 12.02 crore.

Brihan Mumbai Electric Supply and Transport (BEST) Undertaking had announced (August 2006) an amnesty scheme for its electricity consumers who had outstanding electricity bills. Under the scheme, all the electricity consumers of BEST who were willing to settle their outstanding bills were to be granted amnesty by way of waiver of accrued delayed payment charges (DPC) for the last five years i.e., from the bill month of April 2000 onwards. Further, in the forthcoming bill, outstanding energy charges and DPC would be shown separately and 100 per cent DPC would be waived, if the outstanding energy charges were paid within one month from the bill date. For Government organisations, the scheme was open for four months from the bill date i.e., upto December 2006.

Scrutiny (January 2007 and January 2008) of records revealed that there were huge outstanding electricity bills against the following three Government Departments as of September 2006.

(Rupees in crore)

Name of the auditee unit	Energy charges	Delayed payment charges	Total amount outstanding
Commissioner of Police, Mumbai	4.23	4.84	9.07
Medical Education and Drugs Dept	3.30	4.93	8.23
Public Works Department (including other departments)	3.88	2.25	6.13
Total	11.41	12.02	23.43

The General Manager, BEST had taken up (November 2006) the matter with the concerned Departments but they had failed to avail of the benefits of the scheme.

The Commissioner of Police, Mumbai stated (October 2007) that they had approached BEST to extend the period of the amnesty scheme. Further, there were some discrepancies in the number of consumers shown against the office of the Commissioner, which had been taken up with BEST in March 2007. Subsequently, a meeting was also held with them, wherein it was informed that the period of amnesty scheme had expired. Replies from the other Departments were awaited (April 2008).

Thus, failure of the Departments to avail of the benefit of the amnesty scheme of BEST by payment of energy charges of Rs 11.41 crore within the stipulated period resulted in financial liability of delayed payment charges to the extent of Rs 12.02 crore to these departments.

The matter was referred to the Principal Secretaries to the Government in May 2008. Reply had not been received (August 2008).

Housing Department

Slum Rehabilitation Authority

4.3.2 Irregular expenditure

The SRA irregularly reimbursed the infrastructure and development cost (Rs 3.46 crore) to a Developer of slum rehabilitation scheme, in violation of the Development Control Regulation. Even, consent of the BMC was not obtained.

The Slum Rehabilitation Authority (SRA) is a planning authority for slum rehabilitation schemes and the Shivashahi Punarvasan Prakash Limited (SPPL), a Government company is one of the executing agencies (Developers¹²) of the schemes. As per the regulation 33 (10) of the Development Control Regulation for Greater Mumbai, 1991, the SRA was to collect infrastructure charges and development charges for the rehabilitation project from the Developer and pass on 90 *per cent* of the amount to Brihanmumbai Municipal Corporation (BMC) for construction of such facilities in the area.

Scrutiny (November 2007) of the records of SRA revealed that SPPL requested (June 2004) SRA to reimburse Rs 6.92 crore being the cost of construction of an auxiliary water tank with a water supply line from the tank to the underground tank (Rs 3.57 crore) and a Development Plan (DP) road (Rs 2.45 crore), incurred (2001-2004) by it on a slum rehabilitation scheme at

¹² Expenditure incurred by a Developer for a rehabilitation scheme is compensated by permitting construction and sale of extra floor space index.

Dindoshi, Goregaon along with departmental charges (Rs 0.90 crore). The SPPL contended that these were infrastructure works to be executed by BMC; hence, cost of the work should be reimbursed to it from the infrastructure charges (Rs 12.90 crore) it had paid for the project. As the 90 *per cent* share of the charges had not been passed on to the BMC, the SRA decided (June 2004) to reimburse the cost to SPPL, subject to submission of a certificate of reasonableness of the expenditure by SPPL from BMC. The SRA, however, reimbursed (October 2004) Rs 3.46 crore to SPPL (being 50 *per cent* of claim) without ensuring reasonableness of the expenditure and without consent of the BMC on the ground of financial crunch of SPPL.

It was, however, noticed that BMC accorded approval of the layout plan of the auxiliary water tank and the water supply line for the above scheme to the SPPL in December 2000, with the stipulation that the entire cost of these works was to be borne by SPPL. With regard to the DP road, the Chief Engineer, Roads and Traffic, BMC refused (May 2005) to certify the reasonableness of the expenditure (Rs 2.45 crore) on the ground that SPPL had approached BMC after execution of the work. The decision of SRA to reimburse to SPPL the cost of the infrastructure works and that too without obtaining the consent from BMC was not justifiable as it violated the Development Control Regulation. Thus, reimbursement of Rs 3.46 crore to SPPL was irregular. Further, reimbursement of Rs 1.01 crore for the auxiliary water tank and the water supply line was an undue benefit to SPPL, as the cost was to be borne by SPPL.

The matter was referred to the Principal Secretary to the Government in May 2008. Reply had not been received (August 2008).

Medical Education and Drugs Department

4.3.3 Avoidable burden on construction of hospital building

Failure to provide adequate funds in time for construction of a 500-bedded hospital building resulted in inordinate delay in its construction and avoidable burden of Rs 6.36 crore.

The Medical Education and Drugs Department of the Government administratively approved (January 1998) construction of a 500-bedded hospital building at Bhausaheb Hire Government Medical College (BHGMC), Dhule in order to provide medical facilities to the tribal and poor patients of Dhule, Jalgaon, Nandurbar and Nashik Districts and also to enhance the capacity of the college from 50 to 100 students. The work was technically sanctioned (November 2001) by the Chief Engineer (CE), Public Works Region, Nashik and was awarded (May 2002) by the Executive Engineer (EE) to a contractor at a tendered cost of Rs 10.32 crore, for completion by November 2005.

Scrutiny (May 2005) of the records of the Dean, BHGMC and information collected subsequently revealed that the work was stopped during the period from April to September 2004 and again from May 2005 onwards for want of funds. The CE withdrew (May 2006) the work from the contractor under Clause 15 of the tender conditions as the contractor had fallen ill and requested to be relieved from the work. Till then, the contractor had executed works valued at Rs 1.19 crore. On availability of funds during 2006-07, the Dean requested (April 2006) the EE Public Works Division to split the work into two 250-bedded wings and take up the construction of the 250-bedded wing, already under execution, instead of the entire hospital building, in view of the uncertainty regarding receipt of funds. The CE approved (August 2006) splitting up the work into two 250-bedded wings of the hospital building. The work of construction of one 250-bedded wing of the hospital building (Part I) was awarded (November 2006) to a second contractor at a tendered cost of Rs 6.60 crore (at 14 per cent above the estimated cost of Rs 5.79 crore) for completion by November 2008. The work of construction of the other 250-bedded wing of the hospital building (Part II) was awarded (March 2008) to a third contractor at a tendered cost of Rs 10.08 crore (at 59.22 per cent above the estimated cost of Rs 6.33 crore) for completion by June 2009. Both the works were under progress (June 2008).

Thus, failure of the Government to provide adequate funds in time for construction of the 500-bedded hospital building resulted in inordinate delay of over five years in its construction and subsequent avoidable burden of Rs 6.36 crore due to increase in cost. Besides, the capacity of the college could not be enhanced and the patients were deprived of the benefits of the hospital.

Confirming the above facts, the Dean stated (December 2007) that the works would be completed within two years.

The matter was referred to the Secretary to the Government in June 2008. Reply had not been received (August 2008).

Public Works Department

4.3.4 Avoidable extra liability for want of land

Commencement of construction of an office building on false certification about availability of land led to avoidable extra liability of Rs 58.36 lakh.

The Maharashtra Public Works Manual provides that no work should be commenced on land which has not been duly made over by the responsible Civil Officer. When tenders for the works are accepted in advance of acquiring the land, the time required for acquisition of the land should be ascertained from the District Collector concerned before issue of orders to commence the work.

Scrutiny (March 2008) of records of Executive Engineer, Public Works Division, Bhandara (EE) revealed that in November 2002 Government approved construction of a tahsil office building at Lakhni, District Bhandara at a cost of Rs 1.41 crore. In August 2004, the EE had given an undertaking to Superintending Engineer, Public Works Circle, Nagpur that the land was in possession and the work would not be held up for want of land. The work was awarded (December 2004) to a contractor at 4.99 *per cent* below the estimated cost of Rs 75.99 lakh for completion within twelve months. The contractor could not start the work as Gram Panchayat, Lakhni refused (December 2003) to allow any construction on the proposed site. The Collector Bhandara in December 2005 provided alternate land. The contractor could start the work only in February 2006 and expenditure of Rs 6.30 lakh was incurred (8.72 *per cent*) on it up to April 2007 as only 0.45 hectare of land out of 1.03 hectare was provided. The contract was terminated (August 2007) at the risk and cost of contractor on the plea of slow progress of work by the EE. The contractor filed an appeal against the decision before Chief Engineer. On the basis of the representation made by the contractor, the EE recommended to the SE for withdrawal of work under clause 15 instead of the risk and cost clause on the ground that the department had failed to provide land to the contractor. Thus, there was no possibility of the extra cost being recovered from the first contractor. In March 2008, the balance work costing Rs 69.12 lakh was awarded to another contractor at 79.80 *per cent* above the estimated cost of balance work to be completed in nine months. Award of work on false certification, delay in providing 1.03 hectare of land required for the purpose, withdrawal of work from first contractor and subsequent award of balance work to another contractor on the same site led to avoidable extra liability of Rs 58.36 lakh.

The EE stated (March 2008) that the land was in possession on the date of issue of work order.

The reply was not acceptable as out of 1.03 hectare only 0.45 hectare of land was in possession of the EE who wrongly certified to the complete possession of land. Besides, Gram Panchayat refused (December 2003) to allow any construction on the land for the fear of agitation from local people. As such, in spite of certification of availability of land, the EE failed to provide the land before commencement of work.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

Urban Development Department

4.3.5 Avoidable extra expenditure on excavation of excess quantities

Improper survey and planning resulted in avoidable extra expenditure of Rs 2.58 crore due to enhanced rates paid for excavation of excess quantities

The Mumbai Metropolitan Region Development Authority (MMRDA) initiated the Mumbai Urban Infrastructure Project (MUIP) with the objective of improving the road network and creating an efficient traffic dispersal system in Mumbai.

Scrutiny (October 2007) of the records of MMRDA revealed that works of widening and construction of the Western Express Highway (i) from the Times of India Flyover to Asha Nagar Subway (Package VII) and (ii) from the Asha Nagar Subway to Kulupwadi Pedestrian Subway (Package VIII) were awarded to a contractor in March 2004 and June 2004, at the estimated costs of Rs 26.10 crore and Rs 28.07 crore, to be completed by June 2005 and September 2005 respectively. Both the works were withdrawn (November 2006) from the contractor due to poor progress of works mainly due to deployment of inadequate resources and entrusted (December 2006) to another contractor who had been given the work of construction of flyovers at these places, at the same rates. Till then, the original contractor had executed works costing Rs 16.59 crore of Package VII and Rs 7.59 crore of Package VIII.

It was noticed from the Running Account bills paid in respect of these works for June 2006 that the executed quantities of the item "excavation for road in hard rock" were much more than the tendered quantities. Further, the quantities above 35 per cent of the tendered quantities were paid at higher rates as per clause 38 of the contract, according to which the quantities of earth work executed in excess of 35 per cent of the tendered quantities were payable at the rates derived from the current schedule of rates or in the absence of such rates, at the prevailing market rates. This resulted in avoidable extra expenditure of Rs 2.58 crore as detailed in the following table:

Package	Tendered quantity (in cum)	Quantity actually executed (in cum)	Quantity paid for at tendered rate i.e. tendered quantity plus 35 per cent of tendered quantity (in cum)	Quantity paid for at higher rate i.e., above 35 per cent of tendered quantity (in cum)	Rate as per tender/ Higher rate at which paid (Rupees)	Difference in rate (Rupees)	Avoidable extra expenditure due to payment of excess quantities at higher rates (Rupees in crore)
VII	2500	63490.29	3375	60115.29	<u>268.05</u> 684.00	415.95	2.50
VIII	325	2394.40	438.75	1955.65	<u>268.05</u> 684.00	415.95	0.08

MMRDA stated (October 2007) that as per the initial plan for the Western Express Highway, particularly between Malad and Kandivali, it was proposed to have three lanes each on either side of the carriageway on top of the hillock to avoid cutting the hillock. However, during execution, it was found necessary to have five lanes each on either side of the main carriageway at the same level for the convenience of road users. Also, in view of subways, flyover etc., it was required to have the main carriageway at one level instead of at two different levels. As the hillock portion was huge, the quantity executed exceeded the tender quantity by considerable volume. The Government also concurred (September 2008) with the views of MMRDA.

The reply was not tenable because the nature and width of the proposed road should have been decided before taking up the road work. Besides, had these difficulties been foreseen and planned for accordingly, the work would have been paid for at the tendered rate of Rs 268.05 per cum instead of the higher rate of Rs 684 per cum.

4.3.6 Avoidable expenditure

Inadequate arrangements for water supply before shifting project affected persons from transit camps resulted in avoidable expenditure of Rs 95.22 lakh towards supply of water by tankers.

The Mumbai Metropolitan Region Development Authority (MMRDA) undertakes rehabilitation and resettlement schemes for project affected persons (PAPs) under the Mumbai Urban Transport Project (MUTP) and the Mumbai Urban Infrastructure Project (MUIP).

Scrutiny (November 2007) of the records of MMRDA revealed that PAPs staying in the transit camp at Kokari Agar Wadala since 1999-2000 were deprived of the basic amenities and facilities. To improve their living conditions and to comply with the World Bank requirement of removing PAPs

to permanent housing within three years from shifting to transit accommodation, the PAPs were shifted (August 2004) to permanent tenements at Vashi Naka, Chembur. Although water supply was part of the project, the work of the tenements was completed and the PAPs were shifted therein without even commencing the work on the water supply project. Municipal water was made available (February 2005) to these tenements from the available network of the Brihanmumbai Municipal Corporation (BMC) but it was not sufficient. Subsequently, MMRDA laid pipelines upto the Vashi Naka colony and could commence water supply only from September 2006. As a result of non-commencement of water supply project, water had to be supplied through tankers during the period from August 2004 to August 2006, incurring an avoidable expenditure of Rs 95.22 lakh.

MMRDA stated (May 2008) that the water supply scheme comprised various items which were interdependent and were required to be completed in stages, considering constraints like detailed technical study, permission for obtaining possession of land, removal of trees from the site etc.

The reply was not tenable because the PAPs were living in the transit camp from 1999-2000 and as per the World Bank requirements mentioned earlier, they should have been shifted to permanent tenements by 2002-2003. MMRDA should have made adequate arrangements for water supply by that time. Failure to do so resulted in an avoidable expenditure of Rs 95.22 lakh as also inconvenience to the PAPs.

The matter was referred to the Principal Secretary to the Government in May 2008. Reply had not been received (August 2008).

4.3.7 Avoidable liability

Failure to prepare architectural and structural drawings before calling tender and to obtain approval of heritage committee led to re-tendering and consequent avoidable liability of Rs 91 lakh.

Government notified (October 2003) various sites of Nagpur City in Heritage Zone and constituted a Heritage Committee (Committee), which would approve construction activities in those sites.

Work of construction of Administrative Building for Maharashtra Animal and Fisheries Science University, Nagpur at Seminary Hills, Nagpur falling under Heritage Zone was awarded (February 2006) to a contractor without approval of the Committee by Nagpur Improvement Trust (NIT) at a total cost of Rs 1.12 crore, which was at 18.36 *per cent* below the estimated cost of Rs 1.36 crore. The schedule dates for commencement of work was 2 February 2006 and for completion by 1 August 2006. The contractor intimated (April 2006), that architectural and structural drawings were not provided and requested for price escalation due to increase in material cost. Board of Trustees of NIT opined (May 2006) that in absence of the relevant provision

in the agreement, price escalation could not be allowed and decided to terminate the agreement.

Fresh tenders with revised estimated cost of the work of Rs 1.96 crore were invited (July 2006) after inclusion of the price escalation clause in the agreement and the work was awarded to another contractor in November 2006 for Rs 2.03 crore (at three and half *per cent* above the estimated cost) for completion in 15 months.

Thus, failure of NIT to obtain approval of Committee to architectural and structural drawings before calling tender led to re-tendering the work and consequent increase in cost of the work. The avoidable liability with reference to the original estimated cost Rs 1.36 crore and that of revised estimated cost Rs 2.03 crore worked out to Rs 91 lakh¹³.

NIT, Nagpur stated (April 2007) that the Building Plan could not be sanctioned as the site was subsequently included in the heritage list and further stated (February 2008) that in the heritage list it was not specified as which area it exactly covers.

Reply was not acceptable as the area of Seminary Hills was already in heritage list from October 2003. NIT a development authority should have been aware of it. Also, the Superintending Engineer, NIT being Member of the Heritage Committee, could have obtained approval well before calling tender for the first time.

The matter was referred to the Secretary to the Government in March 2008. Reply had not been received (August 2008).

Water Resources Department

4.3.8 Excess payment of machinery advance and irregular payment of mobilisation advance

Machinery advance and mobilisation advance amounting to Rs 4.57 crore was paid to a contractor in contravention of the contract conditions.

The work of construction of the Kal dam in Raigad a component of the integrated Kal-Kumbhe hydroelectric project was awarded (March 2005) by the Executive Engineer, Raigad Irrigation Division to a contractor for Rs 69.38 crore, with a stipulated period of completion of 36 months. The work which commenced in April 2005 was still in progress and till October 2007 the contractor had been paid Rs 94.30 crore.

(i) Scrutiny (January 2008) of the records of the Executive Engineer (EE), Raigad Irrigation Division, Kolad revealed that as per clause 8(5) of the

¹³ (A) Original estimated cost Rs 1.36 crore less 18.36 *per cent* below = Rs 1.12 crore
 (B) Revised estimated cost Rs 1.96 crore Add 3.5 *per cent* above = Rs 2.03 crore
 Difference (B-A) Rs 91 lakh

agreement the contractor was entitled for advance on construction equipment, brought to the work site, limited to 10 *per cent* of the estimated cost of the work put to tender. (Rs 55.33 crore). The EE, however, paid (March 2005) machinery advance of Rs 6.73 crore calculated at 10 *per cent* of the updated estimated cost of the work (Rs 67.36 crore) which resulted in excess payment of machinery advance of Rs 1.20 crore to the contractor.

The EE stated (January 2008) that the machinery advance was granted, on the updated estimated cost as per Superintending Engineer's (SE's) letter dated 30 April 2005 and hence, there was no excess payment.

The reply is not tenable because the SE's letter referred to was not a sanction order but a reference made to the CE for clarification in the matter.

The matter was referred to the Secretary to the Government in June 2008. Reply had not been received (August 2008).

(ii) It was further noticed that there was no clause in the tender for payment of mobilisation advance (MA) to the contractor. The Government, however, on the recommendation of the SE, sanctioned (March 2005) MA equivalent to five *per cent* of the estimated cost, as a special case, to speed up the work and to complete the project in time. Accordingly, MA of Rs 3.37 crore was paid to the contractor in March 2005.

The payment of MA without any provision for the same in the tender was not in order and resulted in undue favour to the contractor. This also vitiated the tender procedure as other tenderers, while quoting their offers were not aware of the benefit of receiving such an advance.

The Government stated (July 2006) that MA was sanctioned with the concurrence of the Finance Department and there was no unauthorised aid to the contractor.

The reply is not tenable because MA was sanctioned after issue of the work order and without any provision in the tender. Thus, the grant of MA in contravention of the contract condition was irregular.

4.3.9 Avoidable expenditure

Unauthorised deviation in specification from uncoursed rubble masonry to colgrout masonry led to avoidable expenditure of Rs 2.13 crore.

Work of construction of central spillway, tail channels, irrigation-cum-power outlets and balance earth work of right and left flank of the Purna Medium Project was awarded (February 2000) to a contractor at 14.20 *per cent* above the estimated cost of Rs 56.91 crore with the stipulated period of completion of 72 months. As per contractual conditions, the contractor was to execute the work in accordance with the specifications. The agreement inter alia provided for colgrout masonry up to five meters width towards upstream side.

Scrutiny (October 2007) of records of the Executive Engineer, Purna Medium Irrigation Division, Achalpur (EE) revealed that the contractor had requested (December 2000) the EE to allow him to execute the item of colgrout¹⁴ masonry instead of uncoursed¹⁵ rubble (UCR) masonry in the remaining portion of inspection gallery in the down river side upto RL of 418.50 metre on the plea that suitable quarries were not available and promised to complete the work in three years instead of six years. Superintending Engineer, Upper Wardha Project Circle, Amravati (SE) rejected (March 2001 and November 2001) the proposal of the contractor stating that suitable rubble quarries were available. He also stated that early completion of the dam was of no use as it would take four to five years to complete the canal distribution system. Superintending Engineer, Central Design Organisation, Nasik had also confirmed (May 2004) that considering the comprehensive stress of 79.37 per square metre of the dam, UCR masonry was sufficient and there was no need of colgrout masonry. The contractor executed 34116.96 cubic meters of colgrout masonry instead of UCR masonry without the approval from the EE. The EE vide his work order register on 11 April 2001 had stated categorically that payment of this colgrout would not be made. However, payment of Rs 2.13 crore was made (February 2007) to the contractor as the Governing Council of Vidarbha Irrigation Development Corporation (VIDC) in its meeting held on 13 December 2006 approved the payment.

The EE stated (October 2007) that the payment was made as per the decision of the Governing Council (VIDC) Nagpur.

The approval of the Governing Council for payment of Rs 2.13 crore was beyond the contractual obligation in a case where the contractor had willfully defied the orders of the EE.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

4.3.10 Undue benefit to contractor

Incorrect charge of the excise duty resulted in undue benefit of Rs 1.47 crore to the contractor.

As per Central Excise Tariff (CET) 2005-06, the structures or parts involving iron gates or steel plates prepared at site of work for use in construction work attract 'nil' rate of duty.

Scrutiny (October 2007) of records of Executive Engineer, (EE) Bembla Project Division, Yavatmal revealed that 2048.50 MT of fabrication and erection of gates and allied works costing Rs 20.28 crore was entrusted in February 2006 to the contractor by the EE, Bembla Project Division. The EE

¹⁴ Colgrout masonry consists entirely of cement concrete in which cement slurry is pumped with high pressure to fill the voids if any.

¹⁵ UCR masonry consists large sized rubble fixed with the help of mixture of cement and sand

included excise duty at 16 per cent advalorem in the rate analysis and arrived at the estimated cost per metric ton of each items of the work.

Thus, incorrect inclusion of the excise duty at the rate of 16 per cent on the iron structures though not chargeable in terms of CET 2005-06 had resulted in undue benefit of Rs 1.47 crore (January 2008) to the contractor.

The EE stated (October 2007) that the breakup of the rates approved by Chief Engineer (Mechanical) Nasik (CE) were not disclosed to the contractor and the work was awarded to contractor at the rate of 22 per cent less than the estimated rates approved by CE.

Reply was not acceptable as the estimated rate forming basis of the contract was inclusive of 16 per cent excise duty. Further, the contention of the Department that the rates were reduced by 22 per cent is not relevant as even after this reduction, the excise component of 16 per cent was allowed to the contractor. Further, the contractor was not even registered with the Central Excise Department.

The matter was referred to the Secretary to the Government in March 2008. Reply had not been received (August 2008).

4.3.11 Extra payment to a contractor

Failure to regulate payments for work done as per the stipulations in the contract led to extra contractual payment of Rs 1.35 crore to the contractor.

The Executive Engineer, Upper Pravara Dam Division, Sangamner (EE) entrusted (April 1995) to a contractor on item rate tender for Rs 35.65 crore, the work of construction of masonry dam in truncated section along with irrigation and power outlets of Upper Pravara Project (estimated cost Rs 33.63 crore). The work was to be completed by June 2009. One of the conditions of contract stipulated that the locations of quarries mentioned in the tender were indicative of possible areas only and the contractor should not be entitled for any claim if the material from the areas indicated did not come up to the specifications or requirement. In case the contractor was required to operate on other quarries at longer leads and lifts, no extra claim in respect thereof would be entertained.

Scrutiny (January 2008) of records of EE showed that Superintending Engineer and Administrator, Command Area Development Agency, Ahmednagar (SE) sanctioned (July 2003) three extra item rate lists (EIRLs)¹⁶ for Rs 1.35 crore on account of extra lead charges for sand due to non-availability of sand in the quarries. It was further observed that EIRLs which were executed between calendar years 1995 and 2003 were sanctioned in July 2003 by the SE, which is against the codal provisions.

¹⁶ New item of work which crop up during execution of work for which no rate specified in the tender

As the contractor was obliged to operate other than specified quarries at his own cost in case of non-availability of material in the specified quarry, payment of Rs 1.35 crore was beyond the contractual obligations and thus avoidable one.

EE stated (January 2008) that weighted lead of 39 Kilometres was considered while preparing the estimates. However, in May 2008, the EE stated that sand was to be brought from longer distance due to non-availability of sand at the specified source. As such EIRLs were paid to the contractor for bringing sand from other quarries.

This explanation was not acceptable as there was no provision in the contracted terms to compensate the contractor for material brought from quarries other than those specified in the contract.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

4.3.12 Payment in violation of contractual obligations

Failure to abide by the stipulations in the contracts led to extra contractual payment of Rs 39.66 lakh.

As per the tender conditions, the contractor should visit the quarry sites and satisfy himself about the quality and quantity of the material available as the rates quoted would be inclusive of all leads and lifts involved. The contractor was required to give an undertaking that no claim on account of extra lead charges for bringing material from longer lead would be made.

Scrutiny of records of Executive Engineer (EE) of Mun Project Division Khamgaon and Medium Project Division Gondia between August 2006 and February 2007 revealed that the EEs had paid Extra Item Rate List (EIRL) of Rs 39.66 lakh on account of extra lead for bringing material from the area other than specified in the tender. Thus, payment of EIRL on account of extra lead charges against the contract conditions resulted in extra contractual payment of Rs 39.66 lakh.

The EE Gondia and Khamgaon stated (June 2006, August 2006 and February 2007) that the material available at quarries specified in the tender was inferior; the required material was brought from other quarries which were at longer distance. However, replies from Chief Engineers, Amravati and Nagpur are awaited (August 2008).

The reply was not acceptable as the payment of Rs 39.66 lakh was against the contractual provisions.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

4.4 Idle investment/idle establishment/blocking of funds, delays in commissioning of equipments and diversion/misutilisation of funds

Home Department

4.4.1 Idle investment on administrative building of police station

Inadequate investigation of the site condition and resultant change in design and increase in cost as well as failure to provide additional funds resulted in the administrative building of police remaining incomplete since October 2006 after spending Rs 43.29 lakh.

The Home Department of the Government gave administrative approval (July 2003) to the construction work of an administrative building of Mahad Taluka police station in Raigad under the modernisation programme of the police force at an estimated cost of Rs 43.29 lakh. The technical sanction was issued (July 2004) by the Superintending Engineer, Special Project Circle, Navi Mumbai for Rs 40.84 lakh. The Superintendent of Police (SP), Raigad deposited (August 2004) an amount of Rs 43.29 lakh with the Executive Engineer (EE), Public Works Division (PWD), Mahad. The work was awarded (December 2004) to a contractor for Rs 40.45 lakh with a stipulated period of completion of six months.

Scrutiny (February 2008) of the records of EE, PWD, Mahad and information collected (April 2008) from SP, Raigad revealed that the initial building plan envisaged only a ground floor. As the site of the building fell in a flood prone area, in a seismic zone, a revised drawing with stilt plus one floor prepared by the Chief Architect was approved (April 2005) by the SP, Raigad. The increase in cost due to the changes was, however, not communicated by EE, PWD, Mahad to SP, Raigad. Revised estimate of the work with necessary changes in design and some additional works were prepared for Rs 70.07 lakh and were submitted in June 2006 by the EE, PWD, Mahad to the SP, Raigad.

The contractor commenced the work in March 2005 and completed the same in October 2006 except for painting, electrification and some additional works. Though work costing Rs 54.29 lakh was executed, Rs 43.29 lakh was paid (August 2006) to him for want of funds and the work has remained incomplete since then (August 2008).

The SP demanded (July 2006) additional funds from the Director General of Police (DGP), Mumbai who refused (March 2007) to provide the same on the ground that the entire funds were already provided. The EE, Mahad then requested (October 2007) SP, Raigad to provide at least Rs 16.55 lakh for completion of painting and electrification works. However, the funds had not been provided by the SP, Raigad as of April 2008 as the additional funds demanded from the DGP in October 2007 were awaited.

Thus, preparation of the estimates without ascertaining the site conditions resulted in delay in commencement of the work and changes in design and increase in cost. Failure to provide funds by the SP, Raigad towards the increased cost resulted in the building remaining incomplete, after spending Rs 43.29 lakh since October 2006. Besides, the objective of having a proper administrative building for the Mahad Taluka police station under the programme for modernisation of the police force was also not achieved.

The matter was referred to the Secretary of the Government in June 2008. Reply had not been received (August 2008).

Public Works Department

4.4.2 Unauthorised execution of works

Unauthorised works of renovation of offices and rest house were executed by diverting work contingencies amounting to Rs 1.55 crore.

According to para 145 of the Maharashtra Public Works (MPW) Manual, any provision made in the estimate of a work towards 'contingencies' for unforeseen expenditure should not be diverted to any new item of work without the sanction of the competent authority, even though it is incidental to that work. As per Appendix 42 (Serial No. 14) of the MPW manual, the Superintending Engineer has full powers to divert the provisions for 'contingencies' in the estimates for a work to new items not provided for in the same.

Scrutiny (October 2006 to November 2007) of the records in four¹⁷ offices revealed that the Superintending Engineer, Thane (PW) Circle and the Coastal Engineer, Mumbai had authorised (between October 2003 and November 2007) execution of works like additions and alterations to offices of the circle, division and sub-division as well as renovation of a rest house by permitting diversion of work contingencies aggregating Rs 1.55 crore from the original works¹⁸ to totally unrelated works in contravention of the manual provisions.

Government stated (July 2008) that since various works were being executed through the division offices, the repairs and renovation of the division offices though not directly related to the works, were indirectly incidental to those works and executed with the prior sanction of the Superintending Engineers.

