



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

**FOR THE YEAR ENDED 31 MARCH 2005**

**(CIVIL)**

**GOVERNMENT OF MAHARASHTRA**

COMPTON'S PATENT  
MACHINE

FOR THE PURPOSES OF THE

TRADE

MARK



## TABLE OF CONTENTS

		Reference	
		Paragraph	Page No.
<b>Preface</b>			ix
<b>OVERVIEW</b>			xi
<b>CHAPTER-I</b>	<b>FINANCES OF THE STATE GOVERNMENT</b>		
Summary			1
Introduction		1.1	2
Trend of Finances with reference to previous year		1.2	3
Summary of Receipts and Disbursements		1.3	3
Audit Methodology		1.4	5
Resources by volumes and sources		1.5	6
Application of resources		1.6	8
Expenditure by Allocative Priorities		1.7	13
Assets and Liabilities		1.8	15
Undischarged Liabilities		1.9	19
Management of deficits		1.10	22
Fiscal Ratios		1.11	23
Conclusion		1.12	24
<b>CHAPTER-II</b>	<b>ALLOCATIVE PRIORITIES AND APPROPRIATION</b>		
Introduction		2.1	25
Summary of Appropriation Accounts		2.2	25
Fulfilment of Allocative Priorities		2.3	26
Unreconciled expenditure		2.4	28
Budgetary Control		2.5	28
Advances from Contingency Fund		2.6	28
Unspent balance on Non payable Detailed Contingent Bills		2.7	29
Drawal of funds to avoid lapse of budget grants		2.8	29
Personal Ledger Accounts		2.9	30



		Reference	
		Paragraph	Page No.
<b>CHAPTER III</b>	<b>PERFORMANCE REVIEWS</b>		
Food, Civil Supplies and Consumer Protection Department			
<i>Implementation of the Acts and Rules relating to Consumer Protection</i>		3.1	35
Home Department			
<i>Modernisation of Police Force</i>		3.2	53
Housing Department			
<i>National Slum Development Programme</i>		3.3	66
Water Resources Department			
<i>Lift Irrigation Schemes undertaken by Irrigation Development Corporations in Maharashtra</i>		3.4	78
Urban Development Department			
<i>IT Review on Collection, Accountal and utilisation of charges collected by Nagpur Improvement Trust, Nagpur under Gunthewari Act, 2001</i>		3.5	88
Finance Department			
<i>IT Audit of 'Koshwahini System'</i>		3.6	97
Tribal Development Department			
<i>Working of Ashram Schools</i>		3.7	109
Agriculture Animal Husbandary, Dairy Development and Fisheries Department			
<i>Procurement, Processing of milk and Sale of milk and milk products</i>		3.8	117
<b>CHAPTER IV</b>	<b>AUDIT OF TRANSACTIONS</b>		
<i>Frudulent drawal/misappropriation/embezzlement/ losses</i>		4.1	123
Agriculture Animal Husbandary, Dairy Development and Fisheries Department		4.1.1	
<i>Infructuous/wasteful expenditure and overpayment</i>		4.2	125
Agriculture Animal Husbandary, Dairy Development and Fisheries Department		4.2.1	
Housing Department		4.2.2	

	Reference	
	Paragraph	Page No.
Planning Department	4.2.3	
Rural Development and Water Conservation Department	4.2.4	
Water Resources Department	4.2.5 and 4.2.6	
Water Supply and Sanitation Department	4.2.7	
<b><i>Violation of contractual obligations/undue favour to contractors</i></b>	<b>4.3</b>	<b>132</b>
Housing Department	4.3.1	
Revenue and Forests Department	4.3.2	
Water Resources Department	4.3.3,4.3.4 and 4.3.5	
<b><i>Avoidable/excess/unfruitful expenditure</i></b>	<b>4.4</b>	<b>138</b>
Co-operation and Textiles Department	4.4.1	
Home Department	4.4.2	
Housing Department	4.4.3, 4.4.4 and 4.4.5	
Planning Department	4.4.6	
Public Works Department	4.4.7 and 4.4.8	
Revenue and Forests Department	4.4.9 and 4.4.10	
Rural Development and Water Conservation Department	4.4.11	
Water Resources Department	4.4.12	
Water Supply and Sanitation Department	4.4.13	
<b><i>Idle investment/idle establishment/blockage of funds</i></b>	<b>4.5</b>	<b>154</b>
Forest Department	4.5.1	
Urban Development Department	4.5.2	
Water Resources Department	4.5.3	
<b><i>Regularity issues and Other points of interest</i></b>	<b>4.6</b>	<b>157</b>
Co-operation and Textiles Department	4.6.1	
Finance Department	4.6.2	



		Reference	
		Paragraph	Page No.
<b>CHAPTER V</b>	<b>INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENT</b>		
Public Health Department		5.1	161

APPENDICES		Appendix	
List of terms used in Chapter I and basis for their calculation		I	173
Summarised financial position of the Government of Maharashtra as on 31 March 2005		II	174
Abstract of Receipts and Disbursements for the year 2004-05		III	175
Sources and Application of funds		IV	178
Time series data on State Government Finances		V	179
Statement showing department-wise break up of outstanding Utilisation Certificates (Grants and Loans)		VI	181
Statement showing department-wise break up of non-submission of accounts		VII	182
Statement showing performance of the autonomous bodies		VIII	183
Statement showing cases of misappropriation reported upto March 2005 and pending finalisation as on 30 September 2005		IX	185
Write off of losses, etc.		X	187
Departmentally managed Commercial and Quasi-Commercial Undertakings whose <i>Pro forma</i> Accounts are in arrears for more than one year		XI	188
Summarised statement of finalisation of accounts and the government investment thereon in departmentally managed commercial and <i>quasi-commercial</i> undertakings		XII	189
Summarised Financial Statement of Departmentally Managed Commercial Quasi-Commercial Undertakings		XIII	192



	Reference	
	Appendix	Page No.
Statement of various grants/appropriations where saving was more than Rs 10 crore each and more than 20 <i>per cent</i> of the total provision	XIV	196
Excess over grants/appropriations requiring regularisation	XV	198
Statement of various grants/appropriations where supplementary provision proved unnecessary	XVI	199
Statement of cases where supplementary provision resulted in saving exceeding Rs 1 crore in each case	XVII	201
Statement of various grants/appropriations where supplementary provision proved insufficient by more than Rs 1 crore each	XVIII	203
Cases where re-appropriation of funds proved excessive or insufficient over grant by over Rs 1 crore	XIX	204
Statement of various grants/appropriations in which savings occurred but no part of which had been surrendered	XX	208
Details of saving of Rs 1 crore and above not surrendered	XXI	209
Cases of surrender of funds in excess of Rs 10 crore on 30 and 31 March 2005	XXII	210
Details of surrender in excess of actual savings in the grants/appropriations involving substantial amounts	XXIII	212
Statement showing unreconciled expenditure	XXIV	214
Statement of various grants/appropriations where expenditure exceeded the approved provision by Rs 25 lakh or more and also by more than 10 <i>per cent</i> of the total provision	XXV	216
Statement of cases where expenditure was incurred without any provision of funds	XXVI	217
Cases of drawal from Contingency Fund where the expenditure was not such as could not have been foreseen	XXVII	218

	Reference	
	Appendix	Page No.
Cases of sanction from contingency fund where amount was not drawn or partially drawn	XXVIII	219
Executive summary of the survey findings of ORG-MARG	XXIX	220
Statement showing the staff position of State Commission, Circuit Bench at Nagpur and District Forums	XXX	222
Statement showing year-wise position of pending cases in District Forums/State Commission	XXXI	223
Statement showing cases decided within/beyond the prescribed time limit with percentage as on 31.3.2005	XXXII	224
Statement showing component-wise and year-wise expenditure under Modernisation of Police Force	XXXIII	225
Statement showing details of Response Time	XXXIV	226
Details of delay, non-installation and idling of forensic equipment	XXXV	227
Statement showing insufficient generation of reports	XXXVI	229
Details of idle equipment purchased under Modernisation of Police force	XXXVII	230
Statement showing list of Lift Irrigation Schemes	XXXVIII	231
Statement showing cost of unused pumps	XXXIX	233
Differences in system date and manually maintained files	XL	234
Statement showing deposits received, expenditure incurred and percentages of excesses and savings in respect of 213 completed layouts	XLI	235
Excess payment due to incorrect methodology	XLII	236
Statement showing outstanding Inspection Reports and Paragraphs issued upto December 2004 but outstanding as on June 2005	XLIII	237
Statement showing number of paragraphs/reviews in respect of which Government explanatory memoranda (UORs) had not been received	XLIV	238
Statement showing Abstract Contingent Bills for which Detailed Contingent Bills were not submitted	XLV	239

## *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 2005.
  - 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, 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 2004-05 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 2004-05 have also been included wherever necessary.
-





# **OVERVIEW**





## OVERVIEW

The report comprises five Chapters; the first two contain observations on the Finance and Appropriation Accounts of Government of Maharashtra and the remaining three chapters contain nine audit reviews of certain selected programmes and activities including audit of internal control mechanism of Public Health Department and 30 paragraphs on audit of financial transactions of various Government Departments and statutory corporations. A summary of main audit findings is presented in this overview.

### 1 Financial Position of the State Government

During 2004-05 there was 19.3 *per cent* growth in revenue receipts as against 19.6 *per cent* growth in revenue expenditure over the previous year leading to increase in revenue deficit by 20.7 *per cent*. State's own resources comprising tax and non-tax revenue contributed 84.6 *per cent* of the revenue receipts.

Capital expenditure decreased by 3.9 *per cent* from Rs 8,199.14 crore in 2003-04 to Rs 7,876.98 crore in 2004-05. Fiscal deficit increased by 3.8 *per cent* from Rs 17,928.51 crore in 2003-04 to Rs 18,620.03 crore in 2004-05. The areas of concern included salaries and pension (Rs 19,747 crore) and interest payment (Rs 8,978 crore), which consumed 70 *per cent* of total revenue receipts of the State. Fiscal liabilities also increased from Rs 1,04,404 crore in 2003-04 to Rs 1,21,026 crore in 2004-05 and this liabilities as ratio to GSDP increased from 31.3 *per cent* in 2003-04 to 33.9 *per cent* in 2004-05.

The overall saving of Rs 21,908.75 crore was 27.6 *per cent* of the original grants/appropriations. This was the result of savings of Rs 22,316.09 crore in 189 cases of grants and appropriations offset by excess of Rs 407.34 crore in 26 cases of grants and appropriations.

### 2 Implementation of Acts and Rules relating to Consumer Protection

The Consumer Protection Act, 1986 was enacted by Government of India to provide speedy and inexpensive redressal of grievances of consumers. This Act differs from the other consumer related Acts like Prevention of Food Adulteration Act, 1954, Drugs and Cosmetics Act, 1940 and Standards of Weights and Measures (Enforcement) Act, 1985 as being mainly compensatory in nature. A review of the implementation of the Consumer Protection Act and the relevant rules revealed that there was delay in setting up of the consumer courts, infrastructure for the consumer forums was inadequate, the forums were understaffed which led to a huge pendency of complaints cases in the consumer courts. Review of the implementation of



other acts related to consumer protection revealed that there was shortfall in drawing of samples for inspection due to shortages of manpower. The review also revealed that the consumers were unaware of the provisions of Consumer Protection Act and that the State Government did not make adequate efforts to create consumer awareness.

*(Paragraph 3.1)*

### **3 Modernisation of Police Force**

For increasing the efficiency and effectiveness of the State police forces, the scheme of Modernisation of Police Force, already in vogue, was revamped with increased allocation from 2000-01. It was proposed to increase the operational efficiency of the State police forces to enable them to meet the challenges of the fast changing internal security environment and law and order situation of the country. The scheme with expenditure of Rs 654.11 crore during 2000-05 was unable to improve operational efficiency in meeting the changing law and order situation, crime detection, reduction in response time, early settlement of crime cases and augmenting training facilities.

*(Paragraph 3.2)*

### **4 National Slum Development Programme**

Government of India introduced the National Slum Development Programme in 1996-97 for upgradation of urban slums. The funds under the scheme were allocated to the States in proportion to their urban slum population. The State Government, however, decided (June 1998) to implement the NSDP in 50 cities having population of 50,000 and above, where the Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971 was already in force. An expenditure of Rs 320.06 crore was incurred during 2000-05. Audit scrutiny revealed that there was lack of necessary data for assessing the requirement of basic amenities in the slums leading to insufficient planning and approval of works by the Regional Boards based on incorrect slum population resulting in excess payment to Urban Local Bodies. Huge unspent balances were lying with the nodal agency, Maharashtra Housing and Area Development Authority.

*(Paragraph 3.3)*

### **5 Lift Irrigation Schemes undertaken by Irrigation Development Corporations in Maharashtra**

To provide irrigation to areas where topographical conditions were unsuitable for flow irrigation, 47 lift irrigation schemes with an outlay of Rs 10,742.09 crore were taken up by Irrigation Development Corporations. It was, however, found that though an expenditure of Rs 2,843.94 crore was incurred upto March 2005, the benefit achieved through these Lift Irrigation Schemes were negligible, the viability in many Lift Irrigation Schemes were flawed on account of incorrect water yield and cost benefit ratio. Lift Irrigation Schemes



were taken up simultaneously without due prioritisation and adequate planning leading to time and cost over run. Of the 47 Lift Irrigation Schemes, only three Lift Irrigation Schemes were completed after spending Rs 141.91 crore. The irrigation potential utilised was, however, only 615.50 hectares against the targeted irrigation potential of 10,903 hectares.

*(Paragraph 3.4)*

#### **6 IT Review on collection, accountal and utilisation of charges collected by Nagpur Improvement Trust, Nagpur under Gunthewari Act, 2001**

Nagpur Improvement Trust (Trust) which is implementing the Gunthewari Act (for regularising unauthorised developments) was collecting "Development charges" from plot holders. The Information Technology System developed by the Trust for this purpose was reviewed to see whether the information generated through account module was reliable and user friendly. Review revealed insufficient preventive controls, instances of poor validation of data fields, errors in the data and data security risks.

*(Paragraph 3.5)*

#### **7 IT Audit of 'Koshwahini System'**

A web-based application package called "Koshwahini" was developed at the Directorate of Accounts and Treasuries for generating Management Information System reports emerging from data received from the treasuries and the Pay and Accounts Office, Mumbai. The purpose was to assist various departments in monitoring, taking decisions and improvement in budgetary controls. The package in the present form was unable to serve the desired purpose although Rs 15.03 crore was spent on the system during the project period of five years. In the absence of proper documentation the Department could not manage and monitor the development and implementation of the system and was completely dependent on the National Informatics Centre, the developer of the system. It did not provide for foolproof masters and reconciliation of data flowing into the system from various treasuries and the Pay and Accounts Office. The accounting requirements, records and functions at the treasury level still remained to be computerised. Neither were validation checks in place nor was there a proper disaster recovery plan resulting in high risks in the system.

*(Paragraph 3.6)*

#### **8 Working of Ashram Schools**

The scheme of 'Ashram Schools' was introduced by the State Government since 1953-54 for educational upliftment of the tribal children. The scheme provided free education, lodging and boarding, uniforms, books, education equipment and free medical check-up. Review of implementation of the



scheme revealed lack of provision of basic infrastructure facilities including hostels and toilets, deficiencies in medical check-up of the students, non-installation of computers depriving the tribal students of modern facilities and lack of monitoring of the schools by the Project Officers.

*(Paragraph 3.7)*

## **9 Procurement, processing of milk and sale of milk and milk products**

The Dairy Development Department was constituted in 1958 with the twin objectives of supplying hygienically processed milk to the consumers at reasonable price and encouraging villagers to produce milk as an alternative source of income. Dairy activities mainly consist of procurement of milk, processing and conversion of milk into milk products and sale of milk and milk products. There was a decline in procurement of milk by Government milk dairies during 2000-01 to 2004-05 due to inefficient working of Government Milk Scheme. There was excess payment due to lack of testing of fat/solid not fat content of milk in procurement of milk. Bulk sales of milk were made to private parties at less than procurement cost which led to undue benefit to them.

*(Paragraph 3.8)*

## **10 Evaluation of internal control mechanism and internal audit system in Public Health Department**

Internal control system is an integral process by which an organisation governs its activities to effectively achieve its objectives. Such a system consists of methods and policies designed to prevent fraud, minimise errors, promote operating efficiency and to achieve compliance with established policies to protect resources against loss due to waste, abuse and mismanagement. An evaluation of the internal controls and internal audit system in Public Health Department during the period 2000-05 revealed weaknesses of the internal controls in vogue in the Department, non-compliance with rules, manuals, codes in the areas of budget preparation, procurement and an ineffective internal audit system.

*(Paragraph 5.1)*

## **11 Transaction Audit Findings**

Audit of financial transactions, subjected to test-check, in various departments of the Government and their field functionaries revealed instances of losses, overpayment and wasteful expenditure etc. of over Rs 360.08 crore as mentioned below:

- Unfruitful expenditure, avoidable expenditure and misutilisation of funds amounted to Rs 144.10 crore were noticed in Co-operation and Textiles Department (Rs 110.04 crore), Home Department (Rs 1.50



crore), Housing Department (Rs 5.09 crore), Planning Department (Rs 77 lakh), Public Works Department (Rs 2.84 crore), Revenue and Forest Department (Rs 12.64 crore), Rural Development and Water Conservation Department (Rs 1.14 crore), Water Resources Department (Rs 6.68 crore) and Water Supply and Sanitation Department (Rs 3.40 crore).

- Violations of contractual obligations and undue favour to contractors amounting to Rs 22.05 crore were noticed in Housing Department (Rs 6.14 crore), Revenue and Forests Department (Rs 12.11 crore) and Water Resources Department (Rs 3.80 crore).
- Wasteful expenditure of Rs 20.17 crore were noticed in Agriculture, Animal Husbandry, Dairy Development and Fisheries Department (Rs 1.72 crore), Housing Department (Rs 1.60 crore), Planning Department (Rs 91 lakh), Rural Development and Water Conservation Department (Rs 4.12 crore), Water Resources Department (Rs 10.77 crore) and Water Supply and Sanitation Department (Rs 1.05 crore).
- There was unauthorised payment of Rs 1.53 crore by Agriculture, Animal Husbandry, Dairy Development and Fisheries Department.
- There was idle investment/blocking of funds amounting to Rs 10.59 crore in Forest Department (Rs 52 lakh), Urban Development Department (Rs 8.42 crore) and Water Resources Department (Rs 1.65 crore).
- There was accumulation of dues to the tune of Rs 161.64 crore due to failure to create share capital redemption fund by the Co-operative sugar mills under Co-operation Department.

Some of the important findings are as shown below:

- In the scheme for compensating the farmers whose orange trees had perished due to scanty rains, it was noticed that in 13 Taluka Agriculture Offices test checked in three districts, Rs 60.23 lakh was paid to 762 beneficiaries on the basis of 'joint survey' report though there was no entry relating to the existence of orange trees in the relevant revenue records.  
*(Paragraph 4.1.1)*
- Infructuous expenditure of Rs 1.60 crore on construction of aqua privy blocks and infrastructure due to decision of the Government to provide pitches to the slum dwellers instead of constructed tenements free of cost and its subsequent change.  
*(Paragraph 4.2.2)*

- Excess expenditure of Rs 90.65 lakh on soil and water conservation works due to error in fixing Employment Guarantee Scheme rates and inordinate delay in its rectification.

*(Paragraph 4.2.3)*

- Wasteful expenditure of Rs 4.12 crore on construction of Minor Irrigation Tank and incomplete canals at Asane, Radhanagari without obtaining clearance from Forest Department.

*(Paragraph 4.2.4)*

- Failure of the departmental authorities to inform the Arbitrators about his invalid appointment and to act on the ex-parte award given by arbitrator and failure to file a written objection within 30 days before the court led to avoidable liability of Rs 2.29 crore.

*(Paragraph 4.4.7)*



# **CHAPTER-I**

**Page**

**FINANCES OF THE STATE  
GOVERNMENT**

**1 to 24**





## CHAPTER – I

### FINANCES OF THE STATE GOVERNMENT

#### Summary

Revenue receipts (Rs 41,013 crore) during 2004-05 showed an increase of 19 per cent as against 20 per cent increase in revenue expenditure (Rs 51,046 crore) over the previous year, leading to increase in revenue deficit (Rs 10,033 crore) by 21 per cent. The fiscal deficit (Rs 18,620 crore) also increased by 4 per cent over previous year and was 5 per cent of the Gross State Domestic Product (GSDP).

Eighty five per cent of revenue receipts came from the State's own resources. The contribution of grants-in-aid from the Central Government decreased to 6 per cent in 2004-05 from 7 per cent in 2003-04. Contribution of Central Tax Transfers also decreased from 10 per cent in 2003-04 to 9 per cent in 2004-05.

Among the sources of tax revenue, Sales Tax (62 per cent), Stamps and Registration Fees (13 per cent), State Excise (7 per cent) and Taxes on vehicles (4 per cent) were the principal contributors. Of non-tax revenue sources, Interest receipts (18 per cent), Miscellaneous General Services (18 per cent), Dairy Development (16 per cent) and Non-ferrous mining and metallurgical industries (14 per cent) were principal contributors.

Overall expenditure of the State increased from Rs 41,138 crore in 2000-01 to Rs 61,674 crore in 2004-05 at an annual growth rate of 17 per cent. Revenue expenditure (Rs 51,046 crore) constituted 83 per cent of total expenditure. Salaries\*, interest payments and pensions consumed nearly 70 per cent of the revenue receipts during the year. The fiscal liabilities increased during 2004-05 with a growth rate of 16 per cent over the previous year and stood at Rs 1,21,026 crore viz. three times of the revenue receipts. At the end of 2004-05, the fiscal liabilities of the State including off-budget borrowings and power subsidy but excluding pensionary liabilities constituted 35 per cent of GSDP. These liabilities along with contingent liabilities in the form of guarantees, which accounted for another 17 per cent of GSDP, are a cause for concern.

Interest payments increased by 8 per cent from Rs 8,335 crore in 2003-04 to Rs 8,978 crore in 2004-05 primarily due to continued reliance on borrowings for financing the deficit.

The ratio of revenue deficit to fiscal deficit was 54 per cent in 2004-05 indicating that half of the borrowed funds were used for current consumption.

Large revenue and fiscal deficits year after year show continued fiscal imbalances. It is not uncommon for the State to borrow for increasing its social and economic infrastructure base. Increasing ratios of fiscal liabilities to GSDP together with revenue deficit as percentage of fiscal deficit, however, indicate that the State is gradually getting into a debt trap. The passing of Maharashtra Fiscal Responsibility and Budgetary Management Act in April 2005 in the Legislature to provide transparency in fiscal management by progressive elimination of revenue deficit, regulation of borrowing, ceiling on subsidies and guarantees is a step in right direction.

It is only through measures like reduction of revenue deficit/fiscal deficit by compressing non-developmental revenue expenditure and enhanced additional resource mobilisation through prudent tax reforms and periodic revision of user charges for increased cost recoveries for Government services, debt management and greater fiscal transparency in medium term framework that the State Government can achieve long term fiscal stability.

\* As per information furnished by State Government



## 1.1 Introduction

The Finance Accounts of the Government of Maharashtra are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State of Maharashtra. The lay out of the Finance Accounts is depicted in the box below:

### Box 1.1: Lay out of Finance Accounts

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 summarised statement of capital outlay showing progressive expenditure to the end of 2004-05.

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 internal 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 2005.

Statement No.9 shows the revenue and expenditure under different heads for the year 2004-05 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 2004-05.

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 2004-05.

Statement No.15 depicts the capital and other expenditure to the end of 2004-05 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 2005.

Statement No.19 gives the details of earmarked balances of reserve funds.



**1.2 Trend of Finances with reference to previous year**

Financial position of the State Government during the current year as compared to the previous year was as under:

(Rupees in crore)

2003-04	Sr. No	Major Aggregates	2004-05
<b>34370*</b>	<b>1.</b>	<b>Revenue Receipts (2+3+4)</b>	<b>41013</b>
25162	2.	Tax Revenue (Net)	30606
3549	3.	Non-Tax Revenue	4119
5659	4.	Other Receipts	6288
<b>482</b>	<b>5.</b>	<b>Non-Debt Capital Receipts</b>	<b>2041</b>
482	6.	<i>Of which</i> Recovery of Loans	2041
<b>34852</b>	<b>7.</b>	<b>Total Receipts (1+5)</b>	<b>43054</b>
<b>45501</b>	<b>8.</b>	<b>Non-Plan Expenditure</b>	<b>51999</b>
39135	9.	On Revenue Account	46392
8335	10.	<i>Of which</i> Interest Payments	8978
4464	11.	On Capital Account	2856
1902	12.	On Loans disbursed	2751
<b>7280</b>	<b>13.</b>	<b>Plan Expenditure</b>	<b>9675</b>
3545	14.	On Revenue Account	4654
3735	15.	On Capital Account	5021
—	16.	On Loans disbursed	—
<b>52781</b>	<b>17.</b>	<b>Total Expenditure (13+8)</b>	<b>61674</b>
8310	18.	Revenue Deficit (9+14-1)	10033
17929	19.	Fiscal Deficit (17-1-5)	18620
9594 <sup>1</sup>	20.	Primary Deficit (19-10)	9642 <sup>1</sup>

**1.3 Summary of Receipts and Disbursements**

Table-1 summarises the finances of the Government of Maharashtra for the year 2004-05 covering revenue receipts and expenditure, capital receipts and expenditure and public account receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

\* Lower rounding

<sup>1</sup> Higher rounding

**Table-1: Summary of receipts and disbursements for the year 2004-05**

(Rupees in crore)

2003-04	Receipts	2004-05	2003-04	Disbursements	2004-05		
Section-A: Revenue					Non Plan	Plan	Total
34370.52	<b>I Revenue receipts</b>	41013.33	42680.06	<b>I Revenue expenditure</b>	46392.56	4654.10	51046.66
25162.16	Tax revenue	30605.76	19820.08	General services	22247.96*	23.20	22271.16
3548.94	Non-tax revenue	4118.83	15990.32	Social services	14839.44	2709.27	17548.71
3389.49	Share of Union Taxes/Duties	3595.02	5883.00	Economic services	8465.01 <sup>1</sup>	1916.11	10381.12 <sup>1</sup>
2269.93	Grants from Government of India	2693.72	986.66	Grants-in-aid and Contributions	840.15	5.52	845.67
Section-B: Capital							
1435.20	<b>II Opening Cash balance</b>	2438.94	8199.14	<b>II Capital Outlay</b>	2855.67	5021.31	7876.98
482.16	<b>III Recoveries of Loans and Advances</b>	2040.94	1901.99	<b>III Loans and Advances disbursed</b>	—	—	2750.66 <sup>#</sup>
22381.11	<b>IV Public debt receipts</b>	22188.84	8253.17	<b>IV Repayment of Public Debt</b>	—	—	10993.95 <sup>#</sup>
850.00	<b>V Appropriation from Contingency Fund</b>	300.00	850.00	<b>V Appropriation to Contingency Fund</b>	—	—	300.00 <sup>#</sup>
886.85	<b>VI Contingency Fund</b>	347.50	897.50	<b>VI Contingency Fund</b>	—	—	404.52 <sup>#</sup>
24452.02	<b>VII Public Account receipts</b>	27991.38	19637.06	<b>VII Public Account disbursements</b>	—	—	20825.15 <sup>#</sup>
—	<b>VIII Closing Overdraft from RBI</b>	—	2438.94	<b>VIII Closing Cash Balance</b>	—	—	2123.01 <sup>#</sup>
84857.86	<b>Total</b>	96320.93	84857.86	<b>Total</b>	—	—	96320.93

\* Lower rounding

<sup>1</sup> Higher rounding

<sup>#</sup> Bifurcation of plan and non plan not available



## 1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure in the light of time series data (Appendix II to V) and periodic comparisons.

The key indicators adopted for the purpose are (i) Resources by volume and sources, (ii) Application of resources, (iii) Assets and Liabilities and (iv) Management of deficits. Audit observations also take into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. 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 reporting parameters are depicted in the Box 1.2.

### Box 1. 2: Reporting Parameters

Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The New GSDP series with 1993-94 as base as published by the Director of Economics and Statistics of the State Government have been used.

For tax revenues, non-tax revenues, revenue expenditure *etc.*, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP.

Some of the terms used here are explained in Appendix I.

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account, as defined in Box 1.3.

### Box 1.3: State Government Funds and the Public Account

Consolidated Fund	Contingency Fund	Public Account
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.	Contingency Fund of 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.	Besides the normal receipts and expenditure of the Government which relate to the Consolidated Fund, certain other transactions enter the Government Accounts, in respect of which the Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, <i>etc.</i> are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the related disbursements are made from it.



## State Finances by key Indicators

### 1.5 Resources by volumes and sources

Resources 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 Public Account.

Table-2 shows that the total receipts of the State Government for the year 2004-05 was Rs 93,882 crore. Of these, the revenue receipts were Rs 41,013 crore, constituting 44 *per cent* of the total receipts. The balance came from borrowings, receipts from Contingency Fund and Public Account.

**Table-2: Resources of Maharashtra (Rupees in crore)**

<b>I</b>	<b>Revenue Receipts</b>		<b>41013</b>
<b>II</b>	<b>Capital Receipts</b>		<b>24230</b>
	Recovery of Loans and Advances	2041	
	Public Debt Receipts	22189	
<b>III</b>	<b>Appropriation from Contingency Fund</b>		<b>300</b>
<b>IV</b>	<b>Contingency Fund</b>		<b>348</b>
<b>V</b>	<b>Public Account Receipts</b>		<b>27991</b>
	a. Small Savings, Provident Fund <i>etc.</i>	1684	
	b. Reserve Fund	6461	
	c. Deposits and Advances	7466	
	d. Suspense and Miscellaneous	1202	
	e. Remittances	11178	
	<b>Total Receipts</b>		<b>93882</b>

#### 1.5.1 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.

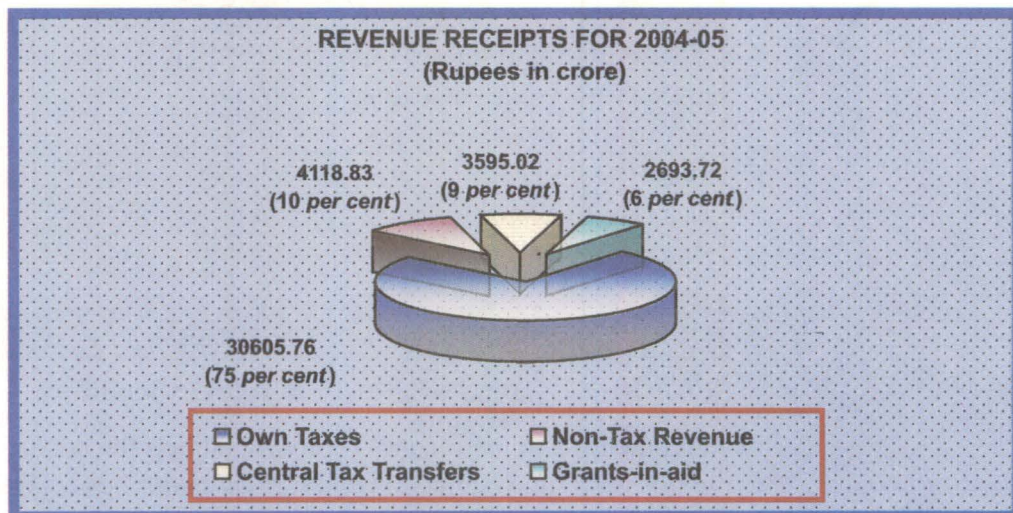
Overall revenue receipts, its annual rate of growth, ratio of these receipts to the GSDP and its buoyancies are indicated in table-3.

**Table-3: Revenue Receipts - Basic Parameters**

	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Receipts (RR) (Rupees in crore)	29567	30093	31103	34370	41013
Own Taxes ( <i>per cent</i> )	66.7	71.7	73.3	73.2	74.6
Non-Tax Revenue ( <i>per cent</i> )	18.9	15.4	14.5	10.3	10.0
Central Tax Transfers ( <i>per cent</i> )	9.4	8.7	7.3	9.8	8.7
Grants-in-aid ( <i>per cent</i> )	4.9	5.5	4.8	6.6	6.5
Rate of growth of RR ( <i>per cent</i> )	17.0	1.7	3.3	10.5	19.3
RR/GSDP ( <i>per cent</i> )	11.4	11.0	10.5	10.3	11.5
Revenue Buoyancy (ratio)	2.264	0.350	0.383	0.816	2.769
Revenue Buoyancy with reference to State's own taxes (ratio)*	0.874	0.694	0.623	2.059	0.921
GSDP Growth ( <i>per cent</i> )	7.51	5.09	8.76	12.86	6.97

The revenue receipts of the State increased from Rs 29,567 crore in 2000-01 to Rs 41,013 crore in 2004-05. It grew by about 19 *per cent* over the previous year mainly due to increase in Sales Tax (Rs 3,491 crore) as an impact of measures implemented and increase in prices of petro products and increase in taxes and duties on electricity (Rs 1,044 crore).

While 85 *per cent* of the revenue during 2004-05 came from the State's own resources, central tax transfers and grants-in-aid together contributed only 15 *per cent* of the total revenue.



Sales Tax was the major contributor (62 *per cent*) of tax revenue followed by Stamps and Registration fees (13 *per cent*), State Excise (7 *per cent*) and Taxes on Vehicles (4 *per cent*). Of non-tax revenue sources, Interest receipts (18 *per cent*), Miscellaneous General Services (18 *per cent*), Dairy Development (16 *per cent*) and Non-ferrous mining and metallurgical industries (14 *per cent*) were the principal contributors.

The Medium Term Fiscal Reforms Programme (MTFRP) agreed to (October 2002) by the Government of Maharashtra with GOI provides for improving

\* It represents ratio of percentage growth of Revenue Receipts to percentage growth of State's own taxes.



cost recoveries for Government services by enhancing user charges periodically and bringing new areas of Government services for cost recovery. Non-tax revenue in nominal terms has, however, steadily declined from Rs 5,596 crore in 2000-01 to Rs 3,549 crore in 2003-04 but increased to Rs 4,119 crore in 2004-05. The current levels of cost recovery in supply of goods and services by Government are 0.07 per cent for secondary education, 0.30 per cent for university and higher education, 4.67 per cent for technical education, 6.39 per cent in health and family welfare, 1.71 per cent in water supply and sanitation, 15.11 per cent in minor irrigation and 57.80 per cent in major and medium irrigation.

The arrears of revenue increased by 83 per cent from Rs 6,866 crore as of March 2004 to Rs 12,584 crore as of March 2005. Arrears mainly pertained to taxes on Sales, Trade etc. (Rs 12,381 crore) and Motor Vehicles (Rs 191 crore). The arrears of revenue, however, do not reflect the position of total arrears, as information from all departments was not made available.

The source of receipts under different heads as well as GSDP during 2000-05 is indicated in table-4.

**Table-4: Source of Receipts – Trends (Rupees in crore)**

Year	Revenue Receipts	Capital Receipts				Total Receipts	Gross State Domestic Product
		Non-Debt Receipts <sup>+</sup>	Debt Receipts	Contingency Fund Receipts	Accruals in Public Account		
2000-01	29567	3295	6744	367	38319	78292	258272
2001-02	30093	898	8671	306 <sup>1</sup>	42369	82337	271406
2002-03	31103	919	9759 <sup>1</sup>	466	44867	87114	295191 <sup>A</sup>
2003-04	34370 <sup>*</sup>	1332	22381	887	24452	83422	333145 <sup>A</sup>
2004-05	41013	2341	22189	348	27991	93882	356375 <sup>B</sup>

## 1.6 Application of resources

### 1.6.1 Trend of growth of total expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The total expenditure of the State increased from Rs 41,138 crore in 2000-01 to Rs 61,674 crore in 2004-05.

Total expenditure, its annual growth rate and 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-5.

<sup>+</sup> Including Appropriation from Contingency Fund, Inter State Settlement and Recoveries of Loans and Advance.

<sup>A</sup> Based on Economic Survey of Maharashtra.

<sup>\*</sup> Lower rounding

<sup>B</sup> GSDP figures in respect of four previous years were taken from the State Economic survey. As the current year (2004-05) figure was not available, average growth rate was adopted.

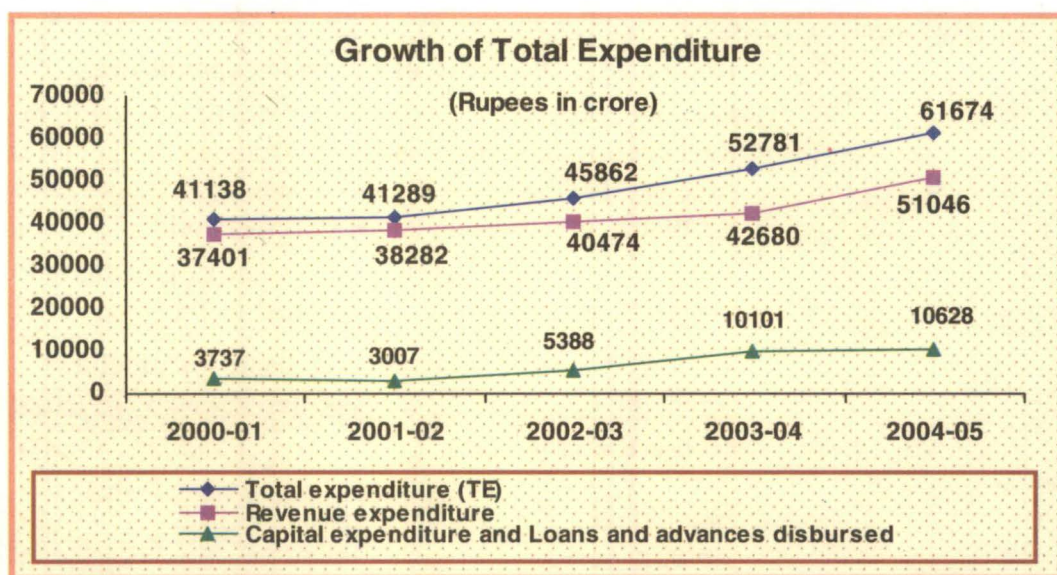


Table-5: Total Expenditure – Basic Parameters

	2000-01	2001-02	2002-03	2003-04	2004-05
Total expenditure (TE)* (Rupees in crore)	41138	41289	45862	52781	61674
Rate of Growth' (per cent)	10.5	0.3	11.0	15.0	16.8
TE/GSDP Ratio (per cent)	15.9	15.2	15.5	15.8	17.3
RR /TE Ratio (per cent)	71.8	72.8	67.8	65.1	66.5
<i>Buoyancy of Total Expenditure with reference to:</i>					
GSDP (ratio)	1.399	0.072	1.264	1.166	2.409
RR (ratio)	0.618	0.206	3.300	1.436	0.870

\* Total expenditure includes revenue expenditure, capital expenditure and loans and advances.

The total expenditure in 2004-05 has shown a huge increase of Rs 8,893 crore over that of previous year. This was due to increase in non-plan revenue expenditure by Rs 7,257.20 crore, in plan revenue expenditure by Rs 1,109.40 crore and in loans and advances disbursed by Rs 848.67 crore compared to previous year.

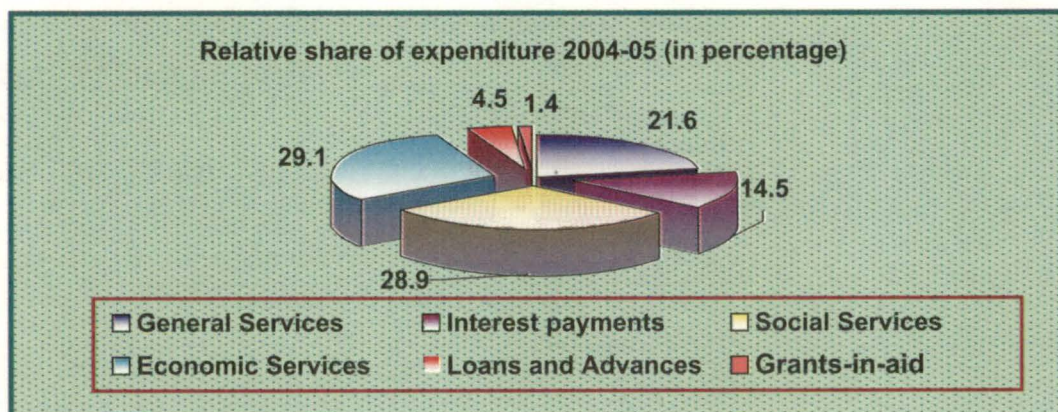


In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in table-6.

Table-6: Components of Expenditure – Relative Share (in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05
General Services	23.1	27.4	23.6	21.8	21.6
Interest payments	12.7	15.5	15.5	15.7	14.5
Social Services	35.1	34.5	31.3	30.8	28.9
Economic Services	29.0	20.9	24.2	26.0	29.1
Grants-in-aid	1.6	1.3	1.4	1.8	1.4
Loans and Advances	(-) 1.7	0.1	3.7	3.6	4.5





The share of General Services, Interest Payments, Social Services and Grants-in-aid in total expenditure were reduced as compared to previous year while the share of Economic Services and Loans and Advances were increased. Of the total expenditure, the non-developmental expenditure during 2004-05 (General services including interest payments) accounted for 36 per cent, the development expenditure (on Social services and Economic services) accounted for 58 per cent and loans and advances and grants-in-aid accounted for 6 per cent.

### 1.6.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in the total expenditure. Revenue expenditure is incurred to maintain the current level of services and payment, for the past obligations and as such does not result in any addition to the States infrastructure and service network.

The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in table-7.

**Table-7: Revenue Expenditure: Basic Parameters**

	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Expenditure (RE) (Rupees in crore)	37401	38282	40474	42680	51046
Rate of Growth (per cent)	26.6	2.3	5.7	5.4	19.6
RE/GSDP (per cent)	14.4	14.1	13.7	12.8	14.3
RE as per cent of TE	90.9	92.7	88.2	80.8	82.7
RE as per cent of RR	126.5	127.2	130.1	124.1	124.4
<b>Buoyancy of Revenue Expenditure with</b>					
GSDP (ratio)	3.543	0.463	0.653	0.420	2.811
Revenue Receipts (ratio)	1.565	1.324	1.706	0.519	1.015

The revenue expenditure increased by 19.6 per cent from Rs 42,680 crore in 2003-04 to Rs 51,046 crore in 2004-05. The increase in revenue expenditure over previous year was mainly due to more subsidy to power licences for reduction in agricultural tariff under power by Rs 2,631 crore (31 per cent), more contribution to cotton monopoly stabilisation fund under co-operation by Rs 992 crore (12 per cent), increase in General Education by Rs 679 crore (8 per cent) and increase in interest payment by Rs 643 crore (8 per cent). The



revenue expenditure accounted for 83 per cent of the total expenditure during 2004-05. This was higher than the share of the revenue receipts (44 per cent) in the total receipts of the State Government. This led to all time high revenue deficit of Rs 10,033 crore. The ratio of revenue expenditure to revenue receipt increased marginally from 124.1 per cent in 2003-04 to 124.4 per cent in 2004-05. The revenue expenditure included non-developmental expenditure viz. Salaries (Rs 16,875 crore\*), Interest payments (Rs 8,978 crore) and Pension (Rs 2,872 crore) which alone consumed 70 per cent of the revenue receipts of the State during the year.

### 1.6.3 Committed Expenditure

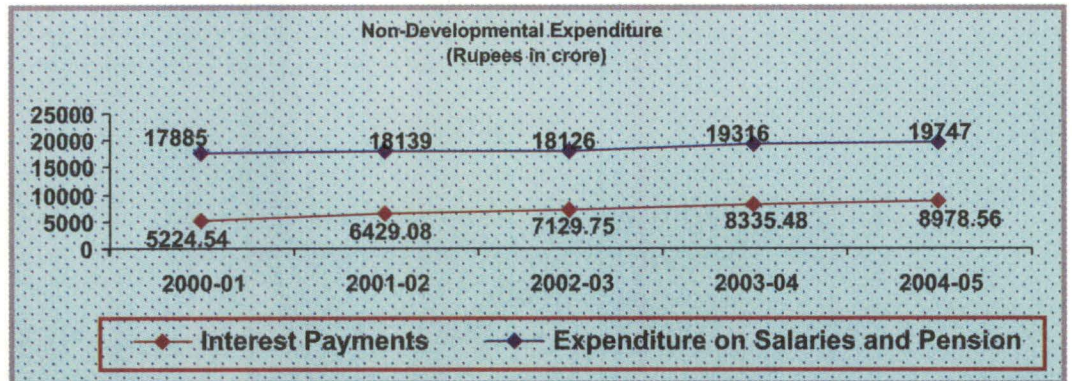
#### ➤ High salary expenditure and pension payments

Expenditure on salaries and pension alone accounted for nearly 48 per cent of the revenue receipts during 2004-05 and posted an increase of 10 per cent over a period of five years. It ranged between 5 and 7 per cent of GSDP during the period from 2000-01 to 2004-05 as indicated in the table-8.

**Table-8: Salary and Pension expenditure**

(Rupees in crore)

Heads	2000-01	2001-02	2002-03	2003-04	2004-05
Salary and Pension Expenditure*	17885	18139	18126	19316	19747
As per cent of GSDP	6.9	6.7	6.1	5.8	5.5
As per cent of RR	60.5	60.3	58.3	56.2	48.1



#### ➤ Interest payments

In absolute terms, interest payments increased by 72 per cent from Rs 5,225 crore in 2000-01 to Rs 8,978 crore in 2004-05 primarily due to continued reliance on borrowings for financing the fiscal deficit.