¹⁷ Executive Engineer, Public Works Division, Chiplun; Executive Engineer, Special Project (Public Works), Thane and Executive Engineer, Thane Construction Division, Thane under the Superintending Engineer, Thane (PW) Circle and Harbour Engineering Division North division, Konkan Bhavan, Navi Mumbai under Coastal Engineer, Mumbai.

¹⁸ Construction of major bridge on coastal highway on Kelshi crack, Parchure Pharare creek bridge on Talvali Parchure road; Construction of approach road to Boardi-Dahanu-Thane road; Construction of bridge on Padgha Khadavali road; Construction of bridge on Khoni-Khadipar road; Construction of retaining wall at Batteribunder; Construction of Groyans type bund at Varsoli; Strengthening of sea wall at Nariman Point Part II&III etc.

The reply was not tenable as renovation and repair works of division offices cannot be considered as incidental to the various works undertaken by these divisions. The execution of these works, therefore, violated the provisions of the MPW Manual mentioned earlier, resulting in unauthorised expenditure of Rs 1.55 crore.

4.4.3 Idle expenditure

Failure in monitoring and early completion of electrification work by the Executive Engineer resulted in idle expenditure of Rs 83.52 lakh.

The Executive Engineer, Public Works Division (EE), Bhandara, awarded (September 1997) construction work of staff quarters to a contractor at 15.75 *per cent* above the estimated cost of Rs 63.44 lakh to be completed in 15 months. Due to non-availability of adequate funds, the work could commence only in October 1999 and therefore Superintending Engineer, Public Works Circle, Nagpur granted (September 2000) extension of time up to December 2001.

Scrutiny (March 2008) of the records of the EE, Bhandara revealed that the contractor completed (July 2001) the work (except for electrification, plumbing and sanitation) after incurring an expenditure of Rs 77.48 lakh. EE, Bhandara paid Rs 4.50 lakh to the Executive Engineer, Electrical Division (PW) (EE), Nagpur for internal electrification and Rs 1.54 lakh to the Maharashtra State Electricity Board for new connection charges in November 2003 and March 2004 respectively. However, the electrification work was not completed till March 2008. Thus, EE, Bhandara's failure to monitor timely completion of work resulted in idle expenditure of Rs 83.52 lakh besides loss to Government on account of house rent allowance and license fee.

The EE, Bhandara (March 2008) stated that the quarters remained unoccupied for want of electrification. Further, the EE, Nagpur contended (June 2008) that due to incomplete civil work, the work of electrification could not be taken up.

The reply of EE, Nagpur was not acceptable because the amount for electrification were paid in 2003-04 (November 2003/March 2004) and EE, Bhandara stated (May 2008) that the 99 *per cent* civil work was completed and for completion of electrical work EE, Nagpur has been reminded many times. Thus, lack of co-ordination between EE, Bhandara and EE, Nagpur and poor monitoring for completion of work resulted in idle expenditure of Rs 83.52 lakh.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

4.4.4

Idle investment on additional court building

Commencement of the work of an additional court building without obtaining necessary approvals and lack of proper co-ordination between various agencies and departments of the Government resulted in idle investment of Rs 70.06 lakh and extra avoidable expenditure of Rs 59 lakh.

The Superintending Engineer, Thane (Public Works) Circle accorded (April 2003) technical sanction to the work of construction of an additional court building in Dahanu in Thane District for Rs 1.24 crore to avoid inconvenience to the public as overdue cases of Dahanu were being handled at Palghar and other courts. The sanction stipulated that the necessary permissions from the local authorities should be obtained before commencement of the work.

Scrutiny (November 2007) of the records of the Executive Engineer, Special Project (PW) Division, Thane and information obtained upto February 2008 revealed that the drawings and plans of the building submitted (June 2002) by the Sub-Divisional Engineer, Special Project, (PW) Sub-Division, Jawahar, District Thane to the Dahanu Municipal Council (DMC), were approved in February 2008. As the height of the proposed three-storeyed building was 11.7 m and the roof was of flat slab, contrary to the provisions of the Draft Development Control Rules¹⁹ (DDCRs), a proposal for relaxation was also submitted to the Assistant Director, Town Planning, Thane in May 2006. Approval for the same was received from the Government in September 2007. Before obtaining the necessary approvals, the EE awarded the work in February 2004 to a contractor for Rs 1.32 crore (at 6.09 *per cent* above the estimated cost of Rs 1.24 crore), with a stipulated period of completion of 30 months i.e., by August 2006. The contractor commenced the work in February 2004 and stopped (July 2004) the same after completion up to the plinth level as the overhead electric lines had not been shifted. The work was restarted (January 2006) after shifting the electric lines. In June 2007, the contractor was verbally asked to stop the work as the relaxation of DDCRs had not been received from the Government. Till then, an expenditure of Rs 70.06 lakh had been incurred on the work.

Due to frequent stoppages of the work, the contractor requested (July 2007) the Executive Engineer to relieve him from the same under clause 15 (2) of the agreement. This was approved by the Chief Engineer in October 2007. The balance work was technically sanctioned (October 2007) for Rs 1.19 crore and the work order was issued to another agency for Rs 1.13 crore in January 2008. All this resulted in rendering the expenditure of Rs 70.06 lakh incurred on it idle. Further, as per the work order for the balance work, there would be

¹⁹ As per Rule 19 A (4) of the Draft Development Control Rules (DDCRs), the maximum height permissible for construction of a three-storeyed building in heavily populated areas was nine metres (m). Further, Rule 19 A (3) *ibid* stipulated that the construction should be consistent with the surrounding landscape and the local architectural style.

increase in expenditure of Rs 59 lakh due to time overrun, which could have been avoided.

Thus, commencement of the work without obtaining the mandatory approvals, delay in obtaining the approvals as well as delay in shifting the overhead electric lines resulted in idle investment of Rs 70.06 lakh and avoidable extra expenditure of Rs 59 lakh.

The Government stated (April 2008) that there was delay of two years on the part of Maharashtra State Electricity Board in shifting the electric lines and on the part of the Town Planning Department in granting relaxation in DDCRs. As such the Department was not responsible for the delay. Further, had the work been started after obtaining the approval the same should have been delayed and cost should have been increased.

The reply of Government showed lack of proper co-ordination between various agencies and departments of the Government, which resulted in idle investment of Rs 70.06 lakh and extra avoidable expenditure of Rs 59 lakh beside, delay in construction of the additional court building in Thane District at Dahanu.

4.4.5 Unfruitful expenditure

Due to commencement of a work by the Executive Engineer, Public Works Division, Hingoli without receipt of funds from the concerned department, the work was left incomplete in November 2002 and the expenditure of Rs 37.74 lakh was rendered unfruitful.

The work of construction of administrative building for office of Superintendent of Police (SP), Hingoli was administratively approved (July 2000) by Government in Home Department. Funds were to be provided by Revenue and Forest Department. The Executive Engineer, Public Works Division, Hingoli (EE) awarded (October 2001) the work to a contractor at 19.82 per cent below the estimated cost of Rs 1 crore for completion within 24 months. After incurring an expenditure of Rs 37.74 lakh, the contractor stopped the work (November 2002).

Scrutiny (February 2007) of records of EE revealed that he had issued the work order without any request for construction of the building or receipt of funds. The EE had incurred the expenditure by diverting the funds deposited by the Collector, Hingoli for construction of administrative building of the Collectorate. Thus, commencement of the work of construction of office building of SP without ensuring availability of funds resulted in unfruitful expenditure of Rs 37.74 lakh incurred on incomplete building work. Subsequent verification (May 2008) revealed that the work was withdrawn (October 2007) from the contractor under clause 15 (i) of the agreement.

The Chief Engineer, Public Works Department, Aurangabad accepted the facts and stated (July 2008) that an enquiry was being initiated against the concerned EE.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

Rural Development and Water Conservation Department

4.4.6 Unfruitful expenditure on construction of minor irrigation tank

The Kasola Minor Irrigation (MI) project was approved based on a wrong survey report. The MI tank was constructed by the Executive Engineer at a cost of Rs 1.66 crore, though it was known to him that construction of the proposed canal was not feasible due to odd topography of the site.

Government accorded (January 2001) administrative approval (AA) to a project comprising earthen dam, waste weir and head regulator for Rs 1.80 crore (including Rs 42.47 lakh for canal) to provide irrigation in command area of 122 hectares which is 4.5 to 7 km away from Minor Irrigation (MI) tank. The head work portion of the MI tank on Kasola nalla was started in April 2002 and completed in March 2006 after incurring an expenditure of Rs 1.66 crore (September 2007). The gorge was filled by June 2006.

Scrutiny (July 2007) of records of Executive Engineer Minor Irrigation (Local Sector) Division (EE), Yavatmal revealed that the work of construction of the canal was not tendered, though AA included the same. The reasons for the same were not on record. It was also observed that the project report of Superintending Engineer, MI (LS) Circle, Amravati, which was based on the initial survey conducted by the EE, Yavatmal Irrigation Division, had recommended in 1982 a canal length of 8.16 km which was subsequently reduced to six km after detailed survey (2002-03). The EE intimated (December 2003) to the SE that the proposed canal was not technically and economically feasible on the ground that (a) it was a 'contour' canal and had 19 nallah crossings at different places (b) there was no command area in the initial reaches from chainage 0 meter to 990 meter and (c) the topography has 61 sharp apexes requiring excavation of 4 to 4.5 meter in raised portion and filling of 2 to 2.5 meter in troughs. Though the construction of canal was not feasible, the work of earthen dam, waste weir and head regulator continued and was completed in March 2006. As head work was completed without canal, no irrigation was possible in the intended command area. Thus, execution of work on the basis of an incorrect project report and faulty survey rendered the expenditure of Rs 1.66 crore on the project unfruitful. The EE carried out the gorge filling of the MI tank without taking up construction of

canal and distributaries which was in violation of the provisions of MI Manual.

The EE admitted (July 2007) that due to the odd topography of the site of canal irrigation was not possible and that the water released from the head regulator was used by farmers by constructing kachcha bandharas (November 2007).

The reply was not acceptable as the purpose of providing irrigation to the intended command area of 122 hectares cannot be achieved.

The matter was reported to the Secretary to the Government in March 2008. Reply had not been received (August 2008).

Departments of Rural Development & Water Conservation and Water Resources

4.4.7 Idle investment on minor irrigation and storage tanks

Failure of the Irrigation Department to acquire land for the canal of a Minor Irrigation tank as well as for a storage tank resulted in idle investment of Rs 1.49 crore.

As per para 251 of the Maharashtra Public Works Manual, work should not be commenced without acquiring the entire land required for it. It was, however, observed that in two cases the Rural Development & Water Conservation and Water Resources Departments failed to acquire the entire land which resulted in an idle investment of Rs 1.49 crore. The details are given below:

(i) Scrutiny (March 2007) of the records of the Executive Engineer, Minor Irrigation (Local Sector) Division, Jalgaon (EE) revealed that the construction of a Minor Irrigation (MI) tank with an irrigation potential of 108 hectares was completed in May 2003 at a cost of Rs 1.03 crore. However, the same was not put to use, as construction of the canal could not commence, as the landowners refused to part with their land. A proposal for acquisition of land for the canal was submitted to the Collector, Jalgaon only in February 2008. Thus, non-acquisition of land for the canal resulted in idle investment of Rs 1.03 crore incurred on construction of the MI tank for the last five years and the objective of creating irrigation facilities remained unachieved.

The EE stated (March 2007) that special efforts for acquisition of land for the canal were being made and that the MI tank was giving indirect benefits by way of percolation and recharging of wells in the periphery.

The reply was not tenable as the MI tank was being constructed to create irrigation potential of 108 hectares and not for percolation and recharging of wells.

(ii) Scrutiny (April 2007) of the records of the Executive Engineer, Thane Minor Irrigation Division, Kalwa, Thane (EE) revealed that without acquiring

the entire land required for its construction, the work of a proposed storage tank at Kachurly, Taluka Trimbakeshwar, District Nashik to irrigate 255 hectares of land and provide drinking water to two Adivasi villages (Kachurly and Ambai) was awarded (October 2005) to a contractor for Rs 3.01 crore, with a stipulated period of 24 months for completion. However, due to objections from the landholders, the work which commenced in October 2005 was stopped by the contractor in April 2006. An expenditure of Rs 45.74 lakh had been incurred (March 2006) on the work.

Thus, the issue of a work order without acquiring the entire land required for the work resulted in idle investment of Rs 45.74 lakh for the last two years. Besides, the villagers were deprived of the benefit of irrigation and drinking water facilities.

The EE stated (March 2008) that the work order had been issued as part land had been acquired through private negotiations. The land acquisition process was now under final stage and work would start in due course.

The reply was not tenable as the work order was issued without acquiring the entire land required for the work, contrary to the provisions of para 251 of the Maharashtra Public Works Manual.

The matters were reported to the concerned Principal Secretaries to the Government in June 2008. Replies had not been received (August 2008).

School Education Department

4.4.8 Unfruitful expenditure

Expenditure of Rs 2.52 crore incurred on the Continuous Education Centres was rendered unfruitful as the centres stopped functioning for want of funds.

The project proposal of Continuous Education in Aurangabad District with the objectives to provide literacy skill and continuous education to school drop outs, pass-outs of primary schools, pass-outs of non-formal education and all those interested in lifelong learning, submitted (March 2002) by Zilla Saksharta Samiti, Aurangabad (ZSS) was approved (July 2003) by Government of India (GOI). As per the guidelines of programme (May 1997) expenditure for first three years was to be borne by Central Government; for next two years 50:50 by Central and State Governments and thereafter by State Government alone. Under the programme, Continuous Education Centres (Centres) was to be set up at village level with full infrastructure and Prerak²⁰ was to be appointed for running the centre. Government of India released (October 2004) first installment of the grant of Rs 2.67 crore to Maharashtra Rajya Saksharta Parishad (MRSP) Pune, out of which Rs 2.65

²⁰ A graduate or a well qualified person who agrees to give his voluntary services and is chosen as "Prerak".

crore was transferred (July 2005) to ZSS, Aurangabad for implementation of programme by setting up 684 centres.

Scrutiny (April 2008) of records of Education Officer (Continuous Education), Aurangabad (EO) revealed that the EO set up 515 centres in February 2006, 121 centres in April 2006 and 33 centres in November 2006 and provided material/articles to these centres. For running these centres, Prerak was appointed in each centre in terms of guidelines. The expenditure of Rs 2.52 crore was incurred (March 2008) by EO on creation of infrastructure and on payment of honorarium to Prerak. However, the centres could not run beyond the period of six months as only 50 *per cent* recurring grant for the payment of honorarium to Prerak for first year was received and no grants from GOI was released for subsequent period due to poor progress of expenditure; the reasons thereof called for (July 2008) have not been received. Thus, discontinuation of the centres and non-utilisation of assets created for it resulted in unfruitful expenditure of Rs 2.52 crore besides deprival of benefit of literacy skill to the rural population.

The EO accepted (April 2008) the facts and stated that due to non-incurring of 75 *per cent* expenditure from available grants within one year, balance 50 *per cent* grant for first year was not received from GOI and as such the centres stopped functioning after six months from its starting.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

Tribal Development Department

4.4.9 Blocking of Government money

Non-issue of the detailed norms and plan for implementation of the Gharkul Yojana resulted in blocking of Rs 4.45 crore, besides deprival of intended benefits to the tribals.

Government implemented (March 2004) the scheme 'Gharkul Yojana for scheduled and aadim tribes' to enhance the living standard of the scheduled tribes on the lines of the Centrally sponsored scheme Indira Awas Yojana implemented by District Rural Development Agency in which, cost norm of Rs 30,000 for each gharkul was prescribed. Government increased (June 2006) the cost norm of each gharkul to Rs 60,000 and instructed that expenditure would be made only after the issue of detailed norms and plan of the scheme. However, the Tribal Development Department of Government did not issue the detailed norms and plan of the scheme till date of audit.

Scrutiny (March-April 2008) of records of Project Officer (POs), Integrated Tribal Development Project, Aheri (District Gadchiroli), Jawahar (District Thane), Nandurbar and Taloda (District Nandurbar) and Yawal (District Jalgaon) revealed that the POs have received an amount of Rs 4.45 crore in March 2007 for construction of 568 gharkuls. As the cost of the gharkul was

revised from Rs 30,000 to Rs 60,000 and the detailed norms and plan for implementation of the scheme were not received from Government, the amount of Rs 4.45 crore remained unutilised with the POs. Thus, non-issue of norms and plan for implementation of the scheme by Government resulted in blocking of Rs 4.45 crore besides deprival of benefit of gharkuls to the tribals for more than one year.

The POs stated (March/April 2008) that on receipt of norms and plan for implementation of the scheme the funds would be utilised.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

Water Resources Department

4.4.10 Idle investment on equipment

Improper planning in execution of work resulted in idle investment of Rs 50.41 lakh on equipment.

The Water Resources Department of the Government accorded (January 2004) a revised administrative approval (original administrative approval accorded in January 1974) to the Surya Irrigation Project for Rs 379.26 crore. The project was partially completed and water was being supplied for irrigation, industrial and drinking purposes. The project included two works. Work-1 included the work of conversion of the existing manually operated gates of Surya Left bank Canal (SLBC) to an electrically operated system of cross regulator (CR) gates. Work-2 consisted of computerised remote controlled operation of canal CR gates of SLBC, including monitoring of status from Suryanagar main colony. These gates would be operated from the canal control room located at Suryanagar colony. The works were undertaken to have optimum utilisation of water for irrigation as well as for power generation and to exercise control on the water distribution system from one point.

Scrutiny (April 2007) of records of Executive Engineer, Surya Canal Division No 1, Suryanagar (EE) revealed that Work-1, estimated to cost Rs 45.55 lakh and Work-2, estimated to cost Rs 59.95 lakh, were awarded (August 2004) to a contractor with a stipulated period of completion of 18 months. The contractor was paid (March 2005) Rs 22.47 lakh for Work-1 and Rs 27.94 lakh for Work-2, towards supply of equipment such as ultrasonic canal level sensors, data acquisition and storage units, solar power panel with maintenance-free batteries, variable high frequency radio, modems etc. However, as gauge wells and flow measuring structures which were to be executed by the Department were not constructed at the flow measuring points, the equipments could not be installed (May 2008), resulting in idle investment of Rs 50.41 lakh for over three years. Further, the warranty period in respect of the equipments supplied, which was one year from the date of supply, had also expired.

The EE stated (May 2008) that the work of construction of gauge wells and flow measuring structures was in progress and was likely to be completed by December 2008.

The reply was not tenable because since the Department was aware that gauge wells and flow measuring structures were required to be constructed at the flow measuring points, the same should have been taken up before awarding both Work-1 and Work-2. Award of the work of the computerised remote controlled operation system before completion of the works of gauge wells and flow measuring structures indicated improper planning in execution of the work, resulting in idle investment of Rs 50.41 lakh. Besides, the objectives of optimum utilisation of water for irrigation, power generation and exercising control on the water distribution system could not be achieved in time.

The matter was reported to the Principal Secretary to the Government in June 2008. Reply had not been received (August 2008).

Water Supply and Sanitation Department

4.4.11 Blocking of Government money

Due to poor planning for procurement of advance high speed drilling rigs, funds of Rs 4.40 crore remained unutilised in savings bank account for more than three years.

With a view to improve the performance of drilling rigs and to reduce operational cost, Director, Ground Water Survey and Development Agency (GSDA), Pune submitted a proposal (May 2004) to Government for purchase of 12 advanced high speed drilling rigs as replacement to 15 outdated rigs which had outlived their utility. Government sanctioned (March 2005) Rs 4.40 crore for purchase of 12 new drilling rigs. The amount was kept (March 2005) in the savings bank account of GSDA.

Scrutiny of records (July 2007) disclosed that the Director, GSDA, Pune submitted (December 2005) a proposal to the Government for cancellation of purchase of rigs stating that instead of purchasing new drilling rigs, service delivery of existing bore wells and hand pump installed on it was financially affordable and sustainable as ample water was available in most of the existing bore wells and demands of new bore wells would be raised only during scarcity season. The GSDA again submitted a proposal (January 2008) for purchase of new rigs which was approved by Government (February 2008). However, no action either to purchase the new rigs or for increasing service delivery of existing bore wells and hand pump was taken (May 2008). Thus, due to poor planning, funds received for purchase of new drilling rigs remained unutilised for last three years, resulting in blocking of funds of Rs 4.40 crore.

The Joint Director, GSDA stated (May 2008) that after receipt of approval to purchase drillings rigs in March 2005, several meetings were held for procurement but no final decision could be taken. Government finally approved the proposal (February 2008) and action would be initiated to purchase the rigs accordingly.

It is evident from the reply that lack of planning and decision making led to blocking of funds of Rs 4.40 crores for a period over three years.

The matter was referred to the Secretary to the Government in May 2008. Reply had not been received (August 2008).

4.4.12 Blocking of funds on incomplete water supply schemes

Failure of Maharashtra Jeevan Pradhikaran to obtain forest clearance for commencement of non-forest works on forest land and subsequent stoppage of works resulted in blockage of funds amounting to Rs 8.81 crore.

The Forest (Conservation) Act, 1980 provides that prior approval of the Government of India (GOI) should be taken for use of forest land for non-forest purposes. GOI further clarified (March 1982) that diversion of forest land for non-forestry activities in anticipation of approval was not permitted and no requests for ex-post facto approval would be entertained.

Scrutiny (August 2007) of records of the Executive Engineer (EE), Maharashtra Jeevan Pradhikaran (MJP), Chandrapur and the EE, MJP Works Division, Ahmednagar together with additional information collected revealed that Rs 8.81 crore was blocked on four water supply schemes which were taken up on forest land without prior approval from GOI and stopped subsequently by the Forest Department as follows:

Name of the Scheme/ District	Date of award of work/ period of completion	Stipulated cost/Actual cost of completion	Work position	Remarks
(1)	(2)	(3)	(4)	(5)
Potgaon Regional Rural Water Supply Scheme (RRWSS) District Gadchiroli	June 1999 (27 months)	Rs 1.79 crore/ Rs 1.48 crore	The work was stopped in November 2004 due to objections from Forest Department as the work had been taken up on forest land without permission.	Executive Engineer stated (February 2008) that the Department was not aware that the work had been taken up on forest land. A revised proposal for permission submitted (May 2005) to GOI was granted in August 2007. Final clearance is awaited (June, 2008) from the Forest Department. Thus, expenditure of Rs 1.48 crore incurred on the scheme was blocked since November 2004.

(1)	(2)	(3)	(4)	(5)
Bori Lagam (RRWSS), District Gadchiroli	June 1999 (24 months)	Rs 1.58 crore/ Rs 1.97 crore	The work was stopped (August 2003) as some portion of area earmarked for laying a pipeline fell under the jurisdiction of a wild life sanctuary.	A revised proposal for laying the pipeline avoiding the area falling under the sanctuary submitted in September 2004 is awaiting clearance (June 2008). The expenditure of Rs 1.97 crore incurred on the scheme was blocked since August 2003.
RRWSS for Bhalwani and 13 villages District: Ahmed-nagar	Jan 1999 (30 months)	Rs 8.4 crore/ Rs 3.53 crore	The work was stopped (February 2001) for want of permission from the Forest Department as the pipeline was to pass through forest land.	Expenditure of Rs 3.53 crore incurred on the scheme was blocked since February 2001.
RRWSS for Wasunda and 3 villages District: Ahmed-nagar	April 1999 (20 months)	Rs 4.86 crore/ Rs 1.83 crore	Since the Head works, Raw water Rising main and water treatment plan were common for this work and Bhalwani RRWSS, this work was also stopped in March 2001.	Expenditure of Rs 1.83 crore incurred on the scheme was blocked since March 2001.

In reply, Government stated (June 2008) that the work of Potgaon and Bori Lagam RRWSS would be commissioned within two months of getting the permission from the Forest Department.

The reply was not tenable because though the works of Potgaon and Bori Lagam RRWSS was stopped in November 2004 and August 2003 respectively, the work has not yet been commenced even after a lapse of about five years and the possibility of deterioration of the works which has been completed five years back could also not be ruled out. The replies in respect of the other two Schemes are awaited (August 2008).

Thus, failure to ascertain the status of land before undertaking the works as well as to obtain prior permission from GOI for use of forest land for non-forestry works and inordinate delay in obtaining the clearance resulted in blocking of funds of Rs 8.81 crore incurred on the above mentioned water supply schemes and non-achievement of the objective of supplying drinking water to the beneficiaries.

4.4.13 Idle investment on a water supply scheme

Failure of Maharashtra Jeevan Pradhikaran to convince the Zilla Parishad, Yavatmal to take over a water supply scheme for operation and maintenance and following their refusal, to operate and maintain it as per Government instructions resulted in idle investment of Rs 1.13 crore.

Maharashtra Jeevan Pradhikaran (MJP) was established (January 1997) by the Government for planning and executing water supply schemes on behalf of Municipal Corporations/Councils and Zilla Parshads/Gram Panchayats with Government grants, loans raised by MJP on behalf of these bodies and popular contributions from them. On their completion, the schemes were to be handed over to the concerned bodies for their operation and maintenance. As per instructions issued (December 1997) by the Water Supply and Sanitation Department of the Government, before taking up any schemes, MJP was required to obtain resolutions from the concerned bodies, stating that they would take over the scheme for operation and maintenance. Further, as per instructions issued by the Government in August 2005, in case the completed water supply schemes were not taken over by the concerned bodies, the same had to be operated and maintained by MJP.

Scrutiny (March 2007) of the records of the Executive Engineer, MJP Works Division Yavatmal (EE) revealed that the 'Sawarkheda and two villages Regional Rural Water Supply Scheme', Taluka Ralegaon, District Yavatmal was completed at a cost of Rs 1.13 crore and commissioned on 22 March 2004. A trial run of the scheme was conducted for three months up to 30 June 2004.

Though a resolution had been obtained (December 2003) from the Zilla Parishad, Yavatmal before the project was taken up, the ZP expressed (February 2006) unwillingness to take over the scheme, because they were not ready to pay the electricity bills for the scheme. MJP also did not operate and maintain the scheme for want of funds from the Government resulting in idling of the project costing Rs 1.13 crore since July 2004.

The EE confirmed (November 2007) the above facts.

Thus, although Government had authorised MJP to maintain and operate the schemes not taken over by the local bodies by collecting water charges from the consumers till the scheme is officially taken over, failure of MJP to take over the water supply scheme resulted in rendering the investment of Rs 1.13 crore idle besides depriving the villagers of the benefits of the scheme. The possibility of rendering the entire expenditure wasteful, due to deterioration of the pumping machinery, water treatment plant, pipelines, etc., of the scheme on account of passage of time also could not be ruled out.

The matter was referred to the Secretary of the Government in May 2008. Reply had not been received (August 2008).

4.5 Regulatory issues and other points of interest

Planning Department

4.5.1 Execution of inadmissible works

Inadmissible works costing Rs 78.22 lakh were executed under the Hilly Area Development Programme.

The Hilly Area Development Programme (HADP) has a set of prescribed guidelines framed on the recommendations of the Cabinet Sub-committee appointed by the Government in 1988 to suggest special programme for development of hilly area. Accordingly, the Government declared (April 1991) 95 talukas in 19 districts as hilly areas. The works to be undertaken under the scheme were to be from the list of admissible works indicated in Government Resolution of January 1994. The Collector, being the controlling authority, was to accord administrative approval to the plans and estimates and was to ensure that the works sanctioned for execution were admissible ones.

Scrutiny (February 2006 and December 2007) of the records of District Planning Officers, Kolhapur, Nashik, Raigad, Sangli and Thane revealed that administrative approvals had been accorded between 2002-03 to 2006-07 to 28 works of road concretisation totalling Rs 73.03 lakh and three works of gymnasias totalling Rs 5.19 lakh which were not admissible as per the list. All these works had been completed except for the work of construction of a cement road at Igatpuri, Nashik on which an expenditure of Rs 3.17 lakh was incurred.

District Planning Officers stated (February 2006 and December 2007) that the works had been taken up on the recommendations of the local Members of the Legislative Assembly in these places.

On being pointed out in audit, the Deputy Secretary to the Government stated (March 2008) that instructions had been issued (February 2008) to all the Collectors not to sanction works which were not as per approved list.

Departments of Public Works and Water Resources

4.5.2 Irregular allotment of works

Various components of the original works costing Rs 9.32 crore were allotted to contractors as additional items or extra items without inviting tenders, in violation of manual provisions.

As per the provisions contained in Para 200 of the Maharashtra Public Works (MPW) Manual, tenders are to be invariably invited publicly for awarding any work. However, when calling for tenders through advertisements is not

possible due to urgency, competitive tenders from several capable contractors should be invited under the orders of the Superintending Engineer.

Scrutiny (April 2007 - January 2008) of the records of the following two divisions showed that some components of works costing Rs 9.32 crore were allotted to the contractors as additional works or extra items without inviting tenders in violation of the manual provisions. As a result, the Department was also deprived of the benefit of getting competitive bids.

Name of the original work	Audit observations
<p>Strengthening the overflow section of Dolvahal weir including glacis concrete, under the Executive Engineer (EE), Raigad Irrigation Division, Kolad</p> <p>(Estimated cost: Rs 1.22 crore, work order: February 2005, period of completion: 12 months, extension: upto June 2008)</p>	<p>The work of strengthening the overflow section of Dolvahal weir including glacis concrete and three works²¹ of Energy Dissipation Arrangement (EDA) of Dolvahal weir were awarded for Rs 3.91 crore between March and May 2005 as additional works to the same contractor under clause 14²² of the original agreement without inviting tenders.</p> <p>The contractor was paid (November 2007) Rs 64.40 lakh, Rs 1.28 crore and Rs 34.34 lakh respectively for the additional works. Since the works had not cropped up due to any alterations in or additions to the original specifications, drawings and designs, they were not covered by clause 14.</p> <p>The EE stated (January 2008) that after awarding of the glacis concrete work, only four months were available before the monsoon and if the tender procedure was to be followed, three months would have been required. The work of glacis concrete and the EDA works needed to be carried out simultaneously for co-ordination of the works and the contractor was willing to execute the works at the estimated rates.</p> <p>The reply was not tenable as in order to ensure co-ordination of both the works, tenders for the both the works should have been called for simultaneously. Alternately, a composite tender for both the works should have been called for, which would have generated more competitive bids.</p> <p>The matter was referred to the Secretary of the Water Resources Department in June 2008. Reply had not been received (August 2008).</p>

²¹ i) between ch road distance (RD) 300.83 to 340.80 m (estimated cost: Rs 52.35 lakh), ii) between ch RD 240.83 to 300.83 m (estimated cost: Rs 1.66 crore) and iii) between ch RD 176.83 and 240.83 m (estimated cost: Rs 1.73 crore)

²² As per Clause 14 the Engineer-in-charge shall have the power to make any alterations in or additions to the original specifications, drawings, designs and instructions that may appear to be necessary or advisable during the progress of the work, and the contractor shall be bound to carry out the work in accordance with any instructions in this connection which may be given in writing signed by the Engineer-in-charge and such alteration shall not invalidate the contract and any additional work which the contractor may be directed to do in the manner specified as part of the work shall be carried out by the contractor on the same conditions in all respect on which he agreed to do the main work and if the additional and altered work includes any class of work for which no rate is specified in this contract, then such class of work shall be carried out in the Schedule of Rates of the Division or the rates mutually agreed upon between Engineer-in-charge and the contractor whichever is lower.

Name of the original work	Audit observations
<p>Work of providing furniture cabins, renovation of windows and flooring from the fourth to the ninth floor under the Executive Engineer, Central Mumbai Public Works Division, Worli, Mumbai. (Estimated cost: Rs 7.89 crore, work order: March 2004, period of completion: 9 months, extension: up to March 2008)</p>	<p>The work of modular flexible furniture for the first, second and tenth floors of the Sales Tax building, Mumbai was awarded (February 2007) to the same agency under the extra item rate list (EIRL), duly sanctioned by the Superintending Engineer for Rs 5.31 crore citing urgency of work. The contractor was paid (October 2007) Rs 1.75 crore for this work and the work was yet to be completed (July 2008). As the work was outside the scope of the tender, awarding the same under EIRL without inviting tenders was in violation of the manual provision.</p> <p>The Secretary to the Government stated (July 2008) that the modular flexible furniture work was executed as per a decision taken in a meeting held with Minister (Finance) in July 2006. Further, due to urgency, in order to avoid the time required for the tendering procedure, the work was executed under EIRL with the sanction of the Superintending Engineer. He further stated that the works could not be completed as the user department i. e., Sales Tax Office failed to hand over vacant site.</p> <p>The non-handing over the site by the user department itself indicates that there was no urgency. As such independent tenders should have been called for. Thus, the award of the work without inviting tenders in violation of the manual provision was irregular.</p>

School Education and Sports Department

4.5.3 Irregular grant of financial assistance to private organisation

Government gave irregular financial assistance of Rs 2 crore to a private organisation in contravention of their guidelines.

As per guidelines issued (July 1997) by the Government for grant of financial assistance to registered institutions and organisations working for development and promotion of sports, financial assistance of Rs 2 lakh or 50 per cent of the actual expenditure, whichever was less, was payable for organising sports competitions, in respect of sports recognised by the Maharashtra State Sports Committee, at national and international levels. Further, as per these guidelines, financial assistance was admissible only to those institutions which were registered under the Societies Registration Act, 1860 or the Mumbai Public Trust Act, 1950.

Scrutiny (January 2008) of the records of the School Education and Sports Department in Mantralaya revealed that Globosport India Private Limited, (company) requested (May 2006) the Chief Minister to grant them financial assistance of Rs 2 crore each year between 2006-2010 for holding ATP²³

²³ Associated Tennis Professional

Tennis Tournaments in Mumbai. The Chief Minister approved (June 2007) grant of Rs 2 crore to the company as a one time payment in contravention of the above guidelines. The Director of Sports and Youth Services, Pune drew the amount and paid (September 2007) by drawing an advance from the Contingency Fund, for conducting a tennis tournament at Mumbai from 24 to 30 September 2007. The first such tournament held in September-October 2006 was conducted by the organisers through sponsors. The company got the funds audited and submitted (April 2008) the audited statement of accounts only after being pointed out in audit.

When pointed out in audit about the irregular grant of financial assistance, the Government stated (June 2008) that the grants were paid to Globosport to give a boost to tennis sport being the biggest non-cricket sporting event.

The reply was not tenable as the guidelines issued for development of sports, does not have any such provision. Grant of assistance of Rs 2 crore to a private company, for conducting a tournament not organised by the All India Tennis Association or Maharashtra State Tennis Association in contravention of the laid down guidelines, was thus irregular.

Water Resources Department

4.5.4 Irregular payment to the contractor

The award of new work under clause 14 of the agreement of an old work without tendering and payment of escalation of Rs 1.09 crore on it as per the old agreement was irregular.

The work of construction of civil works from the lake intake to the emergency valve tunnel of the Koyna Hydro-Electric Project Stage IV (KHEP-IV), awarded (March 1992) to a contractor, was completed in October 1999, for which the Chief Engineer (CE), Koyna Project issued a completion certification in November 2000. The contract contained a provision for payment of price escalation on extra items.

Scrutiny (June 2007) of the records of the Executive Engineer, Koyna construction Division No 1, Koyna nagar revealed that in order to have optimum utilisation of Koyna storage, the Irrigation Department approved (February 2000) the work of extension of the head raise tunnel of KHEP-IV further upstream, thereby making an additional 15.28 TMC of water available for eastward irrigation without effecting generation of KHEP-IV.

The preliminary works of this new work estimated at Rs 20 crore, was awarded (October 2000) to the above mentioned contractor under the extra item rate list (EIRL) of the original work, without inviting tenders as required on the plea that the contractor was experienced in such type of works and tendering procedure should have taken up couple of years. The contractor completed the preliminary works in February 2005 and was paid (May 2007) Rs 25.41 crore, which included escalation of Rs 1.09 crore, as per the price

escalation clause of the agreement for the original work already completed in October 1999.

Since this was a new work, the award of the same under clause 14 and payment of escalation of Rs 1.09 crore as per the agreement of old work, was irregular.

The matter was referred to the Secretary to the Government in June 2008. Reply had not been received (August 2008).

General

Finance Department

4.5.5 Functioning of Treasuries

The major irregularities noticed during inspection of 33 treasuries by the Accountants General (Accounts and Entitlement) Mumbai and Nagpur during 2007-08 are brought out in the following paragraphs:

Overpayment of pension

Overpayment of pensionary benefits of Rs 66.88 lakh was made during 2007-08 on account of incorrect calculation of dearness relief, non-adjustment of provisional Death cum Retirement Gratuity, non reduction of pension due to payment of commuted value of pension, non-reduction of family pension from the specific dates mentioned in the pension payment orders etc.

Time barred cheques

It was noticed that 33 time barred cheques amounting to Rs 121.95 crore (each cheque of Rs 2 lakh or above) were pending for adjustment for the year 2006-07 under MH 8670 Treasury cheques and Bills 101-Pre Audit cheques.

4.5.6 Outstanding Inspection Reports, Departmental Audit Committee Meetings, Follow-up on Audit Reports and Action Taken Notes

Failure to enforce accountability and protect the interests of Government.

Outstanding Inspection Reports

The Accountant General (Audit) arranges to conduct periodical inspections of Government departments to test-check their transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) which are issued to the heads of the offices inspected with copies to the next higher authorities. Half yearly reports of pending IRs are sent to the Secretaries of the concerned departments to facilitate monitoring of action taken on the audit observations included in these IRs.

The IRs issued up to December 2007, pertaining to departments, disclosed that 23869 paragraphs relating to 8913 IRs were outstanding at the end of June 2008. Year-wise position of the outstanding IRs and paragraphs are detailed in the Appendix 4.1.

Departmental Audit Committee Meeting

In order to settle the outstanding audit observations contained in the IRs, Departmental Audit Committees have been constituted by the Government. During 2007-08, 11²⁴ out of the 26 departments convened 27 Audit Committee meetings wherein 2,774 paras were discussed and 1,411 paras were settled.

For ensuring prompt compliance and early clearance of the outstanding paragraphs, it is recommended that the Government should address this issue seriously and ensure that an effective procedure is put in place for (a) taking action against the officials who fail to send replies to IRs/paragraphs as per the prescribed time schedule, (b) recovering losses/outstanding advances/overpayments in a time bound manner and (c) revamping the system of responding to audit observations.

Follow up on Audit Reports

According to instructions issued by the Finance Department in March 1981, administrative departments were required to furnish Explanatory Memoranda (EMs) duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs included in the Audit Reports, within one month of presenting the Audit Reports to the State Legislature. The administrative departments did not however, comply with these instructions. There were 201 paragraphs and reviews upto the year 2006-07 for which EMs have not yet been received. The position of outstanding EMs from 2000-01 to 2006-07 was as follows:

Audit Report	Date of tabling the Report	Number of Paragraphs and Reviews	Number of EMs received	Balance
2000-01	29 April 2002	43	39	4
2001-02	22 July 2003	51	42	9
2002-03	8 July 2004	48	31	17
2003-04	21 July 2005	48	30	18
2004-05	18 April 2006	39	21	18
2005-06	17 April 2007	38	20	18
2006-07	25 April 2008	46	10	36
Total		313	193	120

²⁴ Agriculture, Animal Husbandry Dairy Development and Fisheries, General Administration, Higher and Technical Education, Industry, Energy and Labour, Law and Judiciary, Public Health, Public Works, Revenue and Forest, School Education and Sports, Water Resources and Water Supply and Sanitation

Audit Report (Civil) for the year ended 31 March 2008

In addition to the above, EMs in respect of 81 paras relating to the period prior to 2000-01 were also outstanding. Department-wise details are given in Appendix 4.2.

Action Taken Notes

The Maharashtra Legislature Secretariat (MLS) Rules stipulate that Action Taken Notes (ATN) on the recommendations of the Public Accounts Committee (PAC) on those paragraphs of the Audit Reports that are discussed are required to be forwarded to the MLS duly verified by Audit. Likewise, ATNs indicating remedial/corrective action taken on the paras that are not discussed are also required to be forwarded to the PAC duly vetted by Audit. It was observed that there were inordinate delays and persistent failures on the part of a large number of departments in forwarding ATNs on audit paragraphs. Year-wise details of such paragraphs are indicated as follows:

Audit Report	Total number of paras in the Audit Report	Number of paras		ATN awaited in respect of paras	
		Discussed	Not discussed	Discussed	Not discussed
1985-86 to 1997-98	862	151	711	98	705
1998-99	47	10	37	10	37
1999-2000	55	7	48	4	48
2000-01	43	--	43	--	43
2001-02	51	--	51	--	51
2002-03	48	--	48	--	48
2003-04	48	--	48	--	48
2004-05	39	--	39	--	39
2005-06	38	--	38	--	38
2006-07	46	--	46	--	46
Total	1277	168	1109	112	1103

The aforesaid points were reported to the Chief Secretary to the Government in September 2008. Reply had not been received (October 2008).

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CHAPTER - V

INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENT

Forest Department

5.1 Internal control mechanism in Forest Department

Highlights

Internal control is an integral component of an organisation's management processes, which are established in order to provide reasonable assurance that the operations are being carried out effectively and efficiently, financial reports and operational data are reliable and the applicable laws and regulations are being complied with so as to achieve organisational objectives. A review of internal controls in Forest Department showed control weaknesses such as delayed surrender of funds, non-compliance of financial codes, non-adherence to instructions on cash management and purchases, shortfalls in inspections at various levels, and shortfall in internal audit.

Large savings ranging between 12 and 31 per cent under plan expenditure indicated deficiencies in budgeting, planning and execution of the plan.

(Paragraph 5.1.5.1)

Funds drawn from the treasury/sub treasury offices were not entered in the cash book exposing the organisation to the risk of misappropriation and fraud.

(Paragraph 5.1.5.2)

In violation of Bombay Contingency Fund Rules, non-plan expenditure of Rs 44 crore was incurred out of contingency fund though the same was included and demanded in regular estimates.

(Paragraph 5.1.5.4)

Departmental Manual prepared in the year 1959 had not been updated.

(Paragraph 5.1.6.1)

Development works in the National Park valued at Rs 1.74 crore were executed without the approval of concerned committee and PCCF (WL).

(Paragraphs 5.1.6.4)

No mechanism existed to ensure prescribed checks in plantation work by the CCFs and the CFs. The CCFs and DCFs did not conduct mandatory inspections of Saw mills despite shortfall in inspections by RFOs

(Paragraphs 5.1.6.5 and 5.1.7.2)

Internal audit was in arrears and initiative taken to rectify the mistakes and deficiencies pointed out in internal audit was inadequate.

(Paragraph 5.1.8.2)

5.1.1 Introduction

Internal Control is a management tool used to provide reasonable assurance that management's objectives of reliability in financial reporting, effectiveness and efficiency of operations and compliance with the applicable rules and regulations are achieved. It also ensures that financial interest and resources of the Department are safeguarded and reliable information is available to the administration. There are three Public Forestry Institutions, viz., Forest Department, Directorate of Social Forestry and Forest Development Corporation of Maharashtra. Of these, a review on internal control mechanism in Forest Department was conducted. The main activities of the Forest Department are conservation and protection of the State's forests spread over about 20 per cent of its geographical area, through plantation, afforestation, protection of wild life, etc.

5.1.2 Organisation set-up

The Principal Chief Conservator of Forests (PCCF)¹ heads the Maharashtra State Forest Department with headquarters at Nagpur. He advises the Government on all forestry related matters except wildlife and also oversees the overall functioning of the Department. There are three Additional Principal Chief Conservators of Forests (APCCF), six Chief Conservators of Forests (CCF), eight Conservators of Forests (CF), four Deputy Conservators of Forests (DCF) and one Divisional Forest Officer (DFO) to assist him in the headquarters. The forests area has been divided into 11 territorial circles, which are headed by eight CCFs and three CFs. The circles are subdivided into 43 territorial forest divisions and five independent sub-divisions, headed by 43 DCFs and five DFOs, who are assisted by 276 Assistant Conservator of Forests (ACF) and 1029 Range Forest Officers (RFO). In addition, there are four CCFs, 15 CFs, six DCFs/DFOs in various functional wings, such as Evaluation, Working Plan, Education, Research and Training.

The PCCF (Wildlife), Nagpur heads the wildlife wing of the Department. He is assisted by one CCF and one DCF at headquarters and three CCFs and one CF at four Circles, six CFs and eight DCFs at 14 divisions. The CFs and the DCFs are assisted by 39 ACFs and 90 RFOs.

¹ Designated as PCCF (MS)

5.1.3 Audit objectives

Audit objectives were to assess whether the existing internal control frame work provides reasonable assurance to the executive with regard to achievement of the Department's objectives through:

- Financial controls,
- Operational controls,
- Organizational controls and
- Internal Audit System.

5.1.4 Audit coverage and methodology

Test check of records of the PCCF (MS) and the PCCF (WL), Nagpur, 10 Circles² and 20³ Divisions for the period from 2003-04 to 2007-08 was conducted between March and June 2008. Selection of units was made by adopting random sampling method to cover 30 units. An entry conference was held (February 2008) with the Additional Chief Secretary to Government of Maharashtra, Revenue and Forest Department wherein audit objectives, scope and criteria were discussed.

An exit conference was also held (August 2008) with the Additional Chief Secretary to Government of Maharashtra, Revenue and Forest Department, wherein audit observations were discussed. The replies of the Government/ Department have been incorporated at appropriate places.

Audit findings

5.1.5 Financial controls

5.1.5.1 Preparation of budget estimates

As per Rule 37 of Maharashtra Budget Manual (MBM), the preparation of the budget requires that estimation should be accurate and the provision to be included in respect of each item should be based upon what is expected to be actually paid or spent under proper sanction during the year including arrears of past years and not confined to the liabilities pertaining to the year. Rule 181 stipulates the target dates for submission of the estimates to the higher

² CCF(T), Amravati, CF & Field Director, Tiger Project Melghat, Amravati, CF(T), Kolhapur, CCF(WL), Mumbai, CCF(T), Nagpur, CCF(WP), Nagpur, CCF (Evaluation), Nagpur, CCF (Research, Trg & Edn), Pune, CCF(T), Pune, CCF (T), Thane

³ DCF, Amravati, DCF(Eval) Aurangabad, DCF(T), Bhandara, CF & Director, Sanjay Gandhi National Park (SGNP), Borivali, CF(WP-I), Chandrapur, CF & Silviculturist, Chandrapur, DCF(T), Gondia, DCF (T), Jawhar, DCF (T), Junnar, DCF(T), Kolhapur, DCF(Eval) Nashik, Director, Trg College, Pal, DCF, Melghat I, Parathwada, DCF, Melghat II, Parathwada, CF (Edn & Trg), Pune, DCF(T), Pune, DCF(T), Roha DCF(T), Thane, DCF (WL), Thane and CF(WP), Yavatmal

Large savings under plan expenditure indicated deficiencies in budgeting, planning and execution of the plan

authorities and to the Finance Departments. In 30 units covered, the budget estimates were prepared and submitted to the higher authorities on time. The budget provisions vis-à-vis expenditure of the Department were as follows:

(Rupees in crore)

Year	Non Plan			Plan		
	Final Grant	Actual expenditure	Excess (+) / Savings (-) with per cent	Final Grant	Actual expenditure	Savings (-) with per cent
2003-04	254.66	265.92	(+)11.26 (4%)	47.38	39.65	(-)7.73 (16 %)
2004-05	256.75	283.69	(+)26.94 (10%)	28.87	22.26	(-)6.61 (23%)
2005-06	334.36	323.48	(-)10.88 (3%)	38.69	27.65	(-)11.04 (29%)
2006-07	329.83	315.44	(-)14.39 (4%)	82.93	56.94	(-)25.99 (31%)
2007-08	377.88	381.69	(+)3.81 (1%)	100.28	88.40	(-)11.88 (12%)

It would be seen that there were large savings (12 to 31 per cent) under the plan expenditure indicating deficiencies in budgeting, planning and execution of the plans by the Department.

5.1.5.2 Cash management

➤ Deficient/non-maintenance of cash book

Rule 98 of the Maharashtra Treasury Rules (MTR) 1968, provides that all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of office in token of check. In 25⁴ out of 30 units covered, the entries made in the cash books were not attested during the period from 2003-08 by any of the heads of respective offices.

Conservator of Forests (Working Plan-I), Chandrapur did not maintain the cash book for the period from July 2007 to March 2008. The figures of cash balance indicated in the monthly compiled accounts of this division for the above period could not be verified in audit. The Department stated (August 2008) that instructions had been issued to all circles and divisions to follow the rules.

➤ Surprise verification of cash section

As per Rule 55 of the Bombay Financial Rules (BFR), 1959, to minimise the risk of misappropriation, the head of office was required to make a surprise verification of cash section once a month and certify that cash balance with the cashier was in order. Of 30 units covered, it was noticed that in 25⁵ units the heads of offices did not make surprise verification of cash section on any occasion during the period 2003-08. The Department stated (August 2008) that directions would be given to conduct surprise verification of cash section every month.

⁴ 13 from Territorial, 8 from functional and 4 from Wildlife wing

⁵ 13 from Territorial, 8 from Functional and 4 from Wild life wing

Drawals made from the treasury were not entered in the cash book exposing to the risk of misappropriation and fraud

➤ **Drawals made from the treasury not entered in the cash book**

As per Article 304 of the Bombay Forest Manual (BFM), 1959, every officer who is authorised to receive or disburse Government money should maintain a cash book in which all monetary transactions should be entered. No irregular or separate accounts are permitted. Government of Maharashtra introduced (January 2006) the system of drawal of bills of salary, travelling allowances etc., of the officials of Forest Department through the treasury/sub-treasury concerned which was effective from May 2006. Disbursement of such personal claims was made by direct credit in their respective bank account by issuing departmental cheques or advice to the bank. In 20⁶ units test checked, it was noticed that the drawals made from the treasury/sub-treasury offices were not entered in the cash books of CCF/CF/DCF concerned. Out of 20 units, 14 recorded the drawals in a separate register and six units did not maintain any accounts for such drawals. This was fraught with the risk of misappropriation and fraud. The Department stated (August 2008) that correct procedure would be followed in future.

➤ **Security bonds for handling cash**

In 12 out of 30 units covered, security bonds required to be furnished by the cashier as per Rule 51 of BFR, were not obtained by the heads of offices. The Department stated (August 2008) that action to obtain security bonds from cashier would be taken immediately.

5.1.5.3 Payment of house building advance without execution of mortgage deeds

As per Rule 5 under Appendix 26 of BFR, in all cases of house building advance (HBA), when advance is granted for the purchase of land or land together with the house thereon, as the case may be, the property shall be mortgaged to Government in favour of Governor of Maharashtra as security for repayment of the loan. The head of office/department shall ensure that the prescribed mortgage deed is executed immediately on completion/purchase of the house, and the document kept in safe custody after registration. Scrutiny of records in 10 units⁷ revealed that HBA amounting to Rs 4.93 crore was disbursed during 2003-08 to 249 officials. The recovery of advance was regularly made from their monthly salary. However, the mortgage deeds were not executed and registered in favour of Governor. Thus, the heads of the offices have not ensured security of the advances paid. Government assured (August 2008) that all cases would be reviewed and disciplinary proceedings would be initiated against the erring officials.

⁶ 9 from Territorial, 5 from Functional and 6 from Wild life wing

⁷ CF& FD, TPM, Amravati, CCF(T), Amravati, DCF(T), Amravati, CF(WP-I), Chandrapur, CF(T), Kolhapur, DCF(T), Kolhapur, DCF, Melghat I, Parathwada, DCF, Melghat II, Parathwada, CCF(T), Pune, CCF(T), Thane

Rs 44 crore was drawn from Contingency Fund in violation of the Bombay Contingency Fund Rules, 1957

5.1.5.4 Advance from Contingency Fund

As per Rule 2 the Bombay Contingency Fund Rules, 1957, advances from the contingency fund should be granted only for unforeseen expenditure.

Scrutiny of records of PCCF (MS), Nagpur revealed that the Department, in violation of these provisions, had drawn Rs 23.33 crore during 2004-05 and Rs 21.63 crore during 2005-06 out of the Contingency Fund for meeting non-plan expenditure, on the basis of proposal from APCCF (B P & D)⁸ and approved by Government though the expenditure was included and demanded in the budget estimates of the respective years. Government assured (August 2008) that draws from Contingency Fund for expenditure foreseen would be avoided in future.

5.1.5.5 Release of grants to Zilla Parishads without receipt of UCs.

As per Section 181-A of Maharashtra Zilla Parishad and Panchayat Samiti Act, 1961, a grant of seven *per cent* of the average of the amounts of gross revenue realised from forest during the three financial years immediately preceding is to be paid to the Zilla Parishads (ZPs) every year. As per Government order no grant should be paid to the ZPs unless utilisation certificates (UCs) for the grant paid in the previous year are submitted.

In five⁹ out of nine units covered (territorial), it was noticed that during the period 2003-08, grants amounting to Rs 7.13 crore were released to five¹⁰ ZPs. As of March 2008, the UCs for Rs 2.83 crore for the years from 2003-04 to 2006-07¹¹ were not received from four ZPs. Records were not made available to Audit by the DCF, Bhandara. The DCFs, however, continued to release grants to the ZPs concerned every year. Thus, the departmental officers failed to monitor utilisation of the grants given to the ZPs and continuous release of grants without ascertaining utilisation of grants already given was irregular. Government stated (August 2008) that the matter would be taken up with Rural Development Department and receipt of utilisation certificates from ZPs would be ensured before release of grants.

5.1.5.6 Rush of expenditure during March

The expenditure should be evenly phased out throughout the year and rush of expenditure particularly in the closing month of the financial year should be avoided. The position of total plan expenditure vis-à-vis expenditure during last month of financial years 2003-08 was as follows:

⁸ Additional Principal Conservator of Forests (Budget, Planning and Development)

⁹ DCF (T), Amravati, DCF(T), Gondia, DCF(T), Kolhapur, DCF(T), Thane, DCF(T), Pune

¹⁰ ZP, Amravati, ZP, Gondia, ZP, Kolhapur, ZP, Thane, ZP, Pune

¹¹ 2003-04 (Rs.1.22 crore), 2004-05 (89 lakh) 2005-06 (4 lakh) and 2006-07 (68 lakh)

(Rupees in crore)

Year	Total Expenditure	Expenditure during March	Percentage
2003-04	39.65	19.95	50
2004-05	22.26	9.67	43
2005-06	27.61	16.56	60
2006-07	56.97	26.10	46
2007-08	88.27	36.03	41

It would be seen that the plan expenditure incurred during last month of the financial years ranged from 41 to 60 *per cent*. Rush of expenditure during March indicated lack of monitoring of expenditure. The flouting of cash flow norms by the forest department during the year 2007-08 has been discussed in paragraph 1.2.1.3 of Chapter I of this Audit report.

The Maharashtra Budget Manual (MBM) provides for surrender of all anticipated savings to the Government as soon as they are foreseen. The administrative departments are required to surrender all savings not later than 15 March. However, the Department surrendered the savings amounting to Rs 154.13 crore¹² (100 *per cent*) on last two working days of the financial year during 2003-04 to 2007-08. This indicated inadequate budgetary controls. The Government agreed (August 2008) to adhere to the norms prescribed in the codes and manuals.

5.1.5.7 Reconciliation of remittances into treasury

Under the provisions of MBM, the heads of offices were required to reconcile the receipts accounts with the treasuries every month and forward a copy of the reconciled statement to the controlling officer. It was observed that in three¹³ units, reconciliation of remittances was not done during the period 2003-08. The DCFs, Kolhapur and Pune did not reconcile the remittances from November 2006 and October 2007 respectively. In the absence of reconciliation, correct classification of remittances into the treasury and correctness of the accounts can not be ensured. Department assured (August 2008) that reconciliation of remittances into treasury would be done regularly in future.

5.1.5.8 Procurement beyond financial powers

As per the Finance Department orders (July 2001), the CCFs and CFs could make purchase of computers, xerox machines etc., up to Rs 1 lakh per year, while the DCFs did not have any financial powers to purchase the same.

¹² 31 March 2004-Rs.26.29 crore, 31 March 2005-Rs. 28.63 crore, 31 March 2006-Rs. 16.08 crore, 30 March 2007-56.75 crore and 31 March 2008- Rs 26.38 crore

¹³ DCF(T), Gondia, DCF(T), Junnar, DCF(WL), Thane

It was noticed that in three units¹⁴, CCF/CF/DCF concerned purchased computers, printers and Xerox machine worth Rs 4.77 lakh during 2005-08, beyond their financial powers. The DCF (T), Pune purchased franking machine (January 2007) and xerox machine (October 2005) worth Rs 2.27 lakh violating the delegation of financial powers, that too from the funds available under Forest Development Agency Fund, which was irregular.

In another case, the CF and Director, SGNP, Borivali had entered (April 2007) into an agreement with M/s Anthony Peter Mangzes, Uncle Cold Storage, Andheri for supply of beef worth Rs 56 lakh for the year 2007-08, though his financial power was upto Rs 5 lakh. Department accepted (August 2008) the audit observations and stated that review of existing financial power delegated to departmental officials would be conducted soon.

5.1.6 Operational control

5.1.6.1 Up-keep of Departmental Manual

Departmental manual introduced in the year 1959, had not been updated

Documentation of procedure for various functions of the Department and its updation are essential. The Bombay Forest Manual was prepared in 1959 and no updation had been undertaken since then. Since there had been major changes in working system in Forest Department, there was a need for revision and updating of the manual. Though a proposal for revision of the manual was submitted to the Government by the PCCF in 1990, the manual had not been revised yet (July 2008). Department stated (August 2008) that updation of manual was in progress and would be completed soon.

5.1.6.2 Preparation of Working Plan

The Working plans¹⁵ are to be prepared by the Working Plan divisions under the supervision of CCF (WP). As per para 33 of the Working Plan Code, the DCF of the Working Plan divisions are required to take up the work of revision of working plan two and half years in advance of the expiry of the existing plan so as to allow sufficient time for obtaining the sanction of Government of India through the PCCF(MS), Nagpur.

Of 13 divisions in four circles test checked, working plan was in continuous operation only in two¹⁶ divisions Working plan for nine divisions was not revised for the last one to 28 years, and in four¹⁷ divisions though the current working plans were in operation, these divisions did not have working plan for two to four years during 2002-03 to 2005-06 as shown in the **Appendix 5.1**.

¹⁴ DCF(T), Kolhapur, CCF (T), Nagpur, CF & Field Director, SGNP, Borivali

¹⁵ Working Plan: Details of activities prescribed to be carried in the Forest Division for 10 years (20 years prior to 2004-05)

¹⁶ Roha and Shahapur of Thane circle

¹⁷ Bhor, Junnar, Nagpur and Wardha

Thus, non-preparation of working plans in time had affected the forest management with consequential effect on harvesting as well as regeneration. Department stated (August 2008) that further efforts would be made to revise working plans to bring down the arrears.

5.1.6.3 Pending proposals for diversion of forest land

Under the provisions of Forest (Conservation) Rules, 2003, proposals for seeking approval for diversion of forest land to other departments/ organisations were to be submitted to the State and Central Governments through the PCCF. To ensure speedy disposal of such proposals, a time limit was to be laid down for disposal of the references made at various levels. Efforts should be made to dispose of each reference at the State Government level within the maximum period of 60 to 90 days. While details of time limit fixed for disposal of cases at various levels was not furnished, 887 proposals were pending (February 2008) at the levels of CF (817), DCF (64) and PCCF (6). Of which, as of May 2008, 56 cases were more than 15 years old, 117 were 10 to 15 years old, and 231 were five to 10 years old. Government stated (August 2008) that many of the proposals were pending with other departments/ organizations.

5.1.6.4 Execution of development work in the National Park

Development works valued at Rs 1.74 crore were executed in the National Park without the approval of the concerned Committee and the PCCF (WL)

Government permitted (November 2003) CF & Director, Sanjay Gandhi National Park (SGNP), Borivali, Mumbai, to operate personal ledger account for crediting entrance and entertainment fees and utilise such receipts for incurring expenditure on development works in SGNP. With a view to having a proper utilisation of revenue and control over expenditure, a committee under the Chairmanship of CCF (WL), Mumbai was constituted. The committee was required to meet once in three months. The development works were to be carried out after obtaining prior approval of the committee. In addition, as per the orders of PCCF (WL) (June 2007), prior approval of the PCCF (WL) also was required for execution of such development works.