\* Revised Estimates figures as obtained from Finance department

♦ Salary figures are obtained from Finance Department, Government of Maharashtra and Pension expenditure are as per Finance Accounts of the respective years.



**Table-9: Interest payments**

Year	Total Revenue Receipts (Rupees in crore)	Interest Payments*	Percentage of Interest payments with reference to	
			Total Revenue Receipts	Revenue Expenditure
2000-01	29567	5225	18	14
2001-02	30093	6429	21	17
2002-03	31103	7130	23	18
2003-04	34370 <sup>^</sup>	8335	24	20
2004-05	41013	8978	22	18

The Eleventh Finance Commission had recommended (August 2000) that as a medium term objective, States should endeavour to keep interest payments as a ratio to revenue receipts at 18 per cent. It was, however, observed that interest payments were between 18 and 24 per cent of revenue receipts and steadily rose from 18 per cent in 2000-01 to 24 per cent in 2003-04 but declined to 22 per cent in 2004-05. The increase in the interest payments was primarily due to ever increasing debt stock of the State.

During 2004-05, the State Government raised Rs 4,274.59 crore at the average interest rate of 7 per cent from open market. Besides, it also borrowed Rs 16,114.68 crore from National Small Savings Fund, Life Insurance Corporation of India and other institutions and Rs 1,801.68 crore from GOI during the year.

The debt service burden caused by rising Government's debt has been compounded by prevalence of high real interest rates. The high real interest rates not only entail an unsustainable burden on the Government but also results in high cost of capital, which constricts economic growth.

#### 1.6.4 Subsidies

Though the finances of the State are under strain, State Government has been paying subsidies to various Corporations, etc. During the last four years, State Government paid the subsidies as under:

**Table-10: Subsidies**

Year	Amount (Rupees in crore)	Percentage increase (+)/ decrease (-) over previous year	Percentage of subsidy in total expenditure
2001-02	1800	284.0	4
2002-03	2009	11.6	4
2003-04	975	(-) 51.4	2
2004-05	3994	309.6	6

During the current year, subsidies constituted about 6 per cent of the total expenditure; major recipients were Maharashtra State Electricity Board (68 per cent) and Co-operative societies (13 per cent).

\* Rounded to nearest whole number.

<sup>^</sup> Lower rounding.



## 1.7 Expenditure by Allocative Priorities

1.7.1 The expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure reflects its quality. Higher the ratio of these components to total expenditure, better is the quality of expenditure. Table-11 gives these ratio during 2000-2005.

**Table-11: Quality of expenditure (per cent to total expenditure)**

	2000-01	2001-02	2002-03	2003-04	2004-05
Plan Expenditure	15.7	10.5	11.0	14.3	16.4
Capital Expenditure	10.6	7.1	8.3	16.1	13.3
Developmental Expenditure	63.1	55.6	57.7	59.0	60.6

(Total expenditure does not include Loans and Advances).

All the three components of quality of expenditure indicated inter year variations. The share of plan expenditure and developmental expenditure (expenditure on economic and social services) was 4 per cent higher compared to the previous year while share of capital expenditure was reduced by 3 per cent.

1.7.2 During the year, expenditure on social services (Rs 17,833 crore) accounted for 50 per cent of the developmental expenditure. Expenditure on Education, Health and Family Welfare and Water Supply and Sanitation constituted 82.35 per cent of the expenditure on social sector as compared to 81.57 per cent in previous year.

**Table-12: Expenditure on Social Sector (Rupees in crore)**

	2000-01	2001-02	2002-03	2003-04	2004-05
Education, Sports, Art and Culture	9420	9388	8941	9441	10190
Health and Family Welfare	1634	1835	1752	1925	1984
Water Supply, Sanitation, Housing and Urban Development	1479	1011	1496	1908	2511
<b>Total</b>	<b>12533</b>	<b>12234</b>	<b>12189</b>	<b>13274</b>	<b>14685</b>

1.7.3 The expenditure on Economic Services (Rs 17,926 crore), accounted for 50 per cent of the developmental expenditure. Of this, Agriculture and Allied Activities, Irrigation and Flood Control, Energy and Transport consumed nearly 84 per cent of the expenditure.

**Table-13: Expenditure on Economic Sector (Rupees in crore)**

	2000-01	2001-02	2002-03	2003-04	2004-05
Agriculture and Allied Activities	3041	2893	2801	2808	3776
Irrigation and Flood Control	2823	3053	4325*	6459	6818
Energy	4600	1006	1050	650	3466
Transport	750	874	1519	1296	971
<b>Total</b>	<b>11214</b>	<b>7826</b>	<b>9695</b>	<b>11213</b>	<b>15031</b>

\* Includes notional interest of Rs 1523 crore on 14 irrigation projects handed over to Irrigation Development Corporations (SPVs).



## Financial Assistance to local bodies and other institutions

### 1.7.4 Extent of assistance

The quantum of assistance provided by way of grants and loans to local bodies and others during the five year period 2000-05 was as follows:

**Table-14: Financial Assistance** (Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2633.08	1483.20	525.60	6139.77	2068.11
Municipal Corporations and Municipalities	552.88	612.50	378.40	2136.39	1852.32
Zilla Parishads and Other Panchayati Raj Institutions	1958.15	3383.96	696.96	5784.58	6300.48
Development Agencies	124.45	1277.55	441.62	5.61	1766.17
Hospital and Other Charitable Institutions	52.57	232.49	208.19	96.62	256.10
Other Institutions	1979.46	3990.44	3007.78	4353.06	8975.06
<b>Total</b>	<b>7300.59</b>	<b>10980.14</b>	<b>5258.55</b>	<b>18516.03</b>	<b>21218.24</b>
Assistance as per percentage of RE	20	29	13	43	42

The assistance to local bodies and others during the year was 42 per cent of revenue expenditure compared to 43 per cent in previous year.

### 1.7.5 Delay in furnishing utilisation certificates

Of the 70,066 utilisation certificates (UC) due in respect of grants and loans aggregating Rs 7,421.86 crore paid upto 2004-05, 67,419 UCs for an aggregate amount of Rs 6,889.70 crore were in arrears. Details of department-wise break-up of outstanding UCs are given in **Appendix VI**.

### 1.7.6 Non-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 assistance granted and the total expenditure of the institutions. As of July 2005, nine departments of the Government have not furnished details for the year 2004-05 as shown in **Appendix VII**.

### 1.7.7 Abstract of performance of the autonomous bodies

The audit of accounts of 11 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 Report and its placement in the Legislature is indicated in **Appendix VIII**.

### 1.7.8 Misappropriations, losses, defalcations, etc.

State Government reported 265 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs 6.78 crore upto the period September 2005 on which final action was pending. The department-wise break up of pending cases is given in **Appendix IX**.



### 1.7.9 Write-off of losses, etc.

As reported to Audit, losses due to theft, fire and irrecoverable revenue, etc. amounting to Rs 19.83 crore in 457 cases were written-off during 2004-05 by competent authorities. The relevant details are given in **Appendix X**.

## 1.8 Assets and Liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. The Government accounts, however, do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix II** gives an abstract of such liabilities and the assets as on 31 March 2005, compared with the corresponding position on 31 March 2004. 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 comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. Appendix II shows that the liabilities grew by 17 per cent and the assets grew by 13 per cent over the previous year.

The liabilities depicted in the Finance Accounts, however, do not include the pension and other retirement benefits payable to serving/retired State employees and guarantees/letters of comforts issued by the State Government. In Maharashtra Fiscal Responsibility and Budgetary Management Act (MFRBMA), 2005, the Government has agreed to present to the State Legislature the policies of the State Government for the ensuing financial year relating to such liabilities alongwith annual financial statement every year. **Appendix V** depicts the time series data on State Government finances for the period 2000-2005.

### 1.8.1 Financial results of irrigation works

Out of 18 irrigation projects, 14 irrigation projects have been handed over to the five Irrigation Corporations created during 1996-1998. The financial results of the remaining four major irrigation projects with a capital outlay of Rs 305.98 crore at the end of March 2005, showed that revenue realised from these projects during 2004-05 (Rs 62.67 crore) was 20.48 per cent of the capital outlay. After considering the working and maintenance expenses (Rs 7.56 crore) and interest charges (Rs 31.30 crore), the schemes gained a net profit of Rs 23.81 crore during 2004-05.

### 1.8.2 Incomplete projects

As of 31 March 2005, there were 153 incomplete projects in which Rs 4,826.19 crore were blocked. Of these, 83 projects (expenditure: Rs 2,790.11 crore) were incomplete for less than five years, 47 projects (expenditure: Rs 1,851.98 crore) were incomplete for period ranging from five to ten years, three projects (expenditure: Rs 14.29 crore) were incomplete for period ranging from 10 to 20 years and three projects (expenditure: Rs 71.41 crore) were incomplete for more than 20 years. Details in respect of 17 projects



involving capital of Rs 98.40 crore are not available. This showed that the Government was spreading its resources thinly, which failed to yield any return. Reasons for incomplete projects were paucity of funds, works left incomplete by contractors, change in site/design of the project(s), defective planning, etc.

### **1.8.3 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 in prescribed format showing the results of financial operations so that Government can assess the results of their working.

As of March 2005, there were 49 such undertakings (42 Government Milk Schemes, Four Land Development by Bulldozer Scheme, two Food and Civil Supplies and one Saw Mill and Timber Depot) in the State. Out of 42 Government Milk Schemes (GMSs) in six regions, only 29 GMSs have finalised their *pro forma* accounts for 2004-05 by 30 September 2005 and accounts of 13 Schemes are in arrears. The accounts of remaining seven undertakings are in arrears. In 29 GMSs, the Government mean capital as of 31 March 2005 was Rs 295.83 crore, with a turnover of Rs 336.12 crore. These 29 Schemes suffered a net loss of Rs 103.35 crore during the year. In the remaining 13 GMSs the net loss of Rs 48.13 crore has virtually wiped out nearly 28.88 *per cent* of the Government mean capital of Rs 166.63 crore as on 31 March 2004. The presses have not compiled *pro forma* accounts since 1968-69 (from December 1968) though these were declared as commercial undertakings.

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 Principal Secretary/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 XI and XII** respectively. The summarised financial statement of these undertakings is given in **Appendix XIII**.

### **1.8.4 Investments and returns**

As of 31 March 2005, Government had invested Rs 25,829.74 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. The return on this investment was less than half *per cent* in the last five years while the Government paid interest at the average rate of 8 to 9 *per cent* on its borrowings during 2000-2005.

Table-15: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on government borrowing	Difference between interest rate and return
	(Rupees in crore)			(per cent)	
2000-01	9685.85	3.95	0.04	9.10	9.06
2001-02	11155.07	4.53	0.04	9.38	9.34
2002-03	13781.40	1.87	0.01	8.91	8.90
2003-04	19790.89	18.92	0.10	8.76	8.66
2004-05	25829.74	26.73	0.10	7.97	7.87

The increase in investments during 2004-05 was attributable to increased Capital Contributions to Maharashtra Krishna Valley Development Corporation (Rs 2,069 crore) and four other Irrigation Development Corporations (Rs 3,509 crore) and also in Maharashtra State Road Transport Corporation (Rs 127.80 crore) as compared to previous year.

As on 31 March 2005, 51 companies in which Government had invested Rs 1102.71 crore (Share Capital: Rs 614.62 crore, Loan: Rs 488.09 crore) were incurring losses and their accumulated losses amounted to Rs 2,125.10 crore. As on March 2005<sup>#</sup>, 8,972 societies with an aggregate investment of Rs 222.78 crore (Rs 123.58 crore by way of equity and Rs 99.20 crore by way of loan) had incurred losses and their accumulated losses (Rs 214.74 crore) had eroded 96 per cent of the investments made in these societies.

Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

### 1.8.5 Loans and advances by State Government

In addition to investments in Co-operative societies, Corporation and Companies, Government has also been providing loans and advances to many of these institutions/organisations. Total outstanding loans and advances as on 31 March 2005 was Rs 11,652 crore (table 16). Interest received against these loans advanced was 2.75 per cent during 2004-05 as against 3.29 per cent in previous year.

<sup>#</sup> According to the information furnished by the Commissioner for Co-operation and Registrar of Co-operative Societies.



**Table-16: Average Interest Received on Loans Advanced by the State Government (Rupees in crore)**

	2000-01	2001-02	2002-03	2003-04	2004-05
Opening Balance	12018	8697	8458	9522 <sup>§</sup>	10942
Amount advanced during the year	-726	59	1704	1902	2751
Amount repaid during the year	2595	298	469	482	2041
Closing Balance	8697	8458	9693	10942	11652
Net addition	-3321	-239	1235	1420	710
Interest received <sup>♣</sup>	1685	341	176	337	311
Interest received as <i>per cent</i> to Loans advanced	16.27	3.98	1.94	3.29	2.75
Average interest paid by the State ( <i>per cent</i> )	9.10	9.38	8.91	8.76	7.97
Difference between interest paid and received ( <i>per cent</i> )	7.17	-5.40	-6.97	-5.47	(-)5.22

### 1.8.6 Management of cash balances

To take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India (RBI) has been put in place. Though WMA limit has been increased by RBI to Rs 905 crore from 1 April 2003, the State has been continuously dependent on RBI for cash management by using this mechanism for 68 days during the year.

Resort to overdraft, which is over and above the WMA limits, is all the more undesirable. The State used the overdraft facilities for 12 days on 12 occasions during the year as against 39 days on 23 occasions last year although it borrowed Rs 4,275 crore from the market on eight occasions. The Government, besides, has been resorting to off-budget borrowings through the Special Purpose Vehicles created by them (please refer to paragraph 1.9.3).

**Table-17: Ways and Means and Overdrafts of the State (Rupees in crore)**

	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Ways and Means Advance</b>					
Taken in the year	4415.13	7739.88	7716.25	7898.67	2675.04
Outstanding	—	—	—	—	—
Interest paid	12.18*	33.99	34.46	29.20	8.47
Number of days	—	332 <sup>+</sup>	301 <sup>+</sup>	168	68 <sup>#</sup>
<b>Overdraft</b>					
Taken in the year	1536.54	4691.87	6281.28	1422.70	862.87
Interest paid	—	7.04	8.42	4.92	0.76
Number of days	49	76	154	39	12 <sup>#</sup>

<sup>§</sup> Differs from previous years closing balance due to *Pro forma* corrections

<sup>♣</sup> excludes notional interest accounted arising out of book adjustments.

\* Rs 12.18 crore includes interest paid on ways and means and overdraft.

<sup>+</sup> Figures are taken from Reserve Bank of India State Finances 2002-03.

<sup>#</sup> As per Finance Accounts 2004-05.



## 1.9 Undischarged Liabilities

### 1.9.1 Fiscal Liabilities - Public Debt

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.

Table-18 gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

**Table-18: Fiscal Liabilities - Basic Parameters**

	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Fiscal Liabilities (Rupees in crore)</b>	62826	74209	85800	104404	121026
<b>Rate of Growth (per cent)</b>	20.84	18.12	15.62	21.68	15.92
<b>Ratio of Fiscal Liabilities to</b>					
<b>GSDP (per cent)</b>	24.3	27.3	29.1	31.3	33.9 <sup>B</sup>
<b>Revenue Receipts (per cent)</b>	212.5	246.6	275.9	303.8	295.0
<b>Own Resources (per cent)</b>	248.1	286.0	314.1	363.6	348.5
<b>Buoyancy of Fiscal Liabilities with reference to :</b>					
<b>GSDP (ratio)</b>	2.773	3.563	1.782	1.686	2.284
<b>Revenue Receipts (ratio)</b>	1.225	10.184	4.654	2.064	0.824
<b>Own Resources (ratio)</b>	1.072	7.400	2.949	4.249	0.760

Overall fiscal liabilities of the State increased from Rs 62,826 crore in 2000-01 to Rs 1,21,026 crore in 2004-05. The growth rate was 16 per cent during 2004-05 over previous year. The ratio of fiscal liabilities to GSDP also increased from 24 per cent in 2000-01 to nearly 34 per cent in 2004-05. These liabilities stood at three times the revenue receipts and three and half times of the States own resources as at the end of 2004-05.

The fiscal liabilities had grown faster than the State's GSDP. The buoyancy of these liabilities with respect to GSDP during the year was 2.284 indicating that for each one per cent increase in GSDP, fiscal liabilities grew by 2.28 per cent.

Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP. Though Maharashtra during 2003-04 for the first time achieved this parameter, during 2004-05 the weighted interest rate was again higher than GSDP growth as indicated in table-19.

**Table-19: Debt Sustainability–Interest Rate and GSDP Growth (in per cent)**

	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Weighted Interest Rate</b>	9.10	9.38	8.91	8.76	7.97
<b>GSDP Growth</b>	7.51	5.09	8.76	12.86	6.97
<b>Interest spread</b>	(-)1.59	(-)4.29	(-)0.15	4.10	(-)1.00

Another important indicator of debt sustainability is net availability of the funds after repayment of principal and interest. Table-20 below gives the position of

<sup>B</sup> GSDP figures in respect of four previous years were taken from the State Economic survey. As the Current year (2004-05) figure was not available, average growth rate was adopted.



the receipt and repayment of internal debt and other fiscal liabilities of the State over the last five years. The net availability of funds from the borrowings (public debt, loans and advances from the GOI and other debt receipts) varied from 20.4 per cent to 28.3 per cent during 2000-05. The net availability decreased during 2004-05 compared to previous year due to increased repayment during the current year.

**Table-20: Net Availability of Borrowed Funds (Rupees in crore)**

	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Internal Debt<sup>1</sup></b>					
Receipt	1343	2335	8797	21129	20387
Repayment (Principal+Interest)	958	2298	3064	4466	7178
Net Fund Available	385	37	5733	16663	13209
Net Fund Available (per cent)	28.6	1.5	65.1	78.8	64.8
<b>Loans and Advances from GOI</b>					
Receipt	5401	6337	962	1252	1802
Repayment (Principal+Interest)	4470	4017	4179	10892	11440
Net Fund Available	931	2320	(-3217)	(-9640)	(-9638)
Net Fund Available (per cent)	17.2	36.6	(-334.4)	(-769.9)	(-534.8)
<b>Other obligations</b>					
Receipt	9825	11474	10774	12435	15236
Repayment (Principal+Interest)	7177	9002	8981	9582	11164
Net Fund Available	2648	2472	1793	2853	4072
Net Fund Available (per cent)	26.9	21.5	16.6	22.9	26.7
<b>Total liabilities</b>					
Receipt	16569	20146	20533	34816	37425
Repayment (Principal+Interest)	12605	15317	16224	24940	29782
Net Fund Available	3964	4829	4309	9876	7643
Net Fund Available (per cent)	23.9	23.9	20.9	28.3	20.4

The State Government raised market loans of Rs 4,275 crore during the year. The average rate of market borrowing during the year was 7 per cent. Whereas on 31 March 2005, 29 per cent of the existing market loans carried interest rate exceeding 10 per cent. Thus, the effective cost of borrowings on the past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of market loans indicates that nearly one-fourth (25 per cent) of the total market loans are repayable within

<sup>1</sup> Excluding Ways and Means Advances and Overdrafts from Reserve Bank of India/ Government of India.

the next five years while remaining 75 per cent loans are to be repaid within five to 15 years.

### 1.9.2 Status of Guarantees – Contingent liabilities

Guarantees constitute contingent liabilities on the Consolidated Fund of the State. No explicit ceiling on giving guarantees upon the security of Consolidated Fund of the State has been fixed. The State has resorted to giving guarantees for raising the resources in a big way during the last five years. Table 21 indicates the status of guarantees.

**Table-21: Guarantees given by the Government of Maharashtra**

(Rupees in crore)

Year	Maximum amount guaranteed <sup>A</sup>	Outstanding* amount of guarantees	Percentage of maximum amount guaranteed to total revenue receipt
2000-01	35540	48111	120
2001-02	33974	55381	113
2002-03	37521	62428	121
2003-04	82228	70126	239
2004-05	80184	60871	195

During 2004-05, outstanding guarantees (Rs 60,871 crore) accounted for 148 per cent of the revenue receipt (Rs 41,013 crore).

### 1.9.3 Off-Budget Borrowings

The borrowings of a State are governed under Article 293 of the Constitution of India. Though off-budget borrowings are not permissible under Article 293 (3), the State continues to undertake such off-budget borrowings as per the data furnished by the Finance Department. The Government has raised the off-budget borrowings of Rs 10,455 crore during the period 2000-01 to 2004-05 as under:

**Table-22: Off-Budget Borrowings**

Year	2000-01	2001-02	2002-03	2003-04	2004-05	Total
Amount (Rupees in crore)	3572	1850	1782	2161	1090	10455

The Government created a number of special purpose vehicles in irrigation, road development and sales tax sector during 1997-1999 to raise the off-budget borrowings by way of bonds from the market or on private placement basis. The payment of principal and interest on these bonds is normally guaranteed by the Government. The Government makes the budgetary provisions in the years of repayment of interest and principal of the bonds. The MTFRP agreed to (October 2002) by the Government of Maharashtra with the GOI provided for reduction of off-budget borrowings. Accordingly, off-budget borrowing had

<sup>A</sup> As per Finance Accounts of respective years

\* As per information received from Finance Department



declined from Rs 2,161 crore from financial year 2003-04 to Rs 1,090 crore in 2004-05.

## 1.10 Management of deficits

### Fiscal Imbalances

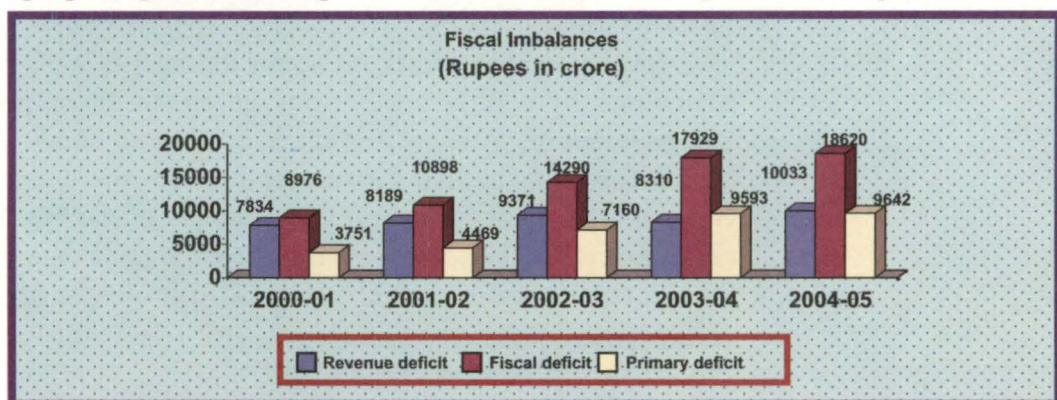
The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts increased from Rs 7,834 crore in 2000-01 to Rs 10,033 crore in 2004-05. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, increased from Rs 8,976 crore in 2000-01 to Rs 18,620 crore in 2004-05. The State also had a primary deficit of Rs 3,751 crore in 2000-01 which increased to Rs 9,642 crore in 2004-05 as indicated in table-23.

The ratio of revenue deficit to fiscal deficit was 54 *per cent* during 2004-05 indicating that nearly half of the borrowed funds were used for current consumption. As proportion to GSDP, the revenue deficit had reached 2.8 *per cent* and fiscal deficit had reached 5.2 *per cent* in 2004-05. Persistently, high ratio of revenue deficit to fiscal deficit also indicated that the asset base of the State was continuously shrinking and increasingly a part of borrowings (fiscal liabilities) were not having any asset backup.

**Table-23: Fiscal Imbalances: Basic Parameters**

Parameters	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue deficit (Rupees in crore)	7834	8189	9371	8310	10033
Fiscal deficit (Rupees in crore)	8976	10898	14290	17929	18620
Primary deficit (Rupees in crore)	3751	4469	7160	9593	9642
RD/GSDP ( <i>per cent</i> )	3.0	3.0	3.1	2.5	2.8
FD/GSDP ( <i>per cent</i> )	3.4	4.0	4.8	5.4	5.2
PD/GSDP ( <i>per cent</i> )	1.4	1.6	2.4	2.9	2.7
RD/FD ( <i>per cent</i> )	87.2	75.1	65.5	46.3	53.8

Persistent fiscal deficits indicate deteriorating fiscal health of the State, propelling the State to pass the MFRBMA in the Legislature in April 2005.





## 1.11 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table-24 below presents a summarised position of Government finances over 2000-2005, 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.

**Table-24: Indicators of Fiscal Health (in per cent)**

Fiscal Indicators	2000-01	2001-02	2002-03	2003-04	2004-05
1	2	3	4	5	6
<b>I Resource Mobilisation</b>					
Revenue Receipt/GSDP	11.4	11.0	10.5	10.3	11.5
Revenue Buoyancy	2.264	0.350	0.383	0.816	2.769
Own Tax/GSDP	7.6	7.8	7.7	7.6	8.6
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	15.9	15.2	15.5	15.8	17.3
Total Expenditure/Revenue Receipts	139.1	137.2	147.4	153.5	150.3
Revenue Expenditure/ Total Expenditure	90.9	92.7	88.2	80.8	82.7
Capital Expenditure/ Total Expenditure	10.6	7.1	8.3	16.1	12.7
Developmental Expenditure/ Total Expenditure	63.1	55.6	57.7	59.0	58.0
Buoyancy of TE with RR	0.62	0.21	3.30	1.44	0.87
Buoyancy of RE with RR	1.565	1.326	1.706	0.519	1.015
<b>III Management of Fiscal Imbalances</b>					
Revenue deficit (Rs in crore)	7834	8189	9371	8310	10033
Fiscal deficit (Rs in crore)	8976	10898	14290	17929	18620
Primary Deficit (Rs in crore)	3751	4469	7160	9593	9642
Revenue Deficit/Fiscal Deficit	87.2	75.1	65.5	46.3	53.8
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	24.3	27.3	29.1	31.3	33.9
Fiscal Liabilities/RR	212.5	246.6	275.9	303.8	295.0
Buoyancy of FL with RR	1.225	10.184	4.654	2.064	0.824
Buoyancy of FL with Own Receipt	1.072	7.400	2.949	4.249	0.760
Interest spread	-1.59	-4.29	-0.15	4.10	-1.00
Net Fund Available	23.9	23.9	20.9	28.3	20.4
<b>V Other Fiscal Health Indicators</b>					
Return on Investment	0.04	0.04	0.01	0.10	0.10
Balance from Current Revenue (Rs in crore)	-5644	-6501	-7101	-6203	-7280
Financial Assets/Liabilities	0.7	0.6	0.6	0.6	0.6



**1.12 Conclusion**

It is common for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. Ever increasing ratio of fiscal liabilities to GSDP, which stood at 34 *per cent* together with a large revenue deficit, however, indicated that the State was gradually getting into a debt trap. The passing of Maharashtra Fiscal Responsibility and Budgetary Management Act in April 2005 in the Legislature to provide transparency in fiscal management by progressive elimination of revenue deficit, regulation of borrowing, ceiling on subsidies and guarantees is a step in right direction. The State's high cost borrowing for investments, which yields meagre return indicated an implicit subsidy. Guarantees extended by the State to various institutions with accumulated losses had the inherent risk of invocation, which the State has to honour. Thus, the State has either to generate more revenue from out of its existing assets or need to provide from its current revenue for servicing its debt obligations. Long term fiscal stability can be achieved only through reducing revenue/fiscal deficit by compressing non-developmental revenue expenditure in a medium term framework, prudential debt management and greater transparency in fiscal operations.

## **CHAPTER-II**

	<b>Page</b>
<b>ALLOCATIVE PRIORITIES AND APPROPRIATION</b>	<b>25 to 34</b>



CHAPTER II

Page

25 to 34

ALLOCATIVE PRIORITIES  
AND APPROPRIATION

## 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 appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisations 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 2004-05 against 140 grants and 83 appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving(-)/ Excess(+)
Voted	I. Revenue	37566.23	9031.54	46597.77	39615.09	(-)6982.68
	II. Capital	6496.44	5462.52	11958.96	10636.62	(-)1322.34
	III. Loans and Advances	2656.13	1662.03	4318.16	2825.50	(-)1492.66
Total (Voted)		46718.80	16156.09	62874.89	53077.21	(-)9797.68
Charged	IV. Revenue	16498.51	501.89	17000.40	15129.68	(-)1870.72
	V. Capital	0.36	3.15	3.51	4.76	1.25
	VI. Public debt	15697.73	9075.73	24773.46	14531.86	(-)10241.60
	VII. Loans and Advances	--	--	--	--	--
Total (Charged)		32196.60	9580.77	41777.37	29666.30	(-)12111.07
Appropriation to Contingency Fund		300.00	--	300.00	300.00	--
Grand Total		79215.40	25736.86	104952.26	83043.51	(-)21908.75*

Note:- The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure: Rs 3,698.12 crore and capital expenditure: Rs 2,839.23 crore.

The overall savings of Rs 21,908.75 crore was the net result of savings of Rs 22,316.09 crore in 189 cases of grants/appropriations offset by excess of Rs 407.34 crore in 26 cases of grants/appropriations. Detailed Appropriation

\* Higher rounding



Accounts were sent to the Controlling Officers and reasons for savings/excesses were called for, which were not received.

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

#### 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. The excess expenditure amounting to Rs 11,377.27 crore for the years 1999-2000 to 2003-04 was, however, yet to be regularised.

(Rupees in crore)

Year	No. of grants/ appropriation	Amount of excess	Reasons for excess
1999-2000	83	1837.90	Not received
2000-01	67	2298.80	Not received
2001-02	57	3682.45	Not received
2002-03	29	2542.88	Not received
2003-04	25	1015.24	Not received
<b>Total</b>	<b>261</b>	<b>11377.27</b>	

#### 2.3.3 Excess over provisions during 2004-05 requiring regularisation

The excess of Rs 355.96 crore under nine grants and Rs 51.38 crore under 17 appropriations requires regularisation (Appendix XV).

#### 2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 25,736.86 crore) made during the year constituted 32.49 per cent of the original provision (Rs 79,215.40 crore) as against 28.28 per cent in the previous year.

#### Unnecessary/excessive/inadequate supplementary provisions

2.3.5 Supplementary provisions of Rs 1,448.31 crore made in 47 cases of grants/appropriations during the year proved unnecessary in view of aggregate saving of Rs 7,023.95 crore as detailed in Appendix XVI.

**2.3.6** In 41 cases, against additional requirement of Rs 11,322.79 crore, supplementary grants and appropriations of Rs 14,959.45 crore were obtained resulting in each case savings exceeding Rs 1 crore, aggregating Rs 3,636.66 crore. Details of these are given in **Appendix XVII**.

**2.3.7** In eight cases, supplementary provision of Rs 169.40 crore proved insufficient by more than Rs 1 crore each leaving an aggregate uncovered excess expenditure of Rs 370.76 crore (**Appendix XVIII**).

### **2.3.8 Excessive/unnecessary 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. Cases where the re-appropriation of fund proved injudicious in view of final excess/saving over grant by over Rs 1 crore are detailed in **Appendix XIX**.

### **2.3.9 Anticipated savings not surrendered**

According to rules, 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 2004-05, there were, however, 22 grants/appropriations in which savings occurred but no part of which had been surrendered by the departments concerned. The amount involved in these cases was Rs 277.32 crore (1.24 per cent of the total savings) (**Appendix XX**).

Similarly, out of total savings of Rs 19,521.17 crore under 41 other grants/appropriations, the amount of available savings of Rs 1 crore and above in each grant/appropriation not surrendered aggregated Rs 2,442.01 crore (10.94 per cent of total savings). Details are given in **Appendix XXI**. 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 49 cases, (surrender of funds in excess of Rs 10 crore), Rs 5,043.99 crore were surrendered on the last two days of March 2005 indicating inadequate financial control over expenditure. Details are given in **Appendix XXII**.

**2.3.11** In 46 grants/appropriations the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. As against the actual savings of Rs 2,121.46 crore, the amount surrendered was Rs 3,572.30 crore, resulting in excess surrender of Rs 1,450.84 crore. Details are given in **Appendix XXIII**.



## 2.4 Unreconciled 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 17 departments, expenditure of Rs 2,900.38 crore pertaining to 2004-05 remained unreconciled till April 2005. Details are given in **Appendix XXIV**.

## 2.5 Budgetary Control

**2.5.1** In five cases, expenditure aggregating Rs 1,281.49 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 XXV**.

**2.5.2** As per Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs 211.82 crore was incurred in nine cases as detailed in **Appendix XXVI** without any provision in original estimates/supplementary demands and without any re-appropriation orders to this effect.

## 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 increased to Rs 300 crore twice on 17 May 2004 and 15 September 2004 by issue of ordinance. The balance at the beginning of the year was Rs 102.50 crore with an unrecouped balance of Rs 47.50 crore. During 2004-05, advances drawn but not recouped to the Fund amounted to Rs 104.52 crore. The closing balance of the Fund as on 31 March 2005 was Rs 45.48 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 2004-05, 168 sanctions were issued for withdrawal of Rs 556.86 crore from the Contingency Fund. A review of the operation of Contingency Fund disclosed that (i) three sanctions amounting to Rs 0.10 crore were subsequently reduced to Rs 0.03 crore, (ii) two sanctions amounting to Rs 11.32 crore were increased to Rs 92.91 crore and (iii) two sanctions amounting to Rs 3.75 crore were subsequently cancelled.

A few illustrative cases detailed in **Appendix XXVII** show that advances from Contingency Fund were obtained (for Rs 45.61 crore in 10 cases) though the expenditure was foreseeable.

Scrutiny of nine sanctions from the Contingency Fund issued between 24 August 2004 and 28 September 2004 amounting to Rs 24.36 crore as detailed in **Appendix XXVIII** revealed that they did not warrant drawal from the Contingency Fund as in five cases the amount was never drawn and in remaining four cases the amount was drawn in part between October 2004 and March 2005. This action violated Rule 2(1) of the conditions attached for drawal of the Contingency Fund stipulated in the Bombay Contingency Fund Rules, 1957.

On being pointed out, the Additional Chief Secretary, Finance, while accepting the facts of unwarranted drawal from Contingency Fund addressed all Heads of Departments reiterating existing instructions regarding drawal from Contingency Fund for strict compliance.

### **2.7 Unspent balance on Non Payable Detailed Contingent bills**

Provisions of Rule 282 (2) and 303 of Maharashtra Treasury Rules, 1968 prohibit drawal of money unless required for immediate use. Further detailed contingent (DC) bills are to be submitted within one month of drawal of abstract contingent (AC) bills. Following instances of violation of relevant rules were, however, noticed.

Amount of Rs 3.36 crore was lying unutilised as of September 2005 out of the amount Rs 4.44 crore drawn by 12 drawing and disbursing officers (DDOs) during 2004-05.

Out of the 501 AC bills (Rs 22.90 crore) drawn between January 2004 and March 2005, 308 DC bills (Rs 12.90 crore) were submitted late (one to 15 months), 154 DC bills were not submitted.

Fifty DDOs drew Rs 10.76 crore on 213 AC bills after recording false certificate of submission of DC bills for AC bills drawn in previous month.

### **2.8 Drawal of fund to avoid lapse of budget grants**

Maharashtra Treasury Rules, 1968 (MTR) prohibit drawal of money from treasury in anticipation of demands or to prevent the lapse of budget grants.

Collectors, Buldhana, Gondia, Jalna, Nagpur and Osmanabad drew Rs 3.09 crore in March 2004. The amounts were, however, not spent for the specific purpose even after close of the financial year 2004-05 for the reasons mentioned as follows:



(Rupees in lakh)

Collector	Amount drawn	Purpose	Reasons for non utilisation
Buldhana	112.50	Construction of land records room	Due to Parliamentary Election land was not allotted.
Gondia	18.45	Computerisation of land record	Non availability of arrangements for installation of computer hardware.
Jalna	62.23	Infrastructure development	Proposal for utilisation were not ready.
Nagpur	65.85	Construction of administrative building	Proposal for utilisation were not ready.
Osmanabad	50.43	Administrative expenses for social security scheme	Proposal for utilisation were not ready.

This indicated that none of the District Collectors was in a position to fruitfully utilise the funds released by the Government before 31 March 2004. The decision to draw the amounts by the Collectors lacked justification and was indicative of the fact that the amount was drawn by the Collectors to avoid lapse of budget provision.

## 2.9 Personal Ledger Accounts

2.9.1 In all 4,389 Personal Ledger Accounts (PLAs) were in operation in 2004-05; flow of funds in respect of these PLAs during the year was as under:

(Rupees in crore)

Opening balance as on 1 April 2004	791.07
Amount transferred to PLAs during the year	3979.77
Amount disbursed from PLAs during the year	3317.55
Closing balance as on 31 March 2005	1453.29

Records relating to 66 PLAs maintained by selected educational institutions, courts, Special Land Acquisition Officers (SLAO), District Collectors, District Forums, District Deputy Registrars of Co-operative Society, Hospitals, Sports Officers, Jails and Motor Accident Claims Tribunals (MACT) were reviewed in Audit (between April 2005 and August 2005). Following important points were noticed:

### 2.9.2 Retention of compensation amount in Post Office instead of PLA

As per Government Resolution (March 1996) all SLAOs were required to open PLA in the District Treasury by 30 April 1996 for depositing and disbursing the compensation amount.

It was noticed from the records of four\* SLAOs that inspite of opening PLA in treasury, Rs 5.45 crore was lying in Post Office as per cash book (Rs 5.68 crore as per pass book) as of July 2005.

In respect of SLAO 9 and 12, Sangli, interest of Rupees one crore was not credited to the account upto March 2005.

### **2.9.3 Non-recovery/credit of measurement fee and establishment cost to the Government account**

As per Government Resolution (December 1975), cost of establishment and service charges at the rate of three *per cent* of award amount was to be recovered in advance from the acquiring body.

In respect of Mumbai Pune Express Highway, 61 awards amounting to Rs 26.12 crore was declared during 1997-2005 by two SLAOs\*, in favour of Maharashtra State Road Development Corporation, of which an amount of Rs 25.36 crore was credited to PLA leaving 3 *per cent* cost of establishment charges of Rs 76 lakh unrecovered.

In respect of SLAO 4, Solapur, an amount of Rs 25 lakh (15 cases) though recovered on account of establishment cost were not finally credited to Government account and was lying in PLA.

### **2.9.4 Retention of undisbursed/unutilised amount in PLA**

In respect of six PLAs, compensation payable for acquisition of land for Industrial Project, construction of dam and Kolhapur Type weir amounting to Rs 7.56 crore remained to be disbursed to land owners for periods ranging from one to nine years.

An amount of Rs 41 lakh received during 2003-05 from 21 MLAs, under Local Area Development Programme, for construction of Yatri Niwas at Pandharpur under Pilgrimage Development Centre programme was lying in PLA.

As per Government Resolution (November 1999), PLA was opened in Treasury by Civil Surgeon, Ratnagiri to credit the Out Patient Department/In Patient Department fees and to utilise the same on the items such as maintenance and repairs to machinery, vehicles and computers. It was, however, noticed that due to ban ordered (May 2002) by the Deputy Director of Health Services, Thane, no expenditure was incurred from the PLA. This resulted in defeating the purpose of PLA and increase in the unutilised balance of Rs 1.14 crore.

---

\* SLAO 4,5,6 and 12, Sangli

\* SLAO, Mumbai - Pune Express Highway, Alibag and SLAO 2, Alibag District Raigad



As per Government Resolution (November 2001), fees amounting to Rs 1.98 crore and Rs 1.14 crore were credited by the Superintendent, St. Georges Hospital and Dean, Government Dental College, Mumbai during the period 2001-05 against which amounts of Rs 60 lakh and Rs 27 lakh were only incurred, leaving balances of Rs 1.38 crore and Rs 87 lakh respectively in the PLAs.

In respect of Director of Small Savings, an amount of Rs 26 lakh was lying in the PLA since August 2002.

### **2.9.5 Retention of excess funds of tentative or final award**

As per Government Resolution (June 2001), the acquiring body should submit the certificate regarding provision of funds with land acquisition proposal and two-third amount of estimated compensation should be deposited with the Collectorate before publication of notice under section 4 as 'interest free deposit' and balance before declaration of final award under section 11 of the Land Acquisition Act, 1894.

In three cases, against Rs 11 crore demanded by the SLAO 1, Ratnagiri, the acquiring body deposited Rs 23.31 crore between August 2003 and March 2005 resulting in excess of two-third amount by Rs 12.31 crore. This amount was drawn from the treasury in advance of requirement and was lying idle in the PLA.

In respect of three\* SLAOs, though two-third amount of compensation of Rs 6.54 crore was deposited with the Collectorate by the acquiring body, notice under section 4 of the Act was not issued by the SLAO so far. Thus the amount was lying in the PLAs for periods ranging from eight to 15 months.

In SLAO 9, Sangli, Rs 12.35 crore was received from Maharashtra Krishna Valley Development Corporation during July 1997 to November 2003 against the final award of Rs 10.53 crore resulting in excess receipt of compensation of Rs 1.82 crore. The excess amount was lying in the PLA.

### **2.9.6 Irregular retention of Government money in PLA**

Government sanctioned Rs 1.50 crore for construction of Talathi training center at Panvel under 50 *per cent* centrally sponsored scheme vide Government Resolution of March 2004. The funds were to be utilised through Public Works Department before March 2004. It was, however, noticed that Rs 1.50 crore was drawn by the Collector, Raigad on abstract contingent bill and was wrongly kept in the PLA from April 2004 to March 2005. Thus, drawal of Government funds of Rs 1.50 crore at the fag end of the financial year and keeping in the PLA for a period of one year was irregular.

---

\* SLAO, Minor Irrigation, Raigad, SLAO 11, Solapur and SLAO 3, Solapur

### **2.9.7 Non-surrender of surplus amount lying in PLA**

The National Social Assistance Programme (NSAP) started with effect from 15 August 1995 included three schemes such as National Old Pension Scheme, National Family Benefit Scheme and National Maternity Benefit Scheme. The Government in Housing and Special Assistance Department started the implementation of the NSAP vide Government Resolutions dated 14 November 1995 and 1 July 1996. The amount received at Collectorate level from Government of India (GOI) was deposited in PLA.

Scrutiny revealed that by the end of March 2005 surplus amounts of Rs 1.81 crore, Rs 1.75 crore and Rs 1.08 crore lying in the PLAs of Collector and Chairman District Level Committee, Ratnagiri, Raigad and Mumbai city respectively were not credited or surrendered. Besides, out of Rs 19.80 crore transferred to the PLAs during the period 1996-2004 on account of publicity expenses, an amount of Rs 6.09 crore was only incurred leaving a balance of Rs 13.71 crore in the PLAs.

### **2.9.8 Non-recoupment of PLA funds**

Scrutiny of PLAs of Dean, Vasantrao Naik Government Medical College and Hospital, Yavatmal and SLAO, Upper Wardha Project No. II, Amravati revealed that expenditure of Rs 78.39 lakh and Rs 7.34 lakh (out of Rs 24.58 lakh) incurred from the respective PLAs during 2003-05 for payment of pending bills of book suppliers and purchase of equipment and establishment charges has not been recouped, as required under the Rules, as of July 2005.

### **2.9.9 Non-closure / Non-operation of PLA**

As per provision contained in Rule 495 of MTR, balances lying in the PLAs which were credited by debit to the Consolidated Fund of the State were required to be closed at the end of the financial year by minus debit to the service head and the PLAs not in operation for more than three complete years should be closed and balance credited to Government Account.

Scrutiny of records revealed that this was not done in test-checked 14 PLAs. This resulted in irregular retention of amount to Rs 37.80 crore out of the Consolidated Fund.

Scrutiny revealed that out of 2,092 PLAs, 88 PLAs involving closing balance of Rs 31.26 lakh were not in operation for the last three years and were not closed as of March 2005.

### **2.9.10 Improper/Non-maintenance of PLA cash book**

PLA maintained by the Dean Government Dental College, Mumbai (Dean) revealed that heavy cash balance ranging from Rs 3 lakh to Rs 22 lakh was kept in hand during the period from August 2003 to March 2005. Monthly and surprise verification of cash balance was also not carried out by the Dean.



Cash book was not signed daily under the seal and signature of the Dean during the above period.

In respect of SLAOs 5 and 1, Solapur, PLA cash books were not maintained in the prescribed form No. 1 for the period from 7 August 1996 to 31 March 2005 and also not attested by the SLAOs during November 2004 and January 2004 onwards respectively.

Director of Small Savings, Mumbai has not at all maintained the PLA cash book. SLAO 4, Karmala, Solapur has not maintained PLA cash book in the prescribed form No. 1 for the period from 13 February 1997 to 11 January 1999 and no cash book has been maintained during 12 January 1999 to 31 March 2003. SLAO 3, Solapur has not maintained PLA cash book from September 2004 onwards.

#### **2.9.11 Non-reconciliation**

Rule 515 of MTR provides that the balances shown in PLA Cash Book of department should be reconciled with Treasury Pass Book at the close of each month.

Scrutiny of records of 27 PLAs revealed that the difference of Rs 14.33 crore between the PLA Cash Books and Treasury Pass Books from March 2001 onwards was not reconciled as of March 2005.