Scrutiny revealed that 159 development works were executed between April 2005 and December 2007 at a cost of Rs 1.74 crore without the prior approval of the committee and the PCCF (WL) on the ground of urgency. The works were later accorded *ex-post facto* sanction (June 2005, October 2005 and January 2008) by the committee, violating the condition prescribed by the Government. The committee met once in 2003-04, twice in 2005-06 and once in 2007-08. It did not meet during 2004-05 and 2006-07. The reasons for not holding the quarterly meetings were not furnished. This indicated that the Committee failed to meet regularly and as a result the executing agencies undertook the work taking the approval of the committee for granted. Department accepted (August 2008) audit observation and stated that the committee would meet regularly in future.

5.1.6.5 Supervision of plantation operation

To ensure proper implementation of the plantation schemes by the field officers at all levels, the PCCF (MS), Nagpur issued guidelines (October 1995) for field supervision when works are in progress. The officers exercising the supervision were required to record the inspection note in the plantation books.

The intensity of annual supervision to be exercised by CCF and DCF level for Pre Planting Operation (PPO) to Fifth Year Operation (VYO) was as below:

No mechanism existed to ensure prescribed checks in plantation work by the CCFs and CFs

Name of the work	Supervision in a year	
	By CCF	By DCF
PPO	5 sites in each division	At least once in each site
First Year Operation	5 sites in each division	At least once in each site
Second Year Operation	5 sites in each division	At least 10 per cent of the sites
Third Year Operation	5 sites in each division	Weeding at least 10 per cent of the sites
Fourth Year Operation to Fifth Year Operation	5 sites in each division	At least once in each site

Test-check of records of five circles and seven divisions revealed that information relating to supervision actually conducted by the officers was not on record. Three CCFs stated that the information would be obtained from the DCFs, while one CCF and one CF did not furnish information. Three DCFs stated that the same would be obtained from RFOs and furnished, while four DCFs did not furnish information. The PCCF did not have any mechanism to ensure that the regular supervision by the CCF and DCF had been conducted. Department assured (August 2008) that efforts would be made to achieve the target set for supervision of plantation activities.

5.1.6.6 Deficient maintenance of stock register

As per Rule 95 of Maharashtra Contingent Rules, 1965, a Dead Stock Register should be maintained with details of inventory of articles and materials obtained / purchased. Rule 98 *ibid* also provides that physical verification of stock was required to be carried out by the Head of office in June every year and certificate to that effect was to be recorded in the Register.

The CCF (WL), Mumbai did not enter items purchased during the period from 2003-08 while, the CF, (Working Plan-I), Chandrapur did not enter items purchased during January 2006 to March 2008 in the stock registers. Some items like cooler stand, UPS, desktop, bitumen sheets, wall unit etc purchased

during the period 2003-04 to 2005-06 (up to December 2005) were not entered in the stock registers. CF & Silviculturist, Chandrapur did not enter the details of items such as inverter, printer, carpet, desktop etc., worth Rs 1.09 lakh purchased between June 2004 and December 2007 in the stock registers. CCF (T), Nagpur did not maintain the stock registers during the period 2002-05.

In ten¹⁸ out of 30 units covered, physical verification of stock for the period 2003-08 was not carried out. Therefore, it could not be verified in audit whether the assets and stores shown in the registers were actually available. Department stated (August 2008) that instructions had already been issued to the circles and divisions to update the stock registers and endorse the mandatory certificate after physical verification.

5.1.6.7 Timber account

As per Article 246 to 253 of BFM, a timber account showing receipts and disposal of the forest produce and the seized material from each sale depot was required to be compiled and submitted monthly by the RFO. He was to submit accounts to the DCF for monitoring the harvesting and disposal of the forest produce. A consolidated report of the stock of forest produce was to be submitted by the DCF to the Government through the CCF.

Test-check revealed that delays in preparation of timber account by RFOs in eight divisions led to delays in preparation of consolidated account of timber by the DCF for submission to the CCF concerned. As of March 2008 arrears in submission of timber account by DCF were 3 to 107 months¹⁹.

Scrutiny revealed that though the accounts were pending with RFOs, the DCFs failed to ensure the timely preparation and submission of the timber accounts by RFOs to them. The Department stated (August 2008) that such delay would not recur in future.

5.1.7 Organisational controls

The organisational controls of the Department were deficient due to lack of information relating to checks exercised by field officers, system of verification of assets created and insufficient inspection of subordinate offices, as discussed below.

5.1.7.1 Inspection of the subordinate offices

As per Article 589 of BFM, in order to step up standard of efficiency of subordinate offices, all divisional and sub divisional forest offices were to be inspected by the Conservator and all ranges, rounds and other disbursers

¹⁸ 06 from Territorial, 03 from Functional and 01 from Wild life wing

¹⁹ Amravati (40), Buldhana (75), Bhandara (39), Gondia (12), Nagpur (03), East Melghat, Parathwada (60), West Melghat, Parathwada (107) and Wardha (07)

offices by the DCF and Divisional Forest Officers (DFO) at least once a year. The reports of inspections carried out by each officer should be submitted to his immediate superior for perusal. Out of 19²⁰ units test checked, one CCF, one CF and six DCFs did not carry out inspections of their respective subordinate offices during last five years i.e. during 2003-08. In 10 units, as of March 2008, the arrears of inspection ranged between one and four years. DCF (T), Pune inspected all RFOs under him in 4 to 10 days (May 2007) covering the period 2003-04 to 2006-07. The reports were, however, not submitted to the superiors. Department stated (August 2008) that norms would be followed in future.

5.1.7.2 Inspection of saw mills

As per Government orders (May 2003), CCF was to inspect two saw mills, while the DCF was required to inspect four saw mills every month. The number of saw mills required to be inspected by the ACF and RFO was 6 and 12 respectively. Of 12 units test checked, records revealed that CCF, Thane did not conduct any inspection of saw mills during the period 2003-08 which was a serious dereliction of duties. There was a shortfall of inspection ranging from 63 to 100 *per cent* in respect of two²¹ CCFs and 8 to 100 *per cent* in respect of six²² DCFs. Six units did not state reasons for shortfall. Two²³ units attributed the shortfall to regular work, meetings and field work. Three²⁴ units did not furnish details of inspection conducted stating that it would take considerable amount of time to compile the same. Though there was shortfall in inspection done by RFOs as per the reports received, the DCF and CCF neither directed RFOs to conduct mandatory inspections nor conducted the inspection of saw mills themselves. Government stated (August 2008) that performance assessment of individual would be made on the basis of entries made in their annual confidential reports.

5.1.7.3 Inspection to control forest offences

To curb forest offences, Government of Maharashtra prescribed (May 2003) the number of days in a year for inspection of general and sensitive forest areas to be carried out by CCF/CF, DCF, ACF and RFO.

In nine units, the officers stated that the information relating to the inspection actually carried out by the officers was not available. Shortfall, if any, as against the norms prescribed, remained unnoticed. Department stated (August 2008) that the norms would be followed in future.

²⁰ 12 from Territorial, 1 from Functional and 6 from Wild life wing

²¹ CCF, Amravati, CCF, Pune

²² DCF, Amravati, DCF, Junnar, DCF, Kolhapur, DCF, Pune, DCF, Roha, DCF, Thane

²³ CCF, Pune and CCF, Thane

²⁴ DCF (T), Bhandara, DCF (T), Jawhar, DCF (T), Gondia

CCFs and DCFs did not conduct mandatory inspections of saw mills despite shortfall in inspections by RFOs

5.1.7.4 Delay in settling forest offence cases

For speedy disposal and effective measures to curb heavy illicit felling of trees, a vigilance cell comprising one DFO and a small contingent of office staff along with existing mobile squad was created to function directly under the control of the territorial conservators who are required to coordinate and supervise the activities and follow up.

In six out of 10 units test checked, out of 1016 cases detected during 2003-08, only 573 cases were settled and 443 cases were pending as of March 2008. Out of the pending cases, 173 cases were more than three years old, 171 cases were one year to three years old and 99 cases were less than one year old. Four units did not furnish information. This indicates poor monitoring by Conservators in settling the forest offence cases. Department stated that process to settle the forest offence cases would be expedited.

5.1.8 Internal audit system

Internal Audit was to be conducted by the Department to examine and evaluate the level of compliance with departmental rules and procedures. A separate internal audit wing under the PCCF (MS), Nagpur was set up in 1969. The internal audit wing had a staff strength of 16. It was noticed that the internal audit mechanism in the department was inadequate and ineffective as discussed below.

5.1.8.1 Internal audit manual

There was no manual of Internal Audit or Auditing standards prescribing the principles and practices which the internal auditor was required to follow. The PCCF (MS) stated that internal audit was conducted with reference to prescribed Treasury Rules, Financial Rules and Bombay Forest Manual and checklist prepared for the purpose.

5.1.8.2 Shortfall in internal audit

There were huge arrears in conducting internal audit (IA) as shown below:

Year	Nos. of units to be audited as per audit plan	Nos. of units audited	Nos. of units pending	Shortfall (in percentage)
2003-04	42	42	-	Nil
2004-05	46	28	18	39
2005-06	42	6	36	86
2006-07	38	18	20	52
2007-08	36	21	15	42

The PCCF attributed the reasons for shortfall to elections, winter assembly session, vacant post of officers and staff and other administrative problems. Government stated (August 2008) that there was a proposal to increase the manpower in internal audit to achieve the target set.

5.1.8.3 Pending inspection reports

Internal audit loses its effectiveness unless the deficiencies pointed out are promptly attended to. As of March 2007, 7465 paragraphs in 161 internal audit reports were outstanding. The age-wise pendency of paragraphs and IA reports though asked for had not been furnished by the PCCF. Department stated (August 2008) that efforts would be made to settle the internal audit paras.

5.1.8.4 Lack of response to CAG's audit

As of March 2008, 1722 paragraphs in 1035 inspection reports issued by the PAG/AG (Audit) were pending settlement of which 970 paragraphs were more than three years old. First compliance report to 250 inspection reports were not received, of which 126 were more than three years old.

This indicated that sufficient initiatives were not taken by the Department to rectify the mistakes and deficiencies pointed out in audit. Government agreed (August 2008) to hold audit committee meetings to discuss outstanding inspection reports.

5.1.9 Conclusions


Large savings under the plan expenditure indicated deficiencies in budgeting. The rules and mandatory procedures prescribed to prevent fraud and misappropriation of cash were flouted by heads of offices. The heads of offices did not ensure security for the house building advances sanctioned to officials. Money was drawn out of contingency fund in violation of rules. Surrender of savings was made on last two working days, contrary to the provisions. The Department failed to exercise close watch over timely receipt of UCs, before releasing grants to the ZPs. No evidence of exercising prescribed checks to ensure the implementation of the plantation schemes was found at CCF and DCF level. There were shortfalls in inspections of subordinate offices and saw mills at CCF and DCF levels. The heads of offices did not conduct the mandatory physical verification of stores. Initiatives taken to settle observations made in internal audit and CAG's audit were inadequate.

5.1.10 Recommendations

- Financial controls – realistic budget estimates should be prepared with reference to effective planning and execution of plan expenditure to avoid large savings.

- Provisions contained in Maharashtra Treasury Rules and Bombay Financial Rules must be followed by Heads of offices to prevent instances of misappropriation and fraud.
- Heads of offices should ensure execution and registration of mortgage deeds to secure government money in house building advance cases.
- Chief Conservators of Forests and Deputy Conservators of Forests must achieve the target checks prescribed in plantation activities so as to ensure the conservation of forests.
- Target set for inspections of saw mills must be achieved at all levels for effective monitoring.
- Effective measures should be taken to respond to the inspection reports and paragraphs of Internal and CAG's audit.

Mumbai,
The 19 JAN 2009


(RAJIB SHARMA)
Principal Accountant General (Audit)-I,
Maharashtra

Countersigned

New Delhi,
The 20 JAN 2009


(VINOD RAI)
Comptroller and Auditor General of India



APPENDICES

APPENDIX - 1.1

(Reference: Paragraph 1.1, Page 1)

Part A: Structure and Form of Government Accounts

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.

APPENDIX - 1.1 (Contd.)

(Reference: Paragraph 1.1; Page 1)

PART B: Layout of Finance Accounts

Statement	Layout
Statement No.1	Presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2007-08
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No.4	Indicates the summary of debt position of the State which includes borrowing from intern debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year repayments made, recoveries in arrears etc
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2008
Statement No.9	Shows the revenue and expenditure under different heads for the year 2007-08 as a percentage of total revenue/expenditure
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year
Statement No.11	Indicates the detailed account of revenue receipts by minor heads
Statement No.12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head wise
Statement No.13	depicts the detailed capital expenditure incurred during and to the end of 2007-08
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2007-08
Statement No.15	Depicts the capital and other expenditure to the end of 2007-08 and the principal sources from which the funds were provided for that expenditure
Statement No.16	Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of Maharashtra
Statement No.18	Provides the detailed account of loans and advances given by the Government of Maharashtra, the amount of loan repaid during the year, the balance as on 31 March 2008
Statement No.19	Gives the details of earmarked balances of reserve funds

APPENDIX - 1.1 (Concl.)
(Reference: Paragraph 1.2; Page 5)

Part C: List of terms used in the Chapter I and basis of their calculation	
Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	$\text{Debt stock} * \text{Interest spread} / 100$
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

Audit Report (Civil) for the year ended 31 March 2008

APPENDIX - 1.2			
<i>(Reference : Paragraph 1.2, Page 5)</i>			
Summarised financial position of the Government of Maharashtra as on 31 March 2008			
(Rupees in crore)	LIABILITIES		(Rupees in crore)
As on 31.03.2007			As on 31.03.2008
98601.89	Internal Debt		107747.55
20883.23	Market Loans bearing interest	28525.73	
23.15	Market Loans not bearing interest	21.88	
2336.10	Loans from LIC	2085.76	
75359.41	Loans from other institutions	77114.18	
--	Ways and Means Advances/Overdrafts from Reserve Bank of India	--	
8542.30	Loans and Advances from Central Government		8458.83
6.73	Pre 1984-85 Loans	6.73	
112.03	Non-Plan Loans	107.53	
8204.81	Loans for State Plan Schemes	8114.57	
8.42	Loans for Central Plan Schemes	7.59	
210.31	Loans for Centrally Sponsored Plan Schemes	222.41	
	Ways and Means Advances	--	
94.64	Contingency Fund		91.06
9411.05	Small Savings, Provident funds etc.		10095.76
15089.56	Deposits		16965.04
25394.21	Reserve Funds		14846.77
3555.73	Suspense and Miscellaneous Balances		3781.23
45.64	Remittances		-26.20
160735.02	TOTAL		161960.04
As on 31.03.2007	ASSETS		As on 31.03.2008
72264.60	Gross Capital Outlay on Fixed Assets		83754.19
37531.49	Investments in shares of Companies, Corporations etc.	44256.26	
34733.11	Other Capital Outlay	39497.93	
	Loans and Advances		18125.99
5231.43	Loans for Power Projects	5015.21	
11602.73	Other Development Loans	12239.58	
799.27	Loans to Government servants	871.20	
12.99	Advances		12.41
7183.90	Cash		11230.32
3.75	Cash in Treasuries	2.89	
-151.59	Deposits with Reserve Bank	-1040.19	
136.90	Local remittances	130.37	
15.78	Departmental Cash Balance	42.39	
0.43	Permanent Advances	0.43	
4662.04	Cash Balance Investments	8408.55	
2516.59	Investment of earmarked balances	3685.88	
63640.21	Deficit on Government Accounts		48837.24
-810.10	(i) Revenue Deficit of the Current Year	-14803.10	
8002.80	(ii) Pro forma correction	0.03	
-797.39	(iii) Other adjustments	0.10	
57244.90	Accumulated deficit upto 31 March 2007	63640.21	
-0.11	Capital Receipts		-0.11
160735.02	TOTAL		161960.04

* Lower Rounding

APPENDIX - 1.3
(Reference: Paragraph 1.2, Page 5)

Abstract of Receipts and Disbursements for the year 2007-08

(Rupees in crore)						(Rupees in crore)				
Receipts			Disbursements							
2006-07			2007-08	2006-07		Non-Plan	Plan	Total	2007-08	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Section-A : Revenue										
62195.38*	I.	Revenue receipts	79583.15	61385.28	I.	Revenue expenditure	54504.62	10275.43	64780.05	64780.05
40099.25		Tax revenue	47528.45	25106.29		General services	23468.97	377.45	23846.42*	
				23558.86		Social services	19558.13	7214.92*	26773.05	
7518.24		Non-tax revenue	16947.97	12316.49		Education, Sports, Art and Culture	12997.59	644.04	13641.63	
				2253.55		Health and Family Welfare	1903.67	791.39	2695.06	
6022.76		State's share of Union Taxes	7597.18	3565.96		Water Supply, Sanitation, Housing and Urban Development	1473.40	3571.17	5044.57	
				23.58		Information and Broadcasting	25.97	0.65	26.62	
3489.00		Non-Plan grants	2106.39	1904.46		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1000.00	1392.22	2392.22	
				318.52		Labour and Labour Welfare	283.65*	118.61*	402.26	
3919.12		Grants for State Plan Scheme	3779.66	3131.62		Social Welfare and Nutrition	1839.73	687.43	2527.16	
				44.68		Others	34.12	9.41	43.53	
1147.01		Grants for Central and Centrally sponsored Plan Schemes	1623.50	11703.04		Economic Services	10589.06	2647.83	13236.89	
				3362.63		Agriculture and Allied Activities	2768.84*	700.38	3469.22	
				2590.31		Rural Development	414.99	645.59	1060.58	
				32.84		Special Areas Programmes	0.25	32.58	32.83	
				1514.03		Irrigation and Flood Control	1264.71	383.02	1647.73	
				2601.30		Energy	2932.22	478.93	3411.15	
				565.90		Industry and Minerals	1010.15	32.60	1042.75	
				696.72		Transport	2050.92	202.59	2253.51	
				24.51		Science, Technology and Environment	0.00	25.56	25.56	
				314.80		General Economic Services	146.98	146.58*	293.56	
				1017.09		Grants-in-aid and Contributions	888.46	35.23	923.69	
	II	Revenue deficit carried over to Section B		810.10	II	Revenue Surplus carried over to Section B				14803.10

* Lower rounding

* Higher rounding

Audit Report (Civil) for the year ended 31 March 2008

APPENDIX - I.3 (Contd.)										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Section B										
5038.30	III.	Opening Cash balance including Permanent Advances and Cash Balance Investment		7183.90	0	III.	Opening Overdraft from RBI			0
0.11	IV.	Miscellaneous Capital receipts		0	10092.18	IV	Capital Outlay	2022.68	9466.93	11489.61
					242.63		General Services	90.45*	251.17	341.62*
					872.15		Social Services	-4.80	747.34	742.54
					112.46		Education, Sports, Art and Culture	0.00	149.82	149.82
					76.23		Health and Family Welfare	0.00	88.12	88.12
					29.16		Water Supply, Sanitation, Housing and Urban Development	0.02	59.49	59.51
					593.37		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-0.18	377.57	377.39
					2.20		Social Welfare and Nutrition	-4.64	2.43	-2.21
					58.73		Others	0.00	69.91	69.91
					8977.40		Economic Services	1937.03	8468.42	10405.45
					772.48		Agriculture and Allied Activities	251.08	564.58	815.66
					476.15		Rural Development	0.00	457.47	457.47
					41.42		Special Area Programme	0.00	43.50	43.50
					5322.97		Irrigation and Flood Control	1429.89	5213.64	6643.53
					800.37		Energy	0.00	804.34	804.34
					11.44		Industry and Minerals	0.00	17.95	17.95
					1475.42		Transport	159.20	1367.02	1526.22
					77.06		General Economic Services	96.86	-0.15	96.71
					0.09		Science Technology and Environment	0.00	0.07	0.07
50.70		Recoveries of Loans and Advances		732.59	2321.62	V	Loans and Advances disbursed			1225.16
124.08		From Power Projects	325.93		145.23		For Power Projects			109.71
132.54		From Government Servants	149.61		226.04		To Government Servants			221.54
(-205.92)		From others	257.05		1950.35		To Others			893.91
810.10		Revenue surplus brought down		14803.10	0.00	VI	Revenue deficit brought down			0.00

+ Higher rounding
 ° Lower rounding

APPENDIX - I.3 (Contd.)										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
11891.69	VII.	Public Debt receipts		11807.66	2041.92	VII.	Repayment of Public Debt		2745.48*	
--		External debt	0.00		0.00		External debt	0.00		
11393.65		Internal debt other than Ways and Means Advances and Overdraft	11478.45		1639.15		Internal debt other than Ways and Means Advances and Overdraft	2332.80		
A		Net transactions under Ways and Means Advances including Overdraft	B		A		Net transactions under Ways and Means Advances including Overdraft	B		
498.04		Loans and Advances from Central Government	329.21		402.77		Repayment of Loans and Advances to Central Government	412.68		
1850.00	VIII.	Appropriation from Contingency Fund		350.00	1050.00	VIII.	Appropriation to Contingency Fund		350.00	
1288.57	IX.	Contingency Fund		405.36	1905.36	IX.	Contingency Fund		408.94	
30640.21	X.	Public Account receipts		19785.69	26974.70	X.	Public Account disbursements		27618.79	
1894.89		Small Savings and Provident Funds	2059.96		1254.56		Small Savings and Provident Funds	1375.26		
5988.00		Reserve Funds	-9195.55		3644.34		Reserve Funds	1351.88		
435.93		Suspense and Miscellaneous	325.13		153.04		Suspense and Miscellaneous	99.72		
13423.28		Remittances	15748.97		14738.32		Remittances	15820.82		
8898.11		Deposits and Advances	10847.18		7184.44		Deposits and Advances	8971.11		
--	XI.	Closing Overdraft from Reserve Bank of India		0.00	7183.90	XI.	Cash Balance at end		11230.32	
					3.75		-Cash in Treasuries	2.89		
--	XII.	Inter State Settlement		0.00	136.90		-Local Remittances	-1040.19		
					(-)151.59		-Deposits with Reserve Bank	130.37		
					15.78		-Departmental Cash Balance	42.39		
					0.43		-Permanent Advances	0.43		
					4662.04		-Cash Balance Investment	8408.55		
					2516.59		-Investment of earmarked balances	3685.88		
51569.68		Total		55068.30	51569.68		Total		55068.30	

* Higher rounding

^B Represents receipt Rs 1,953.63 crore and disbursement Rs 1,953.63 crore

^A Represents receipt Rs 2,664.83 crore and disbursement Rs 2,664.83 crore

¹ Transfer of credit balances from public account to consolidated fund on account of closure of reserve funds

APPENDIX - 1.4			
<i>(Reference: Paragraph 1.2; Page 5)</i>			
Sources and Application of funds			
(Rupees in crore)			
2006-07	Sources		2007-08
62195.38	1	Revenue receipts	79583.15
0.11	2	Capital receipts	0.00
50.70	3	Recoveries of Loans and Advances	732.59
9849.77	4	Increase in Public debt other than overdraft	9062.19
3668.12	5	Net receipts from Public account	(-)7833.01
640.33		Increase in Small Savings and Provident Funds	684.70
1713.67		Increase in Deposits and Advances	1876.07
2343.66		Increase in Reserve funds	(-)10547.43
(-)1315.04		Net effect of Remittances	(-)71.85
285.50		Net effect of Suspense and Miscellaneous transactions	225.50
797.39	6	Adjustment closed to Government Accounts	(-)0.10
-	7	Decrease in closing cash balance	0.00
76561.47		Total	81544.82
Application			
61385.28	1	Revenue expenditure	64780.05
10092.18	2	Capital expenditure	11489.61
2321.62	3	Lending for development and other purposes	1225.16
616.79	4	Net effect of contingency fund transactions	3.58
2145.60	5	Increase in closing cash balance	4046.42
76561.47		Total	81544.82

Explanatory notes for Appendix 1.3, 1.4 and 1.5

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1.2, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc, do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc.
4. There was a difference of Rs 41.34 crore (credit) between the figures reflected in the accounts and that intimated by the RBI under "Deposit with Reserve Bank". The difference is under reconciliation (August 2008).

APPENDIX - 1.5
(Reference: Paragraph 1.2; Page 5)

Time series data on State Government Finances

(Rupees in crore)

(1)	2003-04 (2)	2004-05 (3)	2005-06 (4)	2006-07 (5)	2007-08 (6)
Part A: Receipts					
1. Revenue Receipts	34370.52	41013.33	48438.29	62195.38	79583.15
(i) Tax Revenue	25162.16(73)	30605.76(75)	33540.24(69)	40099.25(64)	47528.45(60)
Taxes on Agricultural Income	--	--	--	--	0.05(00)
Taxes on Sales, Trade, etc.	15325.95(61)	18816.72(62)	19676.73(59)	24130.72(60)	26752.80(54)
State Excise	2324.42(9)	2218.87(7)	2823.85(8)	3300.70(8)	3963.05(08)
Taxes on Vehicles	1205.97(5)	1177.15(4)	1309.11(4)	1841.06(5)	2143.10(04)
Stamps and Registration fees	3354.06(13)	4116.49(13)	5265.86(16)	6415.72(16)	8549.57(17)
Land Revenue	360.49(2)	360.72(1)	428.97(1)	484.17(1)	512.22(01)
Other Taxes	2591.27(10)	3915.81(13)	4035.72(12)	3926.88(10)	7994.66(16)
(ii) Non-tax Revenue	3548.94(10)	4118.83(10)	5935.05(12)	7518.24(12)	16947.97(21)
(iii) State's share of Union taxes and duties	3389.49(10)	3595.02(9)	4982.00(11)	6022.76(10)	7597.18(10)
(iv) Grants-in-aid from GOI	2269.93(7)	2693.72(6)	3981.00(8)	8555.13(14)	7509.55(09)
2. Miscellaneous Capital Receipts	--	--	--	0.11	0.00
3. Total revenue and Non-debt capital receipts (1 + 2)	34370.52	41013.33	48438.29	62195.49	79583.15
4. Recoveries of Loans and Advances	482.16	2040.94	551.25	50.70	732.59
5. Public Debt Receipts	22381.11	22188.84	19973.70	11891.69	11807.66
Internal Debt (excluding Ways and Means Advances and Overdrafts)	21128.70	20387.16	19483.51	11393.65	11478.45
Net transactions under Ways and Means Advances and Overdraft	--	--	--	--	0.00
Loans and Advances from Government of India ⁵	1252.41	1801.68	490.19	498.04	329.21
6. Appropriation from Contingency Fund	850.00	300.00	1050.00	1850.00	350.00
7. Inter State settlement	--	--	--	--	0.00
8. Total receipts in the Consolidated Fund (3+4+5+6+7)	58083.79	65543.11	70013.24	75987.88	92473.40
9. Contingency Fund Receipts	886.85	347.50	1954.52	1288.57	405.36
10. Public Accounts receipts	24452.02	27991.38	27145.89	30640.21	19785.69
11. Total receipts of the State (8+9+10)	83422.66	93881.99	99113.65	107916.66	112664.45
Part B: Expenditure/Disbursement					
12. Revenue expenditure (Per cent of 15)	42680.06(81)	51046.66(83)	52279.85(78)	61385.28(83)	64780.05(84)
Plan	3544.70(8)	4654.10(9)	5231.70(10)	8235.08(13)	10275.43(16)
Non-Plan	39135.36(92)	46392.56(91)	47048.15(90)	53150.20(87)	54504.62(84)
General Services (incl. Interests payments)	19820.08(46)	22271.16(44)	21696.50(41)	25106.29(41)	23846.42(37)
Social Services	15990.32(38)	17548.71(34)	19917.19(38)	23558.86(38)	26773.05(41)
Economic Services	5883.00(14)	10381.12(20)	9314.71(18)	11703.04(19)	13236.89(20)
Grants-in-aid and Contribution	986.66(2)	845.67(2)	1351.45(3)	1017.09(2)	923.69(02)
13. Capital Expenditure (Per cent of 15)	8199.14(15)	7876.98(13)	10078.44(16)	10092.18(14)	11489.61(15)
Plan	3735.08(46)	5021.31(64)	6800.45(67)	7982.28(79)	9466.93(82)
Non-Plan	4464.06(54)	2855.67(36)	3277.99(33)	2109.90(21)	2022.68(18)
General Services	48.63(1)	48.02(1)	70.74(1)	242.63(2)	341.62(03)
Social Services	282.56(3)	283.89(3)	1247.19(12)	872.15(9)	742.54(06)
Economic Services	7867.95(96)	7545.07(96)	8760.51(87)	8977.40(89)	10405.45(91)

Audit Report (Civil) for the year ended 31 March 2008

APPENDIX- 1.5 (Concl'd.)					
(1)	(2)	(3)	(4)	(5)	(6)
14. Disbursement of Loans and Advances (Per cent of 15)	1901.99(4)	2750.66(4)	4261.62(6)	2321.62(3)	1225.16(1)
15. Total (12+13+14)	52781.19	61674.30	66619.91	73799.08	77494.82
16. Repayments of Public Debt	8253.17	10993.95	2056.71	2041.92	2745.48
Internal Debt (excluding Ways and Means Advances and Overdrafts)	410.92	1611.15	1531.22	1639.15	2332.80
Net transactions under Ways and Means Advances and Overdrafts	--	--	--	--	0.00
Loans and Advances from Government of India ^s	7842.25	9382.80	525.49	402.77	412.68
17. Appropriation to Contingency Fund	850.00	300.00	1850.00	1050.00	350.00
18. Total disbursement out of Consolidated Fund (15+16+17)	61884.36	72968.25	70526.62	76891.00	80590.30
19. Contingency Fund disbursements	897.50	404.52	1288.57	1905.36	408.94
20. Public Account disbursements	19637.06	20825.15	24383.17	26974.70	27618.79
21. Total disbursement by the State (18+19+20)	82418.92	94197.92	96198.36	105771.06	108618.03
Part C: Deficits					
22. Revenue Deficit(-)/Surplus (+) (1-12)	(-)8309.54	(-)10033.33	(-)3841.56	810.10	14803.10
23. Fiscal Deficit (-)/Surplus (+) (3+4-15)	(-)17928.51	(-)18620.03	(-)17630.37	(-)11552.89	2820.92
24. Primary Deficit (-)/Surplus (+) (23-25)	(-)9593.03	(-)9641.47	(-)8283.13	102.78	15024.93
25. Interest Payments (included in revenue expenditure)	8335.48	8978.56	9347.24	11655.67	12204.01
26. Arrears of Revenue (Percentage of Tax and non-tax Revenue Receipts)	6866.45(24)	12584.30(36)	15347.47(39)	30836.47(65)	24444.32 (38)
27. Financial Assistance to local bodies etc.	18516.03	21218.24	27387.69	26852.22	28289.67
28. Ways and Means Advances/Overdraft availed (days)	168/39	68/12	21/20	42/nil	25/nil
29. Interest on WMA/Overdraft	34.12	9.23	9.04	3.12	3.18
30. Gross State Domestic Product (GSDP)	333145 ^c	371878 ^c	432413 ^c	509356 ^c	578475 ^d
31. Outstanding Debt (year end)	68182.55	79377.44	97294.43	107144.20	116206.38
32. Outstanding guarantees (year end) ^A	70125.72	60870.90	66238.82	63509.49	58275.62
33. Maximum amount guaranteed (year end)	82228.45	80183.53	86725.14	87777.56	84163.83
34. Number of incomplete projects	146	153	158	96	122
35. Capital blocked in incomplete projects	4224.89	4826.19	5239.74	4039.37	5560.27

^s Includes Ways and Means Advances from GOI

^c Based on Economic Survey of Maharashtra

^d Advance estimates as furnished by Directorate of Economics and Statistics, Government of Maharashtra

^A As per Finance Accounts of respective year

APPENDIX - 1.6 (Reference : Paragraph 1.2.1.2 ; Page 7.) Outcome indicators of the State's own fiscal correction path (Rupees in crore)						
Items	2004-05 Pre-actuals	2005-06 B.E.	2006-07 Projection	2007-08 Projection	2008-09 Projection	2009-10 Projection
A STATE REVENUE ACCOUNT						
1. Own Tax Revenue	30604.67	35296.92	40062.00	45069.75	50703.47	57041.41
2. Own Non-Tax Revenue	4118.83	5686.39	5632.37	5801.34	5975.38	6154.64
3. Own Tax + Non-Tax Revenue(1+2)	34723.50	40983.31	45694.37	50871.10	56678.85	63196.05
4. Share in Central Taxes & Duties	3596.11	4749.32	5227.00	5998.00	6897.00	7949.00
5. Plan Grants	2123.41	3788.27	3485.34	4356.67	5445.84	6807.30
6. Non -Plan Grants	570.31	908.92	1323.31	1332.08	1341.30	1350.99
7. Total Central Transfer (4 to 6)	6289.83	9446.51	10035.65	11686.75	13684.14	16107.29
8. Total Revenue Receipts (3+7)	41013.33	50429.82	55730.02	62557.85	70362.99	79303.34
9. Plan Expenditure	4654.10	4186.94	6684.39	7453.09	8310.20	9265.87
10. Non -Plan Expenditure	46392.56	45977.02	50536.10	53568.27	56782.36	60189.30
11. Salary Expenditure	17200.98	16818.72	18164.22	19617.36	21186.74	22881.68
12. Pension	3311.80	4256.95	4597.51	4965.31	5362.53	5791.53
13. Interest Payments	8978.56	9537.79	10903.66	12178.16	13379.73	14473.29
14. Subsidies -General	1253.85	740.45	740.45	740.45	740.45	740.45
15. Subsidies-Power	2707.41	713.47	1610.97	1610.97	1610.97	1610.97
16. Total Revenue Expenditure (9+10)	51046.66	50163.96	57220.49	61021.36	65092.56	69455.18
17. Salary + Interest+ Pension (11+12+13)	29491.34	30613.46	33665.39	36760.82	39929.00	43146.51
18. As% of Revenue Receipts (17/8)	71.91	60.71	60.41	58.76	56.75	54.41
19. Revenue Surplus/Deficit (8-16)	-10033.33	265.86	-1490.47	1536.49	5270.43	9848.16
B CONSOLIDATED REVENUE ACCOUNT						
1. Power Sector loss/profit net of actual subsidy transfer	-803.90	-536.76	-536.76	-536.76	-536.76	-536.76
2. Increase in debtors during the year in power utility accounts [Increase(-)]	-650.88	-60.81	-60.81	-60.81	-60.81	-60.81
3. Interest payments on off budget borrowing and SPV borrowings made by PSU/SPUs outside budget	1375.00	1230.00	960.00	800.00	676.00	583.00
4. Total (1 to 3)	-1528.02	-1705.95	-1435.95	-1275.95	-1151.95	-1058.95
5. Consolidated Revenue Deficit (A19+B4)	-11561.35	-1440.09	-2926.42	260.54	4118.48	8789.21
C CONSOLIDATED DEBT						
1. Outstanding Debts & Liabilities	107580.85	114288.89	130385.83	142998.87	154479.07	164515.73
2. Total Outstanding guarantee of which (a) guarantee on account off budgeted borrowing and SPV borrowing	58818.48 26796.48	57979.00 26415.23	57241.00 26079.00	56616.00 25794.25	56118.00 25567.36	55761.00 25404.71
D CAPITAL ACCOUNT						
1. Capital Outlay	7876.98	8551.62	13088.44	14659.05	16418.14	18388.32
2. Disbursement of Loans and Advances	2750.66	1310.30	4570.18	5118.60	5732.84	6420.78
3. Recovery of Loans and Advances	2040.94	445.38	3391.61	3798.60	4254.43	4764.97
4. Other Capital Receipts	18620.03	12389.99	17638.06	17209.42	16451.36	15289.22
E. GROSS FISCAL DEFICIT (GFD)	18620.03	9150.68	15757.48	14442.57	12626.11	10195.96
1. GSDP (Rs. Crore) at current prices	378985	424656	475615	532688	596611	668204

APPENDIX - 1.7

(Reference: Paragraph 1.2.1.3; Page 8)

Statement showing excess of expenditure over the projections in the CFS for the year as a whole

Department	Purpose of Expenditure	Major Heads of Account	Range of Percentage of variation between actual monthly spending and CFs projected to Legislature
Revenue and Forests	Forestry and Wildlife	2406	26 to 347
	Capital Outlay on Forestry and Wildlife	4406	61 to 740
Public Works	Housing	2216	49 to 718
	Roads and Bridges	3054	28 to 196
	Public Works	2059	25 to 448
	Capital Outlay on Roads and Bridges	5054	32 to 216
	Capital Outlay on Housing	4216	43 to 185
	Capital Outlay on Public Works	4059	30 to 351
Water Resources	Major and Medium Irrigation	2701	52 to 99
	Minor Irrigation	2702	42 to 1794
	Capital Outlay on Major and Medium Irrigation Projects	4701	28 to 526
	Capital Outlay on Minor Irrigation	4702	54 to 100
	Capital Outlay on Power Projects	4801	52 to 710

APPENDIX - 13			
<i>(Reference: Paragraph 1.5.5, Page 24)</i>			
Statement showing department-wise breakup of outstanding Utilisation Certificates (Grants)			
Sr. No.	Department	Number of certificates	Amount (Rupees in crore)
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	14675	644.27
2	Co-operation, Marketing and Textiles	1964	541.17
3	Employment and Self-employment	19	5.74
4	Environment	01	0.09
5	Finance	20	15.54
6	Food, Civil Supplies and Consumer Protection	45	0.40
7	General Administration	140	68.90
8	Higher and Technical Education	1197	1589.83
9	Home	1271	804.68
10	Housing	29	5.81
11	Industries, Energy and Labour	99	4.12
12	Irrigation	7	0.05
13	Law and Judiciary	523	2.70
14	Medical Education and Drugs	288	44.26
15	Planning	5133	1045.16
16	Public Health	3563	511.40
17	Public Works	263	103.12
18	Revenue and Forests	9272	950.15
19	Rural Development and Water Conservation	8307	2407.67
20	School Education and Sports	11464	5708.34
21	Social Justice, Cultural Affairs, and Special Assistance	29937	898.83
22	Tribal Development	4899	1403.52
23	Urban Development	2098	2283.48
24	Water Resources	259	4.52
25	Water Supply and Sanitation	2501	1111.79
26	Women and Child Development	6146	450.61
	Total	104120	20606.15
Department-wise break up of outstanding Utilisation certificates (Loans)			
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	107	23.49
2	Co-operation, Marketing and Textiles	228	370.11
3	Housing	66	0.88
4	Industries, Energy and Labour	2462	61.36
5	Public Health	7	0.56
6	Revenue and Forests	548	302.14
7	Rural Development and Water Conservation	18	2.04
8	Social Justice, Cultural Affairs, and Special Assistance	112	134.35
9	Tribal Development	93	0.14
10	Urban Development	335	65.44
11	Water Supply and Sanitation	1	62.79
	Total	3977	1023.30
	Grand total (Grants + Loans)	108097	21629.45

APPENDIX - 19 <i>(Reference: Paragraph 1.5.6; Page 25.)</i>	
Statement showing department-wise break up of non-submission of accounts	
Year(s) for which information was awaited	Name of Department
1993-94 to 1995-96, 1997-98 to 2003-04, and 2007-08	Environment
1994-95 to 1995-96 and 1998-99 to 2003-04 and 2007-08	Food, Civil Supplies and Consumer Protection
1993-94 to 2002-03, & 2007-08	Home
1999-2000 to 2003-04, 2006-07 to 2007-08	Industries, Energy and Labour
1999-2000 to 2002-03, and 2007-08	Law and Judiciary
1994-95 to 2002-03 and 2007-08	Medical Education and Drugs
1997-98 and 1999-2000 to 2007-08	Planning
1991-92 to 2002-03, and 2007-08	Tribal Development
1993-94 to 2005-06 and 2007-08	Women and Child Development

APPENDIX - 1.10
(Reference: Paragraph 1.5.7, Page 25)

Statement showing performance of the autonomous bodies

Sr. No.	Name of body	Period of entrustment	Year upto which accounts were rendered	Period upto which Separate Audit Report is issued	Placement of SAR in the Legislature	Delay in submission of accounts	Period of delay
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Maharashtra Housing and Area Development Authority, Mumbai	1-4-2003 to 31-3-2008	2005-06	2005-06	<u>2000-01</u> 28-3-2007	<u>2005-06</u> Annual accounts received between January 2007 and August 2007	Delay for about one year two months
2.	Slum Rehabilitation Authority, Mumbai	1-4-2001 to 31-3-2006	1996-97 to 1998-99	1996-97 to 1998-99	First Audit	1996-97 to <u>1998-99</u> Accounts received in April 2003	Delay for about one year
3.	Maharashtra State Khadi and Village Industries Board, Mumbai	1-4-2002 to 31-3-2007	2006-07	2006-07	<u>2004-05</u> 31-3-2008	<u>2006-07</u> Accounts received on 14-1-2008	Delay for about six months
4.	Maharashtra Jeevan Pradhikaran, Mumbai	1-4-2002 to 31-3-2007	2006-07	2006-07	<u>2005-06</u> 26-7-2008	<u>2006-07</u> Accounts received on 24-1-2008	Delay for about seven months
5.	Mumbai Metropolitan Region Development Authority, Mumbai	1-4-2004 to 31-3-2009	2006-07	2006-07	No provision for placement	<u>2006-07</u> Accounts received on 2-11-2007	Delay for about four months
6.	Maharashtra State Commission for Women, Mumbai	1-4-2003 to 31-3-2008	2004-05 to 2006-07	2004-05 to 2006-07,	Not placed	2004-05 to <u>2006-07</u> Accounts received on 31-12-2007	Delay for about six months
7.	Maharashtra Maritime Board, Mumbai	1-4-2006 to 31-3-2011	2006-07	2005-06	<u>2004-05</u> 17-12-2006	<u>2005-06</u> Accounts received on 8-5-2007	Delay for about 10 months

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APPENDIX - 1.10 (Concl'd.)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
8.	Maharashtra Krishna Valley Development Corporation, Pune	1-4-2006 to 31-3-2011	2006-07	2006-07	2004-05 17-12-2007	2006-07 Accounts received on 6-12-2007	Delay for about five months
9.	Konkan Irrigation Development Corporation, Thane	1-4-2003 to 31-3-2008	2006-07	2006-07	2005-06 23-11-2007	2006-07 3-4-2008	Delay for about nine months
10.	Vidharbha Irrigation Development Corporation, Nagpur	1-4-2007 to 31-3-2012	2005-06	2002-03	Not placed	Accounts were received late due to pending approval of Governing body	Delay ranged over one year
11.	Tapi Irrigation Development Corporation, Jalgaon	1-4-2003 to 31-3-2008 1-4-2008 to 31-3-2013	2005-06	2004-05	1999-2000, 2000-01 July 2005 2001-02 December 2006	Accounts were received late due to pending approval of Governing body	Delay ranged over one year
12.	Godavari Marathwada Irrigation Development Corporation, Aurangabad	1-4-2004 to 31-3-2009	2005-06	2001-02	1998-99, 1999-2000 March 2005 2000-01 March 2006	Accounts were received late due to pending approval of Governing body	Delay ranged over six months to one year
13.	Maharashtra Pollution Control Board, Mumbai	1-4-2003 to 31-3-2008	2006-07	2005-06	2003-04, 2004-05 30-7-2007, April 2008	2005-06 4-1-2008	Delay for about one year six months

APPENDIX - I.11
(Reference: Paragraph 1.6, Page 25.)

**Statement showing cases of misappropriation reported upto March 2008
and pending finalisation as on 31 May 2008**

(Rupees in lakh)

Sr No.	Name of Department	Upto March 2004		2004-05		2005-06		2006-07		2007-08		Total	
		Case	Amt	Case	Amt	Case	Amt	Case	Amt	Case	Amt	Case	Amt
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	64	44.44									64	44.44
2	Finance	6	102.23	1	40.07							7	142.30
3	Food, Civil Supplies and Consumer Protection	10	30.61									10	30.61
4	General Administration	2	1.35									2	1.35
5	Housing	1	0.07									1	0.07
6	Higher and Technical Education	3	30.83									3	30.83
7	Home	13	18.76					1	0.32			16	19.08
8	Irrigation	2	1.04	1	0.40			1	0.51			4	1.95
9	Law and Judiciary	1	0.64					1	0.34			2	0.98
10	Medical Education and Drugs	3	7.17									3	7.17
11	Public Health	14	48.66									14	48.66
12	Public Works	1	1.08									1	1.08
13	Revenue and Forests	58	21.69							1	0.66	59	22.35
14	Rural Development and Water Conservation	17	200.69									17	200.69
15	School Education and Sports	2	2.57									2	2.57
16	Social Justice, Cultural Affairs and Special Assistance	8	84.64									8	84.64
17	Water Resources							1	1.50			1	1.50
	Total	207	596.47	2	40.47			4	2.67	1	0.66	214	640.27

APPENDIX - 1.12				
<i>(Reference: Paragraph 1.7.2.1; Page 26)</i>				
Departmentally managed commercial/quasi-commercial undertaking whose Pro forma Accounts are in arrears as on 4 August 2008				
Sr.No.	Name of the Scheme	Arrears since	Number of Accounts	Remarks
1)	GMMS, Worli	2007-08	1	
2)	Milk Transport Scheme, Worli	2007-08	1	
3)	Mother Dairy, Kurla	2007-08	1	
4)	Central Dairy, Goregaon	2007-08	1	
5)	Agriculture Scheme, Goregaon	2007-08	1	
6)	Cattle Feed Scheme, Goregaon	2007-08	1	
7)	Electricity Scheme, Goregaon	2007-08	1	
8)	Unit Scheme, Goregaon	2007-08	1	
9)	Water Supply Scheme, Goregaon	2007-08	1	
10)	Cattle Breeding & Rearing Farm, Palghar	2007-08	1	
11)	Dairy Project, Dapchari	2007-08	1	
12)	Government Milk Scheme, Gove-Bhiwandi	2007-08	1	
13)	Government Milk Chilling Centre, Saralgaon	2007-08	1	
14)	Government Milk Scheme, Khopoli	2007-08	1	
15)	Government Milk Scheme, Mahad	2007-08	1	
16)	Government Milk Scheme, Pune	2007-08	1	
17)	Government Milk Scheme, Mahabaleshwar	2007-08	1	
18)	Government Milk Scheme, Satara	2007-08	1	
19)	Government Milk Scheme, Miraj	2007-08	1	
20)	Government Milk Scheme, Solapur	2007-08	1	
21)	Government Milk Scheme, Aurangabad	2007-08	1	
22)	Government Milk Scheme, Beed	2007-08	1	
23)	Government Milk Scheme, Nanded	2007-08	1	
24)	Government Milk Scheme, Bhoom	2007-08	1	
25)	Government Milk Scheme, Parbhani	2007-08	1	
26)	Government Milk Scheme, Amravati	2007-08	1	
27)	Government Milk Scheme, Akola	2007-08	1	
28)	Government Milk Scheme, Yavatmal	2007-08	1	
29)	Government Milk Scheme, Nandura	2007-08	1	
30)	Government Milk Scheme, Nagpur	2007-08	1	
31)	Government Milk Scheme, Wardha	2007-08	1	
32)	Government Milk Scheme, Chandrapur	2007-08	1	
33)	Government Milk Scheme, Gondia	2007-08	1	
34)	Land Development by Bulldozer Scheme, Amravati	1996-97	12	
35)	Land Development by Bulldozer Scheme, Aurangabad	1999-00	9	
36)	Land Development by Bulldozer Scheme, Pune	1995-96	13	
37)	Land Development by Bulldozer Scheme, Nagpur	1997-98	11	
38)	Allapalli and Pengundam Forest Ranges of Forest Divisions including Saw Mills and Timber Depot.	1985-86	22	
Food and Civil Supplies Department				
39)	Procurement distribution and price control scheme Mumbai and Thane Rationing Areas	2007-08	1	
40)	Public Distribution and Price Control Scheme of Moffusil	2007-08	1	

APPENDIX - 1.13
(Reference: Paragraph 1.7.2.1, Page 26)

Summarised statement of finalisation of accounts and the Government investment therein in departmentally managed commercial and quasi-commercial undertakings

Sr. No.	Number of Undertakings under the Department	Name of Undertaking	Account Finalised up to	Investment as per last Accounts (Rupees in crore)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)
Agriculture, Animal Husbandry, Dairy Development and Fisheries Department					
Mumbai Region					
1		Greater Mumbai Milk Scheme, Worli	2006-07	18.29	
2		Mother Dairy, Kurla	2006-07	21.50	
3		Central Dairy, Goregaon	2006-07	24.76	
4		Milk Transport Scheme, Worli	2006-07	2.34	
5		Agriculture Scheme, Mumbai	2006-07	4.81	
6		Unit Scheme, Mumbai	2006-07	16.47	
7		Electricity Scheme, Mumbai	2006-07	6.19	
8		Cattle Feed Scheme, Mumbai	2006-07	0.03	
9		Water Supply Scheme, Mumbai	2006-07	17.67	
10		Dairy Project, Dapchari	2006-07	12.83	
11		Government Milk Scheme, Chiplun	2007-08	1.82	
12		Government Milk Scheme, Mahad	2006-07	1.52	
13		Government Milk Scheme, Ratnagiri	2007-08	9.39	
14		Government Milk Scheme, Khopoli	2006-07	1.80	
15		Government Milk Scheme, Kankavali	2007-08	6.04	
16		Government Milk Chilling Centre, Saralgaon	2006-07	0.43	
17		Cattle Breeding and Rearing Farm, Palghar	2006-07	1.63	
18		Government Milk Distribution Depot, Gove-Bhiwandi	2006-07	0.26	
Pune Region					
19		Government Milk Scheme, Pune	2006-07	9.93	
20		Government Milk Scheme, Solapur	2006-07	3.18	
21		Government Milk Scheme, Miraj	2006-07	21.13	
22		Government Milk Scheme, Mahabaleshwar	2006-07	1.12	
23		Government Milk Scheme, Satara	2006-07	8.33	
Nagpur Region					
24		Government Milk Scheme, Nagpur	2006-07	9.88	
25		Government Milk Scheme, Wardha	2006-07	4.81	
26		Government Milk Scheme, Chandrapur	2006-07	0.10	
27		Government Milk Scheme, Gondia	2006-07	6.94	

APPENDIX - 1.13 (Contd)					
(1)	(2)	(3)	(4)	(5)	(6)
Aurangabad Region					
28		Government Milk Scheme, Aurangabad	2006-07	7.03	
29		Government Milk Scheme, Udgir	2007-08	17.65	
30		Government Milk Scheme, Beed	2006-07	38.38	
31		Government Milk Scheme, Nanded	2006-07	6.51	
32		Government Milk Scheme, Bhoom	2006-07	6.51	
33		Government Milk Scheme, Parbhani	2006-07	6.79	
Nashik Region					
34		Government Milk Scheme, Nashik	2007-08	3.25	
35		Government Milk Scheme, Dhule	2007-08	18.19	
36		Government Milk Scheme, Chalisgaon	2007-08	1.31	
37		Government Milk Scheme, Ahmednagar	2007-08	12.90	
38		Government Milk Scheme, Wani	2007-08	0.61	
Amravati Region					
39		Government Milk Scheme, Amravati	2006-07	3.10	
40		Government Milk Scheme, Akola	2006-07	20.14	
41		Government Milk Scheme, Yavatmal	2006-07	4.49	
42		Government Milk Scheme, Nandura	2006-07	3.14	
Agriculture, Animal Husbandry, Dairy Development and Fisheries Department					
43		Land Development by Bulldozer Scheme, Pune	1994-95	4.00	
44		Land Development by Bulldozer Scheme, Aurangabad	1998-99	21.93	
45		Land Development by Bulldozer Scheme, Amravati	1995-96	0.01	
46		Land Development by Bulldozer Scheme, Nagpur	1996-97	2.18	
Revenue and Forest Department					
47	1	Allapalli and Pengundam Forest range of Forest Division including Saw Mills and Timber Depot	1985-86		
Food and Civil Supplies and Consumer Protection Department					
48	2	Procurement distribution and price control scheme Mumbai and Thane Region.	2006-07	388.37	Investment denotes the closing Government Capital
49		Public Distribution price control scheme, Moffusil	2006-07	472.97	

APPENDIX - 1.14
(Reference: Paragraph 1.7.2.1, Page 27)

Summarised financial statement of departmentally managed commercial/quasi-commercial undertakings

Sr. No.	Name of the Undertaking	Year of commencement of Activities	Period of Accounts	Mean (Government) Capital	Block Assets at Depreciated Cost	Depreciation provided during the Year	Turnover	Net Profit (+)/ Net Loss (-)	Interest on Mean (Govt.) Capital	Total Return (9 + 10)	Percentage of Return on Mean (Govt.) Capital (11 / 5 x 100)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(Rupees in Lakh)											(in %)
Agriculture, Animal Husbandry, Dairy Development and Fisheries Department											
Mumbai Region											
1	Greater Mumbai Milk Scheme, Worli	1947	2006-07	1,769.56	1,553.38	55.66	13,462.75	-188.15	185.80	-2.34	-0.13
2	Milk Transport Scheme, Worli	1951	2006-07	261.62	65.19	9.27	872.07	0.00	27.47	27.47	10.50
3	Mother Dairy, Kurla	1975	2006-07	1,743.39	1,246.42	50.62	6,321.12	-867.22	183.06	-684.17	-39.24
4	Central Dairy, Goregaon	1951	2006-07	2,083.52	684.32	34.59	4,837.64	-1,025.38	218.77	-806.62	-38.71
5	Unit Scheme, Mumbai	1950	2006-07	1,605.47	1,031.82	36.66	575.45	-160.45	168.57	8.13	0.51
6	Agricultural Scheme, Mumbai	1950	2006-07	410.88	366.94	6.82	377.80	-145.10	43.14	-101.95	-24.81
7	Electrical Scheme, Mumbai	1950	2006-07	575.38	15.49	0.72	336.31	-178.68	60.42	-118.26	-20.55
8	Water Supply Scheme, Mumbai	1950	2006-07	1,669.44	510.86	11.50	301.62	-240.29	175.29	-65.00	-3.89
9	Cattle Feed Scheme, Mumbai	1950	2006-07	36.01	22.70	0.61	84.45	49.79	3.78	53.57	148.76
10	C. B. R. F., Palghar	1979	2006-07	186.92	61.90	1.37	37.03	-64.10	19.63	-44.48	-23.79
11	Dairy Project, Dapchari	1960	2006-07	1,003.55	565.14	21.42	70.79	-687.03	105.37	-581.66	-57.96
12	G. M. S., Gove-Bhiwandi	1987	2006-07	27.50	32.86	1.91	392.91	0.31	2.89	3.20	11.63
13	GMCC, Saralgaon (Dist.: Thane)	1978	2006-07	34.61	16.42	1.07	5.32	-20.38	3.63	-16.75	-48.40
14	G. M. S., Khopoli	1966	2006-07	148.66	188.59	10.03	1,188.49	47.39	15.61	63.00	42.38
15	G. M. S., Mahad	1966	2006-07	128.93	89.86	2.03	33.02	-73.59	13.54	-60.06	-46.58
16	G. M. S., Chiplun	1966	2007-08	124.56	80.90	4.93	213.45	-103.77	13.08	-90.69	-72.81
17	G. M. S., Ratnagiri	1965	2007-08	88.41	70.05	3.15	179.00	-101.62	9.28	-92.34	-104.45
18	G. M. S., Kankavali	1966	2007-08	258.38	226.30	17.84	203.61	-136.49	27.13	-109.36	-42.32

APPENDIX - 1.14 (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pune Region											
19	G. M. S., Pune	1950	2006-07	774.97	377.31	18.33	5,199.46	-463.92	81.37	-382.55	-49.36
20	G. M. S., Mahabaleshwar	1966	2006-07	140.63	43.38	1.98	266.11	-66.76	14.77	-51.99	-36.97
21	G. M. S., Satara	1979	2006-07	986.93	312.37	9.80	279.85	-322.59	103.63	-218.96	-22.19
22	G. M. S., Miraj	1961	2006-07	3,255.88	569.58	30.03	1,853.93	-1,010.33	341.87	-668.46	-20.53
23	G. M. S., Solapur	1960	2006-07	237.40	64.81	5.73	271.34	-234.40	24.93	-209.48	-88.24
Nashik Region											
24	G. M. S., Nashik	1960	2007-08	220.92	76.23	4.46	381.13	-236.86	23.20	-213.66	-96.71
25	GMS, Wani (Dist.: Nashik)	1978	2007-08	40.61	11.91	0.26	129.23	-49.70	4.26	-45.44	-111.88
26	G. M. S., Ahmednagar	1969	2007-08	1,097.65	188.20	12.66	5,300.94	-553.61	115.25	-438.36	-39.94
27	G. M. S., Chalisgaon	1969	2007-08	188.12	4.68	0.45	65.53	-71.43	19.75	-51.68	-27.47
28	G. M. S., Dhule	1961	2007-08	1,301.68	270.00	17.90	1,048.92	-396.84	136.68	-260.16	-19.99
Aurangabad Region											
29	G. M. S., Aurangabad	1962	2006-07	546.02	291.69	9.59	1,034.57	-407.85	57.33	-350.52	-64.20
30	G. M. S., Udgir	1971	2007-08	1,356.65	704.39	22.55	708.58	-831.77	142.45	-689.33	-50.81
31	G. M. S., Beed	1976	2006-07	3,786.81	615.70	18.45	2,634.11	-768.30	397.62	-370.68	-9.79
32	G. M. S., Nanded	1977	2006-07	645.97	113.16	4.80	457.73	-392.90	67.83	-325.07	-50.32
33	G. M. S., Bhoom	1978	2006-07	615.31	156.14	3.98	1,664.73	-318.92	64.61	-254.31	-41.33
34	G. M. S., Parbhani	1979	2006-07	234.79	71.09	1.77	646.28	-247.79	24.65	-223.14	-95.04
Amravati Region											
35	G. M. S., Amravati	1962	2006-07	247.07	163.12	5.59	613.37	-155.92	25.94	-129.98	-52.61
36	G. M. S., Akola	1962	2006-07	1,824.33	575.52	21.93	1,480.62	-560.90	191.55	-369.35	-20.25
37	G. M. S., Yavatmal	2000	2006-07	371.46	236.54	0.00	325.66	-167.35	39.00	-128.35	-34.55
38	G. M. S., Nandura	1979	2006-07	236.31	70.66	2.17	258.22	-169.27	24.81	-144.46	-61.13
Nagpur Region											
39	G. M. S., Nagpur	1958	2006-07	692.27	139.58	10.63	2,644.95	-408.01	72.69	-335.32	-48.44
40	G. M. S., Wardha	1976	2006-07	392.18	37.18	1.51	265.47	-129.68	41.18	-88.50	-22.57
41	G. M. S., Chandrapur	1979	2006-07	-44.34	121.20	11.22	1,434.01	-77.07	-4.66	-81.72	184.32
42	G. M. S., Gondia	1979	2006-07	871.14	113.24	2.49	1,715.57	-249.53	91.47	-158.06	-18.14

APPENDIX - 1.14 (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Land Development Bulldozer Scheme											
43	LDBS Pune	1944	1994-95	144.26	77.47	4.52	46.75	-72.83	18.75	-54.08	
44	LDBS Aurangabad	1960	1998-99	32.99	1.05	-	2.02	-23.42	4.78	-18.64	
45	LDBS Amravati	1965	1995-96	2.82	0.41	-	1.8	-4.46	0.4	-4.06	
46	LDBS Nagpur	1996	1996-97	2.17	0.23	-	1.81	0.21	0.32	-0.53	
Revenue and Forest Department											
47	Allapalli and Pengundam Forest Range of Forest Divisions including Saw Mills and Timber Depot.	1926	1985-86	1857.85	15.27	9.27	826.24	383.32	170.74	554.06	29.82
Food, Civil Supplies and Consumers Protection Department											
48	Procurement, Distribution and Price Control Scheme in Mumbai and Thane Rationing Area	1959	2006-07	40123.26	119.64	11.04	14125.72	568.56	1822.31	2390.87	5.96
49	Procurement, Distribution and Price Control Scheme in Mofussil Area	1957	2006-07	48064.19	471.63	45.29	102281.83	(-7186.37)	4768.31	(-2418.06)	(-5.03)