## CHAPTER-III

Page

### PERFORMANCE REVIEWS 35 to 122

- 3.1 *Implementation of Acts and Rules for Consumer Protection*
- 3.2 *Modernisation of Police Force*
- 3.3 *National Slum Development Programme*
- 3.4 *Lift Irrigation Schemes undertaken by Irrigation Development Corporations in Maharashtra*
- 3.5 *IT Review on Collection, Accountal and utilisation of charges collected by Nagpur Improvement Trust, Nagpur under Gunthewari Act 2001*
- 3.6 *IT Audit of 'Koshwahini System'*
- 3.7 *Working of Ashram Schools*
- 3.8 *Procurement, Processing of milk and Sale of milk and milk products*





## CHAPTER III

### PERFORMANCE REVIEWS

This chapter contains performance reviews on Implementation of the Acts and Rules relating to Consumer Protection (3.1), Modernisation of Police Force (3.2), National Slum Development Programme (3.3), Lift Irrigation Schemes undertaken by Irrigation Development Corporations in Maharashtra (3.4), IT Review on collection, accountal and utilisation of charges collected by Nagpur Improvement Trust, Nagpur under Gunthewari Act, 2001 (3.5), IT Audit on Koshwahini System (3.6), Working of Ashram Schools (3.7) and Procurement, processing of milk and sale of milk and milk products (3.8).

#### FOOD, CIVIL SUPPLIES AND CONSUMER PROTECTION DEPARTMENT

##### 3.1 Implementation of The Acts and Rules Relating to Consumer Protection

###### Highlights

The Consumer Protection Act, 1986 was enacted by Government of India to provide speedy and inexpensive redressal of grievances of consumers. This Act differs from the other consumer related Acts like Prevention of Food Adulteration Act, 1954, Drugs and Cosmetics Act, 1940 and Standards of Weights and Measures (Enforcement) Act, 1985 as being mainly compensatory in nature. A review of the implementation of the Consumer Protection Act and the relevant rules revealed that there was delay in setting up of the consumer courts, infrastructure for the consumer forums was inadequate, the forums were understaffed which led to a huge pendency of complaint cases in the consumer courts. Review of the implementation of other acts related to consumer protection revealed that there was shortfall in drawing of samples for inspection due to shortages of manpower. The review also revealed that the consumers were unaware of the provisions of Consumer Protection Act and that the State Government did not make adequate efforts to create consumer awareness.

There were delays in establishment of consumer forums ranging from three to 24 months. Establishment of three additional forums was delayed upto 33 months. The circuit Bench at Nagpur approved in October 2004 has not started functioning. This resulted in delay in making available the intended benefit to the consumers at large.

(Paragraphs 3.1.8 and 3.1.9)

As of March 2005, 13244 and 20269 complaint cases were pending in the State Commission and the District Forums respectively.

(Paragraph 3.1.14)



Despite huge balance (Rs 62.06 lakh) in Maharashtra Consumer Protection and Guidance Fund, no expenditure was incurred out of the Fund for promotion of consumer protection and awareness.

(Paragraph 3.1.24)

District Consumer Protection Councils were not set-up in any of the districts resulting in non-achievement of the object to promote and protect the rights of the consumer, as specified in the Consumer Protection Act.

(Paragraph 3.1.19)

Though schemes of free legal aid for poor consumer was in existence in the State, the benefits of the scheme are not availed of by the complainants, due to lack of awareness.

(Paragraph 3.1.13)

There was shortage of manpower and consequential shortfall in drawal of samples by departments implementing Prevention of Food Adulteration Act, 1954 and Drugs and Cosmetics Act, 1940.

(Paragraphs 3.1.21 and 3.1.22).

Central schemes namely Jagruti Shivir Yojana, setting up of consumer club in schools and consumer awareness programme were not implemented mainly due to the fund constraints.

(Paragraphs 3.1.25, 3.1.26 and 3.1.27)

### **3.1.1 Introduction**

The Consumer Protection Act (CP Act) 1986 is a socio-economic legislation enacted by the Parliament in 1986 to provide simple, speedy and inexpensive redressal of the consumer grievances in relation to goods purchased and services availed. The CP Act came into effect from 1986 after the Government of India (GOI) had framed the Consumer Protection Rules, 1987. The State Government also notified Maharashtra Consumer Protection Rules, 2000 under the CP Act. The CP Act provides for establishment of three-tier quasi-judicial consumer dispute redressal machinery at National, State and district levels called Consumer Dispute Redressal Agencies (CDRAs), commonly known as Consumer Courts. They are empowered to give relief of specific nature and award compensation to the consumers. The CP Act was amended in 2002 empowering the courts in order to facilitate quicker disposal of complaints.

Besides, the following Acts and Rules also envisage consumer protection:

- Consumer Welfare Fund Rules, 1992 (under the Central Excise and Salt Act, 1944) framed with the main objective of setting up of facilities for training, research, testing laboratories and consumer awareness.
- The Standards of Weights and Measures (Enforcement) Act, 1985 in order to protect the consumer from the use of weights and measures other than standard weights and measures in the market.

- Prevention of Food Adulteration Act, 1954 in order to protect the consumers from production and sale of adulterated food in the market.
- Drugs and Cosmetics Act, 1940 which prohibits manufacture, sale or distribution of spurious drugs and cosmetics.

### **3.1.2 Organisational set-up**

The Principal Secretary, Food, Civil Supplies and Consumer Protection Department is responsible for implementation of the CP Act and Rules at the State level. He is assisted by an Executive Secretary and an Under Secretary. The State Consumer Dispute Redressal Forum is headed by the President, who is assisted by one Registrar and there are 34 District Forums headed by the Presidents.

The Commissioner, Food and Drugs Administration is responsible for implementation of the Prevention of Food Adulteration Act and Drugs and Cosmetics Act. He is assisted by seven Joint Commissioners at Regional level and by 31 Assistant Commissioners at district level. The Controller of Legal Metrology monitors the implementation of the Standards of Weights and Measures (Enforcement) Act, 1985 and is assisted by seven Deputy Controllers at division level and 29 Assistant Controllers at district level.

### **3.1.3 Scope of audit**

The performance audit was conducted (April to August 2005) through examination of records and documents regarding the implementation of the Acts and Rules relating to consumer protection in the offices of the Principal Secretary, Food, Civil Supplies and Consumer Protection Department, Commissioner of Food and Drugs Administration (FDA), Controller of Weights and Measures and the redressal agencies *viz.* the State Commission and nine selected District Forums (in eight out of 35 districts), covering the period from 2000-01 to 2004-05.

ORG-MARG, an independent agency, was engaged for survey and study on the subject to assess the current level of awareness of the CP Act among the consumers and their level of satisfaction with respect to the complaints made. This was intimated to the State Government (June 2005). The ORG-MARG carried out the survey in the State covering 2359 consumers in nine districts (including four districts selected by audit for test-check), besides 488 complainants, 10 manufacturers/service providers, two Non-Government Organisations and two laboratories. Findings of survey on the matter have been included in this review at appropriate places. The executive summary of the survey findings of ORG-MARG is given in **Appendix XXIX**.

### **3.1.4 Audit objectives**

Audit review of implementation of the Acts and the Rules relating to consumer protection was conducted to assess whether:



- the Government has created suitable adjudication mechanism for consumer protection as envisaged in the CP Act;
- the rules governing issue of implementation of the CP Act had been formulated and notified and adequate mechanism for administering various Acts for consumer protection exists;
- the infrastructure created for disposal of complaints met the expectations of the consumers and fulfilled the purpose of enactment of the Act;
- Consumer Protection Councils had been notified and were functioning;
- a uniform plan for staffing and operation had been prescribed and being adhered to in staffing and operation of the District Forums and the State Commission;
- various steps and initiatives including schemes by the Government of India/the State Government had succeeded in creating awareness amongst the populace and
- adequate system of monitoring of the grievances of consumers had been created with a view to ensuring their timely disposal.

### **3.1.5 Audit criteria**

Functioning of the State Commission, District Forums and also the Department of Consumer Affairs and Consumer Protection Council was assessed in audit with reference to adherence to the provisions of the Acts and Rules relating to the Consumer Protection. Availability of infrastructure, adequacy of staffing and funding were also examined in audit with reference to the relevant rules, norms and orders issued by the Government and the State Commission. The effectiveness of the system of monitoring of consumer grievances was examined with reference to pendency of cases and steps taken by the State Government and the State Commission to reduce the pendency. The adequacy of Government consumer awareness programme was scrutinised with reference to the extent of actual implementation of consumer awareness schemes.

### **3.1.6 Audit methodology**

A sample size of eight out of 35 districts (22 *per cent*) in the State was selected. The test checked districts were selected on the basis of random sample.

Audit examination was also carried out through test-check of secondary data like reports, documents, records and feedback on questionnaires issued to the test checked District Forums and the State Commission.

The audit plan including the audit objectives was discussed in the Entry Conference held with the Principal Secretary, Food, Civil Supplies and Consumer Protection Department as well as with the President of the State Commission. The findings of audit were discussed at Government level in the

Exit Conference and report was finalised after considering the views of the Government.

### Audit findings

#### 3.1.7 Financial outlay and expenditure

The details of financial outlay and expenditure during 2000-2005 were as under:

(Rupees in crore)

Year	Budget Provision	Expenditure	Savings (-) Excess (+) (Percentage)
2000-01	4.65	4.53	(-) 0.12 (2.58)
2001-02	4.62	4.45	(-) 0.17 (3.68)
2002-03	4.11	4.14	(+) 0.03 (0.73)
2003-04	4.58	4.72	(+) 0.14 (3.06)
2004-05	5.65	5.43	(-) 0.22 (3.89)
<b>Total</b>	<b>23.61</b>	<b>23.27</b>	<b>(-) 0.34 (1.27)</b>

It was observed in audit that State Government did not make any budget provision for creation and strengthening of infrastructure for the adjudication mechanism.

The GOI provided (between 1995 and 1997) Rs 3.60 crore as 'one time grant' to the State Government towards strengthening of infrastructure (including building) for the State Commission and the District Forums. As against this, Government utilised Rs 3.56 crore on construction of 15\* buildings during 1997-98 to 2004-05.

In addition, the State Government received Rs 3.50 lakh in August 2001 and Rs 50 lakh in March 2005 for programmes on awareness generation. Further, Rs 1 crore for consumer awareness were sanctioned during 2004-05 by GOI but not released (May 2005).

### Creation of adjudication mechanism

#### 3.1.8 Setting up of Consumer Forums

As per Section 9 of the CP Act, the State Government was to set up a State Commission and one District Forum in each district. Though the CP Act came into force in July 1987, issue of notification for the establishment and actual functioning of the District Forums were delayed. The State Commission in Mumbai and District Forum at Nagpur were notified and started functioning in October 1989. Government notified creation of 30 more District Forums

\* Akola, Bhandara, Buldhana, Chandrapur, Dhule, Jalgaon, Jalna, Osmanabad, Parbhani, Ratnagiri, Sangli, Satara, Solapur, Wardha and Yavatmal.

There was delay in setting up of consumer forums for periods ranging between 3 and 33 months



between December 1989 and February 1990, which started functioning between February 1990 and December 1991. It was noticed that 19 forums started functioning after a delay of three to 15 months while delay in respect of South Mumbai was 24 months. Further, Government notified three additional forums (Pune, Nagpur, Central Mumbai) in October 1994 which started functioning during the period between January 1995 and July 1997 *i.e.*, after a delay of three to 33 months.

The delay was attributed by the Registrar of the State Commission (August 2005) to non-availability of infrastructure, office accommodation and paucity of funds. It was, however, observed that the State Government made no budget provision for creation of infrastructure even in the recent years.

In October 2002, Government ordered creation of four new District Forums at Gondia, Hingoli, Nandurbar and Washim. None of the District Forums were, however, functioning as of May 2005 for want of infrastructure and staff. Consequently, in the original districts (Akola, Bhandara, Dhule and Parbhani) 217 cases were pending as of March 2005 out of 513 cases filed from July 1998 onwards. As an interim measure, the complaints were being filed by the consumers in the original districts covering a distance of 80 km to 110 km.

### **3.1.9 Establishment of circuit bench**

**A circuit bench at Nagpur approved by Government in October 2004 was not functioning even as of March 2005**

The Act envisaged that the State Commission shall ordinarily function in the State capital but may perform its functions at such other places (circuit benches) as the State Government may in consultation with the State Commission notify. The State Commission demanded (October 2002) a circuit bench at Nagpur which was approved by the State Government in October 2004. It did not start functioning for want of proper infrastructure facilities and due to non-filling up of the sanctioned posts. The State Commission also demanded (January 2003) establishment of a circuit bench at Aurangabad on which action was yet to be taken by the Government (October 2005). As a result 6,576 complaints at Nagpur region and 4,027 complaints at Aurangabad region were pending disposal as of March 2005.

## **Adequacy of infrastructure**

### **3.1.10 Lack of accommodation**

Construction of the office buildings for the State Commission and the 14 out of 34 District Forums were taken up with the one time grant of Rs 3.60 crore received from the GOI during 1995-1997. The works were completed during 1998-99 after incurring expenditure of Rs 3.56 crore. It was noticed that the building of the District Forum at Sangli constructed in 2004 at a cost of Rs 26.69 lakh was not occupied due to incomplete civil work as of September 2005.

Provision for construction of buildings for 16 forums at an estimated cost of Rs 68 lakh was included in the State Action Plan (2004-09), which was yet to be cleared by the GOI. Proposal for building for Mumbai District Forum offices was not submitted as the State Government failed to arrange suitable land.

The District Forums at Kolhapur and Raigad were far from the central locations such as Collector's office. In the District Forums at Raigad and Thane space for conducting judicial and office work was inadequate.

**Adequate facilities were not available for public in 25 out of 34 forums**

In 25 out of the 34 forums (including the State Commission), facilities of waiting room for the public were not available. In 28 District Forums, there was no library. Fourteen District Forums reported that judicial and other journals could not be subscribed due to paucity of funds. Drinking water facilities were insufficient in eight District Forums.

Findings of survey by ORG-MARG revealed that approximately 60 per cent of respondents who were aware of the Act, did not know the location of the District Forum in their respective districts. Overall, only 12 per cent reported to be aware of the existence of any redressal agency in their districts.

### Administrative framework

The functioning of the State Commission and the District Forums was impeded due to inadequate administrative support, shortage of manpower and insufficient infrastructure as discussed below.

#### 3.1.11 Vacancies in key posts in District Forums

The position of vacancy of President and Members of the District Forums during the period 2000-05 in the selected District Forums was as under:

Name of the Forum	Vacancy Position in months		
	President	Members	
		Male	Female
Additional Pune	--	14	9
Ahmednagar	--	--	5
Akola	5	9	--
Central Mumbai	8	--	--
Osmanabad	9	--	--
Pune	12	12	--
Raigad	4	4	14
South Mumbai	--	5	6

Audit scrutiny revealed that the post of President and Members remained vacant for periods ranging from four to 14 months.



Against 283 posts in various categories sanctioned (August 1995) by the State Government for the State Commission and the District Forums, men in position as of May 2005 were 259.

In view of the Bagla Committee recommendations and increased workload, the State Commission proposed (March 2003) sanction of additional 967 posts on judicial pattern to the Government. The State Government accorded sanction for creation of only 157 additional posts (October 2004). These posts were yet to be filled in (August 2005). The position in this regard is indicated in **Appendix XXX**.

Government stated (May 2005) that the posts admissible for the State Commission and the District Forums would not be on judicial pattern and the posts sought for sanction by the State Commission were not admissible to them. Government also stated that the vacant posts would only be filled up from the surplus pool and there were administrative delays on this account.

### **Enforcement mechanism**

#### **3.1.12 Procedure for filing cases**

**Advocates were hired by complainants to plead cases though not envisaged under the rules**

The Consumer Protection (CP) Rules, 1987 envisaged that complaints should be lodged by the complainant in person or by his agent to the forum. This implies that the consumer may plead his case himself thus saving him the expenses of hiring a legal professional.

Scrutiny revealed that the percentage of complaint cases pleaded by advocates ranged between 75 and 98. The services of advocates were hired due to lack of awareness of CP Rules, 1987.

ORG-MARG findings revealed that out of an average expense of Rs 2,743 by a complainant, Rs 2,699 was paid as fees to the advocate, 42 *per cent* of the complainants used stamp paper to file the case and in majority of the cases (81 *per cent*) the lawyers /agents advised them to do so. Around 22 *per cent* of complainants who registered their complaints prior to March 2003 reported to have deposited court fee notwithstanding the fact that the court fee was introduced only in March 2003.

#### **3.1.13 Free legal aid**

**Scheme of free legal aid was not availed of by the complainants due to lack of awareness**

Under the Maharashtra State Legal Aid and Advice Scheme initiated in 1979, the person below poverty line domiciled in Maharashtra, gets free legal aid and advice. The Legal Aid Societies have been established down to the Taluka level in the State which are funded by the State Government. The Government issued instructions (October 1992) to all the Presidents of the Consumer courts to guide the poor consumer for legal assistance from the Legal Aid Society.

The financial assistance available from the Legal Aid Society was, however, not availed of by the complainants. There were no records at the State Commission or in the District Forums to show that adequate publicity about the facility was given.

### 3.1.14 Pendency of cases under CP Act

Though the CP Act prescribes time limit for disposal of cases, various procedural delays in registering and processing of cases were noticed.

The position of consumer dispute cases filed and disposed of during the years 2001-2005 (to end of March 2005) in respect of the State Commission and 34 District Forums in the State was as under.

As of March 2005, 13,244 and 20,269 complaint cases were pending in the State Commission and the District Forums respectively

Calendar Year	State Commission					District Forums				
	Cases pending prior to the year	Cases filed during the year	Total	Disposal during the year (Percentage)	Cases pending to the end of the year	Cases pending prior to the year	Cases filed during the year	Total	Disposal during the year (Percentage)	Cases pending to the end of the year
2001	8739	2487	11226	1053(9)	10173	18278	12506	30784	10518(34)	20266
2002	10173	2332	12505	1640(13)	10865	20266	26546	46812	22147(47)	24665
2003	10865	2420	13285	1525(11)	11760	24665	11947	36612	13402(37)	23210
2004	11760	2763	14523	1678(12)	12845	23210	9658	32868	12175(37)	20693
2005 upto March	12845	758	13603	359	13244	20693	2673	23366	3097	20269

It can be seen from the above table that during the period 2001-2005, the disposal of the cases by the State Commission ranged between nine *per cent* and 13 *per cent* while disposal by the District Forums was between 34 and 47 *per cent*. Number of pending cases with the State Commission increased over the years while in the District Forums there was a marginal decline in pending cases. The year-wise position of pending cases in selected districts is given in **Appendix XXXI**. Out of 13,244 pending cases in the State Commission, 8,739 cases pertained to the period 1992-2000. Out of 20,269 pending cases in selected District Forums, 18,278 cases pertained to the period 1994 to 2000.

### 3.1.15 Disposal of cases beyond the prescribed time limit

According to the provisions of Section 13 of the CP Act, every complaint shall be heard as expeditiously as possible and endeavour made to decide a complaint within a period of 90 days or, where it requires analysis or testing of commodities, 150 days.

Audit observed that less than 30 *per cent* cases were decided within the stipulated period in the State Commission and in the test checked District Forums. Cases decided beyond 150 days were ranging from 42 to 92 *per cent*. In the case of South Mumbai District Forum, 100 *per cent* cases were decided beyond the stipulated period. The disposal of complaints beyond the stipulated

More than 70 *per cent* cases were decided beyond the stipulated period



period (March 2005) in test checked District Forums is given in **Appendix XXXII**.

The Government stated (May 2005) that review meeting of the office bearers of the District Forums, the State Commission and the officers of the Department is organised every year to reduce the number of pending cases. Huge pendency, however, indicated that action by the Government was inadequate and ineffective.

ORG-MARG findings indicated that to resolve a case an average period of 12.3 months was spent. In case of unresolved cases the same were pending for past 32 months on an average. On an average 6.6 hearings were required to resolve a case. Around 43 *per cent* of cases were still unresolved even after almost 10 hearings. An analysis of time taken at various stages showed that on an average 4.3 days were spent for registering a case, about 28 days were taken for serving the notice only. First hearing was held after 27.4 days. Overall, all the stakeholders and the complainants perceive the redressal as simple but not very speedy and economical.

### **3.1.16 Recovery of compensation and payment to the complainants**

**In 300 cases recovery of Rs 2.89 crore was pending as of March 2005**

As per Section 25(3) of the Consumer Protection (Amendment) Act, 2002 where any amount is due from any person under an order made by a consumer court, the person entitled to the amount may make an application to the consumer court and shall issue a certificate for the said amount to the Collector of the district who shall proceed to recover the amount in the same manner as arrears of land revenue.

In the Districts Forums test checked, 300 cases involving recovery of compensation amount of Rs 2.89 crore were referred to the civil courts/revenue authorities during 2000-2005 which were pending for recovery as of March 2005.

The cases referred to the Collectors were sent to the respective *Tahsildars* for enforcement and were pending at tahsil level. No monitoring of the enforcement of execution orders received from consumer forum was done at Collector's level and no progress thereof was reported to the respective forum. The non-execution of orders resulted in non-recovery of compensation of Rs 2.89 crore and deprived the consumers concerned of the compensation due to them.

ORG-MARG findings indicated that 61 *per cent* complainants had actually not received the compensation after passing of the decree. There were 94 cases (60 *per cent*) where the decree was passed and compensation was yet to be received. On an average the compensation was due for 5.5 months. For those

who had received compensation, it was received within an average period of 21.7 months.

### **3.1.17 Co-ordination with Police Department**

Active support and co-operation of Police Department was required in trial of cases under Section 27 of the CP Act without which the consumer forums cannot effectively function and discharge its statutory and judicial obligation of adjudication effectively. It was however, noticed from the brief prepared by the State Commission in March 2004 that there was no assistance/co-operation from the Police Department.

## **Functioning of Consumer Protection Councils**

### **3.1.18 State Council**

The CP Act provides establishment of a State Consumer Protection Council (Council) in the State with the object to promote and protect the rights of consumers. The State Government established five Councils since 1987 for a term of three years. There was no State Council during the period 1999 to February 2002. The fifth Council held only two meetings in three years against atleast six to be held. After the expiry of the term of fifth Council (January 2005) the sixth Council had not been established as of May 2005. Thus, due to delays in establishing the State Council and not holding meeting regularly the objectives of setting up of the Council were not achieved.

### **3.1.19 District Council**

The State Government has to establish a District Consumer Protection Council (DCPC) for each district with the object to promote and protect the rights of the consumer specified in Section 6 of the CP Act. The Government decided in March 2003 to establish DCPC in each district. DCPCs were, however, not established in any of the districts as of May 2005. Thus, due to non-establishment of DCPCs the object to promote and protect the right of consumer as specified in Section 6 of the CP Act could not be achieved.

## **Computerisation of consumer courts**

### **3.1.20 Linking of redressal agencies through computer networking**

The conference of the Presidents of the State Commissions and the Secretaries in charge of the State/Union Territories held in March 2003 recommended computerisation of all the State Commissions and District Forums through the National Informatics Centre (NIC). Accordingly, the National Commission submitted a proposal costing Rs 27.39 crore to the GOI in March 2004. The first phase of computerisation, including the State Commission and 14 District

**District Consumer Protection Councils were not established in any of the districts though envisaged in the Act**



Forums, to commence in March 2005 had not been started (September 2005) for want of directives from the GOI.

In a review meeting held in September 2003, the GOI decided to develop website for consumer forum for providing information to the consumers and make available the status of the cases filed in District Forums. This was, however, not developed (August 2005).

### **Deficiencies in enforcement of other Acts**

The provisions in other related Acts for consumer protection envisage taking samples, inspection of establishment to ensure circulation of quality foods/drugs and its correctness in the market. For this purpose norms have been fixed by Government under respective Acts. The position in this regard under other Acts was as under:

#### **3.1.21 Prevention of Food Adulteration Act, 1954**

##### **Shortfall in drawal of samples**

Against the sanctioned posts of 265 Inspectors in 2000-01, the vacancy of posts of Inspectors increased from 22 in April 2000 to 51 in March 2005. The shortfall in drawal of sample increased from 6 per cent to 21 per cent during 2000-2005. The department attributed (August 2005) the shortfall in drawal of samples to shortages of manpower.

Scrutiny also revealed that the number of posts of Inspectors sanctioned for implementation of Prevention of Food Adulteration Act did not increase since 2000-01 though number of establishments to be inspected increased from 1,70,865 to 2,11,670 during 2000-01 to 2004-05.

##### **Pendency in prosecution**

Section 7 of the Prevention of Food Adulteration Act, 1954 prohibits the sale of adulterated/misbranded food articles. Persons found contravening this provision are liable for prosecution. The position of pending prosecution cases during 2000-05 is as under:

Year	Number of prosecution cases pending at the beginning of the year	Number of cases launched during the year	Total	Number of cases decided during the year (percentage)	Number of cases pending at the end of year.
Upto 2000-01	7628	978	8606	327 (4)	8279
2001-02	8279	1094	9373	348 (4)	9025
2002-03	9025	1133	10158	278 (3)	9880
2003-04	9880	417	10297	376 (4)	9921
2004-05	9921	364	10285	236 (2)	10049

The age-wise analysis of the pending cases was not available with the Department. The Joint Commissioner (Food) stated (August 2005) that out of 10,049 pending cases, 7,628 cases were pending for more than five years and normally a period of five to ten years was required for taking final decision in a number of cases. Measures taken by the Government to reduce the pendency of the cases was not on record.

It was observed that disposal of cases was below 5 *per cent* and number of pending cases increased each year.

### 3.1.22 Drugs and Cosmetics Act, 1940

#### Shortfall in drawal of samples

Against the sanctioned posts of 159 Inspectors in 2000-01, the vacancy of posts of Inspectors increased from 31 in April 2000 to 64 in March 2005. The shortfall in drawal of samples increased from 6 *per cent* to 24 *per cent* during 2000-05. The department attributed (August 2005) the shortfall in drawal of samples to shortage of manpower.

Reason attributed by the department is not tenable as shortfall in samples was determined with reference to the Inspectors working in the Department. Scrutiny also revealed that the number of posts of Inspectors sanctioned for implementation of Drugs and Cosmetics Acts did not increase since 2000-01 though number of establishments required to be inspected increased from 49,879 to 61,156 during 2000-01 and 2004-05. There was nothing on record to indicate that the department took adequate action to meet the increased requirement of inspections and drawal of samples.

#### Pendency in prosecution

Section 18 of the Drugs and Cosmetics Act, 1940 prohibits the manufacture, sale, stock or distribution of drugs or cosmetics not of standard quality, misbranded drugs and adulterated drugs. Persons found contravening this provision are liable for prosecution. The position of pending prosecution cases during 2000-2005 is as under:

Year	Number of prosecution cases pending at the beginning of the year	Number of cases launched during the year	Total	Number of cases decided during the year (percentage)	Number of cases pending at the end of year
Upto 2000-01	1311	128	1439	49(3)	1390
2001-02	1390	110	1500	32(2)	1468
2002-03	1468	100	1568	41(3)	1527
2003-04	1527	77	1604	42(3)	1562
2004-05	1562	73	1635	22(1)	1613



Out of 1,613 pending cases, 1,311 cases were pending for more than five years. Measures taken by the Government to reduce the pendency of the cases were not on record.

It was observed that disposal of cases was below 5 per cent and number of pending cases increased each year.

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

#### Pending cases in prosecution

The cases filed including that at Departmental level and court cases under this Act which remained pending during 2000-04 were as under. Information for the year 2004-05 was not available with the Department.

Year	Number of prosecution cases pending at the beginning of the year	Number of cases launched during the year	Total	Number of cases decided during the year (percentage)	Number of cases pending at the end of year
Upto 2000-01	15141	24053	39194	27086 (69)	12108
2001-02	12108	36555	48663	19331 (40)	29332
2002-03	29332	7666	36998	8030 (22)	28968
2003-04	28968	23894	52862	22366 (42)	30496

Measures taken by the Government to reduce the pendency of cases were not on record.

It was observed that disposal of cases was between 22 and 69 per cent under Weights and Measures (Enforcement) Act, 1985 during 2001-04 and number of pending cases increased each year.

#### Laboratory infrastructure

The State laboratories had been established by the Government for verification of stamping of weights and measures, with equiarm type working standard balances, which were more than 40 years old and had reportedly lost sensitivity. None of the laboratories were upgraded to digital type standard balances. The Department submitted a proposal for modernisation of laboratories costing Rs 1.43 crore to the Government as late as in September 2005.

The State Government had established six\* secondary working standard laboratories at divisional level for verification of the working standards used by the Inspectors. It was noticed that no secondary standard laboratory was

\* Amravati, Aurangabad, Mumbai, Nagpur, Nashik and Pune.

provided in Konkan region and the laboratories at Nagpur and Pune were not functioning since October 1992 and May 1995 respectively. Thus, out of six secondary laboratories only three laboratories were in existence for last ten years. The Deputy Controller of Legal Metrology, Mumbai stated (June 2005) that the working standards of Nagpur was tested in Amravati region and of Pune and Konkan in Mumbai region. There was nothing on record to indicate the extent to which this had affected the work of timely verification of working standard in the secondary laboratory and to what extent this had ultimately affected the interest of the consumers.

### Awareness and empowerment of consumers

Financial assistance from Consumer Welfare Fund is given by the GOI to the registered agency/organisation or village/mandal/samiti and to the State Government for undertaking consumer awareness welfare activities. The following schemes were financed by the GOI during 2000-05:

#### 3.1.24 Creation and operation of Maharashtra Consumer Protection Guidance Fund (Fund)

With an objective to protect consumers from health hazards by providing safety from spurious goods and services, to promote and protect economic interest of consumers and to promote consumer awareness the State Government created Maharashtra Consumer Protection and Guidance Fund (Fund) by amending Bombay Sales Tax Act, 1959 and by framing the Rules formulated in November 1992. The overall management of this Fund was vested with a managing committee appointed by the Government consisting of the Secretary Food, Civil Supplies and Consumer Protection Department as Chairman and four other members including two representatives of the consumer organisations.

It was noticed that against the total receipt of Rs 70.13 lakh during the period 2000-05, only Rs 4.47 lakh and Rs 3.59 lakh were spent on distribution of posters and charts of consumer awareness during the years 2002-03 and 2003-04 leaving a balance of Rs 62.06 lakh as of March 2005.

It was noticed that the State Government did not credit annual contribution of Rs 10 lakh during 1993-94 to 2001-02, though required under the Rules.

As per the GOI decision (February 2004) seed money of Rs 1 crore in the ratio of 50:50 (Central and State) was to be credited to the Fund. Though the State Government contributed its share of Rs 50 lakh, the GOI had not released (March 2005) its share.

As per Rule 10(A) of Consumer Protection (Amendment) Rules, 2004 passed by the GOI any compensation passed by the National Commission, which remains unclaimed due to non-identification of consumers shall be credited to

A huge balance of Rs 62.06 lakh was lying in the Fund, but no programmes were carried out for consumer welfare and awareness



the Consumer Welfare Fund. Audit scrutiny in the State Commission and the test checked District Forums revealed that Rs 2.43 crore which included unclaimed compensation were lying in the Personal Ledger account as of March 2005. The State Commission stated (June 2005) that since the State Government had not issued similar notification, no action was taken to work out the unclaimed compensation amount of unidentified consumers and credit the same to Fund.

No expenditure was incurred on programmes for promotion of consumer protection and awareness as envisaged in Rule 4.

### **3.1.25 Implementation of Jagruti Shivar Yojana**

**Rs 2.63 lakh distributed to district committees in March 2002 for consumer awareness remained unutilised as of May 2005**

Under the Jagruti Shivar Yojana, GOI had sanctioned to the State Government Rs 3.50 lakh in August 2001 for consumer awareness programmes in the districts of Ahmednagar, Aurangabad, Beed, Jalgaon, Nashik, Solapur, and Thane. Of this, expenditure of Rs 87,000 was incurred on providing booklets/posters for distribution to these districts and the balance (Rs 2.63 lakh) was distributed (March 2002) to the district committees for holding public meetings and functions of awareness programmes. The amounts remained unutilised with the seven district committees as of May 2005. The Department stated (May 2005) that the Chairman and the members of the district committees were not available for organising the seminar. In June 2004, GOI sanctioned Rs 6 lakh for Jagruti Shivar Yojana and Rs 15 lakh for Consumer Awareness Programme; the amounts were not released by GOI as of August 2005.

### **3.1.26 Setting up of consumer clubs in school**

For setting up of 500 consumer clubs in schools in the State, Central grant of Rs 50 lakh was received in March 2005. This amount was paid (March 2005) to 13 voluntary consumer welfare organisations in 12 districts to establish consumer clubs in the schools. The status of creation of consumer clubs was not available on record (May 2005).

### **3.1.27 Celebration of World and State Consumer Day**

For celebration of World and State Consumer Day, the State Government accorded (October 1995) a permanent sanction for incurring expenditure of Rs 8.50 lakh each year from the Maharashtra Consumer Protection Guidance Fund. It was noticed that no expenditure was incurred during 2000-02 and 2004-05. Expenditure of Rs 8.06 lakh only was incurred during 2002-04 on distribution of posters and charts of consumer awareness.

ORG-MARG findings indicated that although 87 per cent of the consumers gave importance to knowing the Act, 62 per cent were not aware of consumer rights and 71 per cent were unaware of the Act. Further, although the Act was

envisaged to benefit all consumers in urban and rural areas, only 5 per cent of rural population had heard about the Act.

Study by the ORG-MARG revealed that 70 per cent of consumers responded that either the Government was not doing enough to safeguard the consumer rights or they were not aware of such efforts made by the Government.

### 3.1.28 Establishment of District Consumer Information Centres (DCICs)

For establishment of DCICs, financial assistance of Rs 5 lakh per centre, over a period of three years was to be given to Zilla Parishads (ZPs) / Voluntary Consumer Organisations by GOI for creation of awareness of consumer rights among the people. As envisaged in the scheme, 20 per cent of the districts were to be covered in each year. Although the State Government asked (August 2000) 14 selected ZPs to send proposals for setting up of DCIC, Government received proposals from only six ZPs which were sent to GOI in April 2004. The proposals are yet to be approved. Thus, the DCICs could not be established in the selected districts resulting in non-achievement of the objectives of the scheme.

ORG-MARG findings indicated that a large number (47 per cent) of the consumers have come to know about the Act only in the last two to three years, whereas the Act has been in existence for 19 years.

### 3.1.29 Impact evaluation

An independent evaluation of the efficiency of adjudication mechanism and degree of consumer satisfaction achieved could indicate the corrective steps for streamlining the existing system. No evaluation of the implementation of the Act through independent agency was, however, carried out by the Government as of August 2005. The Government stated (May 2005) that the redressal agencies under the administrative control of the National Commission and the State Commission are independent and hence the question of evaluation does not arise.

### 3.1.30 Conclusion

The adjudication mechanism, though in place, had not served the purpose of providing speedy and inexpensive redressal to consumer grievances. Redressal agencies suffered from infrastructure constraints and manpower shortages resulting in huge pendency in redressal of consumer grievances. Incidence of pending cases of compensation was high mainly due to lack of co-ordination among the executing agencies in the Government. Various schemes designed for spreading consumer awareness were not implemented properly. Lack of awareness of the consumer rights and provisions of the Consumer Protection Act was a major factor in inadequate implementation of the Act.

The District Consumer Information Centers were not established though funds were available



**3.1.31 Recommendations**

- Government should provide adequate funds for strengthening the infrastructure of the consumer courts. Newly created District Forums should be made functional immediately.
- An officer of the level of *Tahsildar* should be designated in each district and made responsible for execution of decree cases referred by the consumer forums.
- Government should use electronic and print media for spreading awareness of consumer rights with special focus on rural areas.
- The location of redressal agency with their names and contact numbers and required registration fees should be prominently displayed in important public places.

## HOME DEPARTMENT

### 3.2 Modernisation of Police Force

#### HIGHLIGHTS

For increasing the efficiency and effectiveness of the State police forces, the scheme of Modernisation of Police Force, already in vogue, was revamped with increased allocation from 2000-01. It was proposed to increase the operational efficiency of the State police forces to enable them to meet the challenges of the fast changing internal security environment and law and order situation of the country. The scheme with increased outlays from 2000-01 onwards was unable to improve operational efficiency in meeting the changing law and order situation, crime detection, reduction in response time, early settlement of crime cases and augmenting training facilities. Some of the important points are highlighted below:

Due to slow progress of the programme, total programme fund for 2000-05 was reduced from Rs 877.45 crore to Rs 708.27 crore by the Government of India. Consequently, the State Government could not avail Rs 97.51 crore.

(Paragraph 3.2.8)

Instances of delay in receipt, delay in installation and idling of equipment ranging between three and 39 months resulting in blocking of funds of Rs 11.31 crore were noticed. Pending cases for analysis in Forensic Science Laboratories increased by 67 per cent in the last five years.

(Paragraphs 3.2.14 and 3.2.15)

Forty seven out of 54 works of staff quarters, administrative buildings and other works remained incomplete for a period ranging between one and three years after incurring an expenditure of Rs 41.46 crore.

(Paragraph 3.2.10)

Due to lack of approach road, proper land and change in site, 164 quarters and 15 works remained incomplete after incurring an expenditure of Rs 8.23 crore. Besides, 488 completed quarters (out of 983) remained vacant as they were away from work place and for want of electricity and water.

(Paragraph 3.2.10)

There was no reduction in crime detection cases and also the average response time had not improved.

(Paragraph 3.2.19)

No evaluation study was conducted by the State Government to assess the impact of the scheme.

(Paragraph 3.2.20)



### **3.2.1 Introduction**

Duties of police force are wide ranging and cover nearly every facet of social and economic misdemeanour. To accomplish this difficult and daunting task, the technical and technological resources that could augment their efforts were mostly rudimentary and obsolete<sup>1</sup>. The scheme of Modernisation of Police Force (MPF) as introduced by the Government of India (GOI) to improve the efficiency of State police force was implemented (1969) on a continual basis. The scheme was revived from April 2000 for a period of five years upto March 2005 with enhanced allocation of Rs 921 crore to be continued for a further period of five years upto March 2010. The scheme comprised eight components namely mobility, equipment, communication, training, weaponry, housing, buildings and computerisation.

### **3.2.2 Scheme objectives**

The main objectives of the scheme were to:

- improve operational efficiency of the police force to enable them to meet the challenges of the fast changing internal security environment and law and order situation;
- improve the efficiency of crime detection;
- upgrade police stations to achieve reduction in response time to crime;
- construct quarters for police personnel and administrative buildings;
- achieve reduction in delays in submission of analytical reports to enable settling of crime cases early by strengthening forensic laboratories;
- equip the intelligence wing in the Police Department with advanced equipment and revamp their working and
- augment training facilities.

### **3.2.3 Organisational set-up**

Principal Secretary, Home Department is responsible for implementation and monitoring of the scheme. The scheme is implemented in the State through the Director General of Police (DGP), the Commissioner of Police (CP), Mumbai, the Director, Forensic Science Laboratory (FSL), Managing Director, Maharashtra State Police Housing and Welfare Corporation (MSPHWC) and the Commandant General, Home Guards (HG).

### **3.2.4 Audit objectives**

As the revived scheme was initially for a five-year period ending March 2005, audit scrutiny was conducted with a view to express an opinion on the economy, efficiency and effectiveness in the implementation of the scheme. The objectives of audit were to assess whether:

---

<sup>1</sup> Saraf Committee Report

- planning was adequate and comprehensive indicating various components to be implemented and priorities set with target dates for completion and budget allocations were made;
- modernisation of the critical policing processes of investigation and forensic analysis led to improvement in crime detection rate;
- upgradation of police stations had resulted in reducing response time to crime;
- equipment procured were installed and put to optimal use;
- infrastructure such as administrative buildings and quarters were completed and utilised;
- communication had improved; and
- training facilities provided were sufficient.

### **3.2.5 Audit criteria**

The scheme was taken up for performance audit in the backdrop of the Report of the Committee on Police Reforms, 2000 (Padmanabhaiah Committee), the Maharashtra Administrative Reforms Committee (MARC) Report, 2002 and the Saraf Committee Report, 2002. No criteria were adopted by the Department to monitor performance. In August 2004, the Ministry of Home Affairs fixed certain parameters for assessment of the scheme. The following are the important criteria adopted for arriving at audit conclusions.

The perspective plan was assessed with reference to annual plans, annual expenditure and progress reports of physical progress of various components. The functioning of the Forensic Science Laboratories was evaluated with pending cases and time taken for analysis of samples. Response time was analysed with reference to actual time taken by the police personnel to reach the crime site. The crime detection rate was assessed with reference to pending cases.

### **3.2.6 Audit methodology and scope**

Audit for the period 2000-05 was carried out between March 2005 and July 2005 through test check of the records at the offices of Home Department, DGP, CP (Mumbai), Director, FSL, MSPHWC and Commandant General, HG.



In addition, the records of four\* Commissionerates out of nine, seven\* Superintendents of Police (SP) out of 35, seven\* groups of the State Reserve Police Force (SRPF) out of 13, eight\* Police Training Institutes out of 12, three RFSLS<sup>§</sup> out of four<sup>2</sup> and 30 police stations out of 923 in seven\* out of 35 districts were also test checked.

As major procurement for the scheme was made at Mumbai by DGP, CP, FSL and HG and materials were delivered at district places, one district each from six revenue divisions and an additional district out of naxalite affected areas were selected for random test-check.

The audit plan including the audit objectives and criteria was discussed in the entry conference (May 2005) and audit conclusions were discussed in the exit conference (November 2005). Views of the Government expressed during the discussion or otherwise communicated in writing have been incorporated in the review.

## **Audit Findings**

### **3.2.7 Planning**

Considering the approval in principle by the GOI for Rs 921 crore for the plan period of five years, the State Government approved (September 2001) a perspective plan to the tune of Rs 877.09 crore. As the annual plan for 2000-01 was already approved (March 2001) and the financial year was over, a four year perspective plan was sent (October 2001) by the State Government for approval. It was, however, seen that annual plans did not flow from the perspective plan but separate requirements were called for from the implementing agencies in spite of existence of the approved perspective plan by the State Government. It was seen in audit that the perspective plan prepared was not comprehensive enough containing targets indicated in physical and financial terms. During 2001-04, supplementary plans were sent for approval by the GOI during the month of March of the relevant years. All this added to the delay which ranged between five and twelve months in approval of plans by the GOI.

Government in the exit conference (November 2005) agreed that some outcome goals as far as measurable should be worked out.

---

\* Nagpur, Nashik, Pune and Thane

\* Buldhana, Gadchiroli, Latur, Nagpur, Nashik, Pune and Thane

\* Group I, II, IV, V, VIII, XI and XIII

\* Marol, Nagpur, Nanveej, SRPF Nanveej, MPA & DTS Nashik, SPU Pune, UOTC Nagpur

\* Nagpur, Nashik and Pune

\* RFSL Aurangabad, Nagpur, Nashik and Pune

\* Buldhana, Gadchiroli, Latur, Nagpur, Nashik, Pune and Thane

### 3.2.8 Financial management

During 2000-03, funds provided by the Central and the State Governments for the scheme were in the ratio of 50:50. The funding pattern was modified based on categorisation of the States by the GOI and the ratio was changed to 60:40 between the Central and the State Governments from the year 2003-04. The Central share was to be in the form of stores. A maximum of five per cent of the total allocation was to be provided to the Home Guard from the year 2003-04 for incurring expenditure on all components except housing.

The details of plan approved, funds released by the GOI, share of the State and expenditure incurred under the scheme during 2000-05 were as under:

(Rupees in crore)

Year	Annual Plan approved by GOI	Central share	Opening Balance	Funds released by GOI	Share of State Government	Total available funds	Expenditure during the year	Closing Balance
2000-01	166.20	83.10	-	83.10	83.10	166.20	90.04	76.16
2001-02	194.10	97.05	76.16	92.10	92.10	260.36	153.63	106.73
2002-03	164.86	82.43	106.73	67.40	67.40	241.53	146.66	94.87
2003-04	173.42	104.05	94.87	62.84	41.89	199.60	102.27	97.33
2004-05	178.87	107.32	97.33	71.00	47.34	215.67	161.51	54.16
<b>Total</b>	<b>877.45</b>	<b>473.95</b>		<b>376.44</b>	<b>331.83</b>		<b>654.11</b>	

Due to slow progress of programme, the State Government could not avail GOI grant of Rs 97.51 crore

Against sanction of Rs 877.45 crore for five annual plans, GOI share was Rs 473.95 crore. Due to slow progress of the programme, GOI released only Rs 376.44 crore and the total programme fund was reduced to Rs 708.27 crore during 2000-05. Thus, the State Government could not avail the GOI share of Rs 97.51 crore of the approved plan so far (July 2005). It was noticed that in the years 2000-01, 2003-04 and 2004-05, as against the total Central release of Rs 216.94 crore, proportionate expenditure incurred was Rs 186.49 crore which necessitated revalidation of Rs 30.45 crore in the subsequent years.

The details of component-wise and year-wise expenditure are given in **Appendix XXXIII**.



## Programme management

### Housing and buildings

The expenditure incurred under housing and buildings during 2000-01 to 2004-05 was Rs 260.50 crore.

The State Government felt that the 81,806 quarters (57 per cent) available for a staff strength of 1,44,288 was not adequate. Construction of staff quarters, administrative offices and police station buildings were carried out through MSPHWC and Public Works Department (PWD). The funds for PWD works were released through MSPHWC and the progress was monitored by the user offices. In respect of works executed through MSPHWC, user offices were not involved with the execution of work.

#### 3.2.9 Expenditure on housing inflated

Funds amounting to Rs 159.48 crore and Rs 24.42 crore were placed at the disposal of MSPHWC and PWD respectively for housing/building projects during 2001-05, against which expenditure incurred was Rs 100.42 crore and Rs 21.91 crore respectively. The State Government, however, showed the entire amount of Rs 183.90 crore received by them as expenditure even though the GOI had instructed that the funds remaining unspent with the implementing agencies should not be treated as expenditure.