APPENDIX 2.1					
(Reference: Paragraph 2.3.1 ; Page 44)					
Statement of various grants/appropriations where saving was more than Rs 10 crore each and more than 20 percent of the total provision					
(Rupees in Crore)					
Sr. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
1	B-3	Transport Administration (Revenue - Charged)	1365.81	1365.81	100
2	B-4	Secretariat and Other General Services (Revenue - Charged)	47.55	47.55	100
3	C-1	Revenue and District Administration (Revenue - Charged)	341.99	334.49	98
4	C-4	Secretariat Other General Services (Revenue - Voted)	79.84	64.25	80
5	D3	Relief on account of Natural Calamities	642.70	126.84	20
6	D-6	Dairy Development (Revenue - Voted)	889.78	291.45	33
7	D-7	Fisheries (Revenue - Voted)	137.88	36.24	26
8	G-1	Sales Tax Administration (Revenue - Voted)	225.62	54.83	24
9	G-1	Sales Tax Administration (Revenue - Charged)	1282.95	1282.95	100
10	G-2	Other Fiscal and Miscellaneous Services (Revenue - Voted)	3063.92	3039.87	99
11	H-1	Interest Payments (Revenue - Charged)	156.25	40.88	26
12	I-3	Irrigation, Power and Other Economic Services (Revenue - Voted)	1788.97	408.12	23
13	K-1	Other Administrative Services (Revenue - Charged)	225.00	225.00	100
14	N-1	Secretariat and Other Social Services (Revenue - Voted)	38.48	12.38	32
15	O-3	Rural Employment (Revenue - Charged)	1642.44	1634.43	100
16	O-4	Other Rural Development Programmes (Revenue - Voted)	1127.44	1127.34	100
17	V-1	Interest Payment (Revenue - Charged)	55.00	17.49	32
18	ZD-2	Art and Culture (Revenue - Voted)	74.31	14.90	20
19	ZD-4	Tourism (Revenue - Voted)	224.43	45.10	20

APPENDIX 2.1(concl.d.)					
(1)	(2)	(3)	(4)	(5)	(6)
20	C-12	Loans to Government Servants, etc (Loans And Advances - Voted)	54.73	32.10	59
21	F-5	Capital Expenditure on Social Services (Capital - Voted)	12.05	11.63	97
22	F-7	Loans for Urban Development (Loans and Advances - Voted)	405.38	388.06	96
23	G-8	Public Debt and Inter-State Settlement (Loans and Advances - Charged)	4970.00	1000.40	20
24	I-7	Loans to Government Servants, etc (Loans and Advances - Voted)	53.63	21.21	40
25	K-11	Capital Expenditure on Energy (Capital - Voted)	904.10	644.40	71
26	L-8	Capital Expenditure on Removal of Regional Imbalance (Capital - Voted)	99.56	54.79	55
27	L-10	Miscellaneous Loans (Loans and Advances - Voted)	1348.89	508.50	38
28	O-9	Capital Outlay on Other Rural Development Programmes (Capital - Voted)	1218.33	760.87	62
29	V-3	Capital Expenditure on Social Services (Capital - Voted)	275.42	160.88	58
30	V-4	Internal Debt (Loans and Advances - Charged)	105.00	25.76	25
31	V-5	Capital Expenditure on Economic Services (Capital -Voted)	627.19	163.33	26

Appendix - 2.2 (Reference : Paragraph 2.3.3; Page 45) Excess over grants/appropriations requiring regularisation					
Sr. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Actual Expenditure	Amount of Excess
Grant - Revenue/Capital					
1	C-5	Other Social Services	161924000	224003000	62079000
2	C-6	Relief on Account of Natural Calamities	5047040000	5492651000	445611000
3	D-2	Social Security and Welfare	6600000	7273000	673000
4	F-2	Urban Development and Other Advance Services	24044543000	26149137000	2104594000
5	H-3	Housing	1807315000	2265756000	458441000
6	H-11	Loans to Government Servants, etc.	294640000	294648000	8000
7	M-4	Capital Expenditure on Food	27320467000	28502863000	1182396000
8	Q-4	Secretariat-Economic Services	26350000	26486000	136000
9	T-2	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	5058499000	5079273000	20774000
10	U-3	Secretariat-Social Services	9582000	9620000	38000
11	Y-4	Minor Irrigation	129018000	133424000	4406000
Total Grants			63905978000	68185134000	4279156000
Appropriation - Revenue/Capital					
12	C-3	Interest Payment	452000	579000	127000
13	C-5	Other Social Services	3010000	3501000	491000
14	C-7	Forest	5571000	5651000	80000
15	D-4	Agriculture Services	500000	587000	87000
16	H-6	Public Works and Administrative and Functional Buildings	21610000	60764000	39154000
17	K-NIL	Internal Debt		1018594000	1018594000
18	L-1	Interest Payment	2421383000	2865134000	443751000
19	L-5	Compensation and Assignments	950544000	950922000	378000
20	Q-1	Interest Payment	77233000	157985000	80752000
21	U-1	Interest Payment	14206000	20057000	5851000
22	ZC-1	Parliament/State/Union Territory Legislatures	5122000	10776000	5654000
Total - Appropriations			3499631000	5094550000	1594919000
Grand Total			67405609000	73279684000	5874075000
Grand Total (Rupees in crore)			6740.56	7327.97	587.41

APPENDIX 2.3

(Reference : Paragraph 2.3.5; Page 45)

Statement of various grants/appropriations where supplementary provision proved unnecessary
(Rupees in crore)

Sr.No.	Number and Name of the Grant/Appropriation	Original provision	Supplementary Provision	Total Grant/Appropriation	Actual Expenditure	Saving
1	2	3	4	5	6	7
	I-Grant					
1	A-5 Social Services	108.50	2.05	110.55	94.75	15.80
2	B-1 Police Administration	3074.05	243.03	3317.08	3029.25	287.83
3	B-2 State Excise	41.78	0.18	41.96	38.27	3.69
4	B-3 Transport Administration	374.49	10.73	385.22	363.48	21.74
5	B-9 Capital Expenditure on Economic Services	301.80	7.00	308.80	282.38	26.42
6	C-1 Revenue and District Administration	535.34	15.14	550.48	500.24	50.24
7	C-4 Secretariat and Other General Services	79.60	0.24	79.84	15.58	64.26
8	D-4 Agriculture Services	1026.38	49.91	1076.29	998.56	77.73
9	D-6 Dairy Development	887.68	2.10	889.78	598.32	291.46
10	D-11 Capital Expenditure on Dairy Development	2.22	0.19	2.41	0.29	2.12
11	E-3 Secretariat and Other Social Services	118.29	5.55	123.84	116.65	7.19
12	G-1 Sales Tax Administration	193.22	32.40	225.62	170.79	54.83
13	G-5 Treasury and Accounts Administration	85.39	1.77	87.16	82.33	4.83
14	H-9 Capital Outlay on Removal of Regional Imbalance	398.24	31.49	429.73	365.60	64.13
15	I-3 Irrigation, Power and Other Economic Services	1637.38	151.59	1788.97	1380.85	408.12
16	J-1 Administration of Justice	322.34	14.49	336.83	310.44	26.39
17	J-2 Secretariat and Other Social and Economic Services	19.67	0.86	20.53	18.97	1.56
18	K-4 Labour and Employment	65.77	2.32	68.09	63.47	4.62
19	K-11 Capital Expenditure on Energy	903.85	0.25	904.10	259.70	644.40
20	M-2 Food	277.11	4.20	281.31	256.33	24.98
21	O-3 Rural Employment	997.55	0.05	997.60	897.93	99.67
22	O-9 Capital Outlay on Other Rural Development Programmes	1130.20	88.13	1218.33	457.47	760.86
23	R-1 Medical and Public Health	1905.19	102.02	2007.21	1846.47	160.74

APPENDIX 2.3 (concl.)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
24	R-2 Secretariat-Social Services	3.07	0.23	3.30	3.02	0.28
25	T-5 Revenue Expenditure on Tribal Areas Development Sub-plan	1136.49	136.64	1273.13	1088.75	184.38
26	V-2 CO-operation	346.55	395.54	742.09	736.24	5.85
27	V-3 Capital Expenditure on Social Services	219.16	56.25	275.41	114.53	160.88
28	V-5 Capital Expenditure on Economic Services	486.60	140.58	627.18	463.85	163.33
29	ZA-1 Secretariat and Other Social Services	26.03	0.30	26.33	20.07	6.26
30	ZC-1 Parliament/State/Union Territory Legislature	56.17	1.60	57.77	48.10	9.67
31	ZD-1 Secretariat and Other Social Services	3.67	0.30	3.97	3.25	0.72
32	ZD-5 Capital Expenditure on Education, Sports, Arts and Culture	6.00	0.50	6.50	2.17	4.33
Total		16769.78	1497.63	18267.41	14628.10	3639.31
II - APPROPRIATION						
33	A-2 Election	0.00	0.03	0.03	0.00	0.03
34	C-4 Secretariat and Other General Services	25.73	0.22	25.95	24.23	1.72
35	K-7 Industries	95.26	3.87	99.13	82.69	16.44
36	L-3 Rural Development Programmes	0.11	0.03	0.14	0.00	0.14
37	O-7 Secretariat-Economic Services	1.52	0.08	1.60	1.38	0.22
38	R-1 Medical and Public Health	0.17	0.74	0.91	0.14	0.77
Total		122.79	4.97	127.76	108.44	19.32
Grand Total		16892.57	1502.60	18395.17	14736.54	3658.63

Appendix 2.4

(Reference Paragraph 2.3.6; Page 45)

Statement of cases where supplementary provision resulted in saving exceeding Rs 1 crore in each case
(Rupees in crore)

Sr. No	Number	Name of the Grant/Appropriation	Original Provision	Supplementary Provision	Total	Expenditure	Saving
1	2	3	4	5	6	7	8
I GRANT							
1	A-2	Elections	64.47	3.04	67.51	65.40	2.11
2	A-4	Secretariat and Miscellaneous General Services	98.70	10.93	109.63	99.80	9.83
3	A-5	Social Services	108.50	2.05	110.55	94.75	15.80
4	B-2	State Excise	41.78	0.18	41.96	38.27	3.69
5	B-5	Jails	80.38	41.14	121.52	111.79	9.73
6	C-2	Stamps and Registration	43.86	73.15	117.01	110.91	6.10
7	C-7	Forest	423.54	36.19	459.73	449.95	9.78
8	C-10	Capital Expenditure on Economic Services	97.33	8.23	105.56	103.67	1.89
9	D-3	Relief on Account of Natural Calamities	450.00	192.70	642.70	515.86	126.84
10	D-4	Agriculture Services	1026.38	49.91	1076.29	998.56	77.73
11	D-5	Animal Husbandry	300.85	14.93	315.78	311.26	4.52
12	D-9	Capital Expenditure on Agricultural Services	1.50	128.20	129.70	128.69	1.01
13	E-2	General Education	10646.33	1148.38	11794.71	11563.84	230.87
14	G-3	Interest Payments and debt Servicing	10774.06	127.57	10901.63	10822.97	78.66
15	G-6	Pension and Other Retirement Benefits	4134.92	198.61	4333.53	4182.15	151.38
16	G-7	Social Security and Welfare	26.05	12.63	38.68	33.51	5.17
17	H-5	Roads and Bridges	1794.94	366.72	2161.66	2044.90	116.76
18	H-6	Public Works and Administrative and Functional Buildings	937.28	102.56	1039.84	983.39	56.45
19	H-7	Capital Expenditure on Social Services and Economic Services	819.74	125.86	945.60	925.63	19.97
20	H-8	Capital Expenditure on Public Works, Administrative and Functional Buildings	191.39	64.56	255.95	248.70	7.25
22	I-5	Capital Expenditure on Irrigation	5458.07	1629.92	7087.99	7038.01	49.98
23	J-4	Capital Outlay On Public Works	1.32	3.97	5.29	4.24	1.05

Appendix 2.4(concl.)							
1	2	3	4	5	6	7	8
24	K-6	Energy	2281.58	1099.54	3381.12	3329.17	51.95
25	K-7	Industries	580.56	448.49	1029.05	1024.72	4.33
26	K-10	Capital Expenditure on Industries	7.20	36.89	44.09	39.33	4.76
27	L-2	District Administration	814.00	21.85	835.85	823.63	12.22
28	L-3	Rural Development Programmes	1156.53	585.90	1742.43	1412.48	329.95
29	L-7	Capital Expenditure on Rural Development	298.56	164.07	462.63	433.46	29.17
30	N-2	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1950.74	219.76	2170.50	1992.44	178.06
31	O-7	Secretariat - Economic Services	22.19	11.33	33.52	32.31	1.21
32	Q-3	Housing	721.50	291.35	1012.85	850.18	162.67
33	S-1	Medical and Public Health	642.07	82.33	724.40	697.81	26.59
34	T-6	Capital Expenditure on Tribal Areas Development Sub-plan	379.23	250.30	629.53	551.36	78.17
35	V-2	Co-operation	346.55	395.54	742.09	736.24	5.85
36	W-2	General Education	1298.74	119.72	1418.46	1346.62	71.84
37	W-3	Technical Education	423.76	38.65	462.41	453.41	9.00
38	W-4	Art and Culture	295.50	109.40	404.90	385.16	19.74
39	W-7	Revenue Expenditure on Removal of Regional Imbalance	9.29	17.24	26.53	17.23	9.30
40	X-1	Social Security and Nutrition	812.38	200.58	1012.96	920.21	92.75
41	ZD-2	Art and Culture	54.62	19.69	74.31	59.42	14.89
		Total	49616.39	8454.06	58070.45	55981.43	2089.02
II Appropriation							
42	A-3	Public Services Commission	6.65	4.00	10.65	9.21	1.44
43	A-4	Secretariat and Miscellaneous General Services	0.01	1.76	1.77	0.52	1.25
44	J-1	Administration of Justice	75.24	16.04	91.28	82.20	9.08
		Total	81.90	21.80	103.70	91.93	11.77
		Grand Total	49698.29	8475.86	58174.15	56073.36	2100.79
		(i) Supplementary Grants/Appropriations			8475.86		
		(ii) Savings			2100.79		
		(iii) Actual requirements(i)-(ii)			6375.07		

APPENDIX 2.5*(Reference: Paragraph 2.3.7 ; Page 45.)***Statement of various grants/appropriation where supplementary provision proved insufficient by more than Rs 1 crore each****(Rupees in crore)**

Sr. No.	Number	Name of the Grants and Appropriation	Original Provision	Supplementary provision	Total	Expenditure	Excess
I Grant							
1	C-5	Other Social Services	5.00	11.19	16.19	22.40	6.21
2	C-6	Natural Calamities	504.33	0.37	504.70	549.26	44.56
3	F-2	Urban Development and Other Administrative Services	2388.29	16.16	2404.45	2614.91	210.46
4	H-3	Housing	100.61	80.12	180.73	226.57	45.84
5	L-1	Interest Payment	239.88	2.26	242.14	286.51	44.37
6	Q-1	Interest Payment	6.53	1.19	7.72	15.80	8.08
7	T-2	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	439.15	66.70	505.85	507.93	2.08
Total			3683.79	177.99	3861.78	4223.38	361.60

APPENDIX 2.6

(Reference: Paragraph 2.3.8; Page 45)

Cases where re-appropriation of funds proved excessive or insufficient over grant by over Rs 1 crore

(Rupees in crore)

Sr. No.	Grant No.	Title of Grant/Appropriation	Head of Account	Re-Appropriation	Excess(+) Saving(-)
1	2	3	4	5	6
1	A-4	Secretariat and Miscellaneous General Services	2070-800 800(00)(09)	(-)3.84	(+)1.45
2	A-5	Social Services	2235-60-102-102(00)(01)	(-)11.84	(+)4.82
3	B-1	Police Administration	2055-105-105(00)(01)	(-)3.54	(+)1.93
4	B-1	Police Administration	2070-106-106(03)(01)	(+)1.15	(-)2.05
5	B-1	Police Administration	2055-101-101(00)(01)	(-)6.56	(+)6.26
6	B-1	Police Administration	2055-109-109(00)(01)	(-)204.32	(+)16.77
7	B-1	Police Administration	2055-001-001(00)(01)	(-)2.47	(+)25.40
8	B-1	Police Administration	2055-003-003(00)(01)	(-)0.67	(+)1.48
9	B-1	Police Administration	2055-101-101(00)(04)	(-)0.23	(+)4.30
10	B-1	Police Administration	2055-109-109(00)(02)	(-)0.91	(+)1.74
11	B-1	Police Administration	2055-111-111(00)(03)	(-)1.45	(+)5.43
12	B-2	State Excise	2039-001-001(01)(02)	(-)5.87	(+)2.25
13	B-5	Jails	2056-101-101(00)(01)	(-)0.41	(+)1.14
14	B-9	Capital Expenditure on Economic Services	5055-190-190(00)(01)	(-)103.35	(+)77.75
15	C-1	Revenue and District Administration	2053-094(01)	(-)5.49	(+)3.51
16	C-1	Revenue and District Administration	2053-094(03)	(-)27.21	(+)2.32
17	C-6	Natural Calamities	2245-02-101-101(03)(04)	(+)37.57	(-)4.04
18	C-6	Natural Calamities	2245-02-113-113(00)(01)	(-)31.45	(+)10.46
19	D-4	Agriculture Services	2401-103-103(00)(23)	(+)6.75	(-)6.99
20	D-4	Agriculture Services	2401-001-001(00)(01)	(-)7.36	(+)20.22
21	D-4	Agriculture Services	2401-103-103(00)(01)	(-)0.07	(+)1.02
22	D-4	Agriculture Services	2401-114-114(00)(06)	(+)2.16	(-)1.70
23	D-6	Dairy Development	2404-220-220(00)(03)	(-)2.86	(+)1.02
24	D-6	Dairy Development	2404-191-191(00)(07)	(+)1.44	(-)2.39
25	F-2	Urban Development and Other Administrative Services	2217-80-191-191(00)(25)	(+)55.69	(-)10.30
26	G-6	Pension and Other Retirement Benefit	2071-01-101-101(00)(03)	(+)5.36	(-)1.34
27	H-5	Roads and Bridges	3054-04-800(03)(01)	(+)6.97	(-)28.76
28	H-5	Roads and Bridges	3054-80-001(00)(01)	(-)15.70	(+)67.44
29	H-9	Capital Outlay on Removal of Regional Balance	5054-03-001(00)(03)	(+)15.71	(-)1.27

APPENDIX 2.6 (contd.)					
1	2	3	4	5	6
30	I-3	Irrigation, Power and Other Economic Services	2701-80-001-(04)	(-)36.81	(+)2.61
31	I-3	Irrigation, Power and Other Economic Services	2701-03-(02)	(-)4.45	(+)1.39
32	I-3	Irrigation, Power and Other Economic Services	2701-80-800(02)	(-)44.10	(+)31.13
33	I-3	Irrigation, Power and Other Economic Services	2701-80-800(11)(01)	(-)343.68	(+)2.73
34	I-3	Irrigation, Power and Other Economic Services	2701-01-(02)	(-)1.60	(+)1.84
35	L-3	Rural Development Programmes	2702-80-191-191(02)(02)	(-)3.68	(+)3.05
36	L-7	Capital Expenditure on Rural Development	4402-102(01)(01)	(-)24.50	(+)4.40
37	L-10	Miscellaneous Loans	7615-200-200-(01)(02)	(+)121.62	(-)18.50
38	M-2	Food	2408-01-101-101(04)(02)	(+)2.83	(-)2.94
39	M-4	Capital Expenditure on Food	4408-01-101-101(02)(02)	(-)695.03	(+)2.49
40	N-1	secretariat and other Social Services	2053-094-094(01)(01)	(-)2.53	(+)1.11
41	N-2	Welfare of Scheduled castes, Scheduled Tribes, and Other Backward Classes	2225-01-277-277(08)(05)	(-)32.07	(+)2.39
42	N-2	Welfare of Scheduled castes, Scheduled Tribes, and Other Backward Classes	2235-02-104--104(08)(05)	(-)14.09	(+)4.73
43	N-2	Welfare of Scheduled castes, Scheduled Tribes, and Other Backward Classes	2235-02-104-104(08)(07)	(-)32.23	(+)18.63
44	N-2	Welfare of Scheduled castes, Scheduled Tribes, and Other Backward Classes	2225-01-277-277(04)(04)&(11)	(-)1.71	(+)1.42
45	N-2	Welfare of Scheduled castes, Scheduled Tribes, and Other Backward Classes	2235-02-104-104(08)(02)	(-)4.76	(+)2.90
46	N-2	Welfare of Scheduled castes, Scheduled Tribes, and Other Backward Classes	2225-01-277-277(04)(01)	(-)2.17	(+)4.67

APPENDIX 2.6 (contd.)					
1	2	3	4	5	6
47	N-2	Welfare of Scheduled castes, Scheduled Tribes, and Other Backward Classes	2225-03-277-277(01)(01)	(-)5.63	(+)10.89
48	N-2	Welfare of Scheduled castes, Scheduled Tribes, and Other Backward Classes	2225-03--277-277(01)(02)	(+)31.53	(-)13.50
49	N-2	Welfare of Scheduled castes, Scheduled Tribes, and Other Backward Classes	2225-03-277-277(02)(01)	(-)3.60	(+)6.52
50	Q-3	Rural Employment	2505-60-001-001(01)(01)	(+)75.00	(-)18.49
51	R-1	Medical and Public Health	2210-06-001-001(00)(09)	(+)0.78	(-)2.12
52	R-1	Medical and Public Health	2211-101-101(01)(01)	(+)1.66	(-)2.14
53	R-1	Medical and Public Health	2210-06-010-010(01)(02)	(+)5.63	(-)7.04
54	R-1	Medical and Public Health	2210-06-010-010(01)(06)	(+)0.37	(-)1.98
55	R-1	Medical and Public Health	2210-01-110(01)(01)&(06)(01)	(-)5.92	(+)5.32
56	R-1	Medical and Public Health	2210-06-101-101(01)(06)	(-)3.41	(+)0.49
57	T-2	Welfare of Scheduled castes, Scheduled Tribes, and Other Backward Classes	2225-02-277-277(03)(03)	(-)9.42	(+)3.22
58	T-5	Revenue Expenditure on Tribal Area Development Sub-plan	2225-02-796-277-(01)(01)	(+)2.09	(-)3.44
59	T-5	Revenue Expenditure on Tribal Area Development Sub-plan	2225-02-796-800(07)(01)	(+)3.11	(-)4.37
60	T-5	Revenue Expenditure on Tribal Area Development Sub-plan	2230-03-796-003(00)(01)	(-)5.37	(+)1.53
61	T-5	Revenue Expenditure on Tribal Area Development Sub-plan	2225-02-796-800(08)(01)	(-)40.00	(+)39.97
62	T-5	Revenue Expenditure on Tribal Area Development Sub-plan	2702-01-796-800(00)(02)	(+)8.34	(-)3.21
63	T-5	Revenue Expenditure on Tribal Area Development Sub-plan	2210-06-796-800(00)(08)	(+)10.57	(-)1.64

APPENDIX 2.6 (concl.)					
1	2	3	4	5	6
64	T-5	Revenue Expenditure on Tribal Area Development Sub-plan	2225-02-796-102(02)(03)	(+)2.27	(-)1.21
65	T-6	Capital Expenditure on Tribal Development Sub-Plan	4702-01-796-800(00)(06)	(+)3.37	(-)7.70
66	T-6	Capital Expenditure on Tribal Development Sub-Plan	4701-03-796-796(1)	(+)18.31	(-)13.34
67	T-6	Capital Expenditure on Tribal Development Sub-Plan	4702-80-796-190(00)(01)	(+)9.02	(-)1.49

APPENDIX 2.7 (Reference Paragraph 2.3.9; Page 45) Statement of various grants/appropriations in which savings occurred but no part of which had been surrendered (Rupees in crore)			
I - Grant			
Sr.No.	Grant No.	Number and Name of grant/appropriation	Saving
1	D-3	Relief on Account of Natural Calamities	126.84
2	D-9	Expenditure on Agricultural Services	1.01
3	O-1	District Administration	0.49
4	O-5	Hill Areas	0.24
5	O-11	Capital Expenditure on Economic Services	0.35
6	X-4	Loans to Government Servants, etc.	0.18
7	Y-6	Capital Expenditure on Economic And Social Services	0.32
		Total	129.43
II - Appropriation			
8	A-2	Election	0.03
9	D-6	Dairy Development	0.10
10	K-2	Interest Payment	6.51
11	T-1	Interest Payment	0.03
		Total	6.67
		Grand Total	136.10

APPENDIX 2.8				
<i>(Reference Paragraph 2.3.9; Page 45)</i>				
Details of saving of Rs 1 crore and above not surrendered				
(Rupees in crore)				
Sr. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Saving which remained to be surrendered
1	2	3	4	5
1	B-3 - Transport Administration	21.74	2.22	19.52
2	C-4 - Secretariat and Other General Services	64.25	62.93	1.32
3	D-4 - Agriculture Services	77.73	20.64	57.09
4	D-6 - Dairy Development	291.45	287.92	3.13
5	F-4 - Compensation and Assignments	3.88	0.90	4.78
6	F-5 - Capital Expenditure on Social Services (Charged)	5.91	0.80	5.11
7	F-7 - Loans for Urban Development	388.06	0.13	387.93
8	G-1 - Sales Tax Administration	54.83	33.44	21.39
9	G-6 Pensions and Other Retirement Benefits	151.38	0.50	150.88
10	G-6 Pensions and Other Retirement Benefits (Charged)	3.97	2.66	1.31
11	H-6 - Public Works and Administrative and Functional Buildings	56.45	53.7	2.75
12	H-9 Capital Outlay on Removal of Regional Imbalance	64.14	61.62	2.52
13	J-1 - Administration of Justice	26.39	24.57	1.82
14	K-11 Capital Expenditure on Energy	644.40	542.79	101.61
15	L-2 - District Administration	12.22	7.23	4.99
16	L-5 Compensation and Assignments	44.76	39.45	5.31
17	L-7 Capital Expenditure on Rural Development	29.17	14.42	14.75
18	L-10 Miscellaneous Loans	508.50	56.75	451.75
19	M-2 - Food	24.98	22.12	2.86
20	N-2 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	178.06	118.14	59.92
21	O-3 Rural Employment	99.67	65.49	34.18
22	O-3 Rural Employment (Charged)	1634.43	1284.68	349.75
23	O-4 Other Rural Development Programmes	1127.34	0.04	1127.30
24	O-9 - Capital Outlay On Other Rural Development Programmes	760.87	743.79	17.08
25	Q-3 Housing	162.67	126.88	35.79
26	R-1 - Medical and Public Health	160.74	77.94	82.80
27	T-5 - Revenue Expenditure on Tribal Areas Development Sub-Plan	184.38	136.66	47.72
28	T-6 - Capital Expenditure on Tribal Development Sub-Plan	78.17	41.77	36.40

APPENDIX 2.8 (concl'd.)				
1	2	3	4	5
29	W-3 - Technical Education	9.00	4.22	4.78
30	W-7 Revenue Expenditure on Removal of Regional Imbalance	9.30	3.82	5.48
31	X-1 Social Security and Nutrition	92.75	43.97	48.78
32	Y-2 Water Supply and Sanitation	170.30	156.38	13.92
33	ZA-1 Secretariat and Other Social Services	6.26	3.89	2.37
34	ZC-1 Parliament/State/Union Territory Legislatures	9.68	3.56	6.12
	Total	7157.83	4046.02	3113.21

Appendix - 2.9 (Reference Paragraph 2.3.10, Page 46.) Cases of surrender of funds in excess of Rs 10 crore on 30 and 31 March 2008 (Rupees in crore)			
Sr. No.	Grant No.	Major Head	Amount of Surrender
1	2	3	4
1	B01	2055 Police	306.95
2	B01	2070 Other Administrative Services	11.72
3	B03	2041 Taxes on Vehicles	1368.03
4	B04	2045 Other Taxes and Duties on Commodities and Services	47.55
5	B05	2056 Jails	10.70
6	B09	5055 Capital Outlay on Road Transport	103.35
7	C01	2029 land Revenue	48.42
8	C01	2045 Other Taxes and Duties on Commodities and Services	318.69
9	C01	2053 District Administration	12.64
10	C04	2059 Public Works	60.21
11	C06	2235 Relief on account of Natural Calamities	22.24
12	C12	7610 Loans to Government Servants, etc	28.46
13	D04	2401 Crop Husbandry	15.68
14	D05	2403 Animal Husbandry	11.01
15	E01	2049 Interest Payment	40.42
16	E02	2202 General Education	31.26
17	F02	2217 Urban Development	183.75
18	F05	4217 Capital Outlay on Urban Development	12.23
19	G01	2020 Collection of Taxes on Income and Expenditure	1282.94
20	G01	2040 Sales Tax	29.01
21	H05	3054 Roads and Bridges	148.72
22	H06	2059 Public Works	27.95
23	H07	4216 Capital Outlay on Housing	11.72
24	H09	5054 Capital Outlay on Roads and Bridges	19.51
25	H09	4210 Capital Outlay on Medical and Public Health	19.48
26	I03	2701 Major and Medium Irrigation	379.86
27	I05	4701 Capital Outlay on Major and Medium Irrigation	39.92
28	I06	6003 Internal Debt of the State Government	14.16
29	I07	7610 Loans to Government Servants, etc	14.65
30	J01	2014 Administration of Justice	33.07
31	K01	2045 Other Taxes and Duties on Commodities and Services	226.15
32	K06	2801 Power	49.23
33	K11	4801 Capital Outlay on Power Projects	542.00
34	L03	2501 Special Programmes for Rural Development	29.40
35	L03	2505 Rural Employment	43.50
36	L03	2515 Other Rural Development Programmes	39.10
37	L07	4702 Capital Outlay on Minor Irrigation	10.20

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Appendix - 2.9 (concl.)			
1	2	3	4
38	L08	4402 Capital Outlay on Soil and Water Conservation	54.57
39	L10	7615 Miscellaneous Loans	56.75
40	M02	2408 Food Storage and Warehousing	22.14
41	M04	4408 Capital Outlay on Food Storage and Warehousing	1255.52
42	N02	2225 Welfare of Scheduled Castes, Scheduled Tribes and Other backward Classes	42.21
43	N02	2235 Social Security and Welfare	75.94
44	N03	4225 Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	21.26
45	O03	2505 Rural Employment	1350.17
46	O09	4515 Capital Outlay on Other Rural Development Programmes	743.79
47	Q03	2216 Housing	126.87
48	R01	2210 Medical and Public Health	66.55
49	R01	2211 Family Welfare	10.27
50	S01	2210 Medical and Public Health	27.13
51	T05	2210 Medical and Public Health	13.90
52	T05	2225 Welfare of Scheduled Castes, Scheduled Tribes and Other backward Classes	97.33
53	T06	4225 Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	33.24
54	V03	4425 Capital Outlay on Co-operation	151.58
55	V05	6425 Loans for Co-operation	123.59
56	W02	2202 General Education	71.30
57	W04	2230 Labour and Employment	21.32
58	X01	2236 Nutrition	41.56
59	Y02	2215 Water Supply and Sanitation	156.38
60	ZD02	2205 Art and Culture	14.25
61	ZD04	3452 Tourism	44.91
		Total	10216.41