#### 3.2.10 Lack of buildings and other facilities

Out of 54 works of construction of quarters and buildings taken up during 2001-05, only seven works were completed and 47 works remained incomplete as of June 2005 after incurring an expenditure of Rs 41.46 crore. Delays in respect of 22 works in the jurisdiction of DGP ranged between one and three years and in other cases period of delay was not furnished to audit. Government stated (October 2005) that three works have been completed and the others are under different stages of completion.

Scrutiny of records in MSPHWC, PWD and the user offices revealed the following:

- Construction of 164 staff quarters in Hingoli District and 15 works of construction of police stations, administrative buildings, water works, repeater station in five<sup>o</sup> districts either did not commence or remained incomplete after incurring an expenditure of Rs 8.23 crore due to lack of approach road, proper land, change in the site, change in estimate and for want of additional funds. Government clarified (October 2005)

<sup>o</sup> Latur, Nagpur, Nashik, Navi Mumbai and Pune.

Forty seven works taken up during 2001-05 remained incomplete after incurring expenditure of Rs 41.46 crore

- that provision for approach road for the quarters in Hingoli District has now been included in the work.
- Fifty *per cent* of personnel working in the 30 test checked police stations were not provided with quarters. They were staying at an average distance of 13 kms from the police stations. Similarly, in 20 out of 30 test checked police stations, no facilities like separate toilets, changing rooms and resting rooms for women constables were provided even though there were 85 lady police constables working in those police stations.
  - In Dhule, Hingoli, Jalgaon and Solapur Districts, 1,130 quarters remained vacant for two to 11 months due to delay in handing over of the constructed quarters to the user department by MSPHC. Similarly, 488 quarters (out of 983 constructed) in Nashik (306) and Wardha (182) Districts remained vacant as they were either away from work place and/or electricity and water connections were not given.
  - The Department incurred an expenditure of Rs 74.50 lakh on payment of consultancy charges on seven projects. The projects were however subsequently cancelled. Thus, expenditure on consultancy was unfruitful.
  - An expenditure of Rs 42 lakh was incurred on carrying out maintenance and repair works of 704 SRPF quarters at Mumbai even though the work was not covered under MPF scheme. Government accepted that the fund of MPF was temporarily used for repair work and would be reverted.
  - The State Government accorded (February 2004) administrative approval of Rs 1.25 crore to a proposal for developing eight firing ranges out of grants under weaponry for 2003-04 and subsequently revised the original sanction in December 2004. In six districts, sanction for Rs 1.13 crore was accorded for this work and the amount was deposited with PWD. Though this sanction was revised and reduced to Rs 45 lakh, the total amount continued to remain with PWD (July 2005). Improper planning had not only delayed development of firing ranges but also resulted in blocking of funds. Government clarified that three works had been completed and the others are under different stages of completion.

### Mobility

The expenditure incurred under mobility during 2000-01 to 2004-05 was Rs 156.79 crore.

During 2000-05, 5,131\* vehicles were purchased to augment mobility. Of these, 1,906 vehicles were additional and 3,225 were for replacement of the old vehicles. In all, a fleet of 7,895 vehicles of different categories were under

---

Motor cycle-1485, light van-2885, Big Van-179 and others-582.



the control of various offices of the DGP and CP, Mumbai for various purposes as of March 2005.

### **3.2.11 Deployment of vehicles**

**Fourteen per cent of additional vehicles and 31 per cent of replacement vehicles were only allotted to the police stations**

A total of 804 vehicles were received (236 additional and 568 for replacement) during 2000-05 in seven<sup>^</sup> districts test checked. Though 164 additional vehicles were provided in seven offices of five districts, no additional drivers were provided without which simultaneous deployment of vehicles would not be possible. Out of 236 vehicles, 66 per cent were deployed for *bandobast*, highway security and CID branch, 18 per cent were retained with SP/CP offices and only 14 per cent vehicles were provided to the police stations. Similarly, out of 568 vehicles received as replacement, 44 per cent were deployed for *bandobast*, 25 per cent retained with the SP/CP/SDPO offices and only 31 per cent vehicles were utilised for replacement in the police stations which shows that police stations were not given priority in allotment of vehicles. As mobility has a direct relation to response time, deployment of more vehicles at the police stations in a planned manner would have resulted in improvement of response time.

### **3.2.12 Response time**

Information for the months of December 2000 and 2004 regarding response time in respect of crimes pertaining to Indian Penal Code was collected by audit from 118 police stations in the jurisdiction of six SP offices and three CP offices and the average response time (ART) was calculated as detailed in the **Appendix XXXIV**. The ART of 118 police stations worked out to 156 minutes which was far from satisfactory. It was also noticed that in 54 police stations (46 per cent) of the 118 police stations where additional vehicles were not deployed response time had deteriorated.

The Saraf committee opined that fixing of maximum response delay time is necessary to induct a sense of purpose and direction and recommended a maximum response delay time of five minutes. Audit exercise to assess and compare the police response time from the log books of control rooms and crime registers of police stations was futile as the records therein did not have sufficient data to enable such analysis.

Government stated (October 2005) that there is substantial improvement in response time. The reply is not tenable as this aspect has not been monitored by the Department.

---

<sup>^</sup> SP offices of Buldhana, Gadchiroli, Latur & Nagpur and CP offices Nagpur, Nashik, Pune & Thane  
\* total time taken from the time of receiving message / making First Information Report to the time of the police person actually reaching the crime scene

### Strengthening of Forensic Laboratories

The expenditure incurred under strengthening of forensic laboratories during 2000-01 to 2004-05 was Rs 48.38 crore.

#### 3.2.13 Functioning of Forensic Science Laboratories (FSL)

Forensic Science Laboratories were providing technical assistance to the Police Department by analysing samples received/collected from the crime site. The FSL and RFSLs are yet to obtain accreditation and had started the process of obtaining the same. The following irregularities were noticed.

#### 3.2.14 Pending cases

Pending cases for analysis increased by 67 per cent

Analysis report is required to be submitted within a month. It was seen that reduction in pendency as envisaged under the scheme was not achieved as cases pending for analysis increased by 67 per cent from the year 2000-01 to 2004-05. Average time taken for analysis in July 2000 by toxicology division and by biology-serology division was 28 to 100 weeks and seven to 36 weeks respectively. The position did not improve in July 2004, as average time taken by toxicology division and by biology-serology division was 18 to 102 weeks and five to 54 weeks respectively. The Department attributed the increase in pendency to shortage of technical manpower. As no recruitment was made, the number of vacant posts increased from 107 in 2000 to 284 as on January 2005.

The Government clarified (October 2005) that increase in pendency was due to vacant posts which would be filled in within two-three months and the reports could be issued within a month by 2006.

#### 3.2.15 Utilisation of forensic equipment

Audit scrutiny revealed that there was delays in receipt of the forensic equipment ranging from three to nine months and their installation by 10 to 39 months. Even after installation, 19 items of equipment valued at Rs 6.70 crore which were procured between May 2002 and November 2004 remained idle for 19 months. Details are shown in **Appendix XXXV**.

It was also noticed that 45 items of equipment procured at a cost of Rs 17.46 crore and installed at four<sup>3</sup> laboratories, as detailed in **Appendix XXXVI** generated on an average less than one report per machine per month from the date of their installation to March 2005.

Government stated (October 2005) that a sample may need repeated analysis and the use of such sophisticated equipment improves quality and quantity of analysis would depend on the number of cases received. The clarification is

<sup>3</sup> Aurangabad, Mumbai, Nagpur and Pune



too general in nature and the fact remains that the department had not conducted any evaluation on the efficiency of utilisation of equipment procured. Government in the exit conference informed that YASHADA<sup>▼</sup> was requested to carry out the evaluation.

Six out of above 45 equipment procured at a cost of Rs 2.56 crore and installed in three<sup>\*</sup> laboratories between May 2002 and October 2004 did not generate any report. Government replied (October 2005) that though reports were generated no records were maintained. In the exit conference Government agreed to issue instructions for maintaining the log books for major equipment.

Eight<sup>\*</sup> mobile crime units procured (May 2004) at a cost of Rs 94.80 lakh for collection of samples from the crime site were underutilised as these eight units were used only on 11 occasions from their arrival till May 2005. Government clarified (October 2005) that staff for these units have been sanctioned and recruitment is in progress. The reply is not tenable as the procurement of vehicles should have succeeded the recruitment of manpower for its utilisation.

It was seen that CP Mumbai also procured three investigation vans at a cost of Rs 36.63 lakh for collection of fingerprints and photographs from the site. By proper co-ordination, same vehicle could have been fitted with equipment for all types of investigations.

### **Equipment**

The expenditure incurred under equipment during 2000-01 to 2004-05 was Rs 42.87 crore.

#### **3.2.16 Idling of equipment**

**Equipment costing Rs 4.61 crore remained idle for periods from five to 58 months**

Eighty items of equipment like Steering Wheel Clamps, Laser speed check Guns, FACTS-4, Automatic Blood Analyser and Laser speed check Guns were procured at a cost of Rs 4.61 crore as detailed in **Appendix XXXVII** and supplied to the subordinate offices between July 2000 and September 2004. Scrutiny of the records in the respective offices revealed that the equipment remained idle for periods ranging from five to 58 months for want of repairs.

A cohesive network for the benefit of investigation of crime and for transmission of crime and criminal data, finger prints, image, photograph and facsimile throughout the country was envisaged by March 2005 in the Police Network (POLNET) programme by GOI. The primary application of the

---

<sup>▼</sup>A Government Training Institute

<sup>\*</sup>Aurangabad, Mumbai and Nagpur

<sup>\*</sup>Aurangabad (1), Mumbai (2), Nagpur (2), Nashik (1) and Pune (2)

project was to transfer data from the district headquarters to the State headquarters and secondary application was voice communication. Of the 33 Base Station Units (BSU) installed (May 2005), three had gone defective as of October 2005. Only 398 Remote Station Units (RSU) out of 850 purchased were installed and site preparation materials for the remaining 452 RSUs (cost: Rs 49.72 lakh) were lying in the central stores at Pune or in the stores of SP/CP office. Thus, the POLNET equipment were not being utilised and more importantly the primary objective of criminal data transmission is yet to be achieved. In order to have optimum coverage, sixty additional BSUs were required which are still to be provided by GOI.

### Computerisation

The expenditure incurred under computerisation during 2000-01 to 2004-05 was Rs 9.59 crore.

Computerisation can play a vital role in detection and investigation of crime and in making police work quicker and more efficient. It was noticed that there was no planned, coordinated and well-directed effort to allow utilisation of computer facilities as could be seen from the succeeding paragraphs.

#### 3.2.17 Computerisation of police stations

It was noticed in audit that in four<sup>#</sup> SP offices computers were not supplied and no personnel were trained though SP, Buldhana and Latur had submitted proposals for computerisation of police stations. In two<sup>♥</sup> offices of CPs though computers were supplied to all police stations, no software was developed to work on them.

Thus, computers had not been supplied to all the police stations. Even where the computers were there, those were being used for word-processing purposes. There was no proposal yet (October 2005) to introduce relevant software to improve efficiency of report writing, diarising of events, online registration of crime, storing and retrieval of information which made up the chief tasks at the police stations.

### Training

The expenditure incurred under training during 2000-01 to 2004-05 was Rs 5.98 crore.

3.2.18 Scrutiny of the records in five<sup>♦</sup> out of eight training centers revealed that as against a target of 24,546, only 16,961 police personnel (69

<sup>#</sup> Buldhana, Gadchiroli, Latur and Nagpur

<sup>♥</sup> Nagpur and Nashik

<sup>♦</sup> Daund (2), Marol, Nagpur and Nashik



*per cent*) were trained during 2000-04. Though intake capacity of the schools was raised from time to time there was no increase in manpower or infrastructure. Thus, no impact of the scheme was felt except procurement of some equipment like simulators, multi-media projectors and televisions.

A portable explosive X-ray machine costing Rs 11 lakh was supplied (August 2004) to the Special Protection Unit, Pune. It was not even demonstrated to the trainees as no training was given to the instructors of the training unit.

In three\* districts test checked, as against the targets of 189 training camps to be conducted by the District Commandants, Home Guards (HGs) to impart training to 15,794 HGs during 2000-2004, only 49 camps were conducted covering 2,852 HGs. Impact of this scheme was not analysed by the Department in the district training centres where the training camps were conducted.

### **3.2.19 Crime detection statistics**

**Pendency in crime cases increased by 68 per cent**

One of the objectives of modernisation was to enhance crime detection. Despite the scheme being in operation for five years, pendency in crime cases registered an increase of 68 *per cent* from the beginning of 2000 (76742) to the end of 2004 (1,12,039), though average number of crimes registered did not vary considerably. It was also noticed that there was decreasing trend in the number of finger prints received for matching. As against 2.62 lakh finger prints received in 2000 for matching, the number of finger prints received in 2004 was 1.75 lakh. This reduction of over 33 *per cent* is an indicative that the investigating officers are not lifting prints and are becoming less dependent on finger prints for investigation in most of the cases. It was also seen that the number of visits to crime sites made by FSL personnel had decreased from 1,642 in 2000 to 1,188 in 2004. FSL attributed this reduction to shortage of manpower.

Government clarified (October 2005) that even though there was increase in the population, industrialisation, terrorism and unemployment, the registered crimes had remained steady or marginally decreased.

### **3.2.20 Monitoring and evaluation**

**Evaluation study to assess the impact of the scheme was not conducted**

The Government had set up a High Power Committee under the Chairmanship of the Chief Secretary and a review committee under the Chairmanship of the Additional Chief Secretary for monitoring the physical and financial progress of the programme and its periodical evaluation.

During the period of five years ending March 2005, the Committee met five times only to finalise and submit annual plans to the GOI. Thereafter no monitoring was conducted by the Committee. As a result, planning and

---

\* Buldhana, Gadchiroli and Pune

budgeting was not meticulously coordinated with the implementation of the programme. The MPF cell in the office of the CP acted only as a central purchase agency. This affected the efficient implementation of the scheme.

Though the scheme was in operation for the last five years, no evaluation study of the scheme was undertaken to assess the impact of the scheme. The State Government stated (March 2005) that they were still in the process of engaging a Government agency for conducting evaluation.

### 3.2.21 Conclusion

Though the scheme was revamped with increased outlay, the progress of implementation was slow mainly due to slow pace of spending. There was delay in finalising supplementary annual plans. The forensic laboratories could not utilise the sophisticated equipment purchased for want of trained manpower. Pendency in analysing the samples increased considerably. Vehicles procured were mostly deployed for *bandobast*; as a result police response time to crime did not improve. Most of the proposed housing and building projects could not be completed depriving the police personnel of the benefits envisaged. Computers had not reached all the police stations. Training infrastructure is not adequate to support the increased intake capacity of training schools. There was lack of monitoring of the implementation of the scheme.

### 3.2.22 Recommendations

Government should consider implementing the following recommendations.

- A citizens' charter committing the police to a specific response time for urgent and non-urgent calls should be promulgated.
- A review of installation, commissioning and utilisation of all the equipment should be taken and action taken accordingly to overcome the deficiencies.
- Steps should be taken to ensure that the vacant residential quarters are occupied.
- Optimum utilisation of forensic laboratories should be ensured by provision of trained manpower.
- Deployment of vehicles and manpower for Law and Order and *bandobast* should be in tune with the objectives of the scheme.



## HOUSING DEPARTMENT

### 3.3 National Slum Development Programme

#### Highlights

Government of India introduced the National Slum Development Programme in 1996-97 for upgradation of urban slums. The funds under the scheme were allocated to the States in proportion to urban slum population. The State Government, however, decided (June 1998) to implement the NSDP in 50 cities having population of 50,000 and above where the Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971 was in force. Audit scrutiny revealed that there was lack of necessary data for assessing the requirement of basic amenities in the slums leading to insufficient planning. Regional Boards approved works based on incorrect slum population resulting in excess payment to Urban Local Bodies and unspent balances were lying with the nodal agency, Maharashtra Housing and Area Development Authority.

Programme funds of Rs 65 crore was lying unutilised with Maharashtra Housing and Area Development Authority as of 31 March 2005.

(Paragraph 3.3.9)

Though Mumbai had 52.60 per cent of total slum population of the State, 69.10 per cent of National Slum Development Programme funds were allotted to the Mumbai Slum Improvement Board. As of March 2005, excess release was Rs 71.66 crore.

(Paragraph 3.3.9)

Due to levy of 15 per cent centage charges by the Maharashtra Housing and Area Development Authority, contrary to the guidelines, the beneficiaries were deprived of the basic amenities costing Rs 36.77 crore.

(Paragraph 3.3.11)

Popular contribution at the rate of 2.5 per cent of the value of the works recoverable from the beneficiaries amounting to Rs 1.77 crore was not recovered by the implementing agencies.

(Paragraph 3.3.12)

Approval to works/reimbursement of expenditure based on incorrect slum population resulted in excess payment/excess release aggregating to Rs 15.56 crore to the implementing agencies.

(Paragraph 3.3.15)

Contrary to Government of India instructions, expenditure of Rs 1.43 crore was incurred on inadmissible works such as beautification of lakes and construction of gymnasium.

(Paragraph 3.3.16)

Expenditure of Rs 4.77 crore incurred for providing basic amenities at the relocated sites for the slum dwellers rendered infructuous due to reluctance of the slum dwellers to shift to the relocated places.

(Paragraph 3.3.17)

### 3.3.1 Introduction

Government of India (GOI) introduced the National Slum Development Programme (NSDP) in 1996-97 under the Special Central Assistance to the State for upgradation of urban slums. The funds under NSDP were allocated to the State on the basis of urban slum population\* of the State. The State Government implemented (October 1999) NSDP in 61 cities having population of 50,000 and above as per 1991 census. Nineteen more cities having population of 50,000 and above as per 2001 census were also brought under the NSDP in October 2004. The scheme was not implemented in 14 of the 61 cities and the additional 19 cities included in 2004 because they did not submit their work proposals to the respective Regional Boards.

The main components of NSDP were to provide basic amenities such as toilet, drainage, water tap and street lights to the eligible slum dwellers social amenities such as community centers, balwadis, health centers to the eligible slum dwellers and housing to slum dwellers.

### 3.3.2 Organisational set-up

Initially in 1998, the NSDP was implemented by the Urban Development Department. Subsequently, from October 1999 NSDP was implemented by the Housing Department (HD). The Maharashtra Housing and Area Development Authority (MHADA) headed by the Vice-President and the Chief Executive Officer was declared as the nodal agency for implementation of NSDP. The Regional Boards (RB) headed by the Chief Officers assisted the MHADA. Actual implementation of NSDP at district level was carried out by the urban local bodies (ULB), namely Municipal Corporations and Municipal Councils headed by the Commissioners and Chief Officers. In Mumbai, the NSDP was implemented by the Mumbai Slum Improvement Board (MSIB), a unit of MHADA.

### 3.3.3 Audit objectives

The overall objective of audit examination was to assess whether:

- adequate and sufficient information was available with the Government for formulation of policy and implementation of the programme;
- distribution of funds to the ULBs were approved by the Government in time for smooth implementation of the programme,
- slum improvement works were recommended through Community Development Societies;
- the works under the schemes were approved as per guidelines of the NSDP and

---

\* 14.26 per cent of total urban slum population of India as per 1991 census



- the monitoring system evolved and envisaged in the programme was adequate.

### **3.3.4 Audit criteria**

The audit criteria, against which the evidences were tested for arriving at the audit finding and conclusion were as under:

- Government policy decisions regarding implementation of NSDP and details of eligible slum population in corporations/councils with Government/nodal agency.
- Synchronisation of timely transfer of funds down to the implementing agencies.
- Adherence to the procedures for preparation, submission of plan and estimates by the urban local bodies.
- Observance of guidelines/instructions for administrative approval to the proposals and financial management.
- Existence of mechanism to co-ordinate, monitor the implementation and evaluate the performance of programme.

### **3.3.5 Scope of audit and methodology**

A review of the implementation of the NSDP covering the period 2000-05 was conducted during March to June 2005. An entry conference was held in May 2005 with the Principal Secretary, Housing Department, Vice-President and Chief Executive Officer, Chief Engineers and Finance Controller of MHADA. Records in the Housing Department, MHADA, four out of six Regional Housing Board offices, the Executive Engineer (East) under MSIB alongwith 14<sup>#</sup> out of 47 ULBs, where the NSDP was implemented, were test checked to assess the adherence of the GOI guidelines, State Government orders and administrative instructions issued by the nodal agency for programme implementation. The exit conference was held with the Principal Secretary to the Government in October 2005. The review has been finalised after considering the views of the Government. The results of test-check are detailed in the succeeding paragraphs.

## **Audit findings**

### **3.3.6 Formulation of policy**

The most important characteristic of slum is the absence or inadequacy of basic and social amenities and unhygienic conditions. Considering the magnitude of the issue, the State Government enacted Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act and notified the specified areas in cities as slum and decided (1971-72) to provide basic

---

<sup>#</sup> Municipal Corporations: Aurangabad, Kalyan-Dombivli, Nagpur, Nanded, Pimpri-Chinchwad, Pune, Solapur, Thane and Ulhasnagar.  
Municipal Councils: Barshi, Gondia, Hinganghat, Kamptee and Latur.

amenities such as water supply, latrines, street lights, roads and drainages for slum dwellers under the Slum Improvement Programme (SIP). GOI guidelines on NSDP did not contain any eligibility criteria of slum dwellers or any cut-off date for consideration. The Government, however, decided (October 1999) to provide the facilities under the NSDP to those slums which were in existence on or before 1 January 1995 (in the cities with population of 50,000 and above as per 1991 census). Eligible slum dwellers were to be issued with photo passes by the competent authorities to provide as a proof of their habitation on or before 1 January 1995.

As there were no up-to-date figures as on 1 January 1995 of eligible slum population for implementation of the NSDP, the Government issued (May 2001) directives to the Additional Collector (Encroachments) to increase the available number of eligible slum population of 1985 by 25 per cent. The survey and identification of eligible slum population in Mumbai and two Councils in Achalpur and Latur was completed as of June 2005. Details in respect of 58 ULBs called for in June 2005 were awaited. Thus, fund allocation by the State Government and the MHADA to the implementing agencies was based on unconfirmed slum population in the ULBs.

It was also noticed that the State Government and the MHADA did not have the data for assessing the basic amenities required in the slum areas.

## Financial management

### 3.3.7 Funding pattern

The funds for the NSDP were allocated by the GOI to the States in proportion to urban slum population and released 70 per cent as loan and 30 per cent as grants. The State Government, however, decided (October 1999) to release the funds for the NSDP as 100 per cent grants to the ULBs on the basis of the eligible urban slum population as on 1 January 1995. The State Government released the funds to the MHADA who communicated allocation of funds in respect of the ULBs to their respective Regional Boards (Regional Boards) and released the funds to the Regional Boards as per demands for actual payment and reimbursement for the ULBs.

MHADA and its Regional Boards did not maintain the *pro forma* account as required under the guidelines issued by the State Government. Consequently, flow of funds from the State Government to the MHADA and utilisation of funds under the scheme could not be analysed so as to ascertain proper management of the scheme funds. The MHADA stated (March 2005) that the State Government entrusted different programmes to the MHADA. It was, therefore, not practically possible for the MHADA to maintain cash book/*pro forma* account for fund received for each and every programme. The reason attributed was not tenable because in the absence of *pro forma* account the

The State Government released funds to urban local bodies on 100 per cent grant basis

Neither MHADA nor the Boards maintained *Pro forma* Accounts



accuracy of the receipt and expenditure under the scheme was neither susceptible for verification nor reliable.

### 3.3.8 Releases by the State Government

The State Government lost Rs 100.17 crore of NSDP funds due to underutilisation

The year-wise release of funds by the GOI, funds released to the MHADA by the State Government and the closing balance with the State Government during 2000-05 were as under:

(Rupees in crore)

Year	Opening balance with State Government	Annual release by GOI	Total fund available with State Government	Release by State Government to MHADA	Closing balance with State Government
2000-01	182.64*	12.49	195.13	119.88	75.25
2001-02	75.25	--	75.25	40.00	35.25
2002-03	35.25	55.00	90.25	47.00	43.25
2003-04	43.25	55.00	98.25	92.23	6.02
2004-05	6.02	102.19	108.21	96.64	11.57
<b>Total</b>		<b>224.68</b>		<b>395.75</b>	

\* Total GOI release upto 31 March 2000 was Rs 193.02 crore and total expenditure on the date was Rs 10.38 crore.

Due to underutilisation of funds upto March 2000, the GOI discontinued the release of funds to the State Government from July 2000 to March 2002. Consequently, the State Government could not avail the Central assistance of Rs 100.17 crore during the period.

### 3.3.9 Balances with the MHADA

The year-wise funds received by the MHADA, the nodal agency, expenditure incurred and closing balance with the MHADA during 2000-05 were as under:

(Rupees in crore)

Year	Opening balance with MHADA	Release by State Government to MHADA	Total fund available with MHADA	Expenditure by MHADA	Balance with MHADA
2000-01	-10.69*	119.88	109.19	27.68	81.51
2001-02	81.51	40.00	121.51	77.07	44.44
2002-03	44.44	47.00	91.44	74.57	16.87
2003-04	16.87	92.23	109.10	72.45	36.65
2004-05	32.65	96.64	133.29	68.29	65.00
<b>Total</b>		<b>395.75</b>		<b>320.06</b>	

\* MHADA incurred excess expenditure of Rs 10.69 crore in the previous year which is adjusted in 2000-01.

Receipt of funds at the fag end of the year from the State Government by the nodal agency resulted in non-utilisation of Rs 65 crore as on 31 March 2005. The releases to the Regional Boards were based on the proportion of slum population in the ULBs in the Regional Boards.

There was excess release of Rs 71.66 crore to MSIB

The eligible slum population of Mumbai was 45.60 lakh being 52.60 *per cent* of the total slum population in the State. However, 76.43 *per cent* of NSDP funds of the State were allotted to the Mumbai Slum Improvement Board, the agency implementing works in Mumbai. This resulted in excess release of Rs 71.66 crore to the MSIB. The other Regional Boards (except Aurangabad), however, received less funds than that eligible to them as per slum population.

### 3.3.10 Excess release of funds to ULBs

The per capita ceiling limit of expenditure to provide basic amenities to the urban slum dwellers was revised (April 1996) by the Government from Rs 500 to Rs 800. The revised ceiling was, however, not applicable to the Pune Municipal Corporation as Slum Improvement Programme (SIP) was being implemented in Pune. The Chief Officer, Pune Board accorded administrative approval in July 1997 under SIP to works costing Rs 58.40 lakh at the rate of Rs 800 per capita for the slums at Nagpur Chawl and Mahatma Gandhi Nagar, Yeravada, Pune as against the admissible cost of Rs 36 lakh. The non-observance of the prescribed ceiling resulted in excess reimbursement of Rs 22.40 lakh during 2000-02 under NSDP.

For Ulhasnagar Municipal Corporation, Government distributed funds for 4,36,678 eligible slum population. It was noticed that the Chief Officer, Konkan Board approved the funds for basic amenities for the Corporation based on 3,10,276 eligible slum population as proposed by the ULB. The urban slum population as per the 2001 census was however, 53,717. This clearly shows that the expenditure was incurred under the NSDP on the basis of varied and unreliable slum population data.

### 3.3.11 Recovery of centage charges by MSIB

MSIB recovered centage charges amounting to Rs 36.77 crore in contravention to guidelines

The terms and conditions approved by the Government of Maharashtra (1974), envisaged that the implementing agencies shall not receive service charges from the MHADA for supervision and execution of works. The GOI guidelines also did not envisage the levy of such charges. The MHADA, however, in June 1982 resolved to levy 15 *per cent* centage charges (establishment charges 13 *per cent*, tools and plant 1.10 *per cent* and secretarial charges 0.90 *per cent*) on slum improvement work expenditure treating it as deposit work. Accordingly, the MSIB recovered centage charges of Rs 36.77 crore (15 *per cent*) on works executed by the MSIB during 2000-05 depriving the beneficiaries of the basic amenities costing Rs 36.77 crore. The other ULBs did not levy any such charges.

### 3.3.12 Recovery of popular contribution

ULBs did not recover popular contribution of Rs 1.77 crore from the beneficiaries

The terms and conditions approved by the Government envisaged that the ULBs were responsible for collecting 2.5 *per cent* of the value of work sanctioned as popular contribution (beneficiary contribution) from slum



dwellers for the SIP and credit the same to the Government. Pending recovery of popular contribution, the amounts were to be deducted from reimbursement claims of the ULBs. Due to failure on the part of the implementing agencies to recover the popular contribution, the Chief Officers of the Regional Boards recovered the proportionate 2.5 per cent from the amounts due to the implementing agencies. The amount so deducted and retained by the six Regional Boards except the MSIB was Rs 1.77 crore based on expenditure of Rs 70.86 crore incurred under the NSDP.

### 3.3.13 Maintenance of *pro forma* accounts

Seven Urban Local Bodies did not maintain separate account of funds received

Scrutiny revealed that the seven test checked ULBs (Barshi, Kalyan-Dombivli, Latur, Nanded, Solapur, Thane, and Ulhasnagar) did not maintain the *pro forma* accounts of the NSDP funds amounting to Rs 36.58 crore received by them during the years 2000-05. Consequently, proper management of the funds could not be ascertained in Audit.

### Programme Management

As per the State Government instructions (1974), the Regional Boards were to collect detailed information and map of the city showing slum areas to know the magnitude of the problem in respect of each city and town at the beginning of each financial year for taking up of slum improvement works. High priority was to be given where density of population was more and where basic amenities were not provided. In case, the provision of basic amenities was not feasible due to ceiling of per capita norm, priority was to be given to, in the order of latrines, water taps and streetlights.

Expenditure incurred by the MSIB and the other Regional Boards, facilities provided and population benefited during 2000-05 were as under:

Region	Mumbai	Konkan	Pune	Nashik	Aurangabad	Amravati	Nagpur
Expenditure (Rupees in crore)	229.82	24.66	9.71	5.25	14.87	4.97	11.40
Population benefited (In lakh)	28.74	3.14	1.05	0.60	1.83	0.75	2.08
<b>Facilities provided</b>							
Toilets (Numbers)	16412	477	2019	2057	2874	1434	1062
Water Taps (Numbers)	3677	--	734	24	2936	79	6004
Bore well (Numbers)	--	79	--	4096	1108	--	4
Pathways(Square Metre)	22443	189116	94274	54078	162655	47424	73330
Gutters(Running Metre)	293315	50322	24310	24181	59824	12392	41566
Street Light (Numbers)	71	998	269	280	1626	339	358

The Regional Boards of the MHADA paid 25 per cent of the approved cost of the works to the ULBs as advance on production of document relating to issue of work order and commencement of work, which was adjusted against running account bills submitted by the ULBs for reimbursement. On



production of completion certificate of works and copies of the paid vouchers, 62.5 per cent of the cost was paid. The Regional Boards released 10 per cent on production of completion certificate of works and audited statement of accounts and retained 2.5 per cent being the recovery of popular contribution from beneficiaries.

### 3.3.14 Works executed without involving Community Development Societies

Proposals for slum improvement works were prepared without involving the Community Development Societies

As per the GOI guidelines forwarded in November 1996, the proposals for works to be executed were to emanate from the Community Development Societies (CDS) in the form of community plan. These CDSs were to be formed from the eligible slum dwellers who were below poverty line. The Government reiterated these instructions in its order of October 1999. The MHADA, however, in its circular of March 2001 directed all the Regional Boards to implement the scheme as per its order of July 1983 which had not mentioned of any involvement of CDSs. Scrutiny of the records of the Chief Officers revealed that proposals based on which administrative approvals were issued were prepared without the involvement of the CDSs. The MHADA did not furnish any justification in this matter (October 2005).

## Slum improvement works

### 3.3.15 Approval of works based on incorrect population figures

In four urban local bodies works were approved and funds released based on inflated slum population

The approval of the works for basic amenities and release of funds were to be restricted to the number of eligible slum population of the ULBs as on 1 January 1995. The Regional Boards, however, accorded excess approval amounting to Rs 15.56 crore based on incorrect slum population in violation of orders as discussed below:

➤ The Chief Officer, Konkan Board approved in December 2000 and reimbursed Rs 14.27 lakh in March 2001 towards basic amenities (cement concrete pathways and gutters) to three slum areas (in Thane Municipal Corporation) based on 1985 population. In January 2003 the Chief Officer, Konkan Board accorded revised sanction for the same basic amenities to the same three slums due to increase in population as on 1 January 1995. The slum population of the above three areas for which the approval was accorded in December 2000 and March 2001 was to be reduced while according the revised sanction. It was noticed that while reimbursing (February 2004) the amount against the subsequent sanction, the earlier payment of Rs 14.27 lakh made against the original sanction of December 2000 and March 2001 was not adjusted. This resulted in excess payment of Rs 14.27 lakh. The reply from the Chief Officer was awaited (August 2005).

➤ The Chief Officer, Konkan Board approved slum improvement works for 2.24 lakh population of 53 slums in May 2001 and for 2.13 lakh population of 64 slums in January 2003 at total cost of Rs 27.63 crore in Thane Municipal



Corporation. Eligible slum dwellers as of 1 January 1995 considered by the State Government for distribution of NSDP funds was 2.88 lakh. This resulted in excess payment made to the extent of Rs 11.92 crore.

➤ The slum population of Latur Municipal Council as on 1 January 1995 considered by the Government for allocation of NSDP fund was 17,000. The Aurangabad Board, however, reimbursed Rs 3.89 crore between 2000 and 2005 based on 48,625 urban slum population stated by Latur Municipal Council. Thus, excess payment made to the ULB was Rs 2.53 crore (Rs 800 x 31,625).

➤ As against 2,566 urban slum population of Kulgaon-Badlapur Municipal Council as on 1 January 1995, the Konkan Board approved in January 2004 basic amenities costing Rs 58.21 lakh for 6,355 slum population. The Chief Officer, however, released Rs 14.55 lakh in February 2005 as 25 per cent advance payment against the approved cost of Rs 58.21 lakh. This resulted in excess approval of works to the extent of Rs 37.68 lakh and excess release of funds of Rs 13.21 lakh.

➤ Against the 5,533 eligible slum population as on 1 January 1995, the Chief Officer, Nagpur Board approved basic amenities for 17,037 slum population at the admissible per capita rate of Rs 800 in February 2001 to Hinganghat Municipal Council, Wardha District. This resulted in excess approval to works to the extent of Rs 84.29 lakh as noticed from the approval orders of works of the Council.

### 3.3.16 Works for Social amenities

Rs 1.43 crore were spent on inadmissible social amenity works under NSDP

The guidelines envisaged the provision of community centres for pre-school education, non-formal education, adult education and recreational activities under the NSDP. It was, however, noticed that Rs 1.43 crore was reimbursed on inadmissible social amenities viz., beautification of lake, construction of gymnasium, purchase of medicines, bicycles to the handicapped and honorarium to trainees by the Regional Boards in Amravati, Aurangabad, Pune and the MSIB between 2001 and 2004. The MHADA did not furnish any justification for the irregular expenditure (September 2005).

### 3.3.17 Basic amenities work executed on relocated land

Rs 5.54 crore was incurred in two places on basic amenity work executed on relocated land not envisaged in the guidelines

The Government can under the MSA Act and in public interest, evict the protected occupiers from the dwelling structures and relocate them in alternate land. The responsibility of providing basic amenities in the relocated land rests with the Department for whom the land was acquired. The NSDP guidelines, envisaged the utilisation of funds for providing the basic amenities in notified slum areas only. The Government, however, allocated and released Rs 6 crore to the Deputy Conservator of Forest Borivali, Mumbai in November 2000 from the NSDP fund for providing basic amenities at the proposed site at Khoni and Shirdhone in Kalyan taluka, where 11,658 slum dwellers from the land of the Forest Department were to be relocated. The details furnished (July



2005) by the Conservator of Forests, Sanjay Gandhi National Park, Borivali, Mumbai revealed that the slum dwellers had refused to relocate considering the distance from the city despite the allotment of the developed plots. Consequently, the expenditure of Rs 4.77 crore incurred for basic amenities on the proposed site was infructuous. This indicated lack of planning on the part of the Government.

Government approved (March 2000) and released Rs 2.30 crore to the MHADA (Konkan Board) for providing basic amenities to the eligible slum dwellers of Sanjay Gandhi National Park, Borivali, Mumbai at the proposed relocated site. Expenditure of Rs 1.88 crore was incurred by the Konkan Board up to February 2002 which included Rs 77.26 lakh on development of land. As the NSDP funds were to be utilised only for providing basic amenities to the eligible slum dwellers, expenditure of Rs 77.26 lakh was contrary to the objective of the scheme and hence irregular.

### 3.3.18 Construction of toilets

The standard of basic amenities such as toilets, gutters, water taps, pathways and street lights and social amenities and the *per capita* ceiling of expenditure for these amenities, prescribed by the Government in October 1999, were as under:

(A) Basic Amenities	Amount in Rupees	Standard of amenities
Public Toilets	480	One for every 35 persons
Water Taps	64	One for every 150 persons
Pathways	128	As per requirement
Gutters	80	As per requirement
Street lights	48	One at every 30 meters
<b>(B) Social Amenities</b>	<b>200</b>	
<b>Total</b>	<b>1000</b>	

Based on 86.68 lakh urban slum population of 61 ULBs as on 1 January 1995, the requirement of public toilets and water taps as per standard norm worked out to 2.48 lakh and 0.58 lakh respectively. As against this, 1.48 lakh toilets and 0.32 lakh water taps were constructed as of March 2005.

### 3.3.19 Provision of houses under NSDP

The NSDP guidelines envisaged utilisation of 10 *per cent* of the funds for housing for scheduled caste, scheduled tribe and economically weaker sections of the society. The Government decided in August 2000 that houses constructed with NSDP funds would be designated as Lok Awaas Yojana (LAY) and fixed a target for construction of 50,000 houses in 60 ULBs. The Lok Awas Yojana was not implemented in Mumbai as the Slum Rehabilitation scheme was already being implemented by the Slum Rehabilitation Authority. The construction cost per house was fixed at Rs 30,000 which included grants of Rs 11,000 and Rs 10,000 for backward and non-backward beneficiary



respectively. The scheme was to be implemented by opening a joint account of beneficiary with the MHADA, to which account the amounts were to be credited. Scrutiny revealed the following points:

- Out of Rs 20 crore released (2000-05) by the State Government, the MHADA submitted utilisation certificate of Rs 18.36 crore as of March 2005. It was, however, noticed that the Regional Boards had reported utilisation of only Rs 17.42 crore. Thus, there was excess reporting of fund utilisation to the extent of Rs 94 lakh by the MHADA.
- It was noticed that out of 23,951 houses approved by the MHADA between March 2001 and December 2004 the Regional Boards could complete 7,119 houses (30 *per cent*) as of December 2004.
- The Konkan and Pune Boards earned interest of Rs 1.34 lakh and Rs 12.58 lakh respectively on the LAY fund deposited by them in the bank during March 2001 to January 2004 and remitted in October 2001 and April 2005 to the MHADA. It was, however, noticed that the MHADA retained the interest irregularly instead of crediting to LAY. Thus, not opening of a separate bank account for LAY resulted in deprival of Rs 13.92 lakh to the scheme.
- Due to poor response from the beneficiaries for implementation of LAY, the Government permitted (September 2002) diversion of Rs 33 crore from LAY to the NSDP for basic amenity works without the approval of the GOI, which was irregular.
- It was also noticed that from January 2004, Government implemented the LAY as per the Valmiki Ambedkar Malin Basti Awas Yojana scheme (another GOI scheme for housing) under which 100 *per cent* subsidy, *i.e.*, Rs 30,000 for each house was paid to the beneficiary. As a result targets under LAY was not achieved.
- The Aurangabad and Nagpur Regional Boards retained Rs 7.27 crore and Rs 8.50 crore for a period of three years between March 2001 and January 2004. The blockage of Rs 15.77 crore resulted in loss of interest of Rs 1.89 crore worked out at the rate of 4 *per cent* per year.

### **3.3.20 Monitoring and Evaluation**

The Regional Board wise progress of expenditure against the annual allocation was discussed in the meetings held under the chairmanship of the Vice-President and Chief Executive Officer, MHADA. The MHADA in turn submitted the consolidated report to the Housing Department along with Utilisation Certificates for onward transmission to the GOI. The Chief Officers of the Regional Boards were to inspect the execution of the works by the ULBs. The Chief Officers of Aurangabad, Konkan and Nagpur Boards had never inspected the ULBs under their jurisdiction to verify the execution of works under NSDP.

The State Urban Development Authority (SUDA) at the State level was to monitor and review the implementation of the works executed by the ULBs. The District Urban Development Authority (DUDA) at district level was to monitor and coordinate the implementation of the programme by the ULBs at district level, functioning under the administrative control of the Urban Development Department. The details regarding the periodicity of meetings held by the SUDA/DUDA during 2000-05 were not available with the Department. Thus, the actual implementation of NSDP works was being done by the ULBs which were monitored by the Urban Development Department. The allocation of release of funds was being done by MHADA which was under the Housing Department.

No evaluation of the NSDP was carried out by the State Government or the MHADA (October 2005). Consequently, the quality of the assets created under the scheme had not been evaluated.

### **3.3.21 Conclusion**

The main objective of upgradation of urban slums was not achieved because of poor financial management. There were instances of underutilisation of funds, expenditure based on incorrect data, on inadmissible works. The Government and the MHADA did not have the required data regarding the eligible slum dwellers, existing facilities and the requirement of facilities for proper planning. The Regional Boards sanctioned the work proposals without the involvement of CDSs. There was lack of monitoring of the implementation of the scheme.

### **3.3.22 Recommendations**

- A consistent policy for improvement of the slums needs to be worked out and strategically planned and implemented in a phased manner.
- The data on existing basic amenities and works under execution in the urban slum areas should be obtained for assessing the requirement.
- Involvement of the beneficiaries and the Community Development Societies should be ensured before approval of scheme works.

The matter was referred to the Principal Secretary to Government in October 2005. Reply had not been received (December 2005).



## WATER RESOURCES DEPARTMENT

### 3.4 Lift Irrigation Schemes undertaken by the Irrigation Development Corporations in Maharashtra

#### Highlights

Forty seven Lift Irrigation Schemes with an outlay of Rs 10,742.09 crore were being executed by the Irrigation Development Corporations and expenditure of Rs 2,843.94 crore was incurred upto March 2005. Performance review of 18 Lift Irrigation Schemes revealed that only three schemes were completed and the benefits achieved were negligible. The viability of the schemes was not assessed properly on account of incorrect calculation of water yield and cost benefit ratios. All the schemes were taken up for construction simultaneously without prioritisation leading to time and cost over runs and meagre returns.

Out of 47 schemes only three Lift Irrigation Schemes were completed after a delay of seven to nine years, without yielding any benefit to the farmers.

(Paragraph 3.4.16)

Water utilisation calculations were incorrect resulting in availability of less water for Lift Irrigation Scheme than envisaged in the Project Reports.

(Paragraph 3.4.7)

One hundred and fifty two pumps costing Rs 103.66 crore remained unused for two to nine years.

(Paragraph 3.4.18)

#### 3.4.1 Introduction

The geographical area of Maharashtra is divided into five<sup>4</sup> river basins. Average surface water availability in the State from these river basins is 1,63,820 Million cubic metres (MM<sup>3</sup>) of which the average water availability for irrigation is 1,12,568 MM<sup>3</sup>. Most of the water resource development in the State was through the schemes providing flow irrigation. Lift Irrigation Schemes<sup>5</sup> (LISs) were resorted to because of the topographical conditions unsuitable for flow irrigation like hilly areas which are drought prone.

A typical LIS comprises storage, pump house, pumping machinery, rising main, distribution chamber and canals.

<sup>4</sup> Godavari, Krishna, Narmada, Tapi, and west flowing rivers in Konkan region

<sup>5</sup> A system in which water is lifted from a source to a specified height by pumps from where water is supplied for irrigation through canal.

During 1996-99, 18 LISs were transferred to four\* Irrigation Development Corporations (IDCs) for expeditious execution. These Corporations were in the nature of Special Purpose Vehicles equipped to raise money from public through issue of bonds.

#### **3.4.2 Organisational set up**

The Water Resources Department is headed by the Principal Secretary who monitors the activities of the department including those of IDCs. Principal Secretary/Secretary, Water Resources and Additional Chief Secretary/Principal Secretary, Finance were members of the Board of Directors of these Corporations. The IDCs are headed by Executive Directors who monitor the activities through Chief Engineers at Regional level, Superintending Engineers at Circle level and Executive Engineers at Division level.

#### **3.4.3 Audit objectives**

The objectives of audit were to assess;

- the correctness of benefits and cost analysis;
- whether works were planned and monitored effectively;
- creation and utilisation of irrigation potential and
- the returns on investments made.

#### **3.4.4 Audit criteria**

Audit criteria adopted for collection of evidence and formulating audit conclusion are:

- departmental instructions and Central Water Commission (CWC) norms;
- execution of works *vis-à-vis* the approved plans and estimates;
- water charges leviable, actually levied and collected in respect of water utilised for irrigation and non-irrigation purpose;
- rules and regulations applicable for execution of works and
- irrigation potential actually created and utilised *vis-à-vis* the targets.

#### **3.4.5 Audit methodology**

The audit methodology included scrutiny of the records maintained in various offices, proceedings of the discussions held with the Executive, various publications brought out by the Government on the subject, outcome of the departmental seminars held and information available on Internet. The basic

---

\* Godavari Marathwada Irrigation Development Corporation, Maharashtra Krishna Valley Development Corporation, Tapi Irrigation Development Corporation and Vidarbha Irrigation Development Corporation



information was gathered by issuing standard formats and audit queries to the selected field offices.