Appendix 2.10			
(Reference: Paragraph 2.3.11; page 46)			
Details of surrender in excess of actual saving in the grants/appropriations involving substantial amounts			
(Rupees in crore)			
Sr.No.	Number and name of grant /appropriation	Amount Surrendered	Actual Savings
1	2	3	4
1	A-2 Election	6.31	2.11
2	A-4 Secretariat and Miscellaneous General Services	10.35	9.83
3	A-4 Secretariat and Miscellaneous General Services	1.31	1.24
4	A-5 Social Services	20.80	15.80
5	B-1 Police Administration	320.31	287.82
6	B-2 State Excise	5.82	3.69
7	B-4 Secretariat and Other General services	0.36	0.04
8	B-5 Jails	10.69	9.73
9	B-9 Capital Expenditure on Economic Services	103.35	26.42
10	C-1 Revenue and District Administration	57.98	50.24
11	C-1 Revenue and District Administration	341.98	334.49
12	C-2 Stamps and Registration	9.89	6.10
13	C-7 Forest	26.38	9.77
14	D-1 Interest Payments	3.68	0.08
15	D-5 Animal Husbandry	11.01	4.52
16	E-2 General Education	314.02	230.87
17	G-3 Interest Payment and Debt Servicing	211.13	78.66
18	H-4 Secretariat and Other Economic Services	1.81	1.25
19	H-5 Roads and Bridges	152.51	116.76
20	H-8 Capital Expenditure on Public Works Administrative and Functional Building	7.35	7.25
21	I-3 Irrigation, Power and Other Economic Services	477.33	408.12
22	I-5 Capital Expenditure on Irrigation	79.59	49.97
23	K-3 Stationery and Printing	8.81	8.76
24	L-3 Rural Development Programmes	337.36	329.95
25	M-5 Loans to Government Servants, Etc	0.62	0.59
26	N-1 Secretariat and Other Social Services	15.23	12.38
27	O-7 Secretariat Economic Services	1.93	1.21
28	O-10 Capital Outlay on Hill Areas	1.76	1.74
29	O-12 Loans to Government Servants ,Etc	0.07	0.06
30	Q-6 Loans to Government Servants, Etc	0.20	0.17
31	R-5 Loans to Government Servants, Etc	5.08	4.75
32	S-1 Medical and Public Health	30.39	26.59
33	S-4 Loans to Government Servants, Etc	1.95	1.92
34	T-3 Social Security and Welfare	0.13	0.12
35	T-8 Loans for Tribal Area Development Sub-Plan	0.04	0.03
36	V-2 Co-operation	7.63	5.86
37	W-2 General Education	0.02	0.01
38	W-4 Art and Culture	24.72	19.74

Appendix 2 10(concl.d.)			
1	2	3	4
39	W-6 Secretariat -Social Services	0.88	0.87
40	ZA-4 Loans to Government Servants	0.08	0.04
	Total	2610.86	2069.55

APPENDIX - 2.11			
(Reference: paragraph 2.3.12; Page 46)			
Pending NPDC bills for the years upto 2007-08			
Sr. No.	Department	Number of AC bills	Amount
(Rupees in crore)			
1	General Administration	1321	29.39
2	Home	5699	138.17
3	Revenue and Forest	3795	355.40
4	Agriculture, Animal Husbandry, Dairy Development and Fisheries	8274	93.23
5	School Education	499	11.53
6	Urban Development	37	0.25
7	Finance	183	3.68
8	Public Works	21	0.37
9	Water Resources	446	0.72
10	Law and judiciary	1946	5.00
11	Industries, Energy and Labour	256	11.25
12	Rural Development and Water Conservation	7756	48.68
13	Food, Civil Supplies and Consumer Protection	78	0.59
14	Social Welfare, Cultural Affairs and Sports	999	20.10
15	Planning	4858	96.34
16	Housing and Special Assistance	135	0.73
17	Public Health	4599	43.06
18	Medical Education and Drugs	900	19.28
19	Tribal Development	157	4.15
20	Co-operation and Textiles	193	353.98
21	Higher and Technical Education	256	7.59
22	Women and Child Development	123	0.63
23	Water Supply and Sanitation	185	1.52
24	Trade Commerce and Mining	61	0.51
25	Maharashtra Legislature Secretariat	7	0.15
26	Environment	2	0.01
27	Employment and Self Employment	8	0.07
28	Parliamentary Affairs	3	0.40
	Total	42797	1246.78

APPENDIX - 2.12			
(Reference: Paragraph 2.4; Page 46)			
Statement of unreconciled expenditure			
Sr. No.	Department	Amount (Rupees in crore)	Grant Number and Major Head
1	2	3	4
1	General Administration	0.89	2012 - A-1
2	General Administration	2.69	2015 - A-2
3	General Administration	2.69	2051 - A-3
4	General Administration	5.13	2052 - A-4
5	General Administration	30.21	2205 - A-4
6	General Administration	14.81	2070 - A-4
7	General Administration	482.08	2216 - A-5
8	General Administration	19.74	2251 - A-5
9	General Administration	0.09	7610 - A-8
10	Home	158.35	2055 - B-1
11	Home	2.99	3056 - B-3
12	Home	159.19	5055 - B-9
13	Home	3.37	7610 - B-10
14	Revenue and Forest	2.00	2029 - C-1
15	Revenue and Forest	0.68	2030 - C-2
16	Revenue and Forest	12.66	2059 - C-4
17	Revenue and Forest	0.88	2406 - C-7
18	Revenue and Forest	3.97	7610 - C-12
19	Agriculture, Animal Husbandry, Dairy Development and Fisheries	1.63	6405 - D-10
20	Agriculture, Animal Husbandry, Dairy Development and Fisheries	5.67	7610 - D-15
21	School Education and Sports	0.53	2204 - E-3
22	School Education and Sports	1.65	7610 - E-5
23	Urban Development	0.53	7610 - F-8
24	Finance	1.62	2040 - G-1
25	Finance	1.32	2047 - G-2
26	Finance	1.62	7610 - G-9
27	Public Works	0.73	2245 - H-3
28	Public Works	4.47	7610 - H-11
29	Water Resources	0.03	2705-I-3
30	Water Resources	0.46	4801 - I-5
31	Water Resources	7.86	7610 - I-7
32	Law and Judiciary	31.70	2014 - J-1
33	Industries, Energy and Labour	0.88	2045 - K-1
34	Industries, Energy and Labour	40.29	2058 - K-3
35	Industries, Energy and Labour	895.61	2852 - K-7
36	Industries, Energy and Labour	2.66	6885 - K-10
37	Industries, Energy and Labour	1.42	6250 - K-9
38	Industries, Energy and Labour	2.00	6250 - K-9

APPENDIX - 2.12 (concl.)			
1	2	3	4
39	Industries, Energy and Labour	3.67	6851 - K-10
40	Industries, Energy and Labour	0.21	6851 - K-10
41	Industries, Energy and Labour	0.91	7610 - K-12
42	Rural Development and Water Conservation	2.35	2515 - L-3
43	Rural Development and Water Conservation	0.12	2505 - L-3
44	Rural Development and Water Conservation	8.08	3451 - L-3
45	Rural Development and Water Conservation	1.11	7610 - L-9
46	Rural Development and Water Conservation	207.11	7615 - L-10
47	Social Justice, Cultural Affairs and Special Assistance	0.65	7610 - N-4
48	Planning	0.23	2551 - O-5
49	Planning	2.50	3425 - O-6
50	Planning	2.52	4515 - O-9
51	Planning	79.78	5465 - O-11
52	Housing	0.03	7610 - Q-6
53	Public Health	3.5	7610 - R-5
54	Medical Education and Durgs	22.59	2210 - S-1
55	Medical Education and Durgs	0.56	7610 - S-4
56	Tribal Development	577.18	2215 - T-5
57	Tribal Development	0.82	2211 - T-5
58	Tribal Development	0.52	7610 - T-9
59	Tribal Development	20.41	6225 - T-10
60	Environment	0.07	3435 - U-4
61	Co-operation, Marketing and Textiles	31.1	2425 - V-2
62	Co-operation, Marketing and Textiles	25.42	4425 - V-3
63	Co-operation, Marketing and Textiles	132.83	6425 - V-5
64	Co-operation, Marketing and Textiles	0.81	7610 - V-6
65	Higher and Technical Education	0.97	2203 - W-3
66	Higher and Technical Education	5.08	7610 - W-8
67	Women and Child Welfare	39.24	2236 - X-1
68	Women and Child Welfare	0.69	7610 - X-4
69	Water Supply and Sanitation	0.08	7610 - Y-7
70	Employment and Self Employment	0.16	7610 - ZA-4
71	Maharashtra Legislature Secretariat	37.18	2001 - ZC-1
72	Tourism and Cultural Affairs	0.07	7610 - ZD-7
	Total	3113.65	

APPENDIX 2.13

(Reference: paragraph 2.5.1 ; Page 46)

Statement of various grants/appropriations where expenditure exceeded the approved provision by Rs 25 lakh or more and also by more than 10 per cent of the total provision

(Rupees in crore)

Sr.No	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Actual Expenditure	Amount of Excess (Percentage)
1	C-5	Other Social Services	16.19	22.40	6.21 (38.36)
2	H-3	Housing	180.73	226.58	45.85 (25.37)
3	H-6	Public works and Administrative and Functional Building	2.16	6.08	3.92 (181.48)
4	Q-1	Interest Payment	7.72	15.80	8.08 (104.66)
5	U-1	Interest Payment	1.42	2.01	0.59 (41.55)
6	ZC-1	Parliament/State/Union Territory Legislatures	0.51	1.08	0.57 (111.76)
Total			208.73	273.95	65.22 (31.25)

APPENDIX - 2.14

(Reference: paragraph 2.5.2 ; Page 47)

Statement of cases where expenditure was incurred without any budget provision

(Rupees in lakh)

Sr.No	Grant No.	Head of Account	Expenditure
General Administration Department			
1	A-4	2059-80-800(01)(01)	6.40
Home Department			
2	B-1	2055-101(00)(02)	0.55
3	B-1	2055-111(00)(01)	1.86
Agriculture, Animal Husbandry, Dairy Development and Fisheries Department			
4	D-6	3606-502	47.38
Urban Development Department			
5	F-2	3606-502	2696.08
Women and Child Development Department			
6	X-1	2236-02-101(01)(05)	154.33
7	X-1	2236-02-101(04)(02)	45.25
Total			2951.85

APPENDIX 2.15				
(Reference: Paragraph 2.5.3 ; Page 47)				
Drawal of funds to avoid lapse of budget grant				
(Rupees in crore)				
Sr. No.	Name of the Department/DDO	M.H. No.	Name of Treasury	Amount
1	D.A.T.	2054	P.A.O.	1.59
2	J.J. Hospital	2210	-"	10.34
3	Health Department	2210	-"	2.10
4	Collector, Mumbai City	4515	-"	16.41
5	Collector, Mumbai City Suburban	4515	-"	7.82
6	MHADA	2216	-"	391.87
7	Addl. Commissioner of Police South	2055	-"	1.46
8	Director General of Police	4070, 2055	-"	91.13
9	Forensic Science laboratory (FSL) Mumbai 98.	2055	-"	3.68
10	A.O Motor Transport Section	2055	-"	13.06
11	D.H. S Mumbai	2210	-"	7.80
12	Commissioner of police	2055	-"	5.50
	Total			552.76

APPENDIX 2.16				
(Reference : Paragraph 2.6, Page 47)				
Cases of drawal from Contingency Fund where the expenditure was not such as could not have been foreseen				
Sr.No.	Sanction Number	Department/Grant Number/ Major Head	Purpose for which drawn	Amount sanctioned (Rupees in crore)
1	2	3	4	5
1	CNF 11-07/23 Bud 12 dated 26.6.07	Co-operation, Marketing and Textiles Department, Grant No.V-2, MH 2425	Remission of interest on loans of Mahalaxmi Grape Growers Co-operative Society	0.80
2	CNF 11-07/24 Bud 12 dated 28.6.07	Co-operation, Marketing and Textiles Department, Grant No.V-2, MH 2425	Immediate distribution of Financial Assistance to Sugar Mills	48.00
3	CNF 11-07/34 Bud 12 dated 21.07.07	Co-operation, Marketing and Textiles Department, Grant No.V-2, MH 2425	Financial Assistance to Uncrushed Sugarcane	83.90
4	CNF 11-07/44 Bud 6 dated 21.09.07	School Education and Sports Department, Grant No.E-3, MH 2204	To organise ATP Tennis Tournament in Mumbai	2.00
5	CNF 11-07/85 Bud 9 dated 14.02.08	Public Health Department, Grant No.R-1, MH 2210	Grant-in-aid to hospital for payment of Medical Officers and purchase of essential drugs required	4.00
6	CNF 11-07/95 Bud-7 dated 07.03.08	Social Justice and Special Assistance Department, Grant No.N-2A, MH 2245	Grant sanctioned for rehabilitation of SC/ST affected by flood in Krishna River during the year 2005-06 at Sangli	5.51
7	CNF 11-07/33 Bud-10 dated 19.07.07	Home	Advertisement & Publicity under Mahatma Gandhi Non-Violence Village Rally	1.50
8.	CNF 11-07/38 Bud-10 dated 28.08.07	Law & Judiciary	Provision of Marathi Software in Taluka & other courts	0.25
9.	CNF 11-07/68 Bud-7 dated 12.11.07	Women & Child Development	Payment of Gift on occassion of Bhaubheej to Anganwadi employees on their assistance	6.50
10	CNF 11-08/100 Bud-8 dated 31.03.08	Higher & Technical Education	Merit cum Means Scholarship Scheme for Minority Communities for Professional and Technical Course	2.59

APPENDIX 2.16 (concl.)				
1	2	3	4	5
11	CNF 11-08/97 Bud-7 dated 31.03.08	Rural Development and Water Conservation	Removal of backlog of Sub Plan on Soil & Water conservation Schemes	54.57
12	CNF 11-08/96 Bud-6 dated 24.03.08	Revenue & Forest	Development of Forest Area in Ahmednagar Forest Division by way of construction of cement nullah.	1.78
13	CNF 11-08/101 Bud-7 dated 31.03.08	Social Justice and Special Assistance	Providing loan to owners of Government Weaving Mills belonging to Scheduled Tribes	5.31
14	CNF 11-08/102 Bud-7 dated 31.03.08	Social Justice and Special Assistance	Grant of loan to Vasantnao Naik Nomadic Tribe Development Mahamandal	11.19
13	CNF 11-07/37 Bud-9 dated 21.08.07	Water Resources	Dudhganga Project - Payment towards Pending Bills of Works	37.00
	Total			264.90

Appendix 3.1
(Reference: Paragraph 3.1.3, Page 53)

List of test-checked hospitals

Sr no	Name of the Hospital	Date of visit	Effluent treatment plant	Segregation of BMW at ward level	Disposal of BMW within 48 hours	Maintenance of records	Disposal of plastic waste
1	2	3	4	5	6	7	8
Aurangabad							
1	Hedgewar Hospital	30.10.07	Yes	No	Yes	Yes	No
2	Kamalnayan Bajaj Hospital	30.10.07	Yes	Yes	Yes	No	Yes
3	Dhoot Hospital	29.10.07	Yes	No	Yes	Yes	Yes
Kolhapur							
4	Adhar Hospital	04.10.07	No	No	No	No	Yes
5	C P R Hospital	29.09.07	No	No	Yes	Yes	Yes
6	Dr. D Y Patil Hospital	29.09.07	No	Yes	Yes	No	Yes
Pune							
7	KEM Hospitals	08.10.07	No	Yes	Yes	No	No
8	Sasoon Hospitals	15.10.07	No	No	Yes	No	No
9	YCMA	09.10.07	Yes	Yes	Yes	Yes	Yes
Nagpur							
10	Indira Gandhi Memorial Hospital	11.12.07	No	No	Yes	No	No
11	Government Medical College and Hospital	11.12.07	No	No	Yes	No	No
12	Super Specialties Hospital	11.12.07	No	Yes	Yes	Yes	No
Chandrapur							
13	Government Hospital	18.12.07	No	Yes	Yes	Yes	No
14	Trinity Nursing Home	18.12.07	No	Yes	Yes	Yes	Yes
15	Anasuya Nursing Home	18.12.07	No	Yes	Yes	Yes	Yes
Wardha							
16	District General Hospital	13.12.07	No	Yes	Yes	No	No
17	Mahatma Gandhi Institute of Medical Sciences	13.12.07	No	Yes	Yes	Yes	Yes
18	Jawaharlal Nehru Medical College	13.12.07	No	Yes	Yes	Yes	Yes

Appendix 3.1 (Concl.)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Nashik							
19	Civil Hospital	20.02.08	Yes	Yes	Yes	No	Yes
20	ESIS Hospital	27.02.08	Yes	No	Yes	No	No
21	HAL Hospital	25.02.08	Yes	Yes	Yes	No	Yes
Ahmednagar							
22	Saibaba Hospital, Shridi	22.02.08	No	No	Yes	No	No
23	Pravara Hospital	22.02.08	Yes	Yes	Yes	Yes	Yes
24	Civil Hospital, Ahmednagar	22.02.08	No	Yes	Yes	Yes	Yes
Mumbai							
25	J J Hopsital	04.03.08	No	Yes	Yes	No	Yes
26	Bhabha Hospital	04.03.08	No	Yes	Yes	Yes	No
27	Sarvodaya Hospital	04.03.08	No	Yes	No	No	Yes
28	St George's Hospital	12.02.08	No	Yes	Yes	Yes	No
29	Petit Hospital for animals		No	No	No	No	Yes
30	KEM Hospital	11.06.08	No	Yes	Yes	No	No
31	Tata Memorial Centre	11.06.08	No	No	No	Yes	Yes
32	Jaslok Hospital	12.06.08	No	Yes	Yes	No	Yes
33	ESIS Hospital, Andheri	20.06.08	No	Yes	Yes	No	No
34	City Hospital, Kurla	20.06.08	No	Yes	Yes	No	Yes
35	Bombay Hospital	19.06.08	No	Yes	Yes	Yes	Yes
36	MGM Hospital, Parel	19.06.08	No	Yes	Yes	No	No
37	R N Cooper Hopital, Vile Parle	18.06.08	No	Yes	Yes	No	No
38	Sabnis Hospital, Mulund	24.06.08	No	Yes	Yes	No	Yes
	Total		06	27	34	16	22
	Yes-		32	11	04	22	16+1¹
	No-						

¹ Ghati hospital, Aurangabad, was jointly visited as individual facility where it was noticed that plastic was sold to private parties

Appendix 3.2
(Reference: 3.1.3; Page 53)

Statement showing deficiencies noticed in the test-checked Common Bio-Medical Treatment Facility Centres and holders of individual incinerator

Sr. No	Name of the CBMWTF	Date of visit	Disposal within 48 hours	ETP	Ramp for cleaning the motor vehicles	Location	Maintenance of Logbook/ records	Autoclave, graphic recoding	Disposal of incineration ash	Autoclave facility	Maintenance of prescribed temperature	Filling of BMW up to half (deep burial)
1	Water Grace Products Pvt Ltd Aurangabad	30.10.07	No	Yes	No	Yes	No	No	No	Yes	Yes	NA
2	DAAS , Kolhapur	29.09.07	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	NA
3	Sun Enviro, Pune	09.10.07	Yes	No	No	Yes	Yes	No	No	Yes	Yes	NA
4	PASSCO, Pune-II	09.10.07	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	NA
5	Nagpur	12.12.07	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	NA
6	Chandrapur	18.12.07	Yes	Yes	Yes	Yes	No	No	No	No	Yes	NA
7	Indira Gandhi Medical College (Nagpur)	11.12.07	Yes	No	No	No	No	No	Yes	No	No	NA
8	Government Medical College, Nagpur	11.12.07	Yes	No	No	No	No	No	Yes	No	No	NA
9	Super Specialties Hospitals (Nagpur)	11.12.07	Yes	No	No	No	No	No	Yes	No	Yes	NA
10	Water Grace Products Pvt Ltd, Nashik	20.02.08	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	NA
11	Shri Patil , A'Nagar	22.02.08	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	NA
12	Mumbai Waste Management Ltd	07.02.08	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA
13	Sewri Autoclave facility	06.12.07	Yes	Yes	Yes	Yes	No	No	NA	Yes	Yes	NA
14	Ghati Hospital, Aurangabad	01.11.07	Yes	No	Yes	No	Yes	No	No	No	Yes	NA
15	Ichalkaranji	29.11.07	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	NA

Appendix 3.3
(Reference: Paragraph 3.1.11.5; Page 64)
Statement showing quantity of BMW mixed with MSW

Sr. No. (1)	Name of facility (2)	CTF set up in (3)	BMW generated kg/month (4)	Period of delay (5)	No. of months (6)	BMW mixed with MSW (7) (4)X(6)
1	M/s Bio-clean System, Solapur	July 2004	18750	01/03 to 06/04	18	337500
2	M/s Bio-Clean, Ahmednagar	February 2004	18000	01/03 to 01/04	13	234000
3	M/s Surya CTF, Miraj	November 2003	18000	01/03 to 10/03	10	180000
4	M/s Mansai Bio-Medical, Jalgaon	July 2006	7100	01/03 to 06/06	42	298200
5	M/s S. S. Services, Ichalkarani	February 2004	5450	01/03 to 01/04	13	70850
6	M/s Touch-N-Glow, Palghar	June 2004	1571	01/03 to 05/04	17	26707
7	M/s Mimer Medical Collage, Pune	September 2004	3200	01/03 to 08/04	20	64000
8	M/s Watergrace Products, Aurangabad	November 2003	31000	01/03 to 10/03	10	310000
9	M/s Superb Hygiene, Nagpur	January 2005	29000	01/03 to 12/04	24	696000
10	M/s Government Medical Collage & Hospital, Nanded	June 2006	900	01/03 to 05/06	41	36900
11	M/s Yeshwantrao Chavan Hospital, Pimpri-Chichwad	October 2006	11000	01/03 to 09/06	45	495000
12	M/s Atul Environment Services, Aurangabad	January 2006	3154	01/03 to 12/05	36	113544
13	M/s Krupa Wasteages, Gondia	June 2005	3500	01/03 to 05/05	29	101500
14	M/s Karad Hospital Assocaation, Karad	December 2005	1028	01/03 to 11/05	35	35980
15	M/s Sumitra Incineretor, Solapur	November 2006	2000	01/03 to 10/06	46	92000
16	M/s Champavati Pollution, Beed	October 2006	1800	01/03 to 09/06	45	81000
17	M/s Akshay Industries, Latur	September 2003	1356	01/03 to 08/03	8	10848
18	M/s Nature & Need, Satara	October 2007	1450	01/03 to 09/07	57	82650
19	M/s Jai Bhavani Medicare, Baramati	November 2005	2777	01/03 to 10/05	34	94418
20	M/s Maharashtra Treatment for Bio-Medical Waste, Jath	February 2006	115	01/03 to 01/06	37	4255
21	M/s Evergreen Environmental, Raigad	October 2005	325	01/03 to 09/05	33	10725
22	M/s Mrutunjay Ashram, Satara	June 2006	300	01/03 to 05/06	41	12300
Total BMW mixed with MSW						3388377
						i.e. 3388 MT

Appendix 3.4 (Reference: Paragraph 3.2.6, Page 74)					
Statement showing year-wise funds released and spent on MPLADS (Rupees in crore)					
Year	Entitlement of funds	Funds received by District Collectors from GOI	Shortfall with reference to entitlement	Funds released by District Collectors	Expenditure
2003-04	142.00	132.50	9.50	141.94	135.76
2004-05	150.00	132.38	17.62	119.67	115.26
2005-06	148.00	125.08	22.92	114.92	105.09
2006-07	146.00	96.21	49.79	93.58	76.23
2007-08 (December 2007)	140.00	35.00	105.00	22.73	13.17
Total	726.00	521.17	204.83	492.84	445.51

Appendix-3.5
(Reference: Paragraph 3.2.6; Page 74)

Statement showing shortfall in receipt of funds by MPs

(Rupees in crore).

Name of MP	Term of office	Entitlement @ Rs 2 crore per year	Funds received from GOI	Shortfall With reference to entitlement	Period for which funds not received	No. of works recommended	No. of works sanctioned
MP Lok Sabha							
Shri Suresh Prabhu	2003-04 to 2007-08	10	4.00	6.00	2005-06 to 2007-08	690	260
Shri Vilas Muttemwar	2003-04 to 2007-08	10	1.00	9.00	2003-04 to 2007-08	158	96
Shri Jaishnghrao Gaikwad	2003-04 to 2007-08	10	5.00	5.00	2005-06 to 2007-08	192	163
Shri Subhash Deshmukh	2004-05 to 2007-08	8	5.00	3.00	2005-06 to 2007-08	602	385
MP Rajyasabha							
Shri Sushil Kumar Shinde	2005-06 to 2007-08	6	1.00	5.00	2005-06 to 2007-08	43	23
Shri Pritish Nandi	2003-04 to 2004-05	4	0.00	4.00	2003-04 to 2004-05	208	164
Smt. Lata Mangeshkar	2003-04 to 2005-06	6	0.00	6.00	2003-04 to 2005-06	20	20
Shri Praful Patel	2003-04 to 2007-08	10	3.73	6.27	2004-05 to 2007-08	223	202
Shri Eknath Thakur	2003-04 to 2007-08	10	4.08	5.92	2005-06 to 2007-08	231	140
Smt. Hema Malini	2003-04 to 2007-08	10	4.00	6.00	2003-04 & 2005-06 to 2007-08	94	58
Shri Rajiv Shukla	2003-04 to 2007-08	4	1.00	3.00	2006-07 to 2007-08	11	1
Total		88	28.81	59.19			

Appendix 3.6
(Reference: Paragraph 3.2.6.1; Page 75)

Statement showing non-maintenance of accounts under the scheme

Sr. No.	Name of the District Collector/Implementing agency	Deficiencies noticed in audit.	
District Authority			
1	Collector, Thane	Did not maintain any cash book during 2003-08. Disbursements were recorded in a file maintained for the purpose.	
2	Collector, Nandurbar	Did not maintain the cash book in the prescribed form. Maintained only one register for receipt and disbursement of funds. No reconciliation was carried out.	
Implementing Agency			
1	Municipal Corporation, Pune	Separate bank account was not maintained for each MP.	
2	Municipal Council, Lonavala	Amounts were deposited in current account. An amount of Rs 10 lakh was kept in fixed deposit in July 2007.	
3	Municipal Council, Baramati	Did not maintain a separate cash book. Only one account was opened for depositing all types of funds.	
4	Public Works Division, Amravati	Did not maintain separate cash books during the period from 1993-94 to December 2007. The transactions were recorded in divisional works cash books. Funds received were kept in deposits.	
5	Special Project Division, Amravati		
6	Public Works Division, Achalpur		
7	Public Works Division, Aurangabad		
8	Public Works Division (West), Aurangabad		
9	Public Works Division, Washim		
10	Mumbai Slum Improvement Board, Mumbai		The funds received were entered in the register of funds and deposited in one account maintained by the financial controller.
11	Public Works Division, Shahada		Maintained one cash book for recording transactions relating to the funds in respect of two MPs.
12	Vastagulm Magas-Vargiya Shikshan, Krida and Sanskritik Mandal, Washim		Funds were deposited in saving bank accounts in co-operative banks.
13	Municipal Council, Washim		
14	Zilla Parishad, Washim		

Appendix 3.7
(Reference: Paragraph 3.2.7.2; Page 79)

Statement showing works not covered under the MLA/MLC LADP but sanctioned by
the Government as special cases

(Rupees in lakh).

Sr. No.	Name of MLA, constituency & date of proposal	Description of work suggested	Cost of work	Justification for special case	Remarks and date of approval
(1)	(2)	(3)	(4)	(5)	(6)
1	Shri Kalidas Kolamkar MLA, Naigaon constituency.	Development for I.E.S. School at Matinga, Mumbai	10.00	Development of work to be done at other constituency due to 40% students of this school belongs to MLAs' constituency.	In that case other district or rural MLA/MP can also take developments work at other constituency rather than developing facilities at his own constituency. (12/2/2008).
2	Shri Kalidas Kolamkar MLA, Naigaon constituency. 10/10/2007, 20/2/2007.	Development of Patkar High School (internal facilities) at Dadar.	NA		
3	Shri Vasant davkhare, Dy. Speaker, MLC, Thane constituency, 29/3/2007.	Drainage work at Karad, District - Satara.	5.00	No specific justification	No justification was given. (29.8.2007)
4	Shri Sampat Rao Avaghade /MLA, Satara. 27/11/2007	Internal road in private college, 300 mtr.	3.00	Drought prone area and poor students College.	No justification was given. (13/2/2007).
5	Shri Madan Bhosale /MLA, Wai District- Satara (15/5/2007)	Constructing building for Maharashtra Vishwa Mandal at Wai.	50.00	Insufficient funds for this work from Satara District MLA than all MLA funds should be utilised.	No justification was given. (13/7/2007)
6	Shri Narendra Dhole Patil	Compound wall for water storage at Dahigawale at Shegaon District Ahmednagar.	8.32	No specific justification	No specific approval and justification (5/10/2007).
7	Shri Radhakrishna Eknath Rao Vikhe Patil / MLA, (23/7/2007 & 31/8/2007)	Expenditure for separate line to waterpump at storage tank for supply of drinking water.	2.80	This is pilgrim plan many people visit for which drinking water is necessary.	Approval was given as special case (20/12/2007).
8	Dr. Shalinitai Patil, MLA, Koregaon, Satara, (19/7/2007).	Repairing of Satara ST stand.	4.00	ST corporation did not have sufficient fund for repairs.	Repair work which is not covered under MLA fund, however approved as special case (11/9/2007).
9	Shri Amarsing Pandit, MLA Beed. (3/10/2007).	Spectator gallery for private sport ground (Pvt Education Trust).	10.00	Inconvenience to the people.	No specific reason for approval.
10	Shri Sevakhau Waghaye Patil/ MLA, District Bhandara. (7/9/2007).	Supply of Ambulance to Rural, Hospital At 1) Sakoli, 2) Lakahni 3) Palander.	18.00	Remote area of poor and tribal people and absence of Ambulance at Civil Hospital.	Approved the proposal subject to maintenance by respective rural hospitals and appointment of driver (25/1/2008).
11	All Nashik District MLAs (9/8/2007).	Repair and renewal and modernisation of conference hall at Nashik Divisional Commissioner.	45.00	These works were to be covered in the district plan due to shortage of funds. This is used by all MLAs/ Ministers.	Approved by consent of all MLAs of Nashik District. (17/10/2007).