An Entry conference at the beginning and Exit conference after completion of the review were held with the Principal Secretary, Water Resources Department. While the Government did not agree with audit conclusions regarding calculation of cost-benefit ratio and water availability calculations, the recommendations proposed by audit were accepted by the Government at the time of exit conference.

### **3.4.6 Scope of audit**

Mention was made in Paragraph 4.1.7(c) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002 regarding Government's decision of 1978 to close the LISs taken up between 1971 and 1978 due to low irrigation potential, continuous losses and high maintenance cost. The review has not been discussed by the PAC. The Government, however, continued to sanction new LISs.

Of the 47 LISs being executed by the IDCs, 18 schemes<sup>5</sup> spread over eight<sup>6</sup> districts were selected for audit review, based on risk assessment with due consideration given to the locations, materiality, media reports and investments made. The review was undertaken between February and August 2005 covering the period 2000-05.

Important audit findings are discussed in the succeeding paragraphs.

## **Audit findings**

### **3.4.7 Financial Management**

As per information provided by the Government there were 47 LISs being executed by the four Irrigation Development Corporations (**Appendix XXXVIII**) as of February 2005. All these schemes put together had an outlay of Rs 7,576.09 crore at the time of initial administrative approval. As of March 2005, updated estimate of total outlay for all the LISs was Rs 10,742.09 crore.

Funds provided for LISs by the Corporations were to the tune of Rs 2,843.94 crore up to March 2005. The balance amount required for completion of these LISs was Rs 7,898.15 crore as of March 2005. A table indicating expenditure on LISs incurred by the IDCs during the last five years was as follows:

---

<sup>5</sup> Bhagpur, Bodwad Parisar, Dhapewada, Ekruk, Jihe Kathapur, Karejkheda, Krishna Koyna, Kurha Vadhoda, Lower Terna, Muktainagar, Nashirabad, Shirapur, Shri Padmalaya, Sodyatola, Tajnapur, Tembhu Varangaon Talwel, and Vishnupuri

<sup>6</sup> Ahmednagar, Bhandara, Jalgaon, Nanded, Osmanabad, Sangli, Satara and Solapur

(Rupees in crore)

Name of Corporation	2000-01	2001-02	2002-03	2003-04	2004-05	Total
VIDC	16.84	10.64	7.02	9.68	16.82	61.00
GMIDC	22.59	12.42	11.71	7.43	3.74	57.89
TIDC	17.34	13.27	26.87	18.58	4.66	80.72
MKVDC	423.97	168.68	128.70	145.78	435.02	1302.15
<b>Total</b>	<b>480.74</b>	<b>205.01</b>	<b>174.30</b>	<b>181.47</b>	<b>460.24</b>	<b>1501.76</b>

It would be seen from the table that an amount of Rs 1501.76 crore only was made available as against the amount of Rs 7898.15 crore required for completion of the LISs. Consequently, most of them remained incomplete and negligible irrigation benefits had accrued.

### Time and cost over-run

Shortage of funds resulted in time and cost overrun (as of March 2005) of the LISs, as detailed below:

(Rupees in crore)

Corporation	Number of schemes	Original cost	Revised cost	Cost over-run	Time over-run
VIDC	9	46.36	385.89	339.53	1 to 9 years
GMIDC	9	52.60	451.46	398.86	1 to 9 years and above
TIDC	10	2465.04	3372.89	907.85	4 to 9 years
MKVDC	19	2806.51	6531.85	3725.34	1 to 9 years and above
<b>Total</b>	<b>47</b>	<b>5370.51</b>	<b>10742.09</b>	<b>5371.58</b>	

Of the 47 projects, only three LISs were completed after a delay of seven to nine years. In 14 LISs, though the administrative approval was accorded between 1997 and 2000, works were not started or were in very preliminary stage even after five to eight years.

Government while accepting time and cost over run stated (October 2005) that a Cabinet Sub Committee was constituted to keep watch on time and cost over run.

### Inadequacies in planning

In view of the past experience of LISs and precarious financial condition of the State and the Corporations, it was necessary that the schemes were taken up after careful planning and prioritisation. It was, however, seen that though the IDCs were formed for expeditious completion of ongoing projects, LISs were taken up simultaneously without due prioritisation and adequate planning. The lack of prioritisation of works and lack of planning was observed in respect of the following LISs, out of the 18 test checked LISs.



### 3.4.8 Ekrukh LIS

Bori project dependent on Ekrukh LIS for water was completed while only five per cent expenditure was incurred on Ekrukh LIS

The LIS estimated to cost Rs 171.17 crore was to generate an irrigation potential of 21,200 hectare out of which 14,000 hectare in Akkalkot taluka was to be irrigated through Bori Medium Project, which was to receive water through Ekrukh LIS. Bori Medium Project was completed between 1997 and 2005 to the extent of 80 per cent after incurring an expenditure of Rs 42.78 crore and was lying unutilised for want of water due to non-completion of Ekrukh LIS as an expenditure of Rs 8.55 crore, that too only on canals, was incurred during the same period on Ekrukh LIS.

Government stated (October 2005) that water was available in Bori Dam and non-completion of Ekrukh LIS had not made any adverse effect. The reply was not acceptable as water availability of Bori Medium Project was reduced by 90 per cent due to upstream projects for which intra-basin transfer from Ekrukh LIS was necessitated.

Further, while calculating cost-benefit ratio of Ekrukh LIS, 14000 hectare command of Bori Medium Project was considered without considering its cost.

### 3.4.9 Shirapur LIS

There was no benefit to the farmers as the expenditure of Rs 25.05 crore incurred was on rising main of stage I and stage II. Instead of taking up the work of rising main of both the stages, the Department could have planned to execute stage I first so that initial irrigation potential generated in stage I could have earned revenue by way of water charges.

### 3.4.10 Lower Terna LIS

Despite non-availability of water, OFD works costing Rs 16.84 crore were taken up

Due to negligible quantum of water in the year 2001 (35.89 MM<sup>3</sup>) and no live storage during the subsequent years in Lower Terna Dam, no irrigation was possible. Despite this, on farm development (OFD) costing Rs 16.84 crore was taken up during 2001-05 without reasonable certainty of water availability.

Government stated (October 2005) that as the LIS was dependant on Lower Terna Dam, water yield calculations were not made separately. The fact was, however, that there was no water in the dam since 2002.

### 3.4.11 Vishnupuri LIS

Due to ill planning, expenditure of Rs 17.84 crore became infructuous

In view of deficiencies in water utilisation (from 11.4 thousand million cubic metres to 4.10 thousand million cubic metres), it was decided in March 2005 that irrigation potential (IP) to be created was reduced from 28,340 hectare to 19,514 hectare. As IP of 14,850 hectare was created in the phase I of canal

length from one to seven kilometres (km), the Department would be spending Rs 39.62 crore for creating the balance IP.

Further, due to reduction in command, expenditure of Rs 17.86 crore incurred on reinforced cement concrete chairs (Rs 47.92 lakh), procurement of pipes (Rs 1,339.59 lakh) and pump house (Rs 398.19 lakh) became infructuous.

Further, while calculating the cost-benefit ratio it was proposed to utilise 2.98 TMC (84.27 MM<sup>3</sup>) of water in kharif season with cropping intensity of 45 per cent. It was, however, noticed that no water was supplied during kharif season. Thus, viability of the project was not assessed properly.

#### 3.4.12 Tajnapur LIS

Rehabilitated persons were deprived from irrigation facilities for more than 21 years

The project was envisaged to provide benefit to the rehabilitated project affected persons of Jayakwadi Dam. As per the proposal this LIS was to receive water from Jayakwadi Dam. The work of LIS was taken up, though no reservation was made in the dam.

Although a period of more than 21 years had elapsed since the commencement of work in 1984-85, the LIS remained incomplete and no irrigation benefits accrued to the beneficiaries despite spending of Rs 13.02 crore over a period of 20 years.

#### 3.4.13 Tembhu LIS

Without completing initial stages, incurring of expenditure on subsequent stages was not prudent resulting in no irrigation

The work of rising main in respect of the third to fifth stages were completed (2000-01) without completion of the stages 1A and 2. Though expenditure of Rs 808.04 crore was incurred, there were no irrigation benefits, as the initial stages estimated to cost Rs 234.72 crore were not completed. Government accepted the facts.

Further, while calculating cost benefit ratio, cropping pattern of Umrodi project was considered (December 1995) for this LIS, which worked out to 0.91 only and to make the project viable cropping pattern was revised (August 2003).

#### 3.4.14 Muktainagar LIS

As of March 2005, Rs 32.90 crore was spent on the LIS. There was, however, no utilisation of the irrigation potential created since 2000-01 due to non-completion of on farm development works (estimated cost: Rs 2.02 crore). Though funds of Rs 6.34 crore were released during the period 2000-01 to 2004-05, only Rs 1.04 crore was incurred on OFD works rendering the LIS non functional.



### 3.4.15 Bhagada Pipe LIS

Unviable project taken up despite a proposal for closure was submitted

The Bhagada Pipe LIS was included as a part of Mula Project. In the earlier Project Report of Bhagada Pipe approved in 1988, irrigation potential of 2,909 hectare was proposed. After completion of Mula Project, it was, however, noticed that availability of water was not sufficient for irrigating the projected area of 2,909 hectare. Government decided (August 1994) to utilise the LIS for solving the drinking water problem and recharging of wells. Though Rs 18.25 crore were spent (March 2005) on Bhagada Pipe LIS against the estimated cost of Rs 16.35 crore, the indirect benefit accrued was only 250 hectare. Thus, per hectare cost of irrigation worked out to Rs 7.30 lakh, which was on the higher side compared to the per hectare cost in other LISs<sup>7</sup>. Also, no revenue in the form of water charges could be generated from the scheme.

The cost benefit ratio for the Project was also not calculated separately on the plea that it was part of the Mula Project. The GMIDC, Aurangabad submitted a proposal (January 2002) to the State Government for closure of the Bhagada Pipe LIS, as the construction work was not started. Government, however, rejected the proposal for closure for giving social justice to the area.

Thus, injudicious decision to take up an unviable LIS had resulted in expenditure disproportionate to the anticipated benefits.

### Programme implementation

### 3.4.16 Utilisation of created Irrigation Potential

As per the Project Reports, 47 LISs were to generate irrigation potential (IP) of 6.02 lakh hectare. However, as of March 2005 only seven LIS could create IP of 0.47 lakh hectare. Scrutiny revealed that though IP created was far less than the targeted potential, the utilisation of the scheme was very less. The position was as follows:-

Name of Corporation	Total number of schemes	IP Projected	IP Created	IP Utilised	Shortfall in utilisation of IP	Percentage of shortfall with reference to potential created
		(In hectares)				
VIDC	9	47775	2171	254	1917	88
GMIDC	9	33907	25626	3602	22024	86
TIDC	10	134063	3360	362	2998	89
MKVDC	19	385959	15700	4000	11700	75
<b>Total</b>	<b>47</b>	<b>601704</b>	<b>46857</b>	<b>8218</b>	<b>38639</b>	<b>--</b>

Reasons for poor utilisation were non-completion of works of LIS, non-availability of water, canal work remaining incomplete, river flow shifted to other end resulting in non-availability of water and illegal lifting of water resulting in no demand by farmers.

<sup>7</sup> Lower Terna:Rs 0.12 lakh, Vishnupuri : Rs 1.01 lakh

The position of three completed LISs as of March 2005 was as below:

Name of LIS	Projected cost	Expenditure incurred	Year of completion	IP to be created	IP created	IP utilised
	(Rupees in crore)					
			(In hectare)			
Lower Terna	120.22	107.76	June 2001	6890	6890	Nil (since 2002-03)
Muktainagar	34.21	32.57	March 2000	3360	3360	361.50 (in 2001-02) nil (since 2002-03)
Jamkhurd	1.77	1.58	1997	653	653	254 ha (1999-2000 in kharif season only)
<b>Total</b>	<b>156.20</b>	<b>141.91</b>		<b>10903</b>	<b>10903</b>	--

Thus, benefits derived from completed LISs were meagre resulting in the expenditure remaining largely unfruitful.

Government stated (October 2005) that efforts were being made to improve utilisation of irrigation potential.

#### 3.4.17 Levy of water charges

Water charges were levied on a per hectare basis on the basis of cropping pattern. But these rates were not based on the water usage. Requirement of water for sugarcane was much more than the requirement of other crops like grapes which were being charged at the same rates. Sugarcane was being grown on 3.5 per cent of the total land in the State but accounted for 70 per cent of water use.

Government published its water policy in July 2003, wherein it was contemplated that water charges determined on the basis of the approved water tariff system would be levied on a volumetric basis. Government agreed (October 2005) to charge water rates on volumetric basis.

#### 3.4.18 Unfruitful investment in pumps

**Failure to prioritise the work resulted in pumps costing Rs 103.66 crore lying idle**

One of the costly items in LIS is pump. Therefore, execution of LIS should be so planned so as to have optimum output from the pumps installed. Scrutiny, however, revealed that there were 152 unused pumps (installed and stand-by) costing Rs 103.66 crore (**Appendix XXXIX**).

Similarly, allied pumping equipment in respect of Tembhu LIS (stage IV and V) costing Rs 1.47 crore procured between the period April 1999 and June 2002 also remained unused due to non-procurement of pumps.

The reasons given (May 2005) by the Executive Engineer, Takri-Mhaisal Mechanical and Electrical Division, Sangli (incharge of Krishna-Koyna LIS and Tembhu LIS) for non-utilisation of pumps were (i) shortage of funds, (ii) irregular supply of water and electricity, (iii) incomplete civil works and (iv) no High Tension and Low Tension supply.



Government while accepting the audit point stated (October 2005) that investment in pumps was made to have optimum output. Due to shortage of funds the LIS, however, remained incomplete resulting in non-utilisation of pumps.

#### **Other topics of interest**

##### **3.4.19 Corporations deprived of income from water charges**

According to the provisions of the respective Irrigation Development Corporation Acts, the levy and recovery of water charges shall be sufficient at least to cover the interest charges on capital raised by those Corporations.

The Government, however, directed (February 2004) to transfer all the completed projects for maintenance to the Government. As such, the revenue in the form of water charges, which was the only source of revenue to the Corporations, would now go to the Government.

Government stated (October 2005) that the Government is paying the interest charges for the capital raised by the Corporations, which was primarily the responsibility of the Corporations. It was further stated that the expenditure would be met through water charges collected by them from the schemes handed over. As such, the Corporations were not deprived of income.

The reply was not acceptable as the decision was in contravention of the provisions of the Acts establishing IDCs.

##### **3.4.20 Injudicious execution of work**

The work of construction of a Kolhapur Type weir (KT weir), approach channel and pump house at Tembhu across Krishna river (estimated to cost Rs 38.99 crore) was awarded (July 1997) to a contractor for Rs 51.33 crore before receiving design from a consultant who was appointed in October 1996 for preparation of layout of Tembhu LIS. The report of the consultant, recommended construction of a barrage instead of KT weir. Award of contract before finalising the design led to depriving the Government of the competitive rates, which would have been received if the work with increased scope was put to tender.

Government stated (October 2005) that the work of KT weir at Tembhu had to be started in order to complete it within the stipulated period. Further, it was not anticipated that there would be a very large variation in the designed storage capacity required for the sump. The work was got done through the same agency in order to save the time overrun.

The reply was not acceptable as the decision to execute the work of KT weir before receipt of consultant's report was imprudent and resulted in allotment of work costing Rs 31.90 crore without competitive bidding.

#### **3.4.21 Outstanding dues on account of electricity bills**

The cost of energy is a major constituent of LIS project. The viability of the scheme is affected to a great extent by the electricity charges for pumping energy. The schemes were facing difficulty in paying the electricity bills due to paucity of funds and disconnections. As of March 2005, the outstanding electricity charges in respect of three<sup>8</sup> LISs amounted to Rs 39.03 crore.

Government stated (October 2005) that the water charges would be recovered from the farmers after the completion of canal distributory network of the LISs at the tariff finalised by the State Government.

The actual clearance of outstanding bills was awaited (November 2005).

#### **3.4.22 Conclusion**

Though a substantial investment of Rs 2,843.94 crore was made up to 2004-05, the benefits achieved from the LISs were negligible. In many cases the viability of the scheme was flawed on account of incorrect water yield and cost benefit ratios. Though the schemes were taken up for providing benefit to those who could not be provided water through flow irrigation, the delay has deprived them of the benefit. Though the IDCs were formed for expeditious completion of ongoing projects, LISs were taken up simultaneously without due prioritisation and adequate planning leading to time and cost overrun. Returns on investments were, therefore, meagre.

#### **3.4.23 Recommendations**

- The construction schedule of LISs may be reviewed in stages/phases and subsequent stages be taken up only after judging the performance of earlier stages.
- Costly equipment for the LIS should be procured only when they are actually required and should be commissioned and deployed immediately on procurement.
- Steps may be taken to prioritise allocation of funds to LISs nearing completion.
- Water charges may be levied on volumetric basis.

#### **3.4.24 Response of Government**

The above points were communicated to the Government (September 2005). While replying (October 2005) the Government welcomed the suggestions regarding planning of LISs in phases and charging water rates on volumetric basis.

<sup>8</sup> Lower Terna, Muktainagar and Vishnupuri



**URBAN DEVELOPMENT DEPARTMENT**

**3.5 Information Technology Review on collection, accountal and utilisation of charges collected by Nagpur Improvement Trust, Nagpur under Gunthewari Act, 2001**

**Highlights**

The review was conducted to see whether the information generated through Information Technology system as regards money receipts and its utilisation was adequate, accurate, reliable and user friendly to management for decision making. Integrity of data in the system was, however, doubtful. No Information Technology security policies were in place.

Incorrect reports were generated as the plot area did not form the basis of the demand amount / amount paid.

(Paragraph 3.5.9)

The Information Technology system was fraught with risks of generating incorrect reports due to typographical errors in data entry.

(Paragraph 3.5.9)

Integrity of data in the system is doubtful. No Information Technology security policies/ procedures were in place exposing the system to risks of logical access by unauthorised users.

(Paragraphs 3.5.9 and 3.5.13)

Development works were carried out prior to recovery of development charges and development charges were determined without considering development works existing prior to the enactment of the Act. Besides there was no linking to layout-wise deposits and expenditure, as required under the Act.

(Paragraph 3.5.15)

**3.5.1 Introduction**

The Maharashtra Gunthewari Developments (Regularisation, Upgradation and Control) Act, 2001 (Act) was enacted by the State Legislature for the regularisation and upgradation of certain Gunthewari developments *i.e.*, plots formed by unauthorisedly sub-dividing privately owned land with the buildings on the plots. The Act envisaged collection of development charges and compounding charge at Rs 16 per square feet (sq.ft.) on plot area plus regularisation charges at Rs 6 per sq.ft. on built up area on the plot, if any. It was proposed to regularise a total of 572 such unauthorised developments (layouts) in first phase and 1,900 unauthorised developments (layout) later on. The development charges were levied for upgradation of basic infrastructural facilities like roads, drainages and drinking water.

The “single window scheme” being followed by Nagpur Improvement Trust (Trust) prior to enactment of the Act for receiving applications between 12 February and 12 April 2001 for regularisation of 572 Gunthewari development layouts was further extended for regularisation of 1,900 Gunthewari developments between June and August 2002. At the end of the scheme 1,69,789 applications (50,276 in respect of 572 developments and 1,19,513 in respect of 1,900 developments) were received and processed after adjusting initial amount of application money.

### **3.5.2 Organisations set-up**

The Trust was authorised under the Act *ibid* as the “Planning Authority” for regularisation and development of the unauthorised layouts. While the Chairman of the Trust was overall in-charge of the Gunthewari Developments, the works were being executed by the Executive Engineers under the supervision and control of the Superintending Engineer. The Assistant Engineer (Project / Computer) is overall in-charge of Information Technology (IT) system.

### **3.5.3 Audit objectives**

The review was conducted with the following objectives:

- to review the system of collection of money from the land holders and accounting thereof;
- to review the adequacy of controls, including IT security built in the IT system and bring out areas of risk, if any and
- to examine whether the information generated through the IT system is adequate, accurate and reliable for use by the Management for decision making.

### **3.5.4 Audit criteria**

The audit criteria were as follows:

- Provisions of Maharashtra Gunthewari Developments (Regularisation, Upgradation and Control) Act, 2001;
- Prudent practices followed world wide in planning, design development and implementation of IT systems and
- Completeness, integrity and accuracy of data entry, analysis and output.



### **3.5.5 Scope of audit**

The review was conducted based on a written request received from the Government of Maharashtra to audit the effectiveness of computerised system of collection of money from the land holders of unauthorised layouts, its accounting and utilisation for development works.

The review involved scrutiny (June 2005) of the money received and spent by the Trust between April 2001 and June 2005 using the IT system.

### **3.5.6 Audit methodology**

The review involved scrutiny of data relating to transactions made through the IT system. The analysis was carried out using PL-SQL (programming language / structured query language) and IDEA (Interactive Data Extraction and Analysis). The extraction and data analysis was conducted over the entire database. In cases where the transactions were conducted manually, manual verification was conducted.

## **Audit findings**

### **3.5.7 IT System:**

The system developed for Gunthewari Scheme of regularisation named GRAND (Gunthewari Regularisation and Development) was installed on 14 March 2003. However, out of the eight modules (Recovery, Establishment, Accounts, Law, Technical, Housing, 572\* and Land acquisition and valuation) developed, only one technical module of Accounts was put to use as of June 2005.

### **3.5.8 Accounting system**

The development and regularisation charges of the Gunthewari development or layouts were collected in the form of cash and demand draft at the various collection counters of the Union Bank of India and Cash counter at the Trust in Nagpur city. Daily receipts of all such counters were posted in the "Daily collection Report" (Name-wise and Head-wise) and tallied with the daily collection as per bank scrolls and cash receipt counters of the Trust. Further, it was bifurcated in the Consolidation Register head-wise and section-wise duly attested by the Recovery Officer-in-charge and then posted finally in the cash book by classifying into various Heads of Account.

---

\* Module developed for the section named 572 section

### 3.5.9 Non-validation of database

**Incorrect reports were generated as the plot area did not form the basis of the demand amount / amount paid**

The system calculates demand amount based on input parameters such as plot area and construction area. It was seen that in 1,274 cases the plot area did not form the basis of the demand amount/amount paid. It was also seen that in one case while the plot area was zero, the amount demanded and paid was Rs 23,000. As against a maximum of 2,472 (572 + 1,900) layouts, the database of plot area showed 4,335 layouts.

In 1,543 cases in 1,900 layouts, the amount recovered from the plot owners exceeded the amount due as per the Act by Rs 1.39 crore.

**The IT system was fraught with risk of generating incorrect reports due to typographical errors in data entry**

A scrutiny of database revealed that an absurd demand of Rs 8,91,91,911 against the plot area of 139.35 square metre (sq.mt.) and construction area of 137.971 sq.mt. was raised. Further scrutiny in cases of “*Mouza Nari*” area revealed that in 296 cases field of the ‘initial deposit amount’ depicted other than the amount collected initially from the applicant. In another case the initial deposit was entered as Rs 1,20,42,001.

The Trust stated that the entry of Rs 1,20,42,001 and of Rs 8,91,91,911 were typographical errors. Further the difference existed mostly in old cases where data entry was in progress. In these cases manual demands were issued to the applicants at the time of inception of regularisation scheme. In order to allow data entry in respect of these cases, facilities were provided to edit the data. In other cases the demand note was issued on the basis of the information of plot area provided by the applicant. The exact amount, however, would be mentioned in the regularisation letter which is issued after detailed scrutiny of the case. Later, the areas coming under road widening, road tangents, excess built up area and area affected by proposed road alignment are deducted from the plot area and built up area. Therefore, a provision was made to alter the plot area as well as construction area.

Non-deduction of area on account of road widening and road tangents at the time of raising of demand resulted in recoveries in excess. Such amounts are returned to concerned plot owners as and when demanded.

The reply is not tenable as (i) the data entry into the system lacked integrity (completeness and correctness) because of weak input validation controls; (ii) the typographical errors which remained uncorrected were considered while generation of various reports used for MIS; (iii) the correct amount of initial deposit would never be available through the system as it included other amounts collected initially from the applicants and (iv) the data was fraught with the risk of manipulation as the important fields remained open for modification.



### 3.5.10 Generation of incorrect revenue figures

The details of receipts maintained manually should agree with those figures available in the IT system. It was, however, observed that there were differences in the figures maintained manually by the Accounts Section and those system-generated figures in respect of revenue collection by NIT:

(Rupees in crore)

Year	Receipts as per accounts section		Receipts as per IT System	
	572 layouts	1900 layouts	572 layouts	1900 layouts
2000-01	1.59	NA	0.25	NA
2001-02	58.93	NA	53.42	0.03
2002-03	34.11	14.23	37.30	0.83
2003-04	20.31	19.56	9.79	27.29
2004-05	12.78	23.86	12.31	22.44
<b>Total</b>	<b>127.72</b>	<b>57.65</b>	<b>113.47</b>	<b>50.59</b>

The Trust replied that the data entry in respect of all the transactions of old cases was not completed and the cash account (in Account section) was maintained as per actual receipts. It was further stated that some of the activities were yet to be computerised.

The reply was not acceptable, as the system figure for 1,900 layouts in 2003-04 was more than the figure given by Accounts section. The completeness and correctness of the data in the system and the system-generated reports were thus not realistic.

### 3.5.11 Date validation not possible

As per the procedure for regularisation of plots, applications were invited from the plot owners with an initial deposit of Rs 1,000. After due scrutiny by Building Engineer taking into account parameters such as plot area, construction area, khasara maps and layout plans, demand notices were issued to the plot owners.

Analysis of this database revealed that in case of 1,900 layouts the demands were issued on the date of receipt of application in 164 cases. It was also seen that in some cases demands were issued prior to receipt of applications as listed at **Appendix XL**.

The department stated that the date of receipt of application is not stored by the system. The field for application date refers to the date of receipt of initial deposit and the demand date was dependant on the system date captured by the computer itself.

The reply is not acceptable as the field name 'Application Date' was misleading as it was stated to contain date of receipt of initial deposit. Further, in the absence of date of application in the database it was not possible to work out the period required for disposal of application and thus the system

lacked transparency in disposal of cases. Also the system was supposed to take care of recording of correct data and time of the transactions.

### 3.5.12 Incomplete data

It was observed in audit that the field for layout area in the database was left blank. As such it was not possible to link this area with sum of all plot areas in the layout after considering areas earmarked for roads and public utility places.

The above position indicates that (October 2005) the system runs the risk of (i) likely fraudulent manipulation of data; (ii) incorrect data due to human error and (iii) not assisting the management adequately in decision making.

### 3.5.13 IT security

Considering the vulnerability of IT systems to various threats, it was necessary to: (i) identify the risk involved in the system; (ii) identify critical data which would need enhanced security; (iii) define a security policy which would ensure confidentiality, integrity and availability of data and (iv) documentation of the security policy.

Audit noticed that the Trust did not formulate any security policy. Assessment of practices followed at the time of audit revealed the following:

- Security levels required to determine the sensitive/critical applications were not identified.
- It was not mandatory for the users to change passwords at periodical intervals and the system also did not force them to do so. There was no restriction on the length of the passwords used.
- No register of back-ups was maintained and there was no system of storing the back-up off-site. It was stated by the Trust that the database was never restored using back-up because the system has never failed. It was further stated that at present there is no standby arrangement for servers and clients. There was no disaster management plan in the event of a major disaster. As such the system was fraught with the risk of collapse at the time of major failure/disaster.
- The vendor functioned in the capacity of the System Administrator who restricts the access privileges to the users under the guidance of the Assistant Engineer (Projects/Computers). There was, however, no documentary evidence of the 'guidance' and therefore risk of the privilege given being extended to every person.

The department stated that the Trust, as of now, does not have a security policy. At present the rights and privileges are managed by the representative of the solution provider as per oral instructions of the Assistant Engineer

No IT security policies / procedures were in place exposing the system to risks of logical access by unauthorised users



(Project/Computers), concerned Building Engineers and Executive Engineers. This procedure is now being changed and user identification (ID) and access privileges will be created upon the written request of the concerned Head of Department.

### **3.5.14 Change management procedures not in place**

In order to ensure that the changes are duly authorized and smoothly implemented, it is necessary to define policies and procedures, which should be followed scrupulously. The Trust does not have any such policy for change management procedures. As such it was not possible to track the changes made to the system from time to time. The software was under annual maintenance contract (AMC) with M/s. ADCC. Though the source code of the software is with the Trust, the day to day changes required in the system are carried out by the AMC vendor. There was neither a documented approval to such changes nor list of changes made was available. Absence of such documentation present potential risk of making changes to basic data like demand notes after their issue.

### **3.5.15 Development charges of layouts**

As per provisions of Section 6(1) and 6(2) of Maharashtra Gunthewari Act, (Act), 2001 the amount accruing to the Planning Authority on account of compounding fee shall be kept by the Planning Authority in a separate head of account, layout-wise and shall be utilised for on site infrastructure in the layout. The Act, further provides for on site development of the layout in proportion to the amount of compensation received by the Planning Authority.

It was, however, observed that layout-wise accounts were not maintained in respect of any of the 213 completed layouts. Instead, accounts were maintained for each *Mouza*\*. The position of deposits received, expenditure incurred and percentage of excesses and savings in respect of 213 completed layouts is shown in **Appendix XLI**. In particular, it was seen that in 32\* layouts in two *Mouzas* there was excess expenditure of 67 per cent to 68 per cent on development works as compared to the total deposits received. In 18\* layouts in two other *Mouzas* there were savings of 67 per cent to 68 per cent against the deposits received. Thus, there was no linking of layout-wise deposit and expenditure as required under the Act.

In reply the Trust stated that, the excess expenditure was due to non-recovery of development charges amounting to Rs 2 crore from defaulters and execution of major off-site development. The Trust attributed reasons for savings to the existence of developmental works prior to enactment of the Act.

---

\* *Mouza* - Marathi word for a village

\* Dighori -28, Nari - 4

\* Khamla - 3, Parsodi - 15

The reply of the Trust is not acceptable as expediency of taking of developmental works before recovering development charges of Rs 2 crore from the defaulters has not been explained. Further, the existence of development works prior to enactment of the Act, should have been considered while determining the development charges/compounding fees.

### **3.5.16 Forfeiture of application money**

Section 24 of the Act provided for making regulations consistent with the Act and the Rules made there under, to carry out the purposes of the Act with previous approval of the State Government.

The Act, further provided for submission of application by plot holders in unauthorised layouts for regularisation of Gunthewari Developments accompanied by: (i) proof of ownership of plot, (ii) layout and construction of maps and (iii) demand draft of the specified amount. An application money of Rs 1,000 per plot per applicant, adjustable in future demand, was accordingly fixed and collected with applications for regularisation of plots in 572 layouts and 1,900 layouts.

Of the total 1,69,789 applications received, 8,553 applications were rejected as their plots were under Development Plan reservations (ring railways and public utility land) and entire amount collected at the rate of Rs 1,000 per plot per applicant aggregating to Rs 85.53 lakh was forfeited and not refunded to the plot holders. It was noticed that the Trust did not obtain prior approval of the State Government before forfeiture of application money.

The Trust stated that under "single window scheme" it was categorically stated that the application money shall not be refunded in case of rejection of regularisation and therefore the question of its refund does not arise.

The reply is not tenable as the decision to forfeit amount of Rs 85.53 lakh was taken without the prior approval/concurrence of the Government, which was required to be obtained as per the Act.

### **3.5.17 Conclusions**

The basic objective of computerisation of bringing the efficiency and effectiveness in the operation could not be met due to insufficient preventive controls to avoid the instances of poor validation of data fields, errors in the data and risks of security. As a result of all these, audit is of the opinion that the information generated through the IT system is unreliable and fraught with the risk of incorrect decision making.

On collating the audit objectives with the results obtained, audit is of the view that the IT system, saddled with security risks, is fraught with the potential risks of doubtful data integrity. Any reports generated out of it cannot be taken as authorised unless independently examined manually. Since the reports



generated through IT system were not reliable, a substantive testing done manually indicated diversion of collections between layouts, no linkage of layout-wise deposits and expenditure.

**3.5.18 Recommendations**

- The Trust should get a validated database on the area of all the layouts/plots to be regularised. Necessary surveys required in this regard should be completed at the earliest.
- The Trust should have a well defined, documented IT strategy commensurate with their needs and short-term and long-term goals.
- The Trust should have well defined and documented IT security policy identifying the personnel accountable at various stages.
- There should be proper allocation of responsibilities as regards acquisition and management of IT assets including hardware, software and data coupled with well-defined physical and logical access controls.
- The system-generated figures should be reconciled with the actuals at the earliest.
- Layout-wise linking of deposits and expenditure for execution of development works as required under the Act should be ensured.

The matter was referred to the Secretary to Government in July 2005. Reply had not been received (December 2005).

## FINANCE DEPARTMENT

### 3.6 Information Technology Audit of 'Koshwahini System'

#### Highlights

With a view to design and develop a Management Information System from data received from the Treasuries and the Pay and Accounts Office, Mumbai to aid various departments in monitoring, decision making and improvement in budgetary controls a web-based application package called "Koshwahini" was developed at the Directorate of Accounts and Treasuries. The package in the present form was unable to serve the desired purpose although Rs 15.03 crore was spent on the system during the project period of five years.

The system development methodology adopted was purely ad-hoc and in the absence of proper documentation the Department could not manage and monitor the development and implementation of the system and was completely dependent on the National Informatics Centre, the developer of the system.

(Paragraph 3.6.7)

No Master Plan was prepared for each approved project for maintaining control over the project and for monitoring the time and cost incurred throughout the life of the project. This necessitated replacement of the existing hardware costing Rs 2.35 crore within a short span of three years.

(Paragraph 3.6.8)

The accounting requirements, records and functions at the treasury level still remained to be computerised. Due to non-completion of Bank Reconciliation module by the Pay and Accounts Office, reconciliation was done manually and was in arrears from June 2003. As such, the correctness of receipts and payments was not verifiable.

(Paragraph 3.6.9)

As the Drawing and Disbursing Officer register was incomplete and not authenticated, 12,554 Drawing and Disbursing Officers appearing in the Drawing and Disbursing Officer master table were not verifiable. Drawing and Disbursing Officers were allotted two codes. Of these some had operated both the codes and drawn bills.

(Paragraphs 3.6.11 and 3.6.14)

There was no one-to-one link between the cancellation of original and issue of fresh cheque in the system. As such, the correctness of 232 cheques amounting to Rs 1.89 crore drawn by the Pay and Account Office could not be verified.

(Paragraph 3.6.16)



**There was no proper disaster recovery plan; validation checks and security controls were also not properly laid down and followed resulting in high risks in the System.**

(Paragraphs 3.6.17, 3.6.18 and 3.6.19)

### **3.6.1 Introduction**

A web-based application package namely Koshwahini was developed (2002) under DB2/PHP\*/Linux platform at the Directorate of Accounts and Treasuries (DAT), Mumbai through the National Informatics Centre (NIC) for storing the receipt and payment data received from the Treasuries and the Pay and Accounts Office (PAO) daily through e-mail and for generating various Management Information System (MIS) reports relating to receipts and payments, bills under process, major head-wise budget and expenditure, region-wise, treasury-wise and Drawing and Disbursing Officer (DDO) wise expenditure.

Initially the computerisation of treasury system was taken up by the DAT, Mumbai at Pune Treasury in 1996-97 with an Integrated Online application package for Expenditure, Audit, Accounts, Cheques and Tokens (EXAACT) developed by the NIC, Pune in FOXPRO/Novel Netware platform with a server for storing data and dumb terminals for data entry. The package was subsequently implemented in other regional treasuries namely Amravati, Aurangabad, Nagpur, Nashik and Thane during 1998-99 and remaining 27 treasuries and 295 sub-treasuries during 2002-03. A separate application package for the PAO was developed (2002) under DB2<sup>1</sup>/VB<sup>2</sup>/Linux<sup>3</sup> platform.

An amount of Rs 15.03 crore received from the Central Government as per recommendations of the 11<sup>th</sup> Finance Commission during 2000-01 was spent on the project up to March 2005.

### **3.6.2 Objectives of Koshwahini**

The objectives of the Koshwahini was to design and develop a Management Information System around the database received from the treasuries and the PAO, Mumbai to aid various departments in monitoring, taking decisions and improvement in budgetary controls.

### **3.6.3 Organisational set-up**

The DAT, Mumbai was responsible for implementation of the computerisation project in the office of DAT, 33 treasuries and 295 sub-treasuries there under and the PAO, Mumbai.

---

\* A widely used scripting language for Web Development

<sup>1</sup> Database software

<sup>2</sup> Visual basic - A computer language

<sup>3</sup> A Network operating system

The treasury offices at district level and sub-treasury offices at taluka level make payments to DDOs after scrutiny of bills submitted by them and account for receipts submitted through challans. Sub-treasuries submit daily sheets of receipts and payments along with the challans and vouchers to the Treasury Officer for compilation. The treasuries prepare the major head-wise list of payments twice in a month and the cash account of receipts realised during the month for the treasury and sub-treasuries under it. These are submitted along with the vouchers to Accountant General (AG) (A&E)-I, Mumbai and AG (A&E) –II, Nagpur. Similarly, the PAO Mumbai makes payment to DDOs after pre-audit of the bills received by them. Subsequently, after compilation of vouchers and challans, the PAO submits monthly consolidated account to AG (A&E)-I, Mumbai.

#### **3.6.4 Audit objectives**

The audit objectives were to evaluate the efficiency and effectiveness of the system in achieving the stated objectives and to assess the adequacy of controls to ensure the integration of data and to examine the management direction of IT activities.

#### **3.6.5 Audit Criteria**

Application package developed and implemented for the treasuries, the PAO and the DAT were evaluated with respect to Maharashtra Treasury Rules and PAO Manual. Planning of computerisation programme, methodology of development of the application packages, data management and monitoring were also examined with good practices of IT governance under Control Objectives in Relative Information Technology (COBIT) framework.

#### **3.6.6 Scope of Audit and Audit Methodology**

Since the documents relating to various stages of system development life cycle such as feasibility study, user requirements, data flow charts, input process and output requirements of IT systems were not produced to audit, the scope of the IT audit was limited to scrutiny of files/records/information furnished by the DAT, the PAO and the treasuries and reports generated from the IT systems. Accordingly, test-check of records in the offices of the DAT, the PAO, Mumbai and three\* out of 33 treasuries alongwith two sub-treasuries under each treasury was conducted during April to August 2005 and the audit findings are discussed in the succeeding paragraphs. Structured Queried Language (SQL) was used to export the data from DB2 database system to Interactive Data Extraction Analysis (IDEA) package and the audit analysis was done using IDEA package.

---

\* Treasuries at Nasik, Thane and Pune  
Sub-treasuries at Kalyan, Konkan Bhavan, Maval, Saswad, Dindori and Sinner



## Audit Findings

### 3.6.7 Documentation

The System development methodology adopted is not discernible and is purely ad-hoc

The application packages were developed by the NIC as per discussions held with the DAT. The documentation relating to feasibility study, user requirements, programme specifications, data flow charts, input requirement definition, processing requirement definition, output requirement definition, operational requirement and service levels, change initiation request and control, major changes made to existing system, testing of changes, data conversion, risk analysis report and evaluation of meeting user requirement had not been done. Thus, the system development methodology adopted is not discernible and is purely ad-hoc.

The DAT stated (July 2005) that the information and details were not available as software was developed through discussions with the NIC and the relevant documents would be obtained from the NIC and furnished to Audit.

In the absence of any documentation, the Department could not properly manage and monitor the development and implementation of the system and was completely dependent on the NIC. The lack of documentation also constrained audit in analysing the methodology adopted. Consequently, the risk involved in the system was very high.

### 3.6.8 Planning

Strategic plan for a computerisation programme included the long and short range IT plans *i.e.*, hardware changes, capacity planning, information architecture, new system development, testing and implementation, disaster recovery planning and installation of new processing platforms. No such planning was done and the DAT implemented the project in piecemeal through the NIC as detailed below:

- DB2 based package was implemented at the PAO in 2002-03. At the same time EXAACT package based on FOXPRO which was developed in 1996-97 and already implemented in six regional treasuries was also implemented in the remaining 27 treasuries during 2002-03 at a cost of Rs 2.35 crore. Later a generalised package namely 'Treasury-Net' was developed for replacement of both EXAACT and DB2 based package during 2004-05. It was implemented in the PAO (April 2005), Aurangabad (July 2005) and Pune (August 2005).

The DAT stated (August 2005) that the software package Treasury-Net based on DB2/Linux was not ready in 2002-03 and was difficult to launch totally new software in all the treasuries.

The reply was not tenable as the Department displayed lack of foresight when it decided to adopt the 1996-97 FOXPRO based EXAACT in 27 treasuries in

Replacement of existing system costing Rs 2.35 crore necessitated within a short span of three years

2002-03 and purchased hardware costing Rs 2.35 crore while the new DB2 based application was being implemented in the PAO. The DAT has now decided (October 2005) to implement Treasury-Net based on DB2 in all treasuries and made a budget provision of Rs 6.48 crore for the year 2005-06 for implementation of Treasury-Net in remaining 27 treasuries. Thus, DAT will have to replace EXAACT in 27 treasuries within three years of its implementation along with the change of hardware.

- For implementation of Treasury-Net at six regional treasuries, hardware costing Rs 1.16 crore was purchased (January-March 2005) and the Treasury-Net was implemented at Aurangabad (July 2005) and Pune (August 2005) treasuries. The same was not implemented in the remaining four regional treasuries as of September 2005.

The DAT stated that the issue of implementation was still under consideration of the NIC as they were of the opinion that it would be better if the Treasury-Net was implemented in centralised mode so that software and other technical support could be given from one place only.

Thus, hardware purchased for four regional treasuries remained unutilised. It also indicated lack of proper planning and non-consideration of all decision variables before the purchase of hardware.

### **3.6.9 Structured approach to project development**

System Development Life Cycle methodology (SDLC) is a structured approach that divides an information system development project into distinct stages, which follows sequentially. It was necessary to adopt a SDLC methodology governing the process of developing, acquiring, implementing and maintaining computerised information systems and related technology. Due to non-adoption of such methodology, the system remained incomplete despite lapse of a project period of five years and incurring Rs 15.03 crore. It could not deliver the desired services to improve monitoring as detailed below:

- The registers and records required for pre-audit such as DDO-wise audit registers for pay bill, travelling allowance bill, medical bill, contingency bill, abstract contingent bill, detailed contingent bill and grants-in-aid bill were maintained manually as the requisite module was not developed.
- As modules required for compilation section were incomplete, subsidiary registers relating to the head '2049 Interests', journal of transfer entry, debt, deposit and remittance (DDR) heads of accounts of payment and receipt and detail book were prepared manually. Therefore, consolidated monthly account of the PAO was still prepared manually and submitted to the AG (A&E), Mumbai.



**Module for bank reconciliation is still incomplete. Manual reconciliation was also in arrear from June 2003**

- The module for bank reconciliation by PAO was still incomplete and the reconciliation report was not generated through the system. As such the reconciliation work was being done manually and was in arrears from June 2003. Further, the data entry of encashed cheques was not done for the period from November 2004 to March 2005. As reconciliation was in arrears, the correctness of data on receipts and payments at the PAO and fed into Koshwahini system was not verifiable.

### **3.6.10 Difference in Reserve Bank Deposit figures**

The Reserve Bank Deposit (RBD) (MH-8675) worked out from the Koshwahini data did not tally with the monthly account figures of the PAO and Thane Treasury and there was a difference of Rs 1188.07 crore and Rs 3.26 crore respectively for the month of March 2005 as under:

**(Rupees in crore)**

Treasury	As per Koshwahini		As per Monthly Account		Difference
	Receipt	Payment	Receipt	Payment	
PAO	--	1697.63	--	509.56	1188.07 (Payment)
Thane	161.21	--	164.47	--	3.26 (Receipt)

The PAO stated (July 2005) that reconciliation of encashed cheques was in arrears and encashment could not be recorded hence there was a difference.

The reply is not tenable because if the same data was sent from the PAO/treasuries for inclusion in Koshwahini, there should not be any difference. This indicated that the data sent by the PAO and treasuries for inclusion in the Koshwahini was incomplete / incorrect. Thus, requisite input controls were absent in the Koshwahini system.

### **3.6.11 Maintenance of DDO master**

Proper procedure was not followed in maintenance and updation of DDO master with complete and correct data on the DDO codes. Consequently, the purpose of having a master table for validation was not served.

On extraction and analysis of DDO master table from the Koshwahini system, 12,554 DDOs were found. Since the register maintained at DAT was incomplete and no officers had attested the entries, the correctness of these figures could not be verified.

A DDO register maintained manually in Thane Treasury contained 965 DDOs whereas the DDO master table contained only 787 DDOs.

No register/records were being maintained for monitoring the changes in the DDO code either manually or in the system at the PAO and Treasuries. Department stated (September 2005) that the registers would be updated.

### 3.6.12 Generation of DDO-wise reports

On generation of DDO-wise payment reports for the year 2004-05 from 'Koshwahini' it was noticed that payment data in respect of two DDOs<sup>9</sup> amounting to Rs 18.19 lakh appearing in the PAO system, was not available in Koshwahini.