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Appendix 3.7 (Contd.)					
(1)	(2)	(3)	(4)	(5)	(6)
12	Shri Gopalrao Agarwal /MLA, Gondia. (14-29/7/2007).	Installation of high mast fitting lamp at Ambedkar Chowk, Gondia.	NA	No justification but separately installed three lamps on earlier occasion as special case.	Even though the case is not fit in the guidelines and MLCs' request was rejected, this case was approved as special case.
13	Shri Rajkumar Patil /MLA, Amravati (4/12/2007)	Organization of Chikaldera tourism festival as special case.	5.00	To encourage tourism in tribal areas. Earlier occasion also several proposals approved (22/2/2006)	Local MLC request approved (21/2/2004) earlier sanction (16/11/2006) at eight locations. Goregaon, Gondia.(31/3/2006) this request agreed (29/8/2007).
14	Shri Babasaheb Kupekar MLA, Kolhapur 2 MPs & 13 MLAs (11/1/2008).	Construction of library building	65.00	No specific justification	Against maximum limit of Rs 6 lakh, Rs 65 lakh was sanctioned for the work taking consent of local MLAs (16/3/08 - 24/3/08)
15	Shri Sanjay Kunde M.L.A, constituency- Jalamb, Buldhana (28/2/2008)	Organization of sport competition at Buldhana district and diverting funds from MLA funds outside district of MLA.	NA	No provision in the guidelines from outside district and more than one MLA fund	Approval issued (13/3/2008)
16	Shri Rajiv Rajale MLA, Pathardi constituency, Ahmednagar (13/3/2008)	Payment of public contribution of Rs 10 lakh from MLA fund for installation of solar lamps.	10.00	Tribal and poor people could not pay contribution.	Proposal agreed on (8/4/2008).
17	Shri Srikant Joshi/ MLC, 2007-08, dt 12/12/2007, Aurangabad.	Expenditure for international conference by Marathwada University, Aurangabad. (Computer, IT Physics Dn.)	1.00	No specific reasons	Non development work or work not creating asset, organizing conference in 5 star hotel is not proper. However, sanctioned by Finance Minister as special case (20/2/2008).
18	Shri Shivaji Rao Patil, MLC, District - Satara (10/3/2008).	Construction of Community Hall at Shenoi, District - Satara (the construction of community hall should be type plan).	5.00	MLC to share the expenditure of construction Rs 5 lakh out of Rs 10 lakh.	Supplementary expenditure of work is not allowed as per guidelines. However, special case approved by Finance Minister in Public interest (25/3/2008).
19	Shri Keshavrao Mankar /MLC, Gondia. (28/11/2007).	Providing high mast light at Abhagaon, district - Gondia.	NA	Busy bus stand thus this light is necessary.	Allowed in corporation area. There was repeated demand for this lighting as special case (12/2/2008).
20	Shri Jaiprakash Dandegawarkar / MLA, Bhavrao Patil / MLA, (18/2/2007 & 1/2/2007).	Purchase of inverter for Civil Hospital at Vasamal District Hingoli.	3.00	Due to interruption in electric supply for hospital patients.	Approved (12/2/2008).
21	Shri Shamburaj Desai /MLA, Patari district Collector Office. (13/11/2007).	Construction of waiting hall at Tahsildar Office, District - Satara.	6.34	Construction as special case for shelter to general public who come from remote areas.	As per guidelines Rs 1 lakh cost limit 1990, but due to increase in cost of construction.

Appendix 3.7 (Concltd.)					
(1)	(2)	(3)	(4)	(5)	(6)
22	Shri Mahadevrao Mahade / MLC, Shri Shivajirao Deshmukh / MLC, (30/1/2008 & 6/2/2008).	Manewadi district Satara, providing fund for water supply scheme.	3.91	No other scheme for water supply implementation in area.	Outside the area of MLA i.e. Kolhapur.
23	Local MLA, Kolhapur.	Supply of net for wrestling and judo sport.	NA	To encourage the sport and local demand.	Though MLA fund can be utilised for sports but not for specific items approved (7/4/2008).
24	Shri Shivajirao Deshmukh, Speaker/MLC (13/2/2008).	Constructing of protection wall for Satara Military School	3.00	Military school gives opportunity to youth to get training for defence services.	For part work no provision in guidelines but in public interest approved. (15/3/2008).
		Total	258.37		
		Say Rs 2.58 crore			

Note: NA- Not Available

Appendix 3.8
(Reference: Paragraph 3.2.7.6; Page 82)

Statement showing position of incomplete works

(Rupees in lakh)

District	Year	No. of works	Amount of administrative approval	Expenditure	Reasons
(1)	(2)	(3)	(4)	(5)	(6)
Mumbai Suburban	2004-05	10	32.91	NA	Reasons called for (March 2008) awaited from DPO, Mumbai Suburban
	2005-06	6	21.70	NA	
	2006-07	1	5.15	NA	
	Total	17	59.76	NA	
Pune	Executive Engineer, (N) Division, Zilla Parishad, Pune				
	2004-05	6	10.68	4.42	Due to land problems, delay in response to tender, increase in rates, withdrawal of work and retendering, slow progress by contractor.
	2005-06	10	20.06	4.58	
	2006-07	2	5.00	1.71	
	Total	18	35.74	10.71	
	Executive Engineer, RWS, Zilla Parishad, Pune				
2006-07	5	7.95	2.00	Due to huge flow of water into the well the completion is delayed (March 2008) excavated.	
Aurangabad	Executive Engineer, P.W.Dn., Aurangabad				
	2005-06	9	30.59	16.13	The Division stated that the works would be completed at the earliest without stating the reasons for delay.
	Executive Engineer, PW (ZP) Aurangabad				
	2002-03	3	4.45	1.61	Actual position of reason for delay will be verified and necessary action to complete/cancel the works will be taken (April 2008).
2003-04	1	3.10	NA		
Nashik	Executive Engineer, PW Dn., Nashik				
	2003-04	1	2.60	1.31	Due to land problems the work is delayed (April 2008).
	Executive Engineer, B&C Zilla Parishad, Dn. No. 1, Nashik				
	1995-96	1	1.00	0.48	Due to technical reasons and increase in the rates of Bitumen the works could not be completed. The matter would be brought to the notice of the MLAs concerned and efforts would be made to stop these work and complete them from other scheme (April 2008)
	1996-97	5	9.11	5.62	
	1997-98	1	1.27	1.00	
	2003-04	2	7.08	2.47	
	2005-06	4	23.85	12.77	
2006-07	1	4.88	1.58		
Total	14	47.19	23.92		

Appendix 3.8 (Concl'd.)					
(1)	(2)	(3)	(4)	(5)	(6)
Nandurbar	Executive Engineer, RWS, Zilla Parishad, Nandurbar				
	2003-04	1	4.98	0.68	The source being dry the tube well had failed.
	2004-05	2	6.65	NA	Due to natural calamities (June 2008) (60 per cent work is completed, 1 tender is cancelled).
	Total	3	11.63	0.68	
	Executive Engineer, B&C, Zilla Parishad, Nandurbar				
	2000-01	1	1.24	0.16	Works abandoned due to land disputes.
	2003-04	1	3.73	1.00	Efforts will be made to complete the works and further progress will be reported to audit (June 2008).
	2006-07	2	6.05	2.25	
	Total	4	11.02	3.41	
	Executive Engineer, PW Division, Sahada				
	2005-06	2	5.66	3.34	Due to slow progress of work by the contractor.
	Executive Engineer, RWS, Zilla Parishad, Nandurbar				
	2003-04	1	3.00	2.42	The works are in progress and the report would be obtained from the Sub Division and intimated to audit (June 2008)
	2004-05	5	17.55	15.89	
	2005-06	1	4.57	4.34	
	Total	7	32.20	22.65	
Washim	Executive Engineer, PW Division, Washim				
	2004-05	7	22.36	12.98	Works are completed but not finalised to want of list results two works are pending and would be completed soon.
	2005-06	5	18.92	13.30	
	Total	12	41.28	26.28	
Grand Total		96	293.17	112.04	
				i.e., Rs 1.12 crore	

Note: NA: Not available

Appendix 3.9

(Reference: Paragraph 3.2.7.7, Page 82)

Statement showing funds transferred to other States in respect of which utilisation certificates are pending

(Rupees in lakh)

District	Name of MP	Receiving District/Government	Tsunami	Gujarat Earthquake	Orissa storm	Total
1.Amravati	Shri RS Gavai	District Collector, Nagapattinam, Tamil Nadu.	11	--	--	11
2.Mumbai Suburban	Shri Sanjay Raut (RS)	District Collector, Nagapattinam, Tamil Nadu	11	--	--	11
	Shri Sunil Dutt	Chief Secretary, Govt of Pondicherry	10	--	--	10
	Shri Gurudas Kamat	Chief Secretary, Govt of Pondicherry	25	--	--	25
	Shri Dara Singh (RS)	Chief Secretary, Govt of Pondicherry	20	--	--	20
	Smt Hema Malini (RS)	Dy Commissioner, Andaman & Nicobar Island	11	--	--	11
Nagpur	Shri Vilas Muttemwar	Chief Secretary, Govt of Pondicherry	10	--	--	10
Nandurbar	Shri Manikrao Gavit	Chief Secretary, Govt of Pondicherry	11	--	--	11
Nashik	Shri Devidas Pingle	Dy. Commissioner, Nagapattinam, Tamil Nadu	5	10	--	15
Pune	Shri Sharad Pawar	Chief Secretary, Govt of Pondicherry	11	10	10	31
	Shri Shivajirao A Patil	Chief Secretary, Govt of Orissa	--	--	10	10
	Shri Suresh Kalmadi	Chief Secretary, Govt of Pondicherry	10	--	--	10
	Total			135	20	20
Rupees in crore			1.35	0.20	0.20	1.75

Appendix 3.10
(Reference: Paragraph 3.2.9, Page 84)

Statement showing delay in sanction of works by Collectors

(Rupees in lakh)

Sr. No	District	Delay one month		One to six months		Six months to one year		Above one year		Total		Total works recommended
		No of works	Amt.	No of works	Amt	No of works	Amt	No of works	Amt	No of works	Amt	
1	Thane	32	174.81	126	450.86	11	71.57	1	16.49	170	883.73	310
2	Amaravati	5	6.17	50	194.99	3	10.33	--	--	58	211.49	232
3	Nandurbar	7	29.10	62	202.25	16	60.22	9	28.58	94	320.15	206
4	Nagpur	5	10.50	34	111.91	11	50.22	7	49.30	57	221.93	96
5	Nashik	11	44.26	31	159.82	2	9.98	--	--	44	214.06	417
6	Washim	31	157.22	15	71.55	1	5.56	--	--	47	234.33	241
7	Aurangabad	2	8.60	23	150.75	4	18.55	--	--	29	177.90	283
8	Pune	5	N.A.	14	12.50	4	15.98	--	--	23	28.48	212
Total		98	430.66	355	1354.63	52	242.41	17	94.37	522	2122.07	1997

Appendix 3.11
(Reference: Paragraph 3.3.8.1; Page 98)

Statement showing actual occupancy in prisons

Name of Prison	Authorised Capacity	Actual occupancy							
		2003-04		2004-05		2005-06		2006-07	
		No. of Prisoners	Percentage	No. of Prisoners	Percentage	No. of Prisoners	Percentage	No. of Prisoners	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Yeravada CP	2179/2449 from 05-06	3839	176.00	3589	164.70	3500	142.92	3495	142.71
Mumbai CP	804	2773	345.00	2919	363.06	2846	353.98	2538	315.67
Nashik CP	1977	1815	92.00	2228	112.70	2216	112.09	2067	104.55
Nagpur CP	1650	2129	129.00	2414	146.30	2503	151.70	2242	126.67
Paithan OP	300/500 from 05-06	242	81.00	233	77.67	346	69.20	389	77.80
Wardha DP	162	318	196.00	373	230.25	397	245.06	367	145.63
Borstal school	105	19	18.00	26	24.76	22	20.95	25	23.81
Solapur DP	141	210	157.00	244	173.05	329	233.33	343	243.26
Atpadi OP	21/28 from 05-06	19	90.00	17	80.95	16	76.19	28	100.00
Byculla . Women's Prison	100/262 from 05-06	177	177.00	272	272.00	281	107.25	359	137.02
JJ Hospital Prison	20	0	0	0	0	5	25.00	3	15.00
Kolhapur DP	1137/1725 From 05-06	1162	102.00	1194	105.01	1641	95.13	1804	104.58
Thane CP	1105	2101	190.00	2516	227.69	2733	247.33	2907	263.08
Aurangabad DP	650/1050 From 05-06 579 from 06-07	721	111.00	792	121.85	810	77.14	879	151.81
Amravati DP	973	1341	138.00	1422	146.15	1412	145.12	1398	143.68
Yervada OP	150/172 From 05-06	185	123.00	205	136.67	206	119.77	237	137.79
Kalyan DP	540	1313	243.00	1257	232.78	1068	197.78	1064	197.04
Byculla D.P.	312/200 From 05-06	604	194.00	468	150.00	387	193.50	367	183.50

Appendix 3.11 (Concl.)									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Dhule D.P.	294	316	107.00	355	120.75	379	128.91	361	122.79
Akola D.P.	695	416	60.00	495	71.22	433	62.30	435	62.59
Bhandara DP	253/343 From 06-07	244	96.00	213	84.19	239	94.47	247	72.01
Chandrapur DP	153	538	352.00	544	355.56	514	335.95	499	326.14
Yeotmal DP	109/229 From 05-06	267	245.00	289	265.14	356	155.46	347	151.53
Aurangabad OP	50	0	0	0	0	0	0	0	0
Alibag DP	82	147	179.00	144	175.61	156	190.24	143	174.39
Sawantwadi DP	78	44	56.00	47	60.26	43	55.13	51	65.38
Buldhana DP	101	166	164.00	201	199.01	213	210.89	238	235.64
Parbhani DP	110	209	190.00	176	160.00	219	199.09	277	251.82
Osmanabad DP	215	321	149.00	367	170.70	339	157.67	354	164.65
Beed DP	111/161 From 05-06	195	176.00	250	225.23	219	136.02	224	139.13
Nanded DP	105/120 From 05-06	261	249.00	266	253.33	307	255.83	324	270.00
Jalgaon DP	200	377	189.00	395	197.50	503	251.50	546	273.00
Visapur DP	512	79	15.00	57	11.13	68	13.28	56	10.94
Sangli DP	235	299	127.00	292	124.26	261	111.06	257	109.36
Satara DP	168	254	151.00	286	170.24	344	204.76	320	190.48
Ahmednagar DP	48	182	379.00	186	387.50	171	356.25	193	402.08
Kolhapur Cl.III DP	125	151	121.00	156	124.80	162	129.60	205	164.00
Ratnagiri SP	246	105	43.00	131	53.25	201	81.71	176	71.54

(O.P. = Open Prison, D.P. = District Prison, S.P. = Special Prison, C.P. = Central Prison)

Appendix 3.12 (Reference: Paragraph 3.4.9.4; Page 111)							
Statement showing double allotment made to one applicant in the lottery held in 2005							
Sr. No.	Scheme code	Project location	Building Number	Tenement Number	Application No.	Applicant's name	Lottery date
1	190	SION	L3A	104	30786	SUDHIR SHIVAJI BHAT	14-6-2005
2	191	SION	L4D	104	41949	SUDHIR SHIVAJI BHAT	14-6-2005

Appendix 3.13 (Reference: Paragraph 3.4.9.4; Page 111)							
Details of two tenements allotted to two applicants in 2005 as well as 2006							
Sr. No.	Scheme code	Project location	Bldg No.	Tenement No.	Application No.	Applicant name	Lottery date
1	193	PRATIKS HA NAGAR	M5B	705	72713	NAGDA KARAMSHI KIRTI	11-7-2006
2	197	MALAD	26B	702	26628	NAGDA KARAMSHI KIRTI	14-6-2005
3	196	MALAD	7B	403	38674	PALANDE PARSHURAM VIJAY	14-6-2005
4	197	MALAD	23A	104	106177	PALANDE PARSHURAM VIJAY	11-7-2006

Appendix 3.14
(Reference: Paragraph 3.4.9.4; Page 111)

Details showing four applicants who were already owning tenements prior to 2005 and again allotted tenements in 2005 and 2006

Sr. No.	Scheme code	Project location	Building Number	Tenement Number	Application Number	Applicant's name	Lottery date
1	175	GOREGAON	29D	704	29D-704	BORNARE NAGESH ATMARAM	Prior to 2005
2	195	DINDOSHI	2C	404	41442	BORNARE NAGESH ATMARAM	14-06- 2005
3	159	MAL	5	703	22972	NANCHE DEEPAK LAXMAN	Prior to 2005
4	195	DINDOSHI	3A	402	38566	NANCHE DEEPAK LAXMAN	14-06- 2005
5	159	MAL	52	009	25394	QURESHI JAVED KIFAYATU LLAH	Prior to 2005
6	197	DINDOSHI	28B	402	67471	QURESHI JAVED KIFAYATU LLAH	11-07- 2006
7	159	MAL	44	001	25244	YADAV SHAMBHU NATH MOTI	Prior to 2005
8	194	SION	H2	703	97094	YADAV SHAMBHU NATH MOTI	11-07- 2006

Annexure 3.15
(Reference: Paragraph 3.4.9.5 ; Page III)

Statement showing floor-wise allotments of tenements not according to the priority of lottery numbers

Sr. No.	Surname	First name	Priority Number allotted in the lottery	Tenement Number	Floor Number	Floor number of the immediately preceding allottee	Floor number of the immediately following allottee
1	Bhogle	Sunil	9	603	6	1	1
2	Sharma	Pratibha	25	401	4	1	1
3	Tuskano	Thomas	28	303	3	1	1
4	Singh	Reema	36	402	4	1	1
5	Khemka	Rajesh	66	702	7	2	2
6	Painyer	Deepak	72	404	4	2	
7	Shroff	Manju	73	704	7		2
8	Ghosalka	Swapnil	76	303	3	2	2
9	Kadam	Suresh	91	403	4	2	2
10	Kedia	Umesh	156	404	4	3	3
11	Eage	Narasaiah	165	401	4	3	3
12	Nerwani	Amar	166	604	6		3
13	Wadkar	Sumit	175	602	6	3	4
14	Govalikar	Rakesh	361	102	1	6	
15	Rai	Ravindra	362	104	1		6
16	Maurya	Rambrij	375	202	2	7	7
17	Agarwal	Sonia	377	402	4	7	7
18	Podar	Manak	380	301	3	7	7
19	Shah	Ashish	388	304	3	7	7
20	Saraf	Vaibhavi	421	401	4	7	7
21	Shetty	Sunil	426	503	5	7	7
22	Sawant	Prakash	439	401	4	7	7
23	Gaware	Ravi	442	401	4	7	7
24	Purohit	Vipin	445	604	6	7	7

Appendix 3.16 (Reference: Paragraph 3.4.10.1; Page 111)						
Statement showing allotments to waitlisted applicants not in serial order						
Sr No.	Year of lottery	Scheme code	Category	Priority numbers in the Waiting list not considered		Gap
				From	To	
1	2005	190	GP	165	207	43
2		195	GP	312	321	10
3			SC	64	68	5
4		196	GP	212	217	6
5				290	300	11
6				302	320	19
7				323	335	13
8				339	343	5
9				347	370	24
10	2006	138	GP	17	21	5
11				37	41	5
12				52	57	6
13				66	92	27
14		197	GP	231	269	39
15			SC	83	119	37

Appendix 4.1
(Reference: Paragraph 4.5.6, Page 163)

Department wise outstanding Inspection Reports/paras issued upto December 2007 but outstanding as on 30 June 2008

Sr. No.	Name of Deptt.	Mumbai/ Nagpur	Upto 2002-03		2003-04		2004-05		2005-06		2006-07		2007-08		Total	
			IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	Mumbai	42	87	23	37	43	86	36	75	53	143	31	144	228	572
		Nagpur	155	216	35	67	35	86	45	105	125	357	160	432	555	1263
		Total	197	303	58	104	78	172	81	180	178	500	191	576	783	1835
2	Co-operation and Textile	Mumbai	38	94	24	40	25	47	17	50	11	29	07	40	122	300
		Nagpur	201	286	44	72	38	76	23	47	35	97	60	158	401	736
		Total	239	380	68	112	63	123	40	97	46	126	67	198	523	1036
3	Employment and Self Employment	Mumbai	01	01	-	-	03--	06	02	04	02	03	-	-	08	14
		Nagpur	-	--	--	--	--	--	--	--	--	--	--	--	--	--
		Total	01	01	--	--	03	06--	02	04	02	03	-	-	08	14
4	Environment	Mumbai	01	01	01	01	--	--	--	--	--	--	04-	16	06	18
		Nagpur	--	--	--	--	--	--	--	--	--	--	--	--	--	--
		Total	01	01	01	01	-	-	-	-	-	-	-	04	16	06
5	Finance	Mumbai	02	02	03	03	03	08	04	07	03	08	07	22	22	50
		Nagpur	04	06	01	02	03	03	-	-	03	04	04	07	15	22
		Total	06	08	04	05	06	11	04	07	06	12	11	29	37	72
6	Food and Civil Supplies	Mumbai	01	01	02--	05	01	01	01	02	04	12	05	07	14	28
		Nagpur	02	04	--	--	--	--	01	02	--	--	01	02	04	08
		Total	03	05	02	05	01	01	02	04	04	12	06	09	18	36
7	General Administrative	Mumbai	06	06	04	06	05	10	07	18	06	12	04	13	32	65
		Nagpur	04	04	-	-	03	05	01	01	04	06	04	06	16	22
		Total	10	10	04	06	08	15	08	19	10	18	08	19	48	87
8	Higher and Technical Education	Mumbai	56	89	31	51	61	122	57	150	73	194	26	126	304	732
		Nagpur	91	355	183	267	92	276	65	302	94	527	100	856	625	2583
		Total	147	444	214	318	153	398	122	452	167	721	126	982	929	3315

Appendix 4.1 (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
9	Home	Mumbai	68	93	24	38	69	137	45	88	33	109	33	146	272	611	
		Nagpur	89	176	09	23	09	09	43	38	134	13	90	16	121	174	587
		Total	157	269	33	61	78	180	83	222	46	199	49	267	446	1198	
10	Housing and Special Assistance	Mumbai	-	-	01	01	03	06	01	02	02	08	02	04	09	21	
		Nagpur	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Total	-	-	01	01	03	06	01	02	02	08	02	04	09	21	
11	Industry, Energy and Labour	Mumbai	25	39	11	22	18	37	19	49	15	57	7	30	95	234	
		Nagpur	09	11	11	19	08	09	09	19	15	46	07	14	59	118	
		Total	34	50	22	41	26	46	28	68	30	103	14	44	154	352	
12	Water Resources	Mumbai	68	109	12	30	41	76	55	173	39	181	43	216	258	785	
		Nagpur	361	852	49	122	73	200	103	324	103	422	93	444	782	2364	
		Total	429	961	61	152	114	276	158	497	142	603	136	660	1040	3149	
13	Law and Judiciary	Mumbai	10	14	7	12	7	11	11	20	17	38	3	17	55	112	
		Nagpur	-	-	02	03	04	10	06	15	20	46	29	53	61	127	
		Total	10	14	09	15	11	21	17	35	37	84	32	70	116	239	
	Social Justice and Special Assistance	Mumbai	79	132	09	24	13	18	06	29	17	49	60	140	184	392	
		Nagpur	47	86	07	13	14	36	27	82	19	60	21	76	135	353	
		Total	126	218	16	37	27	54	33	111	36	109	81	216	319	745	
14	Maharashtra Legislature Secretariat	Mumbai	--	--	--	--	--	--	01	06	-	-	--	--	01	06	
		Nagpur	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
		Total	--	--	--	--	--	--	01	06	-	-	--	--	01	06	
15	Medical Education and Drugs	Mumbai	26	47	12	27	24	49	12	31	16	39	11	72	101	265	
		Nagpur	65	106	08	23	09	32	10	52	14	72	04	21	110	306	
		Total	91	153	20	50	33	81	22	83	30	111	15	93	211	571	
16	Planning	Mumbai	--	--	--	--	02	02	02	02	02	03	01	03	07	10	
		Nagpur	--	--	--	--	01	01	--	--	--	--	03	03	04	04	
		Total	--	--	--	--	03	03	02	02	02	03	04	06	11	14	
17	Public Health	Mumbai	44	70	23	47	54	85	35	75	18	71	20	108	194	456	
		Nagpur	24	35	02	02	19	48	34	96	135	311	115	289	329	781	
		Total	68	105	25	49	73	133	69	171	153	382	135	397	523	1237	

Appendix 4.1 (Concl.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
18	Public Works	Mumbai	29	41	04	09	33	55	41	104	25	113	60	46	192	368
		Nagpur	116	197	46	96	54	152	54	188	62	316	68	366	400	1315
		Total	145	238	50	105	87	207	95	292	87	429	128	412	592	1683
19	Revenue and Forest	Mumbai	260	490	91	186	81	207	83	295	67	293	78	448	660	1919
		Nagpur	481	1020	96	202	192	417	196	456	240	678	202	572	1407	3345
		Total	741	1510	187	388	273	624	279	751	307	971	280	1020	2067	5264
20	Rural Development and Water Conservation	Mumbai	24	44	04	06	14	36	10	28	11	54	5	27	68	195
		Nagpur	133	279	06	16	14	36	25	90	34	178	27	97	239	696
		Total	157	323	10	22	28	72	35	118	45	232	32	124	307	891
21	School Education and Sports	Mumbai	27	38	20	27	28	51	19	50	14	38	06	19	114	223
		Nagpur	--	-	20	28	13	47	02	10	01	04	02	14	38	103
		Total	27	38	40	55	41	98	21	60	15	42	08	33	152	326
22	Tourism and Cultural Affairs	Mumbai	10	23	-	-	02	08	04	09	04	11	01	03	21	54
		Nagpur	05	07	-	-	03	04	01	02	03	08	02	03	14	24
		Total	15	30	-	-	05	12	05	11	07	19	03	06	35	78
23	Tribal Development	Mumbai	09	13	06	13	06	07	05	25	11	31	04	11	41	100
		Nagpur	45	70	03	06	18	39	26	84	17	75	17	108	126	382
		Total	54	83	09	19	24	46	31	109	28	106	21	119	167	482
24	Urban Development	Mumbai	04	06	05	12	07	20	04	14	08	34	-	-	28	86
		Nagpur	-	-	02	03	-	-	02	32	06	17	05	62	15	114
		Total	04	06	07	15	07	20	06	46	14	51	05	62	43	200
25	Women and Child Welfare	Mumbai	15	26	09	22	19	38	10	40	09	15	04	20	66	161
		Nagpur	24	31	06	10	10	23	28	61	10	17	15	36	93	178
		Total	39	57	15	32	29	61	38	101	19	32	19	56	159	339
26	Water Supply and Sanitation	Mumbai	94	174	32	85	22	47	16	58	24	175	21	122	209	661
		Nagpur	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Total	94	174	32	85	22	47	16	58	24	175	21	122	209	661
Total			2795	5381	888	1678	1196	2713	1199	3506	1437	5051	1398	5540	8913	23869

Appendix 4.2 (Reference: Paragraph 4.5.6, Page 164)									
Statement showing number of paragraphs/reviews in respect of which Government explanatory memoranda had not been received.									
Sr. No.	Name of Department	Upto 2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Total
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	9	3	4	2	3	-	2	23
2	Co-operation and Textiles	1	--	--	1	1	--	1	4
3	Finance	-	--	--	--	--		2	2
4	Food, Civil Supplies and Consumer Protection	-	--	--	1	1	1	1	4
5	General Administration	1	--	--	--	--	1	-	2
6	Home	-	--	--	--	1	2	3	6
7	Housing	12		3		2	4	1	22
8	Higher and Technical Education	-	--	--	--	--	1	1	2
9	Industry, Energy and Labour	1	--	1		--	--		2
10	Medical Education & Drugs	3	1	3	3	--	1	2	13
11	Planning	2	--	--	--	2	--	1	5
12	Public Health	5	1	--	2		--	3	11
13	Public Works	-	--	--	--			2	2
14	Revenue and Forests	9	--	1		2	2	2	16
15	Rural Development and Water Conservation	17		1	1	--	1	1	21
16	Social Justice, Cultural Affairs and Special Assistance	6	3	--	2	--	1	1	13
17	Tribal Development	1	--	--	--	--			1
18	Urban Development	4	--	3	3	1	--	2	13
19	Water Supply and Sanitation	1	--		--	--		2	3
20	Water Resources	8	1	--	2	5	2	6	24
21	Women and Child Development	5	--	1	1	--	--	1	8
22	School Education	-	--	--	--	--	1	1	2
23	Employment and Self Employment	-	--	--	--	--	1	-	1
24	Environment	-	-	-	-	-	-	1	1
	Total	85	9	17	18	18	18	36	201

APPENDIX 5.1
(Reference: Paragraph 5.1.6.2, Page 172)

Statement showing status of working plan in operation of divisions

Sr.No	Name of the Circle	Name of the territorial divisions	Year from which working plan not revised by the divisions	Current working plan in operation
01	Thane	Thane	1979-1980	
		Dahanu	2000-2001	
		Alibag	1989-1990	
		Jawhar	2005-2006	
02	Pune	Pune	2002-2003	
		Solapur	2005-2006	
		Bhor		2004-05 to 2013-14
		Junnar		2004-05 to 2013-14
03	Kolhapur	Kolhapur	2000-2001	
		Satara	2006-2007	
04	Nagpur	Bhandara	2006-2007	
		Nagpur		2004-05 to 2013-14
		Wardha		2006-07 to 2015-16