- The codes allotted to the DDOs are required to be entered in the system for processing the bills submitted by them. It was, however, observed that there was no link between old and new DDO codes which were changed within a financial year. Therefore, reports generated in respect of such DDOs showed partial information, taking into account the new codes only.
- As per provisions contained in Maharashtra Treasury Rules (MTRs) 1968 monthly reconciliation of remittances was required to be done by the DDOs with Treasury Officer (TO) and TOs had to issue certificate to that effect. DDO-wise receipts reports were, however, not generated from the Koshwahini, the PAO system or the Treasury system. The PAO stated (September 2005) that the data was not captured due to non-availability of DDO code on challan.
- There was no provision to capture and generate DDO-wise grants and expenditure monitoring reports. The DAT stated (August 2005) that the matter was under consideration.
- In addition to DDO-wise expenditure, one additional row is appearing as 'DDO Total' which is included in 'Grand Total' as detailed below:

Name of treasury	DDO Total (Rs)	Grand Total
Pune	64882406011	103440353603
Nasik	27819987850	4356872421
Thane	87101442816	50732767789
PAO	15377417	383219859606

The Department could not explain the expenditure shown against 'DDO Total'.

<sup>9</sup> Secretary, Bombay Education Societies and Under Secretary to Government of Maharashtra, Third Finance Commission.



**3.6.13 Complete particulars against DDO codes**

Several DDOs name were found without full particulars such as office name and addresses in PAO system

Reports generated from Koshwahini revealed blank DDO names against DDO codes in 248 cases in the PAO, Mumbai; 222 cases in TO, Pune; 99 cases in TO, Nashik and 37 cases in TO, Thane.

Several DDO names were found without full particulars such as office name and addresses in the PAO system. Some instances are given below:

DDO code number	DDO particulars
002194	Accounts Officer, Greater Mumbai
003194	Assistant Director
005643	Child Development Project Officer
005781	Child Development Project Officer
002013	Chief Minister, Deputy Chief Minister

It indicated that DDO master has not been properly maintained at the DAT and the PAO.

**3.6.14 Allotment of two codes to several DDOs**

DDOs were allotted two DDO codes. Of these some had operated both the codes and drawn bills

Eighty two DDOs in the PAO, Mumbai, 10 DDOs in Thane and eight DDOs in Pune were allotted two DDO codes. Of these, some DDOs had operated both the codes and drawn bills during the year 2004-05. Some of the instances are shown below:

(Amount in Rupees)			
Name of treasury	DDO name	DDO code	Amount drawn
PAO, Mumbai	a) Assistant Commissioner of Sales Tax (Administration), Andheri Division	002987	18363
		2452973	11752086
	b) Administrative Officer, ESIS, Andheri	002584	200784
		022580	120611747
Pune	c) Minister of Labour	480011	113453
		550011	944573
	Commissioner of Police (OS)	450	929165825
	Commissioner of Police	453	203605
	City Survey Officer-1, Pune	887	98825
		888	3934095
	Administrative Officer, ESIS Hospital, WMR	2590	96937436
	Administrative Officer, ESIS Hospital, AUNDH	2581	14724329

Though DDO code number 48 assigned to the OSD in the office of the Divisional Commissioner was closed with effect from 21 June 2000 an amount of Rs 79600 was drawn under the code in 2004-2005.

The PAO stated (July 2005) that the old DDO code was wrongly entered in the system and to avoid such cases, the NIC was requested to lock the old DDO codes. TO, Pune (August 2005) stated that the matter was taken up with the

concerned DDOs for initiating remedial measures. TO, Thane (August 2005) stated that the allotment of two DDO codes would be reviewed and rectified.

In order to avoid such discrepancies, the control of the master data should be with the DAT and should be validated as soon as data was received from the PAO/Treasuries.

### **3.6.15 Procedure in exceptional changes of data**

Scrutiny revealed that bill numbers 327654 to 327674 dated 31 March 2005 were entered in the system subsequently on 15 April 2005. In 52 cases the cheque drawal date was 3 April 2005 which was subsequent to the cheque delivery date of 31 March 2005.

The PAO stated (July 2005) that these bills were processed in the system by changing the system date being exceptional cases as per instructions of higher authorities and request received from DDOs for renewal of cheques.

The reply was not tenable as there was no document of such exceptional changes made in the system. Such changes should be monitored and controlled to avoid misuse in routine manner during other months. In view of above inconsistencies of data, there should be a separate module for the purpose of change management of data.

### **3.6.16 Procedure in issue of cheques in the PAO**

**There was no one-to-one link between the cancellation of original cheques and issue of fresh cheque in the system**

It was noticed that there was no one-to-one link between the cancellation of original cheque and issue of fresh cheque and the same was not traceable in the system. Also, the register relating to fresh cheque issued in lieu of cancelled cheque was not maintained. In this regard the cheque delivery table for the year 2004-05 showed 232 cheques with zero amount whereas the cheque master table showed these cheques with money value amounting to Rs 1.89 crore.

The PAO explained (September 2005) that as these cheques were issued in lieu of cancelled cheques and delivered under MH-8670 with zero amount voucher as the expenditure was already booked in the monthly account in which the original cheque was issued.

Such weakness in the system is vulnerable for errors and irregularities.

### **3.6.17 Validation check and system design**

Bills are presented to treasuries in prescribed Forms with one Form\_ID. It was noticed in many cases that invalid Form\_ID such as 10000, 10237, 109089, /19, .35 and 1\*9 have been entered by the officials receiving bills. This would result into MIS reports not being generated based on correct Form\_IDs. It



shows that there are no proper validation checks in the system. Accepting the fact, the PAO stated that the Form\_IDs would be updated as early as possible.

As per Civil Budget Estimates, the detailed head "047 Advances" was mentioned under major head "7610 – Loans to Government servants" and not related to any service head. It was, however, noticed that in 126 cases expenditure amounting to Rs 5.76 crore was wrongly classified under other service major heads such as 2055 and 2014.

Proper validation check in the system is required to avoid such misclassifications.

During analysis of cheque delivery table, duplicate voucher numbers were found in 206 cases which shows that there are no validation controls put in place. The PAO stated (July 2005) that the actual reasons would be located and the defects in application package would be rectified with the help of the NIC.

### **3.6.18 Security controls in the PAO system**

Security control were not properly laid down

Data analysis made in respect of the PAO system revealed the following lacunae:

- Operator password was same as the user ID in 91 cases.
- Operator password should be of eight characters. Passwords of three to four characters were, however, used.
- Generalised operator names were used in many cases.
- The user name was attached to the counter and the section. Even after transfer of the user, the same ID and password were used by the new user.

The PAO stated (July 2005) that since the software was in the process of stabilisation and users were not familiar with computer operation, the required security procedures were not followed. Also, as the NIC programmers and personnel from this office shared the DBA function, security issues were not strictly observed.

Department's reply was not tenable as standard security procedures were not observed though risk involved in the system was very high.

### **3.6.19 Disaster recovery plan**

Back-up and restoration plan was to be prepared by the department as per their requirements considering development, implementation, testing and documentation of the recovery plan. The data files, software and related documentation should be stored both on-site and off-site. No such plan was prepared and intimated to Treasuries and the PAO by the DAT and the NIC.

On data analysis of the PAO system for the year 2004-05, 5,612 gaps were detected in bill numbers and 1,009 gaps were detected in transaction numbers of cheque delivery. The PAO stated (July 2005) that the gaps were mainly due to batch generation process getting aborted and occurred when the data was re-entered. The matter would, however, be referred to the NIC for rectification.

Bills numbering 8,232 entered in the system were without any scroll operator details such as operator code, section and counter. The PAO stated (September 2005) that this was due to system memory corruption and stoppage of system at the point of acceptance in the scroll module and the matter was referred to the NIC for taking remedial action.

Further, no register or records were maintained in the treasury and the PAO in respect of frequency and period of back-up taken, type of back-up and persons responsible for taking back-up. The back-up taken in tapes was kept on-site in Pune and Nashik Treasuries and in PAO, Mumbai. In Nashik Treasury, the on-line mirroring of data in the second server (data back-up server) was stopped from May 2005 due to some problem in the second server. The same was not yet repaired (August 2005). It could thus be seen that no uniform system was being followed.

**Un-interrupted power supply was not ensured in the sub-treasuries rendering the system inefficient and risk prone**

The department should assess the need for uninterrupted power supply (UPS) regularly for its IT applications to secure against power failures and fluctuations. It was, however, observed that UPSs were not provided in the test checked Sub-Treasuries at Pune and Nashik. Consequently, the data gets lost and is required to be re-entered making the system inefficient and risk-prone. STOs agreed (August 2005) that UPSs were essential for smooth functioning and stated that their requirement was intimated to higher authorities.

### **3.6.20 Submission of monthly account to the Accountant General and data to Koshwahini**

As per the prescribed procedure the due dates for submission of monthly account and classified abstract by PAO to AG (A&E) were 18 and 20 of the subsequent month respectively. It was, however, observed that the accounts were submitted late by the PAO and the delay ranged from three to six days in the months of April, May, June and February during the year 2004-05.

On data analysis for the year 2004-05, it was observed that there was delay in incorporating the daily accounts of the sub-treasuries in the treasury account. The delay ranged from two to 18 days in Thane, two to 10 days in Pune and two to eight days in Nashik. There was also delay in transmission of data by the various treasuries for incorporation into the Koshwahini.

The department stated (August 2005) that delay in submission of daily sheets by the sub-treasuries was mainly due to lack of network connectivity between the sub-treasuries and the treasuries and electricity failures.



### **3.6.21 Internal control and monitoring**

Management should monitor the effectiveness of internal controls in the normal course of operations through management and supervisory activities, comparisons, reconciliations and other routine actions.

It was noticed in PAO system that 675 bills were objected but not delivered to the concerned DDOs and 27 bills without any indication of being objected or passed, remained undelivered. The PAO stated (September 2005) that the bills wrongly entered in the system were objected and re-entered as a new bill and the old bills remained in the system as undelivered.

The reply was not tenable as the objected bills, which were wrongly entered, should also be monitored and disposed through the system as an output and should not be left unreconciled in the system.

### **3.6.22 Conclusion**

The Koshwahini application package in the present form is not in a position to serve as a reliable information system to aid monitoring and decision making. The structured approach of the system development life cycle methodology was not adopted resulting in system remaining incomplete. The system has not provided for foolproof masters and reconciliation of data flowing into the system from various levels. The security features did not generate the desired levels of confidence. Lack of documentation was a big handicap resulting in complete dependence on the developer. The accounting requirements and many records and functions remain to be computerised. Proper disaster recovery plan, procedures in exceptional changes in data and validation checks were not in place. As a result, it only served the purpose of partly depicting data on receipts and payments on a given date.

### **3.6.23 Recommendations:**

- Structured procedure and documentation for the development, modification and implementation of the system should be followed to achieve the objectives and user requirements.
- DDO code should be made mandatory in respect of departmental remittances and relevant reports should be available in the 'Koshwahini', PAO and the Treasury System.
- Authorised and authenticated DDO master should be maintained at the DAT and the same should be made available to all the treasuries and the PAO.
- Policy procedure regarding data security, documentation of data, back-up and restoration should be prepared and implemented accordingly.
- Pre-audit module for the PAO should be developed.
- The DAT may train its own technical persons for project management and data management instead of fully depending on the NIC.

**TRIBAL DEVELOPMENT DEPARTMENT****3.7 Working of Ashram Schools****3.7.1 Introduction**

The scheme of 'Ashram Schools' (Schools) was introduced by the State Government since 1953-54 for educational upliftment of the tribal children. The scheme was partly financed by the Government of India for renovation of school buildings and computerisation since 1990-91 under the Special Central Assistance to the States in order to enable more tribal students to pursue their studies. The Schools are residential schools for tribal students who are provided free education, lodging and boarding, uniforms, books and notebooks, educational equipment and free physical checking. The Schools provide education up to XII standard and are administered by the State Government as well as voluntary agencies, which get grants-in-aid on salaries, non salary grant of 12 *per cent* of total salary of the staff and maintenance grant of Rs 500 per student per month and contingency expenditure. As of March 2004, there were 449 Government schools and 555 aided schools in the State. Approximately 3.50 lakh tribal students get education in these schools.

The Commissioner, Tribal Development, Nasik (Commissioner) is responsible for establishment and administration of the schools who is assisted by four Additional Tribal Commissioners (at Amravati, Nagpur, Nasik and Thane) and 24 Project Officers (POs). The POs are responsible for implementation and monitoring of the scheme in the areas under them.

A review on working of Ashram Schools for the period 1993-94 to 1997-98 was incorporated in the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1998 (Paragraph 3.20). The review was, however, not discussed by the Public Accounts Committees as of December 2005.

Working of the Schools was reviewed in audit (January to June 2005) covering a period 1999-2004 by test-check of records of the Commissioner, four Additional Commissioners, 13 Projects Officers, 66 Government schools and 119 aided schools. The objectives of audit were to assess the capacity utilisation of the schools, improvement in retention of the students, quality of education, infrastructural and other basic facilities and quality of expenditure under the scheme.



**Audit findings**

**3.7.2 Financial performance**

The scheme is mainly funded by the State Government. Government of India provides funds under Special Central Assistance for incurring expenditure on renovation of school buildings. During the period 1999-2000 to 2003-04, expenditure of Rs 1294.05 crore was incurred as under:

**Government Ashram Schools**

(Rupees in crore)

Year	Grant received		Total	Expenditure incurred		Total	Excess (+) Saving (-)
	State	Central		State	Central		
1999-2000	154.05	2.30	156.35	158.44	2.32	160.76	(+) 4.41
2000-01	136.87	2.89	139.76	143.33	2.90	146.23	(+) 6.47
2001-02	149.34	10.51	159.85	155.34	10.51	165.85	(+) 6.00
2002-03	143.30	5.00	148.30	143.83	5.00	148.83	(+) 0.53
2003-04	178.79	-	178.79	178.70	-	178.70	(-) 0.09
<b>Total</b>	<b>762.35</b>	<b>20.70</b>	<b>783.05</b>	<b>779.64</b>	<b>20.73</b>	<b>800.37</b>	<b>(+) 17.32</b>

**Aided schools**

(Rupees in crore)

Year	Grant received		Total	Expenditure incurred		Total	Excess (+) Saving (-)
	State	Central		State	Central		
1999-2000	63.37	1.50	64.87	63.06	1.52	64.58	(-) 0.29
2000-01	74.62	5.54	80.16	74.96	5.54	80.50	(+) 0.34
2001-02	78.55	-	78.55	78.63	-	78.63	(+) 0.08
2002-03	131.26	-	131.26	131.60	-	131.60	(+) 0.34
2003-04	139.63	-	139.63	138.38	-	138.38	(-) 1.25
<b>Total</b>	<b>487.43</b>	<b>7.04</b>	<b>494.47</b>	<b>486.63</b>	<b>7.06</b>	<b>493.69</b>	<b>(-) 0.78</b>

The excess expenditure of Rs 16.54 crore was attributed by the Commissioner to higher cost of articles purchased and payment of dearness allowance arrears to the staff on account of Fifth Pay Commission.

**3.7.3 Establishment of schools**

No schools were opened in six talukas having huge tribal population

For setting up of a school, under the scheme, there should be 5000 to 7000 tribal population (2000 to 3000 for remote hilly areas) covering 10 to 15 villages within a radius of seven to 10 kms. Scrutiny, however, revealed that in six<sup>9</sup> talukas no school was opened though tribal population in each of the talukas ranged between 8,000 and 53,000.

<sup>9</sup> Hinganghat, Kamptee, Lakhandur, Mukhed, Nanded and Nimazari

The Commissioner stated (September 2005) that a new master plan based on tribal population of 2001 census was being prepared and the aforesaid talukas would be included in the master plan for setting up of Ashram Schools.

### 3.7.4 Capacity utilisation of schools and drop out of students

The information received from the Tribal Commissioner revealed (February 2005) that there was shortfall in capacity utilisation in the Ashram Schools with reference to the intake capacity of 50 students per class. Out of the 185 test checked schools, the shortfall in capacity utilisation in Government schools ranged between 27 and 33 *per cent* during 1999-2004 while in aided schools the shortfall ranged between 19 and 20 *per cent* during the period.

The percentage of dropout of students in middle of the academic year during the years 1999-2004 ranged between 16 and 32 *per cent* among the boys and 17 and 23 *per cent* among the girls in Government schools. In the aided schools the dropout was 18 to 26 *per cent* among the boys and 18 to 32 *per cent* among the girls. It was noticed that percentage of dropout was more in aided schools, particularly among the girls.

The Commissioner attributed (June 2005) the shortfall to lack of interest on the part of the parents, migration of tribal families in search of employment and non-availability of sufficient numbers of students.

### 3.7.5 Pass percentage in secondary school certificate (SSC) examination

In the State, the overall position of pass percentage in SSC examination in Government and aided Ashram Schools was as under:

Year	Government Ashram Schools			Aided Ashram Schools		
	Number of schools	Number of schools with pass percentage		Number of schools	Number of schools with pass percentage	
		0 to 30	More than 30		0 to 30	More than 30
1999-2000	275	43	232	159	-	-
2000-2001	275	29	246	159	22	137
2001-2002	275	52	223	159	21	138
2002-2003	275	4	271	159	9	150
2003-2004	275	31	244	159	15	144

The Commissioner attributed (September 2005) low pass percentage to promoting the students up to Xth class without proper test in order to avoid under utilisation of intake capacity.

Percentage of dropout of students was more in aided schools particularly aided among the girls



### 3.7.6 Infrastructure facilities

Out of 185 test checked schools 69 were either in temporary sheds or in kuccha buildings

Out of 66 Government schools test checked, 39 were in pucca buildings<sup>10</sup>, 25 were in temporary sheds and two in kuccha buildings<sup>11</sup>. In 119 aided schools, 77 were in pucca buildings, 32 were in temporary sheds and 10 in kuccha buildings. In 20 Government schools and 58 aided schools no separate hostel building was available. The students were living in the classroom.

Out of the test checked schools, three Government schools and three aided schools were not provided with toilets and bathrooms. In 42 Government schools and 22 aided schools, toilets/bathrooms were not in use due to pending repairs and non-availability of water supply for more than five years.

Inadequate infrastructure facilities, irregular water supply and failure of drainage system resulted in unhygienic living conditions in the schools.



Condition of toilets and bathroom in Government Post Basic School at Jamb, District Yavatmal



A class room at Government Post Basic School at Kohor, District Nashik

Cots worth Rs 81 lakh were supplied to the schools not having hostel

Scrutiny further revealed that, 1089 cots costing Rs 81 lakh supplied to eight schools (January 2005) were lying idle due to non availability of hostel facility. It was also observed that cots were not supplied by the Tribal Commissioner to 20 schools where hostel facility was available.



Angles of two-tier cots dumped in a classroom of Government post Basis school at Dhanrat, District Nandurbar

### 3.7.7 Medical check up of students

Medical check up of students ignored

The scheme provided for medical check up of each student four times in a year and issue of health cards and supply of medical kit to each school. It was, however, noticed that no medical kit was provided in 38 schools and no health card was issued to 29 schools during 1999-2004. During these years no medical check up was carried out in seven to eleven schools whereas in 13 to 17 schools the check up was carried out only once in a year. In 15 to 23

<sup>10</sup> Pucca building –Building with Reinforced Cement Concrete Structure.

<sup>11</sup> Kaccha building: - Building constructed of muddy walls and Mangaloty tiles or tin roof.



schools medical check up was carried out twice in a year. Thus, medical check up of the schools was ignored.

### 3.7.8 Supply of uniform cloth

Liquidated damages of Rs 23.76 lakh was not recovered for delay in supply of uniform cloth

Under the scheme, two sets of uniform were to be supplied to the students at the beginning of each academic year. All the supplies / purchases are done at the Commissioner level. As per the agreement between the Tribal Commissioner and the Vendor, in case of delay in supply of uniform cloth, the supplier was liable to pay liquidated damages at the rate of half *per cent* per week on the cost of delayed supply of material.

Scrutiny revealed that during 1999-2004 the delay in supply of uniform cloth by the Vendor to the Project Officers ranged from one to 23 weeks. Liquidated damages of Rs 23.76 lakh were, however, not levied and recovered by the Tribal Commissioner. The delays ranged from one to eight months in 20 test checked Government schools.

The Tribal Commissioner, agreed (June 2005) to recover the liquidated damages.

It was further observed that in 92 out of 119 test checked aided schools only one set of uniform was supplied to the students as against two sets. The organisations attributed the supply of single set of uniform to inadequate maintenance grant.

### 3.7.9 Expenditure on pay and allowances

Avoidable expenditure of Rs 3.88 crore incurred on surplus teachers

In order to reduce the establishment expenditure, the State Government ordered (September 2001) to review the existing posts in all Government Departments, Autonomous Bodies and Aided Institutions so that the surplus /additional posts can be surrendered/transferred to the needy offices.

Accordingly, the Tribal Development Department (Department) took up review of position of teachers in Government Ashram Schools and identified 272 additional posts of Head Masters (HMs) from post basic ashram schools where two HMs were working (one for primary and another for post basic) as surplus. The Department cancelled 182 posts of HMs from these schools and transferred 90 posts to needy offices.

Audit scrutiny revealed that the Department did not carry out similar review in post basic aided ashram schools. The Department did not initiate any action to declare 141 surplus posts of HMs and to transfer these posts to the needy offices. As the posts were continued, avoidable expenditure of Rs 3.88 crore was incurred on their pay and allowance for the period from August 2002 to February 2005 along with excess payment of Rs 46.56 lakh as contingency grant (12 *per cent* of total salary expenditure).

The Commissioner accepted the omission and agreed to review the position of surplus staff in the aided schools.

### **3.7.10 Non-installation of fire fighting equipment**

**Despite High Court directives fire fighting equipment was not installed in 152 schools**

To avoid incidence of disaster caused due to fire at Kumbhakonam in Tamil Nadu, the Mumbai High Court in its judgement (September 2004) directed the State Government to install fire-fighting equipment in all Ashram Schools.

In 50 Government schools and 102 aided schools test checked no fire fighting equipment was, however, installed.

### **3.7.11 Procurement of computers**

With a view to create environment and awareness about Information Technology among the tribal youth, Government sanctioned Rs 5 crore (March 2001) and Rs 5.08 crore (February 2003) for procurement of 1,794 computers, 299 printers with equal number of tables for computers and printers alongwith educational software. The orders for procurement were placed in September 2001 and March 2003 respectively.

As per the agreement the supplier was liable for payment of liquidated damages at the rate of half *per cent* if the material was not supplied within the stipulated period. Scrutiny revealed that despite delay in supply of computers, liquidated damages amounting to Rs 32.26 lakh was not recovered. It was noticed that in 36 Government Ashram Schools, 166 computers purchased during June 2001 to October 2004 could not be put to use even after a lapse of eight months to 40 months due to non availability of required infrastructure such as computer table, uninterrupted power supply and electrification with power point and also due to non-installation of computers by the suppliers. This led to blocking of the Government funds of Rs 82.26 lakh, besides, the tribal students in those schools were deprived of the facilities.

**Payment of Rs 44.15 lakh was made to a supplier before installation of the computers**

Scrutiny further revealed that, though payment to the supplier (90 *per cent*) was to be made only after supply, installation and commissioning of computers, the Tribal Commissioner paid Rs 44.15 lakh to the supplier for 124 computers and 21 printers in 21 schools, which were not installed and commissioned. This constituted undue favour to the supplier.

### **3.7.12 Supply of substandard material**

**Sub-standard material costing Rs 20.54 lakh was not replaced by the Vendors**

With a view to ensure supply of good quality dietary material in all Ashram Schools, Government issued instructions (May 2001) for testing of the material in a laboratory. If the material supplied was found to be sub-standard or adulterated, the supplier should replace the same by providing equivalent quantity.

Scrutiny revealed that the sub-standard dietary material costing Rs 20.45 lakh supplied during June 2003 to October 2003 by the Vendor has not been replaced by him. On this being pointed out, the Department agreed (June 2005) to recover the cost of material.

### **3.7.13 Monitoring and evaluation**

The scheme provides for monitoring of the functioning of Ashram Schools by local committees, internal inspections, flying squads and district level committees. The performance was as under:

#### **Non-formation of local committees**

Government prescribed formation of local committees for each Government schools and aided schools. The local committees were to meet once in a month and submit a report to the Taluka Committee. The Taluka Committees in turn submit the report to the Commissioner at the end of the academic session.

It was, however, noticed that local committees were not formed in two to nine Government schools and one to 11 aided schools during 1999-2004. The shortfall in meetings of the committees ranged from one to 11 *per cent* in 58 Government schools and 85 aided schools. The Commissioner attributed the shortfall to lack of interest of the Members.

#### **Inadequate inspection**

The target fixed for inspection by the Additional Tribal Commissioner was 36 Government schools and 24 aided schools per year up to 2001-2002 and thereafter it was 36 Government schools as well as for aided schools per year. Target fixed for POs was 24 Government schools and 12 aided schools per year up to 2001-2002 and thereafter 48 Government schools as well as aided schools.

Scrutiny of test checked schools revealed that there was shortfall in inspection by the Additional Tribal Commissioner, which ranged between 33 *per cent* and 53 *per cent* in Government schools and between 36 *per cent* and 66 *per cent* in aided schools.

Similarly, shortfall in inspection by the POs also ranged between six *per cent* and 50 *per cent* in Government schools.

It was further observed that no flying squads were formed to conduct surprise inspection of schools and no visits were made by district level committee in 23 Government schools and 44 aided schools defeating the purpose of formation of the committees.



### **3.7.14 Conclusion**

Since inception of the scheme in 1953-54, the State Government has never evaluated the impact of the implementation of the scheme. There was non-provision of basic infrastructure facilities including hostels and toilets. There were deficiencies in medical check up of the students. Non-installation of computers deprived the tribal students of modern facilities. There was a shortfall in the inspection of the schools by the various monitoring committees and the POs.

### **3.7.15 Recommendations**

- Evaluation of the scheme should be conducted to assess the impact of the scheme.
- Construction of hostels, toilets / bath rooms and supply of water should be ensured.
- Regular health checkup, supply of medical kits and health card and timely supply of uniform be ensured.
- Monitoring at all level should be strengthened to ensure better utilisation of available resources.

These points were referred to the Secretary to the Government and to the Chief Secretary in September 2005. No substantive response was, however, received (December 2005).

## AGRICULTURE, ANIMAL HUSBANDRY, DAIRY DEVELOPMENT AND FISHERIES DEPARTMENT

### 3.8 Procurement, processing of milk and sale of milk and milk products

#### 3.8.1 Introduction

The Dairy Development Department was constituted in 1958 with the twin objectives of supplying hygienically processed milk to the consumers at reasonable price and encouraging villagers to produce milk as an alternative source of income. Dairy activities mainly consist of procurement of milk, processing and conversion of milk into milk products and sale of milk and milk products.

The Dairy Development Department is headed by the Dairy Development Commissioner (DDC) who is assisted by one Additional Dairy Development Commissioner, Deputy Dairy Development Commissioners and six Regional Dairy Development Officers.

Audit scrutinised the working of 12\* milk schemes out of 34 and three<sup>†</sup> out of six Regional Dairy Development Offices (RDDO).

A review on production and distribution of dairy products was included in the Audit Report of the Comptroller and Auditor General of India (Civil) No.3, Government of Maharashtra for the year ended 31 March 1995. The review had not been discussed by the Public Accounts Committee.

#### Procurement of milk

Milk is procured through primary co-operative societies and taluka sanghs.

#### 3.8.2 Decline in milk procurement

Region-wise procurement of milk under the Government Milk Schemes (GMSs) during the period 2000-05 was as under:

Region	<i>(In lakh litres per day)</i>				
	2000-01	2001-02	2002-03	2003-04	2004-05
Pune	4.97	6.40	5.62	2.96	1.53
Nashik	4.53	6.40	5.81	3.28	2.97
Konkan	0.19	0.16	0.14	0.12	0.13
Aurangabad	2.86	3.75	3.04	2.02	2.01
Amravati	0.17	0.22	0.20	0.17	0.20
Nagpur	0.76	0.96	0.86	0.68	0.89
<b>Total</b>	<b>13.48</b>	<b>17.89</b>	<b>15.67</b>	<b>9.23</b>	<b>7.73</b>

\* At GMSs Aarey, Ahmednagar, Aurangabad, Beed, Dhule, Kurla, Miraj, Nashik, Pune, Satara, Udgir and Worli

<sup>†</sup> RDDO Offices at Aurangabad, Nashik and Pune

The daily milk procurement by the Government dairies which was 13.48 lakh litres per day (lpd) in 2000-01 increased to 17.89 lakh lpd in 2001-02, but reduced considerably to 7.73 lakh lpd in 2004-05. The Department stated (October 2004) that the decline in procurement was due to drought conditions. The reply is not acceptable as data relating to procurement of milk by the dairies in the co-operative sector showed that procurement in those dairies increased from 25.02 lakh lpd to 30.37 lakh lpd. This indicates that procurement by the GMSs was due to the inefficient working of the Government milk schemes.

### 3.8.3 Procurement of milk from producers without testing

Payment made on average test result of quality of milk resulting in excess payment of Rs 1.01 crore

As per the procedure laid down, the price of milk was to be linked to its quality as measured by two parameters, namely, fat content and solids not fat (SNF). It was noticed that payment was made by taking the average of test results of the different samples for a particular day rather than on the basis of actual quality of milk of each lot. This was avoidable as testing arrangements were available at all the collection centres and data relating to quality and quantity of milk was maintained. As a result, there was excess payment of Rs 1.01 crore at seven chilling centers during 2000-2004 (**Appendix XLII**) taking into account the 'lot-wise' fat content and SNF content.

The Department stated (October 2004) that necessary instructions had been issued to all the milk procurement units to keep separate lots and make payment accordingly.

Scrutiny further revealed that a Government Resolution (GR) was issued in December 2000 making the use of cryoscope for detecting adulteration compulsory when procuring milk. It was, however, cancelled (January 2004) on the grounds that there was opposition from some milk sellers. Dispensing with testing was against the basic objective of the Government to ensure that the milk supplied is hygienic and not adulterated. The cryoscopes costing Rs 76 lakh had also remained idle.

## Processing of milk

Processing of milk comprises chilling and pasteurisation before sale as well as conversion of milk into skimmed milk powder (SMP) and white butter.

### 3.8.4 Outsourcing of conversion of milk

The Department entrusted the conversion of 22.42 crore litres of milk to private agencies (Dynamix, Parag and Vadilal) and co-operative sanghs (Gokul, Warana and Jalgaon) on the ground that the conversion cost at departmental plants was higher. Audit scrutiny revealed that out of the total quantity outsourced, 49 per cent conversion was entrusted to one private dairy viz. M/s Dynamix Dairy Industries Limited (DDIL) on the request of the



DDIL and at the instance of the Dairy Development Commissioner, without the prior approval of the Government.

The Department incurred extra expenditure of Rs 9.96 crore due to outsourcing of conversion of milk as detailed below:

Year	Variable cost per litre at own Plant at rated capacity <sup>12</sup>	Conversion cost per litre incurred due to outsourcing	Extra cost per litre due to outsourcing	Unutilised capacity	Avoidable extra expenditure
	(Rupees)			(Litres in crore)	(Rupees in crore)
2000-01	0.81	1.70	0.89	1.68	1.49
2001-02	0.70	1.53	0.83	4.34	3.60
2002-03	0.70	1.36	0.66	6.39	4.22
2003-04	0.70	1.15	0.45	1.36	0.61
2004-05	0.70	1.59	0.89	0.04	0.04
<b>Total</b>				<b>13.81</b>	<b>9.96</b>

**Outsourcing conversion of milk was based on flawed cost analysis**

The Department stated (October 2004) that outsourcing was done keeping in view the actual cost of departmental conversion and capacity available. The reply is not tenable as cost analysis of conversion of milk was incorrect, since the total cost inclusive of fixed overheads was considered even though surplus capacity was available with the Departmental plants.

### 3.8.5 Low capacity utilisation of new dairies and chilling centres

**Rs 6.53 crore was incurred on capacity augmentation despite under utilisation of the existing dairies**

The Department set up two new dairies of 20,000 lpd capacity each at Kankavali and Yeotmal and one chilling centre of 10,000 lpd capacity at Mahora at a total cost of Rs 6.53 crore though the capacity of the existing dairies was underutilised. The following points were noticed in audit:

The Kankavali dairy having capacity of 10,000 lpd was underutilised. It was noticed that utilisation of the dairy during 1991 to 2000 ranged from 3,161 lpd to 4,247 lpd which was less than 50 *per cent* of its capacity. A new dairy of capacity of 20,000 lpd was however, commissioned in April 2000 at a cost of Rs 3.11 crore. The establishment of a new dairy with higher capacity was injudicious as the quantity of milk handled in the dairy declined from 3,750 lpd in 2000-01 to 2,130 lpd in 2004-05.

The chilling centre at Yeotmal with 10,000 lpd capacity was never used to its full capacity. The average milk handled at the chilling centre during the ten years ending 1999-2000 ranged between 628 lpd and 4,093 lpd. A new dairy with capacity of 20,000 lpd was commissioned in July 2000 at a cost of Rs 2.46 crore. The capacity utilisation of the new dairy was exceedingly low ranging between 685 lpd to 1485 lpd during the period 2000-05.

<sup>12</sup> 1.76 lakh litres per day being 80 *per cent* of the installed capacity of 2.20 lakh lpd

The chilling centre at Mahora with 2,000 lpd capacity was sufficient as average milk procurement was only 1,550 litres. But the capacity of chilling centre was increased to 10,000 lpd (April 2004) by incurring expenditure of Rs 96 lakh. The quantity handled during 2004-05 was only 910 lpd.

The Department stated (October 2004) that the capacity augmentation was done as a part of the IDDP<sup>13</sup> projects where funds were made available by the Central Government. The reply is not acceptable as even the initial capacity of the above dairies and the chilling centres was not being fully utilised.

### 3.8.6 Sale of Government dairies

The following Government dairies were sold by the Dairy Development Department on outright basis between December 2002 and January 2004.

Name of the Dairy	Date of sale of dairies	Name of the Purchaser	Market value of Plant and Machinery and Building	Sold at Book value of Plant and Machinery and Building	Loss
			(Rupees in lakh)		
Sangamner	20 December 2002	Sangamner Tal Dudh Utpadak Sangh	238.70	122.64	116.06
Wathar	17 July 2003	Koregaon Tal. Dudh Utpadak Sangh	Not assessed	2.84	--
Shirala	21 July 2003	Shirala Tal. Dudh Utpadak Sangh	28.84	1.75	27.09
Atpati	24 July 2003	Koregaon Tal. Dudh Utpadak Sangh	Not assessed	4.41	--
Kadegaon	17 December 2002	Sonhira Tal. Dudh Utpadak Sangh	41.98	12.03	29.95
Nira	3 January 2004	Baramati Tal. Dudh Utpadak Sangh	Not assessed	35.94	--
Ottur	4 August 2005	Pune Tal. Dudh Utpadak Sangh	Not assessed	73.20	--
<b>Total</b>				<b>252.81</b>	<b>173.10</b>

**There was loss of Rs 1.73 crore due to sale on the basis of book value**

Book value of the assets was incorrectly adopted as the basis for fixing selling price for building and plant and machinery (excluding land) resulting in loss of revenue to the Government and consequent undue benefits to the purchasers to the extent of Rs 1.73 crore. The Department stated (October 2004) that the sale was effected to reduce the burden of the Government. The methodology adopted for sale on the basis of book value of buildings, plant and machinery

<sup>13</sup> Integrated Dairy Development Programme.



was, however, erroneous as the book value of an asset is merely an accounting figure and not an indicator of the actual market value of the assets.

As per Government directives (November 2002), if more than one party expresses its willingness for outright sale, the sale should be effected through competitive bidding. In violation of the Government directive, the sale of Shirala dairy was made to M/s. Shirala Sangh without calling competitive bids though four parties expressed their willingness to purchase the dairy. The Department stated (October 2004) that the purpose of the sale was not on commercial basis. The reply is not correct as the sale was effected in a non-transparent manner without calling competitive bids.

### **Sale of milk and milk products**

About 90 *per cent* of the milk procured and processed at various Government Milk Schemes was despatched to the Greater Mumbai Milk Scheme for local distribution. Audit observed that there was loss on bulk sale of milk to private parties as discussed below:

#### **3.8.7 Bulk sale of milk to private parties**

The procurement price of milk is fixed by the Government for all the milk schemes. It was noticed that during 2000-2004, the milk schemes sold 30.79 crore litres of milk in bulk without processing to private parties at rates less than procurement cost by Rs 0.55 to Rs 1.95 per litre resulting in loss of Rs 41.08 crore. The apparent reason for bulk sales without processing was the lack of processing capacity in the Government dairies. Besides 92 *per cent* of the bulk milk sales was to a single party *i.e.*, DDIL.

Further, concession given to DDIL was the departure from the policy of delivery against upfront payment. The milk supply to DDIL was raised upto five lakh lpd (against maximum two lakh lpd as per agreement) as per their demand without obtaining additional Bank Guarantee towards security deposit. The departure was stated to be due to the Department's experience with DDIL being good. The reply is not tenable as the DDIL was irregular in payments and milk supply had to be stopped as the dues reached a staggering figure of Rs 59 crore (June 2003). Milk supply was resumed in April 2004 without collection of interest of Rs 9.61 crore on delayed payment of dues. Subsequently, the DDIL was given a benefit of Rs 3.66 crore by waiver of interest.

#### **3.8.8 Conclusion**

There was a decline in procurement of milk by the Government milk dairies during 2000-01 to 2004-05 due to inefficient working of the GMS. Excess payments were made to milk producers due to lack of testing of fat content and SNF content of milk in procurement of milk. Despite having sophisticated



testing machinery, no proper testing was done to detect adulteration while buying milk. Conversion of milk was outsourced based on flawed cost analysis leading to extra expenditure. Sale of Government dairies was made at less than market prices. Despite the underutilisation of the existing dairies, Rs 6.53 crore was spent on capacity augmentation. Bulk sales of milk, without processing it, were made to private parties at less than procurement cost leading to avoidable losses of Rs 41.08 crore.

**3.8.9 Recommendations**

- Testing of all milk procured should be ensured.
- Payment should be made as per actual quantity of fat content in the milk of different lots and not on average of lots on a particular day.
- Existing capacity of 'conversion' of milk should be used optimally.
- Sale of Government dairies should be based on the actual market value of the assets.

## CHAPTER-IV

Page

### AUDIT OF TRANSACTIONS 123 to 159

- 4.1 *Fraudulent drawal/misappropriation/embezzlement losses/overpayments.*
- 4.2 *Wasteful/Infructuous expenditure and overpayment*
- 4.3 *Violation of contractual obligations/undue favour to contractors*
- 4.4 *Avoidable/excess/unfruitful expenditure*
- 4.5 *Idle invesment/idle establishment/blockage of funds*
- 4.6 *Regulatory issues and other points of interest*





## CHAPTER IV

### AUDIT OF TRANSACTIONS

Audit of transactions of the Departments of Government, their field formations as well as that of the 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**

#### **AGRICULTURE, ANIMAL HUSBANDRY, DAIRY DEVELOPMENT AND FISHERIES DEPARTMENT**

##### **4.1.1 Unauthorised payment**

#### **Audit noticed unauthorised payment of compensation amounting to Rs 1.53 crore to ineligible orange growers in Vidarbha region.**

Government decided (November 2002 and October 2003) to compensate the orange growers (beneficiaries) whose orange trees had either perished or were damaged on account of scanty rain and depletion of water table during the preceding three to four years. The compensation was to be paid to the beneficiaries through Taluka Agriculture Officers (TAOs) at the rate of Rs 125 per dead tree subject to maximum of Rs 10,000 per beneficiary on the basis of joint survey conducted by the Revenue and Agriculture Departments. Further, the Government ordered (September 2003) to conduct second survey for identifying orange growers, whose names were not considered during the first survey. Compensation of Rs 78.75 crore was paid to 1.12 lakh beneficiaries in eight<sup>1</sup> districts.

Scrutiny revealed that the intention of the Government was not clear as the Government orders did not specify as to how to regulate the payment of compensation in cases of where land was owned jointly by more than one person and was not subdivided by way of partition deed. Test-check (January to March 2005) of the records of 13<sup>2</sup> TAOs (out of 33 TAOs) in Amravati, Nagpur and Wardha Districts revealed that Rs 1.53 crore was disbursed to beneficiaries in contravention of the guidelines issued by the Government as follows:

<sup>1</sup> Akola, Amravati, Buldhana, Chandrapur, Nagpur, Washim, Wardha and Yavatmal

<sup>2</sup> Arvi, Ashti, Chandurbazar, Hingna, Kalmeshwar, Karanja (Ghadge), Katol, Morshi, Nagpur, Narkhed, Saoner, Tiwasa and Warud

- Compensation of Rs 60.23 lakh was paid to 762 beneficiaries though there was no entry relating to the existence of orange plantation in the relevant revenue records (Form 7/12). The TAOs and Tahsildars replied (January to March 2005) that the compensation was paid on the basis of joint survey. This was not acceptable since the revenue records of relevant years do not contain these details.
- In four TAOs (Ashti, Karanja (Ghadge), Morshi and Saoner), 45 beneficiaries were unauthorisedly paid compensation of Rs 3.62 lakh though they did not possess any land in their names.
- In four TAOs of Amravati District (Chandurbazar, Morshi, Tiwasa and Warud), compensation of Rs 63.65 lakh was paid to 785 joint owners.
- In TAOs, Chandurbazar and Tiwasa compensation of Rs 14.91 lakh was irregularly paid to 209 beneficiaries who were already in receipt of compensation as per the first survey.
- In 11<sup>3</sup> TAOs, compensation of Rs 10.32 lakh to 144 farmers was paid for sweet lime trees instead of orange trees. The TAO, Arvi confirmed the audit observation and assured recovery.

The possibility of occurrence of similar irregularities in all the other TAOs in the eight districts cannot be ruled out. The Government should investigate the matter and take appropriate action.

The matter was intimated to the Principal Secretary of the department on 28 June 2005. The Chief Secretary was also requested to ensure timely response on 16 September 2005. No substantive response was, however, received (December 2005).

---

<sup>3</sup> Arvi, Ashti, Chandurbazar, Hingna, Karanja (Ghadge), Katol, Morshi, Narkhed, Saoner, Tiwasa and Warud



**4.2 Infertuous/wasteful expenditure and over payment**

**AGRICULTURE, ANIMAL HUSBANDRY, DAIRY  
DEVELOPMENT AND FISHERIES DEPARTMENT**

**4.2.1 Wasteful expenditure on acquisition of land**

**Due to improper planning and lack of co-ordination between Acquiring Body, Revenue authorities and Executing agency, project affected persons of village Balsa (Khurd) and Shendra in Parbhani district could not be shifted to new gaothan and land acquired at a cost of Rs 1.72 crore could not be put to use for more than 18 years.**

According to the Maharashtra Project Affected Persons (PAPs) Rehabilitation Act, 1986 the Land Acquisition Officer, the executing agency and the Collector of the district are responsible for rehabilitation of the PAPs by way of providing funds, creation of civic amenities and monitoring the work of rehabilitation within the framework of the policy of the Government in specific time period.

Scrutiny<sup>4</sup> of records (December 2004) of the Director, Central Research Farm, Marathwada Krishi Vidyapeeth, Parbhani (MKV) and further information collected (April 2005) from the Collector Parbhani and the Executive Engineer (EE) Public Works Department, Zilla Parishad, Parbhani revealed that the MKV had acquired (1985-88) 45351.2 square metres (sq mt) of land from PAPs of Balsa (Khurd) and Shendra after payment of compensation of Rs 1.42 crore, for development as demonstration farm. Simultaneously, the MKV had also acquired 27.78 hectares of land in Khanapur and Karegoan villages, disbursed Rs 9.64 lakh through Tahsildar Parbhani as loan to the PAPs of Balsa (Khurd) for construction of houses at Khanapur and placed Rs 20.50 lakh for creation of civic amenities at Khanapur<sup>5</sup>, at the disposal of the EE. The EE had also completed construction of school building, samaj mandir, internal roads, four bore wells, one open well and electric supply at Khanapur. It was, however, observed (December 2004) that the MKV could not develop the demonstration farm, as the PAPs did not vacate the land despite receipt of compensation, loan for construction of houses and development of the new gaothan for them. A joint inspection made by audit team (April 2005) with the officials of the Revenue Department revealed that the civic amenities at Khanapur were deteriorated.

<sup>4</sup> Audit of the accounts of the MKV for the period from 1988-89 to 1999-2000 was taken up in December 2004 after receipt of the accounts in January 2003.

<sup>5</sup> MKV did not provide any fund for creation of civic amenities at Karegaon.



When this was pointed out, the Registrar, MKV stated (May 2005) that PAPs of both villages refused to shift to new gaothan as the MKV did not provide employment to members of their families.

The contention of the Registrar was not acceptable as the PAPs' demand for employment was not within the framework of the policy of the Government and therefore, they should have been persuaded to shift to the rehabilitation site as the compensation had already been paid and civic amenities had also been developed.

Thus, failure of the MKV and the Collector in persuading the PAPs to vacate the acquired land, led to wasteful expenditure of Rs 1.72 crore and denial of the facility for giving crop demonstrations to the students of the MKV.

The matter was intimated to the Principal Secretary of the department on 8 July 2005. The Chief Secretary was also requested to ensure timely response on 16 September 2005. No substantive response was, however, received (December 2005).

## **HOUSING DEPARTMENT**

### **Maharashtra Housing and Area Development Authority**

#### **4.2.2 Infructuous expenditure**

#### **Infructuous expenditure of Rs 1.60 crore on construction of aqua privy blocks and infrastructure.**

Pursuant to the decision (July 2002) of the Chief Secretary, in the case of rehabilitation of 780 slum dwellers, the Vice-President and Chief Executive Officer, Maharashtra Housing and Area Development Authority (MHADA), through an affidavit filed (August 2002) in the High Court, assured to carry out the work of development of a plot of land and preparation of pitches\*. The Government, accordingly, allotted (September 2002) six acres of land to the MHADA. As directed by the Government, MHADA executed (March 2004) the work from its own funds (to be reimbursed later on) at a cost of Rs 2.65 crore. The expenditure included Rs 1.60 crore on construction of 17 aqua privy (AP) blocks<sup>▼</sup> and other basic infrastructure facilities\* executed beyond the scope of the administrative approval. On demand of the elected and local representatives, the Government decided (February/May 2004) to provide

---

\* Developed plot having a specific dimension

▼ Sanitary latrines without flushing system

\* It includes water supply, sewerage drains, barbed wire fencing, roads, pathways, street lighting work, electricity in AP blocks.

constructed houses at different sites to the affected slum dwellers through the Slum Rehabilitation Authority. While the expenditure on filling the land (Rs 1.05 crore) could be useful eventually, the expenditure on AP blocks and other infrastructure facilities (Rs 1.60 crore) would be wasteful as these had little use in the changed scenario with no plan for the utilisation of the land.

The decision of the Government to provide pitches to the slum dwellers contrary to the prevailing policy to provide constructed tenements free of cost and its subsequent change resulted in rendering the expenditure of Rs 1.60 crore infructuous.

The MHADA, however, contended (April 2005) that this expenditure would be loaded on to the housing scheme proposed to be taken up on the land and make good the loss. The MHADA's justification is not acceptable as it would be unjustified to load the infructuous expenditure on a new scheme and pass on the burden to the intending beneficiaries.

The matter was referred to the Principal Secretary to the Government in July 2005. Reply had not been received (December 2005).

## PLANNING DEPARTMENT

### 4.2.3 Excess expenditure on works

#### **Excess expenditure of Rs 90.65 lakh on soil and water conservation works due to error in fixing of rates and inordinate delay in its rectification.**

The Government in Planning Department revised (May 1998) the rates for execution of works under Employment Guarantee Scheme (EGS) applicable for works executed under soil and water conservation schemes also. The revised rates for item numbers 31 (only labour charge for unskilled loose boulder works) and 32 (skilled construction work of dry rubble masonry) ranged between Rs 77.88 and Rs 104.91 per cubic meter (cum) and Rs 29.17 and Rs 39.28 per cum respectively for various notified zones. The Government, however, clarified (September 2000) that the revised rates fixed for item numbers 31 and 32 had got interchanged through oversight and issued directions for adoption of the correct rates<sup>\*</sup>

Scrutiny of records of 28<sup>▼</sup> Taluka Agriculture Officers (TAOs) and information collected from the District Superintending Agriculture Officer (DSAO), Nagpur between March 2002 and December 2005 revealed that

<sup>\*</sup> rate of item No. 31 for item No. 32 and vice versa

<sup>▼</sup> Ajare, Akola, Atpadi, Bhudargad, Chandgad, Chandwad, Gaganbawda, Ghodegaon, Guhagar, Hatkangale, Hevele, Igatpuri, Jath, Kadegaon, Kagal, Karmala, Karveer, Kavthemahankal, Mulshi, Nandgaon, North Solapur, Panhala, Radhanagari, Rajgurunagar, Shahuwadi, Shirala, Srigonda and Tasgaon

despite the clarification, the Sub-Divisional Agriculture Officers (SDAOs) had accorded technical sanction to estimates on loose boulder works at higher rates and got them executed by the TAOs accordingly. This had resulted in excess expenditure of Rs 44.46 lakh between May 1998 and September 2000 and Rs 46.19 lakh for the period subsequent to September 2000 on these works.

Thus, error in finalising the rates, inordinate delay of over two years in communicating the correct rates and continued sanction of estimates at higher rates by the SDAOs even after issue of clarification and its execution by the TAOs resulted in excess expenditure aggregating Rs 90.65 lakh.

All the TAOs admitted to the excess expenditure and cited incorrect rates fixed by the Planning Department and non-receipt of clarification as reasons.

The replies are not acceptable because though there was failure on the part of the Government in fixing the correct rates and inordinate delay in issuing clarifications, the TAOs with their knowledge in the field could have easily noticed the error and brought it to the Government's notice as the variation in rates was to the extent of over 150 *per cent* of the original rates.

The matter was referred to the Additional Chief Secretary to the Government in July 2005. Reply had not been received (December 2005).

## **RURAL DEVELOPMENT AND WATER CONSERVATION DEPARTMENT**

### **4.2.4 Wasteful expenditure**

#### **Wasteful expenditure of Rs 4.12 crore on construction of Minor Irrigation Tank and incomplete canals at Asane, Radhanagari without obtaining clearance from Forest Department.**

The Government accorded administrative approval (March 1999) for Asane Minor Irrigation (MI) Scheme, Kolhapur at a cost of Rs 3.08 crore which was revised to Rs 4.94 crore in December 2003. The MI tank with irrigation potential of 172 hectares was completed in June 2001 at a cost of Rs 3.84 crore.

Scrutiny of records of the Executive Engineer MI Division, Kolhapur revealed that the Forest Department objected to the construction of the tank as the area was notified (October 1985) to be under reserved area of Dajipur Sanctuary (Radhanagri extended). The construction of tank was commenced without permission from the Forest Department as required under the Wild Life (Protection) Act, 1972. The head work and gorge filling of the tank was completed in June 2001 and storage of water commenced from monsoon 2001.



Due to paucity of funds, the construction of canals was not taken up along with the tank. The work orders for construction of canals were issued in February 2005 and were stipulated for completion by August 2006. Expenditure incurred on construction of canals till 2005 aggregated to Rs 28 lakh.

It was further observed from the report of enquiry under Wild Life (Protection) Act, 1972 that Asane village was to be resettled outside the sanctuary area and all the agricultural land was to be included under the sanctuary. As such the water of the tank cannot be used for irrigation. Thus the investment of Rs 4.12 crore on construction of the tank and canals was wasteful.

The Executive Engineer stated (June 2005) that the tank would be useful for supply of water to the offices, rest house and staff quarters of the Forest Department in addition to agricultural development. The Executive Engineer also mentioned of a proposal to develop eco-tourism at Dajipur sanctuary.

The reply is not tenable as the tank was constructed without obtaining clearance under Wild Life (Protection) Act, 1972 and the enquiry officer in his report banned use of the tank for cultivation purpose. Thus, the very purpose of constructing the tank at a cost of Rs 4.12 crore has been defeated as the projected land fell under the notified area of the sanctuary and the storage capacity of the tank is more than the present requirement.

The matter was referred to the Secretary to the Government in July 2005. Reply had not been received (December 2005).

## WATER RESOURCES DEPARTMENT

### 4.2.5 Wasteful expenditure on unviable irrigation project

#### **Taking up unviable Hangarga Minor Irrigation Tank led to wasteful expenditure of Rs 10.09 crore.**

The Government directed (December 1998) to stop the work of construction of Hangarga<sup>6</sup> Minor Irrigation Tank (project) taken up in December 1997 as reservation (October 1998) of 0.97 million cubic metres of water (*i.e.*, more than 95 per cent of dependable storage) for Halgara Water Supply Scheme (WSS) reduced its irrigation potential to 275 hectares from 480 hectares and rendered the project unviable for irrigation. The Chief Engineer, Irrigation Department, Aurangabad, however, recommended (November 1998 and July 1999) grant of revised administrative approval (AA) to the project as a 'special case'. No justification for treating the project as a special case

<sup>6</sup> Nilanga Taluka in Latur District

overlooking adverse cost benefit ratio was on record. Accordingly, the Government accorded (February 2000) revised AA to the project for Rs 8.03 crore.

Scrutiny of records (September 2004) of the Executive Engineer, Minor Irrigation Division, Latur (Division) and information collected (May 2005) revealed that the Division incurred Rs 8.70 crore on the project and completed (March 2001) the gorge filling. The Division requested (August 2001) the Maharashtra Jeevan Pradhikaran (MJP), Latur to take over the project for use as a WSS. The MJP, however, declined (September 2001) to take over the project as the beneficiary Gram Panchayats refused to share the cost. As the project was unviable for irrigation and as the MJP declined to use it as a WSS, expenditure of Rs 10.09 crore on the project as of March 2005 was rendered wasteful.

On this being pointed out (May 2005) the Division stated that due to scanty rains in the region, the projected run off of water from the valley was not created and designed storage could not be achieved. The reply was not acceptable due to the fact that the Superintending Engineer (SE), Irrigation Circle, Osmanabad and SE, Irrigation Project Investigation Circle, Aurangabad had twice (July 1986 and January 1988) pointed out the non-availability of water yield in the valley for run off water and categorically stated that the project was economically not viable.

The Government stated (August 2005) that though the cost benefit ratio was less than one, the project was executed taking into consideration the expenditure of Rs 90.39 lakh incurred upto March 1998, which would have gone waste had the project been closed.

#### **4.2.6 Excess payment to a contractor**

**Payment made on Extra Item Rate List by treating the tendered items as extra items, resulted in excess payment of Rs 67.72 lakh to the contractor.**

Construction of earthen dam, masonry dam and irrigation-cum-power outlet (ICPO) for Nandur-Madhmeshwar Project (Mukane Dam) was entrusted (October 1990) to a contractor on an item rate agreement (Form B-2) for completion by April 1994 at 18.98 *per cent* below the estimated cost of Rs 6.38 crore. During execution of the work, the Government decided (January 1993) to increase the storage capacity of the dam from 139.76 to 214.16 million cubic metres. It necessitated raising the height of the embankments of the dam. The Government accepted (March 1994) the recommendation of a high power committee to assign the additional work to the existing contractor and also accepted the recommendation to pay separate



rates in respect of six<sup>7</sup> items of work. Rest of the items of works were to be executed as per the terms of the existing agreement. Accordingly, payment for the quantity for other items of work executed in excess of 125 *per cent* of the tendered quantity was to be regulated as per the provision of clause 37 of the agreement *i.e.*, rate as per the current schedule of rate reduced by 18.98 *per cent*.

Scrutiny of records (December 2001) of the Executive Engineer (EE), Nandur-Madhmeshwar Project Division, Nasik and information subsequently gathered (March 2005) revealed that payment made (between April 1992 and February 2004) in respect of seven<sup>8</sup> items of the existing agreement for quantities executed beyond 125 *per cent* of the tendered quantity was made under Extra Item Rate Lists (EIRL). Since these were tendered items, the payments were to be made as per clause 37 of the agreement. Thus, sanction of EIRL was therefore, unwarranted which led to excess payment of Rs 67.72 lakh to the contractor.

The EE stated (April 2005) that excavation was required to be done in wet conditions and the remaining items executed were for execution of a new ICPO. The reply was not acceptable as the description of these items was similar to those items included in the existing agreement and therefore, the payment was to be regulated as per the terms of agreement.

The matter was intimated to the Secretary of the department on 2 August 2005. The Chief Secretary was also requested to ensure timely response on 16 September 2005. No substantive response was, however, received (December 2005).

## WATER SUPPLY AND SANITATION DEPARTMENT

### 4.2.7 Excess payment of price escalation

#### **Excess payment of price escalation of Rs 1.05 crore due to incorrect adoption of basic indices.**

The Maharashtra Jeevan Pradhikaran (MJP) Works Division, Satara awarded the works of Pusesavali-Vaduj, Mayani and Saswad-Dhawal Regional Rural Water Supply Schemes to two contractors (June 1999) on single tender basis with supply of pipes by the contractors. These works were subsequently

<sup>7</sup> Hearting, casing, stone-pitching, gravel below pitching, sand below pitching and inclined sand filter

<sup>8</sup> Excavation in soft strata, excavation in hard strata, quarry spoil below pitching, cement concrete M-150 (40MSA), cement concrete M-200 (20MSA), uncoursed rubble masonry and providing and laying reinforced mild steel



transferred to the Executive Engineer (EE), MJP Works Division, Karad for execution.

The price variation clause of the contract stipulated that in case of single tender, the material component was sub-divided to pipes and miscellaneous items and percentage of pipes would be worked out for each tender as percentage cost of pipes of all categories to the total cost put to tender. Further, clause 56 of the contract stipulated that the price indices of the category of pipes which has highest percentage amongst all categories of pipes in the tender will be taken into consideration for working out escalation in respect of component of the pipes of all categories.

Scrutiny of records of the EE, MJP Works Division, Karad (March 2005) revealed that in the contract for both the above works, mild steel (MS) pipes had the highest percentage amongst all categories of pipes. Accordingly, the price index of "MS pipes" was considered for computing the price escalation for material component for the period from October 1999 to March 2003 where as the price index considered was the rates of "pipes and tubes".

Thus, incorrect adoption of indices of MS pipes resulted in excess payment of price escalation of Rs 1.05 crore.

The EE confirmed (September 2005) the over payment and stated that the same would be adjusted from the contractors future dues.

The matter was referred to the Principal Secretary to the Government in August 2005. Reply had not been received (December 2005).

**4.3 Violation of contractual obligations/undue favour to contractors**

**HOUSING DEPARTMENT**

**Slum Rehabilitation Authority**

**4.3.1 Undue benefit to developers**

**Undue benefit of Rs 6.14 crore to the developers due to irregular clubbing of Slum Rehabilitation schemes with Slum Re-development scheme.**

As per guidelines issued by the Government (October 1997) for the implementation of the Slum Rehabilitation Scheme (SRS), the owner/developer of the scheme has to pay Rs 20,000 per tenement towards maintenance deposit and Rs 840 per square metre towards development charges to the Slum Rehabilitation Authority (SRA). It also permitted

combining both the rehabilitation and free sale components\* of two or more number of slums taken up by the same owner/developer provided those slums have the same ratio of the rehabilitation component to the free sale component as provided in the Development Control Regulations (DCRs).

The facility of clubbing two slums was not available to the existing Slum Re-development (SRD) Programme being implemented by the Brihanmumbai Municipal Corporation (BMC). There was, however, an option to the developers/owners to get their existing SRD schemes converted to SRS provided that no full occupation certificate has been issued on the date of such proposal and subject to the payment of maintenance deposit and development charges as above. On conversion of SRD scheme to SRS, the two schemes can be clubbed as stated above.

Scrutiny of records (February 2004) of the SRA revealed that they permitted (July 1999 and June 2000) clubbing of two SRSs at Vile Parle and Andheri with two SRD schemes already approved by BMC at Bandra and Mulund respectively. Since the SRD Schemes at Bandra and Mulund already approved by BMC were not got converted to SRSs as per the guidelines, the clubbing of the two schemes was irregular. Further, the developers of the two schemes combined at Vile Parle and Bandra were different.

This irregular clubbing of the SRSs with the SRD schemes, without being converted to SRSs benefited the developers to the extent of non-payment of maintenance deposit (586 tenements) and development charges (14788.33 square metres) aggregating Rs 2.41 crore to SRA. This also enabled the developers to shift the free sale component from the cheaper (Vile Parle and Mulund) to costlier localities (Bandra and Andheri) and deriving additional profit to the extent of Rs 3.73 crore over that permitted under the SRD scheme.

The matter was referred to the Principal Secretary to the Government in July 2005. Reply had not been received (December 2005).

---

\* Rehabilitation and free sale components: Under SRS, which is a self financing scheme, the SRA permits private developers to develop and sale in open market an area equivalent to the area he has constructed and handed over to the SRA for rehabilitation of eligible slum dwellers. Free sale component is granted to compensate the developer the cost incurred for the rehabilitation component.

**REVENUE AND FORESTS DEPARTMENT**

**4.3.2 Undue favour to a contractor**

**Delay in taking appropriate decision to accept beneficial offer made by the Ballarpur Industries Limited (BILT) necessitated the Government to sell bamboo to the BILT at lower price resulted in unintended recurring benefit to a contractor and loss of Rs 12.11 crore.**

The Maharashtra Supply of Forest Produce by Government (revision of agreements) Act, 1982 stipulates that the market value of the forest produce shall be determined after taking into consideration the sale prices obtained in the open and negotiated sales of such forest produce within the State during a period of 12 months preceding six months prior to the date of commencement of the supply year.

The Government agreed (March 2004) to supply 1,81,540 metric ton (MT) of bamboo during 2004-05 to 2013-14 to the BILT, an industry engaged in production of paper. The terms of agreement stipulated payment of royalty at the rate of Rs 650 per air dry metric ton (ADMT) for first five years and thereafter with an annual rise of five per cent.

It was revealed (January 2005) that in December 2003, the BILT had offered Rs 800 per ADMT for purchase of bamboo from the Government under a long-term lease for 10 years. However, in January 2004, the BILT reduced the offer to Rs 650 per ADMT. Without considering the prevailing rates of Rs 990 per MT and the BILT's own purchase rate of Rs 1,255.32 per MT (agreement of October 2001) and without recording any justification, the Government accepted (February 2004) the offer for purchase of bamboo at the rate of Rs 650 per MT. As the offer was lower by Rs 150 per MT when compared to BILT's earlier offer of Rs 800 per MT, BILT derived an unintended recurring annual benefit of Rs 2.72 crore for the contract period 2004-05 to 2013-14.

In case of bamboo remaining unsold during the auction conducted in 2001-02, the BILT had offered (January 2002) to purchase the bamboo from these units at the rate of Rs 1037.50 per MT *i.e.*, as per agreement rate of January 2002. The Government, however, conveyed their approval in December 2002, which the BILT declined to accept on the plea that there was insufficient time for harvesting of bamboo. The Government finally allotted (March 2004) 2.41 lakh MT unexploited bamboo for the years 2001-02 and 2003-04 from these units to the BILT at the rate of Rs 650 per ADMT. Thus, delay in taking timely decision led to sale of bamboo at a lower rate than the initial offer and caused a loss of Rs 12.11 crore to the Government.

When the above omissions leading to loss of revenue were pointed out (January 2005), the Government stated (May 2005) that it was difficult to



dispose of the bamboo in such large quantity if not given to the BILT. It was further stated that as the matter of allotting unsold coupes was complex and required a lot of deliberation, there was a delay in communicating the decision to the BILT. The matter of fixation / revision of rates for supply of bamboo to the BILT would, however, be reconsidered in view of the omissions in fixation of sale price pointed out by audit.

The matter was again referred to the Government in July 2005 for their specific comments on delay in taking appropriate decision to accept the beneficial offer and to know whether revision of bamboo rates was made. No substantive response was, however, received (December 2005).

## WATER RESOURCES DEPARTMENT

### 4.3.3 Unintended financial aid to the contractor

#### Payment of Rs 1.92 crore to a contractor beyond the scope of the contract.

The Government accorded (June 1998) administrative approval for construction of Ghatghar Pumped Storage Hydro Electric Project in Thane District at an estimated cost of Rs 179.61 crore. The Government administratively approved the revised estimate of the project for Rs 1,184.60 crore in March 2002. The work of construction of Tail Race Tunnel, Surge Well and Lower Intake structure of the project was entrusted to a contractor (August 1998) at nine *per cent* below the estimated cost of Rs 12.01 crore.

According to the special condition of the tender (clause 63), the Government was required to provide electricity to the contractor on request in bulk through the supply network of the Maharashtra State Electricity Board (MSEB) for construction and domestic purposes. Voltage variations in supply were to be rectified by the contractor at his cost. The charges for electricity consumption were to be recovered from the bills of the contractor at the rate of Rs 2.50 per Kilowatt per hour. No escalation on this amount was to be paid to the contractor. Further, as per the modified clause 3.9 (work and site conditions), it was clarified (March 1998) that electricity required for construction and domestic purposes was not available and the contractor has to make his own arrangement. The cost of the same was included in unit rate. As such no claim from the contractor on this account was to be entertained. Electricity when available through MSEB supply network was to be supplied as per clause 63.

On scrutiny of records of the Executive Engineer, Ghatghar Pumped Storage Hydro Electric Project Division No. 2, Thane it was noticed (July 2004) that the contractor had installed diesel generator sets (DG sets) for supply of electricity. The contractor demanded compensation of Rs 2.39 crore for electricity supplied through DG sets which was sanctioned (March 2004) by the Superintendent Engineer treating as extra item. The contractor was paid

Rs 1.92 crore after adjusting Rs 0.47 crore being electricity charges at the rate specified in clause 63. Thus, payment of Rs 1.92 crore for electricity generated and supplied through DG sets is not only irregular but also amounted to financial aid to the contractor as it was beyond the scope of the contract.

The Executive Engineer stated (March 2005) that provision of clause 63 was applicable only if electricity was made available through the MSEB. It was further stated that the cost of electricity originally included in the unit rate was deleted in modified clause 3.9 thereby relieving the contractor from meeting the cost of electricity arranged by him.

The reply is not tenable as there is no specific provision even in the modified clause 3.9 for reimbursement of cost of electricity arranged by the contractor for domestic and construction purposes. Also the cost of the same was included in the unit rate.

The matter was referred to the Secretary to the Government in July 2005. Reply had not been received (December 2005).

**4.3.4 Payment to contractors in violation of contractual obligation**

**Failure to abide by the stipulations in the contracts led to extra contractual payment of Rs 1.46 crore to three contractors.**

The Executive Engineer, Minor Irrigation Division, Beed at Ambejogai (Division) entrusted construction of water storage tanks at Chardari, Dharur and Ghagarwada estimated to cost Rs 1.63 crore, Rs 1.27 crore and Rs 1.87 crore respectively to three different contractors in June 1998 for completion by June 2000. The general conditions of the contract prescribed that the contractor shall be deemed to have fully acquainted himself with the work and site conditions, lead to the various quarries for construction material, their availability and adequacy, etc. before submission of their offer for the work. The special conditions in the contract clearly stated that the location of the quarries in the plan was indicative of the prospective areas only and the contractor would be obliged to operate on other quarries at his own cost if the material was brought from other than the specified quarries.

The works were completed (between March 2002 and August 2003) at the cost of Rs 3.20 crore, Rs 2.50 crore and Rs 3.82 crore respectively. Scrutiny of upto date paid bills for the works at Chardari and Ghagarwada revealed (February 2005) that the Division paid Rs 1.10 crore to the contractors towards additional lead charges for transportation of hearing and casing material and sand from other than the identified quarries. This payment was, however, inadmissible, as the contractors were obliged to operate on other quarries at their own cost even in case of non-availability of material in the



specified quarries. In case of the work at Dharur, though the material was brought from the identified quarry, the Division paid Rs 35.53 lakh to the contractor towards additional lead charges on the plea that the actual lead for carting material was 10 Kilometres (km) as against the lead of 5 km considered in the estimates. As per the terms of the contract, this payment was also inadmissible. Thus, the payment of Rs 1.46 crore to the contractors was in violation of the contractual conditions.

On this being pointed out (February 2005) the Executive Engineer admitted that the contractors were not entitled to any claim under the terms and conditions of the tender. It was further stated that the Superintending Engineer and the Chief Engineer entertained and allowed the claims of the contractors considering the factual site position.

This explanation was not acceptable as the payment was beyond the contractual terms, which resulted in avoidable payment of Rs 1.46 crore.

The matter was intimated to the Secretary of the department on 31 May 2005. The Chief Secretary was also requested to ensure timely response on 16 September 2005. No substantive response was, however, received (December 2005).

#### **4.3.5 Undue benefit to a contractor**

##### **Failure to observe Government's instructions led to extra payment of Rs 42.12 lakh to a contractor.**

The Government accepted (November 1997) a tender for the work of construction of ogee type spill way and earthwork from RD 780 to 960 metres of Chargad river project in favour of contractor 'A' at 7.65 per cent above the estimated cost of Rs 7.64 crore. As per the tender condition 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 even if the material was required to be brought from the area other than the area specified in the quarry plan for the work. Further, the Government specifically directed (November 1997) the Irrigation Department to obtain an undertaking from the contractor to the effect that he would not claim any extra payment on account of material required for the work if brought from a longer lead.

Scrutiny of records (September 2003) of Executive Engineer, Amravati Irrigation Division, Amravati (EE) and further information collected (February 2005) revealed that the EE directed the contractor (December 1997) to submit the undertaking. The EE while issuing the work order (December 1997) did not ensure correctness of the undertaking. The undertaking instead of "no claim for extra payment on account of material required for work even



if it is brought from a longer lead as the rates quoted would be inclusive of all leads and lifts involved” used the words “no unjustified claim shall be raised for lead and lift for the material involved in the execution of work, so far the lead and lift involved are as per tender estimation”. The Superintending Engineer, Upper Wardha Project Circle, Amravati sanctioned (May 2002) an Extra Item Rate List for Rs 42.27 lakh towards additional lead charges for bringing the material required for the work from a longer lead on the plea that adequate material was not available in the specified quarries. The EE paid Rs 42.12 lakh to the contractor in October 2003 in terms of the contract based on the incorrect undertaking.

The EE accepted (February 2005) that the undertaking obtained from the contractor was not the same as directed but the implied meaning was the same. He further stated that the undertaking was part of the agreement and was based on the quarry map attached to the tender.

The explanation was not acceptable as the undertaking obtained by the EE was not in conformity with the directives given by the Government and should have been got corrected before acceptance of the tender. Thus, failure on the part of the EE to enforce the tender condition and acceptance of incorrect undertaking at the stage of acceptance led to extra payment of Rs 42.12 lakh to the contractor.

The matter was intimated to the Secretary of the department on 26 April 2005. The Chief Secretary was also requested to ensure timely response on 16 September 2005. No substantive response was, however, received (December 2005).

#### **4.4 Avoidable/excess/unfruitful expenditure**

### **CO-OPERATION AND TEXTILES DEPARTMENT**

#### **4.4.1 Avoidable loss due to delay in refund of loan**

**Avoidable loss of Rs 110.04 crore towards payment of interest and penalty due to delay in refund of loan for procurement of onion under the Market Intervention Scheme.**

The Government under the Market Intervention Scheme 2000 sanctioned (December 1999) procurement of onion from January 2000 to minimise the loss to farmers as heavy production of onion and ban on export thereof had led to fall in price. The procurement price of onion was fixed at Rs 300 and Rs 350 per quintal depending on the size of the onion. The Maharashtra State Co-operative Marketing Federation Limited (Federation) was appointed as the nodal agency for obtaining loan of Rs 160.94 crore at interest of 16.5 per cent

between January and July 2000 from the District Central Co-operative Banks, on Government guarantee, for implementation of the scheme. The Government also provided Rs 10 crore from the Contingency Fund towards initial handling charges and margin money required for raising the loan. Provision for loss incurred on the scheme was to be made in the budget for the year 2000-01.

Scrutiny of records in Co-operation and Textiles Department (October 2003 and October 2004) and information collected from the Federation revealed that the Federation had procured 5.86 lakh metric tonne (MT) of onion costing Rs 182.64 crore between January and April 2000. The amount realised on sale of 4.71 lakh MT of onion was Rs 75.77 crore as against the expenditure of Rs 297.13 crore incurred by the Federation on purchase of onion resulting in a loss of Rs 221.36 crore to the State exchequer. The remaining 1.15 lakh MT of onion was either declared as storage loss or dumped as waste.

The loan taken by the Federation was to be repaid by December 2000 failing which additional interest of one *per cent* and penal interest of two *per cent* on unpaid margin money was leviable. It was, however, observed that the principal alongwith interest were belatedly repaid in February 2002 and July 2004 as also interest of Rs 21.07 crore paid in January and March 2005, due to non-provision of adequate funds in 2000-01 and non-release of adequate funds in subsequent budgets.

Thus, inadequate budget provision/non-release of funds and inordinate delay in refund of the loan resulted in avoidable loss of Rs 110.04 crore (interest Rs 96.97 crore, additional interest Rs 9.53 crore and penalty Rs 3.54 crore.)

The Government stated (February 2005) that the decision to raise loan from bank was taken by the Cabinet. It was initially proposed (December 1999) by the Government to procure one lakh MT of onion only and estimated loss of approximately Rs 50 crore was provided for in 2000-01. Due to continuous inflow of onion in the market, Government decided, however, to procure the same from time to time and ultimately 5.86 lakh MT of onion was procured. Though the Department had placed its demand through budget proposal/supplementary demand it was not sanctioned by Government considering the financial position of the State.

The reply is not tenable since the Government did not make adequate budget provision in 2000-01 despite Cabinet's decision to make adequate budget provision in the same year. It was noticed that during the year 2001-02, savings Rs 169.60 crore, which was sufficient to repay loan and interest, was allowed to lapse. The reply of the Government stating that delay in repayment was due to the unsatisfactory financial position of the State cannot be accepted since by postponing the repayment of loan an additional liability of Rs 110.04 crore was incurred which indicates poor financial planning.

## HOME DEPARTMENT

### 4.4.2 Unfruitful expenditure on acquisition of sirens

#### **Purchase of sirens without ensuring the efficiency of the underground cable network resulted in an expenditure of Rs 1.50 crore largely remaining unfruitful.**

With a view to alerting the people of Mumbai city on unexpected air raids and natural calamities, Government installed 272 sirens in different parts of Greater Mumbai between 1965 and 1990. The average life span (20 years) of these sirens had already expired in a majority of cases. An inspection carried out by the Public Works Department (PWD) revealed (June 2002) that 107 out of the 272 sirens were non-operational. The Government, therefore, sanctioned (January 2003) Rs 2.06 crore for renovation of the siren system.

Scrutiny of records in the Directorate of Civil Defence, Mumbai revealed (April 2004) that the Director had submitted (February 2003) a proposal to the Government to install Wireless Controlled Sirening System (WARP) instead of renovating the existing system.

Despite this, the Government went ahead and purchased (March 2003) 272 sirens at a cost of Rs 1.50 crore and installed 237\* of them (May 2003). Besides, additional 30 sirens costing Rs 7.16 lakh purchased (March 2004) were kept as reserve.

Inspections carried out by the PWD in October 2003, April 2004 and February 2005 revealed that the percentage of functioning sirens was only 45, 54 and 52 respectively which reduced drastically to 11 *per cent* in August 2005 despite the replacements. Thus, replacement of old sirens without ensuring adequacy of underground cable network, without considering the views of the Directorate of Civil Defence and without consulting the Mahanagar Telephone Nigam Limited (MTNL)\* resulted in the expenditure of Rs 1.50 crore being unfruitful.

The Directorate of Civil Defence, cancelled (Feb 2005) the proposal of WARP and mooted the proposal for installation of Wireless Automated Remote Siren (WARS) due to its technical superiority. The Director stated (September 2005) that the replaced sirens could be used in the new Wireless Systems also and the expenditure cannot be termed as unfruitful.

---

\* The remaining 35 sirens were not installed and were lying in store due to objection from residents/want of no objection certificates from Civil Defences authorities.

\* The telephone agency responsible for cable network



The reply is not tenable as the Government has not decided (September 2005) on the system to be adopted though more than two years have passed since the purchase of the sirens. Further, even when a proposal for acquisition of a new system was being mooted by the Directorate of Civil Defence the Department replaced the sirens in a hurry (March 2003), without rectifying/removing the basic defects in MTNL's cabling network. This resulted in the system lying partly inoperative for the last two years and non-achievement of its objectives.

The matter was referred to the Principal Secretary to the Government in June 2005. Reply had not been received (December 2005).

## HOUSING DEPARTMENT

### Maharashtra Housing and Area Development Authority

#### 4.4.3 Avoidable expenditure on interest

**Acceptance by the Maharashtra Housing and Area Development Authority of the liability of interest for the period from the date of challenging the arbitration award in the court till the date of actual payment while filing consent terms resulted in avoidable expenditure of Rs 2.20 crore on interest.**

The Mumbai Housing and Area Development Board (Board), a unit of the Maharashtra Housing and Area Development Authority (MHADA), awarded (January 1991) the work of construction of 2,576 tenements and 40 shops (Phase-I and II) at Chandivali to an Agency at a cost of Rs 20.75 crore. Scrutiny in audit revealed that due to non-settlement of some disputed claims, the Agency stopped the work from December 1996 and did not complete the work in Phase II and the infrastructure work in both the Phases. The Board issued notice of termination of contract in June 1998 and finally terminated the contract with the Agency in August 1999.

Despite there being no provision for arbitration in the contract executed with the Agency, the MHADA in pursuance of the Government's directive, appointed an Arbitrator in September 1999. The Agency challenged this appointment in a court and the court appointed (February 2000) a sole Arbitrator. The Arbitrator declared an interim award in February 2002 and the final award in September 2002. The MHADA challenged the interim award (March 2002) and the final award (December 2002) and the court admitted the petitions in June 2002 and in February 2003.

In the meantime, the Agency approached the MHADA (June 2003) for a settlement through compromise by filing consent terms in the court, if the MHADA agreed to pay the claims within the jurisdiction of the arbitration

with upto date interest. Contrary to the advice of the Advocate General (December 2002 and June 2003) against making any payment, the Vice-President and the Chief Executive Officer, MHADA advised (July 2003) for settling the claim on the lines proposed by the Agency. Accordingly, the MHADA made a net payment of Rs 11.81 crore, by filing consent terms in the court in August 2003, including future interest (of Rs 2.20 crore) from the date of filing the petition in the court till the date of payment.

Since the award was challenged in the court and the court had admitted the petitions, the MHADA while accepting the consent terms should not have agreed for payment of the interest element especially when the counter claims of Rs 4.26 crore were forfeited by them. This resulted in avoidable payment of future interest of Rs 2.20 crore to the Agency.

The Vice President and Chief Executive Officer, MHADA concurred with the views of audit and stated (January 2005) that the payment was made as per decision taken by the MHADA.

Justification and reasons for taking such a decision by the MHADA was, however, not available on file.

The matter was referred to the Principal Secretary to the Government in August 2005. Reply had not been received (December 2005).

#### **4.4.4 Avoidable expenditure**

##### **Avoidable expenditure of Rs 1.96 crore due to continuation of the services of the Architect as Project Management Consultant despite entrustment of the related work to a developer on turnkey basis.**

The erstwhile Rajiv Gandhi Zopadpati Sudhar and Niwara Prakalp (RGNP) a unit of the Maharashtra Housing and Area Development Authority (MHADA) appointed (September 1993)\* M/s GM Kakade, Engineering Consultants Private Limited (Architect) as the consultant architect for its proposed housing project at Mankhurd.

Scrutiny of records of the MHADA (January 2000 and August 2003) and information collected in July 2005 revealed that as directed by the Government, the MHADA decided (April 1997) to cancel the project proposed by RGNP on the Mankhurd site and utilise the land for the construction of transit tenements. The work was transferred (June 1997) from RGNP to Mumbai Board (Board), another unit of the MHADA. The Board awarded the work (December 1997) to the private developer at the tendered cost of Rs 63.40 crore on turnkey basis. Despite the allotment of this work on

---

\* Agreement was effective from May 1993



turnkey basis, the Board continued the services of the Architect as Project Management Consultant and paid fees of Rs 1.96 crore on the work allotted to the developer on turnkey basis for the period from December 1997 to August 2003.

As the work had been entrusted to a private developer on turnkey basis, there was no necessity for continuing the services of the Architect. This resulted in avoidable expenditure of Rs 1.96 crore incurred by the Board towards the Architect fees for this work.

The Government, while accepting the facts stated (December 2005) that the payments were made as per the claims of the Architect duly approved by the MHADA. The facts, however, remains that there was avoidable expenditure of Rs 1.96 crore due to unnecessary continuation of services of the consultant.

#### **4.4.5 Avoidable expenditure**

##### **Avoidable expenditure of Rs 92.53 lakh on delayed payment charges due to belated payment or non-payment of water charges to Brihanmumbai Municipal Corporation.**

The buildings in the Maharashtra Housing and Area Development Authority (MHADA) colonies were conveyed individually to co-operative societies of tenants. The common amenities such as water supply and electricity were not handed over by the MHADA or taken over by the co-operative societies or Federation of co-operative societies. As such, water connection in these colonies continued to be in the name of the MHADA, making it responsible to pay water charges to the Brihanmumbai Municipal Corporation (BMC). Though, the MHADA, in turn, continued to recover water charges from the tenants in the form of service charges, the amount of recovery could not match the payments made by it due to non-revision of service charges *vis-à-vis* the revision of water charges by the BMC. The Chief Officer (CO), Mumbai Board therefore, decided to restrict the payment to the BMC to the amount of recovery actually made from the tenants leaving the balance unpaid.

Scrutiny of records of the MHADA revealed (April 2005) that the MHADA paid (March 2003) Rs 10.68 crore to the BMC towards accumulated arrears of water charges, municipal taxes, taxes on land under construction in respect of tenements/land pertained to the Mumbai Housing and Area Development Board (Mumbai Board) over the period from June 2001 to August 2002 which included penalty of Rs 92.53 lakh for delay in payment of dues.

The CO, Mumbai Board attributed the default in payment of dues to the BMC to its restricting the payment to the amount of recoveries made from the tenants/beneficiaries and poor recovery of the related charges from them. The contention is not tenable, as the Mumbai Board's liability to make payment to



the BMC for supplies and services was not related to the recovery of the cost of services from its tenants and the liability to make payment to BMC rested with it.

Thus, the CO, Mumbai Board's decision to restrict the payment to the amount of actual recovery made from the tenants resulted in accumulation of arrears attracting the delayed payment charges of Rs 92.53 lakh.

The matter was referred to the Principal Secretary to the Government in August 2005. Reply had not been received (December 2005).

## **PLANNING DEPARTMENT**

### **4.4.6 Unfruitful expenditure on construction of water tanks**

#### **Expenditure of Rs 76.84 lakh incurred on construction of water tanks for collecting rain water for drinking purpose became unfruitful.**

Despite heavy rainfall in Konkan and Western Ghat region of the State, water scarcity in those regions of Maharashtra persists as the rainwater flows away and does not percolate into the soil to enhance the ground water reserves. The Government in Water Supply and Sanitation Department therefore, decided (February 2002) to construct water storage tanks in water scarcity areas of Raigad, Ratnagiri, Sindhudurg and Thane districts by impounding rain water in tanks and supplying the same to people for drinking purpose.

Scrutiny of records in the office of the Collector, Ratnagiri (February 2005) and information collected from Sindhudurg revealed that 20 works (16 in Ratnagiri and four in Sindhudurg) were sanctioned between August 2002 and April 2003 without filtration/purification arrangement based on the cost norm of Rs 0.38 per litre.



*Water tank at Lanja, District Ratnagiri showing muddy water unfit for drinking.*

Though all the 20 works were executed between May 2003 and December 2003 after spending Rs 76.84 lakh, the Department noted (March 2004) that the rain water stored in these tanks was unsuitable for drinking.

To make the water potable, the cost norm of the work with filtration/purification arrangement will have to be revised to Rs 1.49 per litre as fixed by the Water Supply and Sanitation Department. Proposal to this effect to the Government in December 2003 by the Chief Engineer Minor Irrigation, Pune was rejected in March 2004 as it was found to be financially

unviable. Further, the Government also noticed that the stagnant water stored in the tanks was not potable. In a review meeting held in April 2004, the Chief Engineer and Joint Secretary, Planning Department directed to finalise these works at the existing stage to avoid further cost escalation.

Thus, execution of works without filtration/purification arrangement rendered the expenditure of Rs 76.84 lakh on 20 tanks unfruitful.

The Collector stated (February 2005) that efforts were being made to treat the water by installing special equipment in consultation with the Maharashtra Jeevan Pradhikaran, the agency which executes water supply schemes. He further stated that the water from the tanks is presently used for washing clothes and in some places for drinking also.

The reply is not tenable as the scheme was executed without proper planning as it was belatedly realised by the Government that the scheme was not viable. Moreover, drinking untreated water by the beneficiary is fraught with the danger of being affected with water borne diseases.

The Government stated (November 2005) that the process of handing over the water tanks to the Village Panchayats (VP) with their consent would be initiated. The water from the tanks would be used by the respective VPs and the expenditure would not be unfruitful. The reply is, however, silent as to how the quality aspect of drinking water, which rendered the expenditure unfruitful, would be ensured.

## PUBLIC WORKS DEPARTMENT

### 4.4.7 Avoidable liability

**Failure of the Department to inform the Arbitrator about his invalid appointment and failure to file objections on the award led to avoidable liability of Rs 2.29 crore.**

Provisions of Arbitration Act stipulate that objections by the affected party on the award of an Arbitrator should be filed before the Civil Court within thirty days of filing of the award by the Arbitrator.

Records of the work of improvement to Paithan-Shagad Road with the Executive Engineer, Public Works Division, Aurangabad (Department) revealed (December 2004 and June 2005) that the Department did not attend any of the seven sittings held between October 1994 and February 1995 by an Arbitrator for settlement of a dispute between them and Contractor 'A'. Consequently, the Arbitrator declared an *ex-parte* award for Rs 79.92 lakh with 18 *per cent* interest per annum in February 1995 and which became a 'Rule of the Court' in August 1995. Department's appeal (August 1996)



against the award before the Aurangabad bench of High Court was dismissed (August 2004) citing failure of the Department to defend the suit before the Arbitrator and the Civil Court. The Law and Judiciary Department also did not grant permission (May 2005) to file an appeal in the Supreme Court of India. The amount payable to the Contractor as of June 2005 was Rs 2.29 crore (award Rs 0.80 crore plus interest Rs 1.49 crore)

Scrutiny of the contract for the work revealed that the Contractor was eligible to seek appointment of an Arbitrator for resolving disputes between him and the Department if the Executive Engineer (EE), the Superintending Engineer (SE) and the Chief Engineer (CE) failed to resolve the dispute. The Contractor completed the road work in August 1992. He contended (May 1992) before the CE that the work was prolonged due to delay and breaches committed by the Department and sought (May 1992) appointment of an Arbitrator for settlement of the disputes and communicated three names, which the CE rejected (July 1994) as the contractor had approached directly to the CE. In the mean time, on 30 June 1994, he communicated name of a person to the CE and appointed the person as an Arbitrator from 13 August 1994. The Department did not inform the Arbitrator about his invalid appointment under the premise that the Contractor's request for appointment of the Arbitrator had already been turned down. The Arbitrator invited the Department for submitting their say in the sittings convened during October 1994 and February 1995. As none of the officials of the Department attended the sittings, he declared his *ex-parte* award.

Thus, the Department after rejecting the Contractor's request for appointment of the Arbitrator did not inform the Arbitrator about his invalid appointment, failed to act on the *ex-parte* award given by the Arbitrator and failed to file a written objection to the Award within 30 days before the court leading to the avoidable liability of Rs 2.29 crore. Department admitted (June 2005) that they failed to defend the matter and the liability was inevitable.

The matter was intimated to the Secretary of the department on 8 July 2005. The Chief Secretary was also requested to ensure timely response on 16 September 2005. No substantive response was, however, received (December 2005).



#### 4.4.8 Avoidable extra expenditure on a road work

**Failure to withdraw a part of road work which was under execution under another contract led to avoidable extra expenditure of Rs 54.52 lakh.**

The Government accorded administrative approval (March 1996) for Rs 5.12 crore for improvement to 10.30 kilometres (km) length of Aurangabad-Hyderabad Road (MSH-6)<sup>9</sup>, inclusive of 1.3 km road (195/000m to 196/300m) passing through Parbhani city. The work was awarded (March 1998) to a contractor 'A' at 16.40 *per cent* above the estimated cost of Rs 4.21 crore for completion by March 2000 (extended upto March 2001).

Scrutiny of records of the Executive Engineer, Public Works Division, Parbhani (EE) revealed (March 2003 and February 2005) that the last Running Account Bill for upto date value of work Rs 8.84 crore was paid in June 2002 without obtaining sanction to the increased cost. After the award of the work to the contractor, the Maharashtra State Road Development Corporation (MSRDC) took up (September 1999) construction of Railway Over Bridge (ROB) through M/s IRCON with an approach road of 600m length from 195/200 to 195/800 on MSH-6 to obviate bottlenecks in traffic due to railway crossing in Parbhani city. As ROB approach road was overlapping the work of contractor 'A' in 600m length and contractor 'A' had not tackled this portion for bituminous treatments till September 1999, the EE was empowered to rescind the work in this 600m length as per clause 15 of the contract. However, the work was got executed between 1998 and 2001 through contractor 'A' resulting in avoidable expenditure of Rs 54.52 lakh.

On being pointed out the EE admitted (February 2005) that the road length of 600m should not have been executed through contractor 'A' and that the expenditure of Rs 54.52 lakh could have been avoided.

The matter was intimated to the Secretary of the department on 31 May 2005. The Chief Secretary was also requested to ensure timely response on 16 September 2005. No substantive response was, however, received (December 2005).

<sup>9</sup> MSH-6 and Jintur-Parbhani-Gangakhed Road (SH 217) have a common alignment in Parbhani city before intersection at 195/200m by the Manmad-Kachiguda railway line.

## REVENUE AND FOREST DEPARTMENT

### 4.4.9 Unfruitful expenditure on rehabilitation

**Due to non-rehabilitation of the project affected persons in 15 villages under Gosekhurd Project, expenditure of Rs 12.33 crore incurred on creation of basic amenities remained unfruitful.**

For speedy rehabilitation of the project affected persons (PAPs) as per the provisions of the Maharashtra Project Affected Persons Rehabilitation Act, 1986, the work of creating civic<sup>10</sup> amenities in a gaothan<sup>11</sup> was to be taken up by the project authorities under the overall supervision of the Collector.

The Gosekhurd Project in Bhandara District administratively approved by the Government in March 1983, was taken up for execution in 1988. As per the Project Report, 5,625 families comprising 24,302 PAPs were affected due to the execution of the project. The PAPs were to be rehabilitated after development of civic amenities in 27 gaothans by the end of June 2003.

Scrutiny of records (May 2004) of the District Resettlement Officer (DRO) in the Collectorate Bhandara and the information collected (March 2005) from the Executive Engineer (EE), Gosekhurd Rehabilitation Project Division, Ambadi (District Bhandara) revealed that the work of providing civic amenities<sup>12</sup> in 15<sup>13</sup> villages was completed while the works in 12 villages were stated to be in progress. It was observed that though the civic amenities were completed in 15 villages between October 1999 and July 2003 at a cost of Rs 12.33 crore, none of the PAPs had shifted to new gaothans (November 2005). Consequently, civic amenities remained unutilised for two to six years and the expenditure of Rs 12.33 crore was rendered unfruitful.

The DRO while accepting the audit contention stated (May 2005) that rehabilitation could not be effected due to non-payment of compensation for agricultural land and houses.

<sup>10</sup> open wells or bore wells or piped water supply for drinking water purpose, internal and approach roads, chavadi or samaj mandir, schools with play ground, electric supply, cremation / burial ground, open drainage system, public latrines, land for gathering cattle at one place, land for pick up shed for bus service, land floor for threshing of agricultural produce, pasture land and land for market and future expansion

<sup>11</sup> Gaothan is the new township for rehabilitated persons

<sup>12</sup> land levelling, open wells, bore wells, schools, samaj mandirs, internal roads, electrification, open drains and water supply schemes

<sup>13</sup> Amgaon Adarsh, Borgaon (Kd), Chichal, Girola, Gose (Bk), Kondha New, Manegaon-1, Manegaon-2, Mujbi, Paghora-1, Paghora-2, Pahela, Salbardi, Shāhapur and Sonegaon New



Thus, failure of the Government in providing funds for compensation of agricultural land and houses resulted in keeping the amenities created at a cost of Rs 12.33 crore unutilised.

The matter was intimated to the Secretary of the department on 26 April 2005. The Chief Secretary was also requested to ensure timely response on 16 September 2005. No substantive response was, however, received (December 2005).

#### **4.4.10 Excess payment of additional component on compensation of land**

**Additional component of Rs 31.30 lakh was paid by the Special Land Acquisition Officers, Nagpur, Washim and Yavatmal on the 80 per cent estimated cost of the land already paid in advance to the cultivators.**

According to Section 23 of the Land Acquisition Act, 1894, additional component at the rate of 12 per cent per annum of the market value of the land acquired is payable from the date of issue of notification under Section 4 of the Act to the date of declaration of award or the date of taking possession of the land, whichever is earlier. The Collector under urgency clause (Section 17 of the Act read with Rule 261 of the Maharashtra Land Acquisition Rules, 1973) may take possession of land in advance of declaration of award and tender 80 per cent of the compensation for such land as estimated by him.

Scrutiny of records (July–December 2004) of the Special Land Acquisition Officers, Nagpur, Yavatmal and Washim (SLAOs) revealed that in eight land awards declared between June 2001 and April 2004, possession of the land was taken over by the acquiring bodies for which 80 per cent of the estimated cost of the land was paid in advance to the land holders by the SLAOs. The additional component in these cases was, therefore, to be paid on the entire amount of award up to the date of payment of advance from the date of publication of notification and thereafter the additional component at the rate of 12 per cent per annum should be paid on the balance from the date of advance payment to the date of declaration of the award.

It was, however, observed that the SLAOs allowed additional component on the entire amount of award from the date of issue of notification to the date of declaration of the award. As the advance payment made was not deleted for working out the amount of additional component from the date of advance payment to the date of declaration of the award, it led to excess payment of additional component of Rs 31.30 lakh.

On this being pointed out, the SLAOs stated (July–December 2004) that, as the land was not in their legal possession before declaration of the award, the additional component on full valuation of land for the entire period *i.e.*, from



issue of notice under Section 4 to the date of declaration of the award was considered and paid, as such no excess payment was made.

The contention of the department was not acceptable as allowing additional component at the rate of 12 *per cent* on the amount, which had already been paid in advance to the landowners, lacked justification as the landowners had handed over possession of land on receipt of advance.

The matter was intimated to the Secretary of the department on 28 June 2005. The Chief Secretary was also requested to ensure timely response on 16 September 2005. No substantive response was, however, received (December 2005).

## **RURAL DEVELOPMENT AND WATER CONSERVATION DEPARTMENT**

### **4.4.11 Unfruitful expenditure on Minor Irrigation Tank**

**Failure to execute the work as per the technical requirements led to non-retention of water in Minor Irrigation Tank at Ibrahimpur rendering expenditure of Rs 1.14 crore unfruitful.**

With a view to irrigate 243 hectares of land, work of construction of Minor Irrigation Tank (MI) at Ibrahimpur in Nanded District comprising of a earthen dam and a waste weir (WW) was taken up for execution under the Employment Guarantee Scheme. Administrative Approval (AA) was accorded for Rs 21.71 lakh in March 1978. The AA was revised in May 1981 for Rs 28.15 lakh and again revised in May 2000 for Rs 99.70 lakh due to change in scope of the work. An expenditure of Rs 1.14 crore was incurred as of March 2005.

Audit of the Executive Engineer (January 2005 and May 2005) Minor Irrigation (LS) Division (EE), Nanded revealed that the gorge filling was completed in 1995-96. On first impounding of water in 1997-98, water logging up to 500 metres downstream of WW and flow of muddy water from toe drain of the dam was noticed. As a measure of safety of the dam, the WW up to 5 metres long was dismantled in monsoon of 2000. Scrutiny further revealed that in order to assess strata for cut-of-trench (COT) the division dug the trial pits up to 1.30 metres to 1.80 metres in black cotton soil as against prescribed depth of 5 metres below bedrock. Although the division was aware of existence of shadu type sandy strata, COT was rested on the same. No irrigation was, however, possible in targeted area due to non-availability of storage, damaged canal system and fear of salination of land by farmers as of November 2005. The entire expenditure of Rs 1.14 crore thus proved unfruitful.

The EE stated (January and May 2005) that the proposal for utilisation of water storage for the command under existing canal and also by lift irrigation would be sent to the Government.

The contention was not acceptable as the actual storage in the tank was below sill level and cannot be utilised. Further, the fact remained that the department failed to execute the COT work as per technical requirement.

The matter was intimated to the Secretary of the department on 28 June 2005. The Chief Secretary was also requested to ensure timely response on 16 September 2005. No substantive response was, however, received (December 2005).

## WATER RESOURCES DEPARTMENT

### 4.4.12 Unfruitful expenditure

#### **Non-achievement of the projected irrigation potential of 1876 hectares through flow of water from canals due to heavy leakages resulted in unfruitful expenditure of Rs 6.68 crore.**

The Government accorded (January 1977) administrative approval to the work of construction of Vadivale Medium Irrigation Project on Kundalika river, Pune with canals on both the sides at an estimated cost of Rs 3.30 crore (revised to Rs 29.86 crore in February 2000) with projected irrigation potential of 4,868 hectares (ha) (1,876 ha by flow of water and 2,992 ha through lift irrigation). The work was commenced in October 1978 and full storage was achieved in 1995 and additional storage by construction of radial gate was achieved in 1999. The works of canals were also completed (1999) at a cost of Rs 6.68 crore. The total expenditure incurred on the scheme till June 2004 was Rs 24.78 crore.

Scrutiny of records of the Executive Engineer, Pune Irrigation Division, Pune (EE) a unit of the Maharashtra Krishna Valley Development Corporation, Pune revealed (September 2004) that the canals with distribution system completed at a cost of Rs 6.68 crore were closed in 1999 due to heavy leakage of water through canal beds. The problem continued even after these were got rectified by providing lining to a certain extent on both the canals and there were complaints from farmers regarding accumulation of water in their fields. No further action to rectify the leakages was taken by the EE till March 2005 rendering the expenditure of Rs 6.68 crore incurred largely unfruitful. Besides, the projected irrigation potential of 1,876 ha through flow of water was not achieved.

The EE stated (March 2005) that since the canals were passing through hilly region with porous and stratified rocks, heavy seepage had occurred. Though

lining up to 8.36 kilo metre (km) for left bank canal and 5.49 km for right bank canal were already carried out at the time of construction, considering the field situation, hilly reach and the type of foundation strata, lining of full length of canal was required to be done to stop leakages, for which estimates were being prepared and the work would be completed as per availability of funds. Further, it was added that the water from the dam was utilised through private lift irrigation schemes on Kundalika and Indrayani rivers.

The reply is not tenable as the problem was noticed in the initial stage itself and the Committee had recommended lining of both the canals from 0 to 10 km each and the canals were closed in 1999 but no action was taken to rectify the leakages and to put the canals for intended use. Further, the purpose of construction of the canals was not only for setting up private lift irrigation schemes, as being done now, but also to irrigate the land of poor farmers who cannot afford costly lift irrigation schemes.

The Government accepted the facts and stated (December 2005) that as soon as the funds are available, the work of lining of full length of canal would be completed and water would be made available to the farmers.

## **WATER SUPPLY AND SANITATION DEPARTMENT**

### **4.4.13 Unfruitful Expenditure**

#### **Underutilisation of hydrofracturing units rendering their cost of Rs 3.40 crore largely unfruitful.**

The Government of Maharashtra, through the Director of Groundwater Survey and Development Agency (GSDA), procured eight\* hydrofracturing\* units from UNICEF during March and May 1996 at the cost of Rs 3.40 crore in order to augment the deep water sources through existing bore wells in water scarce areas.

The norms prescribed by the Government of India for hydrofracturing of wells were 192 per unit per year. The Government of Maharashtra, however, considering the geographical and other conditions of the State fixed a target of 100 bore wells per unit per year.

Scrutiny of records of the Deputy Director, GSDA, Nashik Region (August 2004) and information obtained from the Regional Deputy Directors revealed

---

◆ These units were allotted to the Senior Geologists, GSDA, Ahmednagar, Beed, Buldhana, Chandrapur, Jalgaon, Jalna, Sangli and Solapur districts.

\* Hydrofracturing means creation of additional or new cracks (fracture) in the subsurface rock to increase the quantity of water from the existing borewell, by applying water pressure.



that as against the target of 4,800\* bore wells to be hydrofractured/rejuvenated during 1999-2005, the achievement was only 1,655 i.e., 34.48 per cent capacity utilisation. Out of these, the number of successful wells was only 1,137.

Thus, non-assessment of the necessity of purchasing the eight units *vis-à-vis* the actual requirement, the working results of the existing units, availability of funds for the scheme and fixation of rates, resulted in non-achievement of hydrofracturing.

The Director while confirming the facts replied that the beneficiaries were reluctant in hydrofracturing the wells, as the rate of hydrofracturing of Rs 13,000\* per well was equal to the cost of digging a new bore well. Besides, the District Planning and Development Council did not take up the scheme due to shortage of funds provided for the purpose. The rate of hydrofracturing was reduced to Rs 6,000 per unit in August 2004 and the scheme was being taken up under the Prime Minister's Shivkalin Yojana.

The reply is not tenable as most of the bore wells were in the public domain and are to be executed departmentally, the orientation of the beneficiaries is not very significant to the issue. Further, the matter of fixing realistic rate, which was important to the success of the programme, should have been decided earlier especially in view of acute water scarcity prevailing in rural areas, when the success of rejuvenation of the wells by hydrofracturing was almost certain. Further, even after reducing the rate to Rs 6,000, the number of wells hydrofractured during 2004-05 was only 267 as against the targeted 800.

The matter was referred to the Principal Secretary to the Government in August 2005. Reply had not been received (December 2005).

---

\* 100 bore wells x 8 units x 6 years

\* only 10 per cent to be borne by the end users

**4.5 Idle investment/idle establishment/blockage of funds**

**FOREST DEPARTMENT**

**4.5.1 Idle investment on construction of staff quarters**

**Idle investment of Rs 46.43 lakh on construction of staff quarters and nugatory expenditure of Rs 5.92 lakh on watch and ward and electricity charges.**

The Deputy Conservator of Forests (DCF), Kolhapur constructed (March 1998) 16 staff quarters for the staff from DCF to class IV level, two rooms for labourers and a godown at Mudshingi, Kolhapur at a cost of Rs 46.34 lakh.

Scrutiny of the records in audit revealed (March 2005) that these staff quarters remained unoccupied (July 2005) as there was no adequate water supply and these were situated at a distance of eight kilometres from Kolhapur City having no facility of school and market. Besides, the Department spent Rs 5.60 lakh during 2003-2005 on deployment of four forest labourers for its watch and ward and Rs 0.32 lakh on electricity charges.

On being pointed out in Audit, the DCF, Kolhapur stated (March 2005) that a proposal to utilise the premises for 'Information Centre, on Wild Life' was under consideration.

The reply is not tenable as the quarters were constructed without considering the suitability of the site and no arrangements was made for providing water supply. Thus, the purpose for which the quarters were built was not served resulting in idle expenditure of Rs 46.34 lakh on construction of quarters and nugatory expenditure of Rs 5.92 lakh on watch and ward and electricity.

The matter was referred to the Principal Secretary to the Government in June 2005. Reply had not been received (December 2005).

## URBAN DEVELOPMENT DEPARTMENT

### 4.5.2 Idle investment on shops

**Idle investment of Rs 6.67 crore due to non-allotment of shops for over eight years and blockage of funds of Rs 1.75 crore on account of non-recovery of property tax from the allottees.**

The Mumbai Metropolitan Region Development Authority (Authority) constructed a shopping complex comprising four buildings of 283 shops, one floor for Regional Transport Office (December 1993) and one amenity building consisting of five offices, four dormitories and 14 residential quarters (1997) at a total cost of Rs 12.12 crore at the Wadala Truck Terminal for allotment on lease to private individuals, companies and public undertakings.

Audit scrutiny of the related records in the Authority's office revealed (October 2003 and November 2004) that the Authority could not allot 117 shops and amenity building costing Rs 6.67 crore (April 2005) due to poor response rendering the investment idle.

The poor response was attributed (November 2004) by the Authority to inadequate facilities, exorbitant lease rent, property tax, land revenue and decrease in transport trade in Mumbai due to construction of Nhava Seva port and shifting of Iron and Steel market to Navi Mumbai.

Further, the Authority paid property taxes amounting to Rs 2.57 crore to the Brihanmumbai Municipal Corporation on the allotted shops upto March 2004. Though this tax was to be borne by the allottees and recoverable from them as per clause 2(a) of the lease agreement, the Authority had recovered Rs 82 lakh only (November 2004) leaving a balance of Rs 1.75 crore.

The Authority stated (September 2005) that a proposal for its appointment as the Special Planning Authority (SPA) had been submitted to the Government to initiate effective steps for further the improvement of the project. The Government had, however, turned down (August 2005) the request for appointment of the Authority as SPA.

The reply is not tenable because despite being aware of setting up of Nhava Sheva port and shifting of Iron and Steel market to Navi Mumbai, the Authority went ahead with the project.

Thus, improper and inadequate planning and non-provision of adequate facilities as well as high rates of lease rent and taxes resulted in rendering the investment of Rs 6.67 crore on construction of the unallotted shops and building idle for over eight years. Besides, non-recovery of property tax of Rs 1.75 crore from the allottees resulted in blocking of funds.



The matter was referred to the Principal Secretary to the Government (June 2005). Reply had not been received (December 2005).

## WATER RESOURCES DEPARTMENT

### 4.5.3 Idle investment/Avoidable expenditure

**Non-allotment of 121 staff quarters due to shortage of staff and for want of basic amenities due to shortage of funds resulted in idle investment of Rs 1.25 crore and avoidable expenditure of Rs 40 lakh.**

Out of 160 staff quarters constructed by divisions of the Maharashtra Krishna Valley Development Corporation, Pune between August 1996 and March 2001, incurring an expenditure of Rs 1.63 crore, 121 staff quarters costing Rs 1.25 crore were lying vacant as under:

Sr. No.	Name of the division	Date of completion	Number of staff quarters completed	Expenditure incurred (Rupees in lakh)	Number of staff quarters not allotted	Expenditure on unallotted quarters (Rupees in lakh)
1.	Temghar Project Division I, Pune	March 1998	12	29.55	12	29.55
2.	Urmodi dam Division, Satara	October 1997 and October 2000	59	59.79	55	55.74
3.	Tembhu Lift Irrigation Project Division No. I, Sangli	January / March 2001	50	35.40	47	33.26
4.	Water Resource Dn, Pune	Between August 1996 and June 1999	39	38.41	7	6.81
<b>Total</b>			<b>160</b>	<b>163.15</b>	<b>121</b>	<b>125.36</b>

The reasons attributed by the concerned Executive Engineers for non-allotment of quarters were: (a) closure of sub-division and transfer of staff, (b) insufficient water supply, non-installation of electric connections, lack of other civic amenities due to shortage of funds and (c) shortage of staff.

Thus, as of May 2005, 121 staff quarters remained idle for periods ranging from four to eight years due to non-provision of basic amenities and shortage of staff resulting in idle investment of Rs 1.25 crore. Besides, the Temghar

Project Division I, Pune had to incur Rs 40 lakh towards payment of house rent allowances to its employees, which was otherwise avoidable.

The matter was referred to the Secretary to the Government in June 2005. Reply had not been received (December 2005).

#### **4.6 Regularity issues and other points of interest**

### **CO-OPERATION AND TEXTILES DEPARTMENT**

#### **4.6.1 Non-redemption of Government share capital**

**Failure of the Commissioner of Sugar, Pune to monitor the creation of redemption reserve fund to redeem Government share capital led to accumulation of dues amounting to Rs 161.64 crore.**

To facilitate redemption of share capital, the Co-operative Sugar Mills were required to create share capital redemption fund (fund) by crediting an amount equal to 1/15 of the share capital contribution. Fifty *per cent* of the share capital was redeemable after 10 years and balance before end of 15 years. Further, to ensure redemption, the fund was to be invested as per instructions of the Commissioner Sugar, Pune (Commissioner). The Commissioner was to submit the report on redemption to the Government.

Scrutiny of records of the Commissioner (July 2004) and subsequent information collected (June 2005) revealed that share capital contribution of Rs 362.49 crore was paid to 71 mills during 1981-82 to 1992-93. It was further revealed that as against an amount of Rs 162.13 crore due for redemption from 71 mills as of March 2005, only one mill had deposited Rs 48.82 lakh to the fund. Neither the Commissioner had monitored the redemption nor obtained specific reports regarding creation of redemption fund. Thus, failure and casual approach of the Commissioner to monitor the creation of fund resulted in accumulation of dues to the tune of Rs 161.64 crore.

The Commissioner stated (June 2005) that instructions had been issued to the defaulter mills for creation of fund. The reply is a tacit acceptance of the Commissioner's failure to monitor timely creation of fund and redemption of share capital.

The matter was intimated to the Secretary of the department on 2 August 2005. The Chief Secretary was also requested to ensure timely response on 16 September 2005. No substantive response was, however, received (December 2005).

**FINANCE DEPARTMENT**

**4.6.2 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 inspection of the Government departments to test-check the 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) to the Heads of Offices inspected with a copy to the next higher authorities. A half yearly report of pending IRs is sent to the Secretary of the Department concerned to facilitate monitoring of action taken on audit observations in these IRs.

Inspection Reports issued up to December 2004 pertaining to 26 departments disclosed that 25,976 paragraphs relating to 9,542 IRs were outstanding at the end of June 2005. Yearwise position of the outstanding IRs and paragraphs are detailed in the **Appendix XLIII**.

➤ **Departmental Audit Committee Meeting**

In order to settle the outstanding audit observations contained in the Inspection Reports, Departmental Audit Committees have been constituted by the Government. During 2004-05, only ten\* out of the 26 departments convened 17 Audit Committee meetings. Out of 10,478 paras outstanding against these ten departments, 1,416 paras were discussed in the meetings, of which 558 paras were settled.

For ensuring prompt compliance and early clearance of the outstanding paragraphs, it is recommended that Government should address this issue seriously and ensure that an effective procedure is put in place for (a) action against the officials who fail to send replies to IRs/paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances /overpayments in a time bound manner and (c) revamping the system in the Department for proper response to the audit observations.

---

\* Agriculture, Higher and Technical Education, Home, Irrigation, Law and Judiciary, Public Health Public Works, School Education, Water Supply and Sanitation, Women and Child Welfare



➤ **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 were, however, not complying with these instructions.

The position of outstanding EMs from 1998-99 to 2003-04 is as follows:

Audit Report	Date of tabling the Report	Number of Paragraphs and Reviews	Number of EMs received	Balance
1998-99	30 November 2000	47	41	6
1999-2000	14 December 2001	55	41	14
2000-01	29 April 2002	43	30	13
2001-02	22 July 2003	51	33	18
2002-03	8 July 2004	48	11	37
2003-04	21 July 2005	48	--	48
<b>Total</b>		<b>292</b>	<b>156</b>	<b>136</b>

In addition to the above, EMs in respect of 68 paras relating to the period prior to 1998-99 were also outstanding. Department-wise details are given in **Appendix XLIV**.

➤ **Action Taken Notes**

The Maharashtra Legislature Secretariat (MLS) Rules stipulate that the Action Taken Notes (ATN) on the recommendations of the Public Accounts Committee (PAC) on those paragraphs in the Audit Reports that are discussed are required to be forwarded to the MLS duly verified in 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	106	707
1998-99	47	--	47	--	47
1999-2000	55	7	48	6	48
2000-01	43	--	43	--	43
2001-02	51	--	51	--	51
2002-03	48	--	48	--	48
2003-04	48	--	48	--	48
<b>Total</b>	<b>1154</b>	<b>158</b>	<b>996</b>	<b>112</b>	<b>992</b>



## **CHAPTER-V**

**Page**

<b>INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENT</b>	<b>161 to 171</b>
--------------------------------------------------------------------	-------------------



CHAPTER 7

Page

INTERNAL CONTROL  
ANALYSIS  
GOVERNMENT DEPARTMENT



## CHAPTER V

### INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENT

#### PUBLIC HEALTH DEPARTMENT

##### 5.1 Evaluation of internal control mechanism and internal audit system in the Public Health Department

###### Highlights

Internal control system is an integral process by which an organisation governs its activities to effectively achieve its objectives. Such a system consists of methods and policies designed to prevent fraud, minimise errors, promote operating efficiency and to achieve compliance with established policies to protect resources against loss due to waste, abuse and mismanagement. An evaluation of the internal controls and internal audit system in the Public Health Department during the period 2000-05 revealed weaknesses of the internal controls in vogue in the Department, non-compliance with rules, manuals, codes in the areas of budget preparation, procurement and an ineffective internal audit system.

Huge budgeted amounts (7 per cent to 16 per cent) were not spent in the years 2002-03 to 2004-05 indicating preparation of unrealistic budget estimates owing to lack of adequate budgetary controls in the Departments. Director General of Health Services also did not exercise proper budgetary controls for releasing grants-in-aid to Zilla Parishads.

(Paragraphs 5.1.5 and 5.1.6)

Submission of Detailed Contingent bills in respect of 90 Abstract Contingent bills involving Rs 5.84 crore drawn by seven Controlling Officers was pending for periods ranging from one year to over ten years. Non-reconciliation of balances in Personal Ledger Accounts and non-watching of Utilisation Certificates by the head of offices for the amounts advanced were also noticed. Thus, financial controls were also found to be weak and ineffective.

(Paragraphs 5.1.7, 5.1.10 and 5.1.11)

Stores items were supplied to five circles/four hospitals far in excess of requirements while two other hospitals had short supplies indicative of weak procurement controls in the Department.

(Paragraphs 5.1.13 and 5.1.14)

Huge vacancies existed in Group A posts including Medical Officers (38 per cent) and Group B posts including paramedical staff (11 per cent) adversely affecting the healthcare delivery services to the public.

(Paragraph 5.1.16)

Neither the Director General of Health Services nor the Joint Director of Health Services had conducted the inspections of the subordinate offices during the entire five year period 2000-05. There were huge shortfalls (50 per cent to 100 per cent) in the inspection of hospitals and other units by the Deputy Directors of Health Services.

(Paragraph 5.1.17)

No separate staff was earmarked for conducting internal audit of the units though about 100 units were targeted for each year. There was also no manual for conducting internal audit.

(Paragraph 5.1.19)

The settlement of internal audit paras was only a meagre nine to eleven per cent leaving huge pendency by the end of each year. As of March 2005, 7,589 internal audit paras were still outstanding.

(Paragraph 5.1.21)

### **5.1.1 Introduction**

Internal control consists of rules, orders and procedures designed to provide management with a reasonable assurance that the entity is functioning in the manner intended and is likely to achieve its objectives. A good internal control system should enable managers to ensure efficient, effective and economic utilisation of resources. Internal auditors as an independent entity, examine and evaluate the level of compliance to the departmental rules and procedures and provide independent assurance to the management on the adequacy or otherwise of the existing internal controls.

The Government of Maharashtra administers health services to the public through hospitals and dispensaries and also implements various programmes for controlling water borne, vector borne and other diseases. As of March 2005, there were 26 General Hospitals, 1,814 Primary Health Centres (PHCs) existing in the State. Audit carried out an evaluation of the internal control mechanism and internal audit system in the Public Health Department.

### **5.1.2 Organisational set-up**

The Secretary, Public Health Department is responsible for planning and evaluation of programmes at State level. The health services programmes are implemented through the Director General of Health Services (DGHS) who is assisted by three Joint Directors (JD) of Public Health, Leprosy and Malaria and Filariasis. The JDs are assisted at circle level by the Deputy Director of Health Services (DDHS) for water-borne diseases and by the Assistant Director of Health Services (ADHS) for vector-borne diseases. The DDHS controls the water-borne diseases through hospitals and PHCs. The ADHS implements the schemes through the District Malaria Officers.

For urban areas at district level, the public health services are provided by the Civil Surgeons incharge of the General Hospitals, and at taluka level by the Medical Officers of the Rural Hospitals and the Cottage Hospitals. For rural population of villages, the services are provided by the District Health Officers



(DHO) of the Zilla Parishads (ZPs) through the PHCs headed by the Medical Officers (MO).

The Controller of Accounts and Audit (CAA) in the office of the JDHS (Health), Pune is responsible for conducting internal audit of all units of the Public Health Department in the State.

### 5.1.3 Audit objectives

The audit objectives were to examine the adequacy and effectiveness of :

- Budgetary controls,
- Financial controls including administrative and operational controls,
- Procurement controls,
- Manpower management,
- Organisational controls and
- System of Internal Audit.

### 5.1.4 Scope of audit

Audit review of the adequacy and effectiveness of the internal control mechanism, including internal audit arrangement in the Department for the period 2000-05 was conducted at the office of the DGHS, two\* out of five JDHS including CAA, four\* out of eight Regional DDHS, the DDHS (TB and BCG), Mumbai, the Chest-cum-General Hospital at Pune and seven\* out of 26 General Hospitals between July and October 2005. The results of the review are discussed in the succeeding paragraphs.

## Budgetary Controls

Budgetary controls in vogue in the Department were found to be weak and ineffective as discussed below:

### 5.1.5 Unrealistic Budget estimates

The Maharashtra Budget Manual envisages the preparation of budget estimates with due care and diligence so that the estimates prepared are as close and accurate as possible, realistic and not abnormally excessive or substantially less.

Budget provision *vis-à-vis* the expenditure of the Department during 2000-05 was as follows:

Preparation of budget estimates was unrealistic

\* JDHS (Health) and JDHS (Malaria and filaria)

\* Akola, Kolhapur, Pune and Thane

\* Akola, Amravati, Buldhana, Kolhapur, Ratnagiri, Satara and Thane

(Rupees in crore)

Year	Budget provision	Expenditure	Excess (+)/Savings (-) (Percentage)
2001-02	875.81	947.84	(+) 72.03 (8)
2002-03	1032.51	947.75	(-) 84.76 (8)
2003-04	1087.95	912.32	(-) 175.63 (16)
2004-05	1166.82	1083.22	(-) 83.60 (7)
<b>Total</b>	<b>4163.09<sup>▼</sup></b>	<b>3891.13</b>	<b>(-) 271.96 (7)</b>

Specific reasons for excess expenditure in the year 2001-02 as well as for huge savings in all the other years 2002-03 to 2004-05 were not explained by the DGHS/Government (October 2005). Non-utilisation of huge amounts though budgeted indicated unrealistic preparation of budget estimates attributable to lack of adequate budgetary controls in the Department.

#### 5.1.6 Assessment of grants to the Zilla Parishads

Proper budgetary controls were not exercised by DGHS/JDHS for releasing grants-in-aid to Zilla Parishads

According to the Government orders of November 1975, the grants released to the ZPs are required to be assessed by the respective administrative departments for the budget heads controlled by them. During the five year period 2000-05, an aggregate sum of Rs 1776.12 crore was released to the 33 ZPs by the Public Health Department.

It was seen that Grants-in-aid paid to 10 ZPs in 2000-01, 25 ZPs in 2001-02, 31 ZPs in 2002-03 and all the 33 ZPs in 2003-05 were not assessed (October 2005) by the JDHS (Health). Consequently, it could not be ascertained whether any amount remained unspent with the ZPs or were the grants diverted for other purposes. The Joint Director (Health), Pune attributed (October 2005) the non-assessment of the grants to the non-filling up of the post of the Administrative Officer in the CAA wing for the period April 2002 to March 2004 and from October 2004 onwards (as of October 2005). Thus proper budgetary controls were not exercised by the DGHS/JDHS for releasing grants-in-aid to the ZPs.

### Financial controls

Financial controls in the Departments were ineffective as discussed below:

#### 5.1.7 Non-reconciliation of closing balance of Personal Ledger Account

No reconciliation of the balance in PLA cash book with the treasury pass book was carried out by the Civil Surgeons

The Civil Surgeons of the Government Hospitals mentioned below were operating personal ledger account, in which user charges collected were deposited and used on maintenance and repairs and contingencies of the hospitals. The balance in PLA cash book at the end of each month is to be reconciled with the balance as per treasury pass book and the difference, if any, is to be set right. It was, however, observed that no such reconciliation

<sup>▼</sup> includes grants-in-aid of Rs 1776.12 crore released to ZPs

was carried out by the Civil Surgeons resulting in huge variation between the cash book balances and those of the treasury pass books as shown below:

(Rupees in lakh)

Name of Hospitals	Balance as per Cash Book	Balance as per Treasury Pass book	Difference
Chest and General Hospital, Pune (As on 31 March 2004)	35.88	38.52	2.64
General Hospital, Thane (As on 31 March 2005)	151.41	139.52	11.89
General Hospital, Ratnagiri (Old PLA) (As on 31 March 2005)	1.18	1.00	0.18
General Hospital, Ratnagiri (NewPLA) (As on 31 March 2005)	114.06	112.85	1.21

In the case of Chest Hospital, Pune even the pass book was posted only up to March 2004 and was not updated thereafter. These were indicative of absence of proper controls at the level of the Civil Surgeons.

#### 5.1.8 Financial assistance to Non-Government Organisation run hospitals

Belated appointment of the special squad for verification of financial assistance to NGOs

According to the Government orders of April 2000, financial assistance is provided to hospitals run by the Non-Government Organisations (NGOs). It is obligatory on the part of the NGO hospital to provide free treatment to 10 *per cent* patients belonging to BPL category and an additional 5 *per cent* patients at concessional rates. A test-check of free and concessional medical treatment provided by the NGOs was required to be carried out by a special squad to be established by the Government.

During the period 2000-05, total assistance provided to 140 NGOs in the State amounted to Rs 3.34 crore. It was, however, seen that the special squad was established by the Government only in February 2005 though the assistance was being given in the form of grants-in-aid from April 2000 onwards. No reasons were furnished by the Government though called for. The administrative delay in appointing the special squad for five years resulted in non-verification of providing free and concessional treatment to the envisaged 15 *per cent* patients. This indicated lack of adequate financial controls at Government level.

#### 5.1.9 Sanctions of House Building Advance

In 202 cases of HBA, mortgage deeds were neither submitted nor registered by the employees

As per Rule 134 of the Bombay Financial Rules (BFR), mortgage deed, duly registered should be submitted by an employee to whom House Building Advance (HBA) is sanctioned, failing which the advance was to be recovered in lump sum along with penal interest. Scrutiny of register of sanctions of HBA in the offices of the JDHS, Pune and the DDHS, Kolhapur, however, revealed that in 202 cases of HBA involving sanction of Rs 2.73 crore, neither mortgage deeds were submitted nor registered by the employees. Lack of proper financial controls by the JDHS, Pune and the DDHS, Kolhapur led to non-adherence to the prescribed rules. Thus, submission of necessary



documents to protect the interests of the Government was not ensured while sanctioning HBA.

#### **5.1.10 Non-submission of detailed contingent bills**

**In respect of AC bills drawn by COs the DC bills were pending for periods ranging from one year to over 10 years**

As per Rule 303 of the Maharashtra Treasury Rules, 1968 and the Government orders of July 2000, detailed contingent (DC) bill in respect of amounts drawn on abstract contingent (AC) bill should be submitted to the Accountant General (Accounts and Entitlement) or the Pay and Accounts Officer, Mumbai within one month of its drawal. It was, however, noticed that DC bills in respect of 49 AC bills involving Rs 2.64 crore drawn between May 2000 and March 2005 were submitted by five Controlling Officers (CO) after a delay of over two to 28 months. In respect of 90 AC bills involving Rs 5.84 crore drawn by nine COs, the DC bills were pending for periods ranging from one year to over 10 years. The details are given in **Appendix XLV**.

The delays in submission of DC bills were attributed by the COs to non-receipt of vouchers from subordinate offices, indicating ineffective financial and administrative controls at the COs level.

#### **5.1.11 Utilisation certificates**

The DDHS had been sanctioning/releasing grants under National AIDS Control Programme to various implementing agencies. The DDHS should watch utilisation certificates (UCs) from the implementing agencies. Payment of such grants are also required to be assessed every year. It was, however, noticed that the grants were continued to be sanctioned and paid to various implementing agencies year after year by the DDHS, Pune even though the implementing agencies did not furnish the UCs.

#### **5.1.12 Maintenance of cash book**

Test-check of records of the JDHS (Health), Pune revealed that daily cash transactions amounting to Rs 1.89 crore noted in the cash book during the period November 2002 to October 2005 in respect of seven\* schemes operated by him were not authenticated by the Drawing and Disbursing Officer (DDO).

It was also noticed that only one bank account was maintained for the World Bank Aided Projects though separate cash books were maintained for each scheme. Reconciliation of bank balance with reference to cash book balances was, however, not carried out at any time by the CAA during the last five years. Consequently, there was a huge difference of Rs 83.36 lakh between the consolidated cash book balance and the bank balance as on 31 March 2005.

Test-check of the records of the DDHS (TB & BCG), the JDHS (Health), Pune and the DDHS, Thane revealed that the heads of offices did not carry out surprise verification of cash balances during the five year period 2000-05.

---

\* JDHS Pune, DDHS Kolhapur and General Hospitals at Kolhapur, Ratnagiri and Satara  
\* MHSDP, SPHL, MCCC and SCD, Nursing, ORP and YAWS

## Procurement controls

Scrutiny of procurement procedure indicated weak operational controls of the department as detailed below:

### 5.1.13 Excess supply of pricking lancets to hospitals

Store items were supplied in five circles far in excess of requirements

Scrutiny of procurement records revealed that as against the actual requirement of 25.70 lakh pricking lancets for five circles (Akola, Aurangabad, Kolhapur, Pune and Thane), the JDHS (Malaria and Filariasis) supplied (March 2004) 36 lakh pricking lancets to the circles. This resulted in excess supply of 10.30 lakh pricking lancets costing Rs 7.80 lakh.

It was also seen that though there was huge stock of 90.58 lakh pricking lancets available with two circles (Aurangabad and Pune) as of March 2003, still they were supplied with 1.30 lakh pricking lancets in March 2004. The unnecessary procurement and supply of pricking lancets when the circles had substantial stocks was not justified. This indicated lack of adequate procurement controls with the JDHS.

### 5.1.14 Supply of linen to Rural Hospitals not based on needs

As per the procurement procedure laid down in the manual, annual indents are obtained from the rural hospitals for supply of linen and the indents consolidated at each DDHS and tenders are floated by them for supply of linen. The linen supplied by the supplier is required to be distributed to the rural hospitals as per their annual requirement. Scrutiny of supplies made by the DDHS, Pune revealed that the supply to four rural hospitals was much in excess of requirement (533 blankets supplied against the requirement of 281) while it was much lower in two\* rural hospitals (40 blankets supplied as against the requirement of 260).

Further, as per the procedure outlined, the indents obtained for annual requirement from rural hospitals should indicate details of balance quantity available, expected quantity to be utilised during current year and additional quantity required. No such details were, however, available with the issuing authority (DDHS, Pune).

### 5.1.15 Physical verification of stock

In the six test checked hospitals, certificate of verification of stores and stock was recorded in the relevant registers by the respective Civil Surgeons. It was, however, seen that in General Hospital, Kolhapur, 7,951 metres of linen (green cloth) costing Rs 4.74 lakh received on 6 April 2004 did not reflect in the closing balance. Further, the stock account revealed (October 2005) that the account was maintained upto 18 January 2005 only and was not updated thereafter. The fact that this discrepancy was not noticed by the Civil Surgeon

\* Indapur, Khed, Rui and Supa

\* Ghodegaon and Nimgaon Ketki

during the physical verification indicated that the verification was done in a routine and casual manner.

The above points indicated inadequate and ineffective procurement/inventory controls at the level of the DDHS/JDHS.

### **Manpower Management**

**Huge vacancies existed in key posts**

Adequate administrative and technical/professional staff in key posts is essential for the effective functioning of an organisation. Overall, manpower management in the department was not commensurate with the programme implementation work.

**5.1.16** As against the sanctioned strength of 1,215 Group A posts including Medical Officers, only 756 were in position leaving a large number of 459 posts (38 *per cent*) vacant. Similarly, as against the sanctioned strength of 6,582 Group B posts including para-medical staff, the men-in-position were 5,848 and the shortage was 734 posts (11 *per cent*). Reasons for not filling the vacancies were not forthcoming from the DGHS (November 2005). Huge number of vacancies including that of Medical Officers would adversely affect the delivery of health services to the public.

### **Organisational Controls**

The organisational controls were also found to be weak and ineffective in the Department as discussed below:

**Departmental inspections ignored both by the DGHS and the JDHS. Huge shortfalls in inspections by the DDHSs**

**5.1.17** In order to ensure the standard of efficiency of subordinate offices a system of periodical inspection of the working of the offices is essential. The Civil Medical Code, 1976 (CMC) prescribes the periodicity of these inspections. The CMC prescribes annual inspection by the DGHS of the offices of the JDHS at Mumbai and Pune. The JDHS should also inspect the offices of the DDHS (Circles) annually. Similarly, the DDHS incharge of circles should inspect the hospitals and the District Health Officers at least once a year. It was, however, observed that no such inspection was conducted either by the DGHS or the JDHS for the entire five year period 2000-05. The DDHS, Pune circle did not conduct any inspection of the hospitals while the DDHS, Thane, Kolhapur and Akola circles conducted the inspection of only one to five out of 44 hospitals, one to six out of 60 hospitals and 10 to 14 out of 29 hospitals respectively during 2000-05. Though the JDHS (Health), Pune stated (November 2005) that they had conducted the technical inspections, no records could be produced by him nor did he maintain any inspection notes for the said inspections.

#### **5.1.18 Lack of response to audit**

One of the important functions of the CAA wing of the JDHS (Health) was to co-ordinate with the various offices of the department and expedite the



settlement of paragraphs contained in the Inspection Reports issued by the Accountant General.

It was, however, seen that as of June 2005, 433 Inspection Reports containing 871 paragraphs issued by the Accountant General were outstanding for several years. The year-wise pendency is as follows:

Year	Number of Inspection Reports pending	Number of Paragraphs pending
Upto 1998-99	105	129
1999-2000	40	58
2000-01	43	81
2001-02	62	119
2002-03	94	219
2003-04 (upto December 2004)	89	265
<b>Total</b>	<b>433</b>	<b>871</b>

The above pendency indicates lack of proper response to audit by various functionaries of the Department owing to ineffective organisational controls at the DGHS/JDHS level as well as at the Government level.

### Internal Audit

Internal audit was to examine and evaluate the level of compliance to the departmental rules and procedures so as to provide assurance to the management on the adequacy of the internal control system of the Department. Internal audit in the Department was, however, quite inadequate and ineffective as discussed below:

#### 5.1.19 Absence of separate internal audit wing

No separate staff for internal audit

Separate wing for internal audit accountable to the Head of the department provides reasonable assurance of a free and independent internal audit system. The CAA is entrusted with both the audit functions and accounting functions relating to budget, appropriation accounts and assessment of grants. No separate staff was, however, earmarked for the audit functions. There was no manual of internal audit and no norms or procedures were prescribed for conducting the audit and pursuing audit objections. The audit of expenditure was conducted only with reference to prescribed financial rules and accounts code. This adversely affected the effectiveness of internal audit system as discussed below:

#### 5.1.20 Arrears in internal audit

Huge arrears in internal audit

There were huge arrears in conducting internal audit of units (upto 71 per cent) as follows:

Year	Number of units proposed for audit	Number of units audited	Arrears	Percentage of arrears to total number of units
2001-02	111	90	21	19
2002-03	97	86	11	11
2003-04	90	47	43	48
2004-05	86	25	61	71

Though there was steady decrease in the number of audits proposed since 2001-02, the arrears in audit increased (48 *per cent* in 2003-04 and 71 *per cent* in 2004-05).

The JDHS (Health) replied (July 2005) that it was not possible to adhere to the annual plan as the wing of CAA was entrusted with the responsibility of both accounting and audit functions. The CAA also stated that with the increase in number of health institutions in the State, there was no corresponding increase in the strength of accounts and audit wing. The JDHS, however, did not indicate the efforts initiated by him, if any, (with the Government) to strengthening the internal audit wing. The reply was untenable since the internal audit of all the units has to be conducted for all the years.

#### **5.1.21 Arrears of outstanding internal audit paras**

7,589 internal audit paras were outstanding

The status of outstanding paras at the commencement of the year and objections settled during 2000-01 to 2004-05 were as under:

Year	Pending objections as on 1 April	Objections settled during the year	Percentage
2000-01	6874	608	9
2001-02	7200	788	11
2002-03	7394	693	9
2003-04	8155	794	10
2004-05	8429	840	10

The extent of settlement of objections during 2000-05 ranged between a meagre nine and eleven *per cent* indicating that the Department had not made any serious effort for settlement of the internal audit paras.

The records of CAA also revealed that inspection reports were issued after a delay of over three to twelve months.

It was also seen that whenever the internal audit of a wing is taken up by the CAA he was conducting internal audit of the subordinate offices and hospitals for the period of only one previous financial year ignoring the audit of all the earlier accounting years though internal audit of those years was pending.

#### **5.1.22 Conclusion**

Internal controls, *viz.*, budgetary controls, administrative and operational controls, procurement controls and organisational controls were inadequate and ineffective in the Department. The DGHS and the JDHS have altogether neglected the departmental inspections of the subordinate offices. There were also huge shortfalls of inspection of hospitals and other units by the DDHSs.

No standards for internal audit were prescribed. There was no serious effort on the part of the DGHS for settlement of the internal audit paras. Arrangements for internal audit too were inadequate. As a result, huge internal audit paras were pending settlement for several years.

**5.1.23 Recommendations**

- Budget control system should be strengthened to ensure allotment of funds on a realistic basis and to avoid persistent savings. Financial controls should also be strengthened.
- Procurement system should be streamlined and supplies to hospitals made as per the requirements.
- Departmental inspections should be conducted regularly and reports issued promptly to ensure efficient functioning of the district offices/hospitals and to facilitate prompt rectification of deficiencies.
- Annual Plan for internal audit should be drawn up to cover all the units within a cycle of two to three years. Timely corrective action suggested in the internal audit reports should be ensured.

The matter was referred to the Secretary to the Government in October 2005. No reply has been received (December 2005).

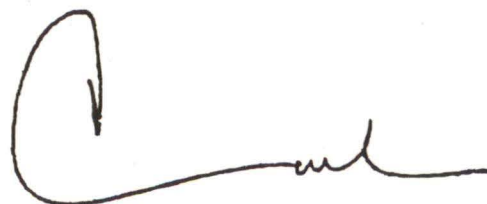


**(RAGHUBIR SINGH)**

Principal Accountant General (Audit)-I,  
Maharashtra

Mumbai,  
The **14 MAR 2006**

Countersigned



**(VIJAYENDRA N. KAUL)**

Comptroller and Auditor General of India

New Delhi,  
The **16 MAR 2006**





# APPENDICES





**APPENDIX I**  
(Reference: Paragraph 1.4; Page 5)

**List of terms used in the Chapter - I and basis for their calculation**

Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (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 - Weighted Interest rates
Interest received as <i>per cent</i> to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
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 debits under 2048-Appropriation for Reduction or Avoidance of Debt

<b>APPENDIX II</b>			
<i>(Reference - Paragraph 1.4; Page 5)</i>			
<b>Summarised financial position of the Government of Maharashtra as on 31 March 2005</b>			
(Rupees in crore) As on 31.03.2004	LIABILITIES	(Rupees in crore) As on 31.03.2005	
<b>52119.09</b>	<b>Internal Debt</b>		<b>70895.10</b>
14679.54	Market Loans bearing interest	18566.47	
25.59	Market Loans not bearing interest	25.38	
2354.16	Loans from LIC	2225.86	
35059.80	Loans from other institutions	50077.39	
--	Ways and Means Advances/Overdrafts from Reserve Bank of India	--	
<b>16063.46</b>	<b>Loans and Advances from Central Government</b>		<b>8482.34</b>
268.09	Pre 1984-85 Loans	190.19	
6241.74	Non-Plan Loans	1261.03	
9382.97	Loans for State Plan Schemes	6834.81	
10.91	Loans for Central Plan Schemes	10.08	
159.75	Loans for Centrally Sponsored Plan Schemes	186.23	
--	Ways and Means Advances	--	
<b>102.50</b>	<b>Contingency Fund</b>		<b>45.48</b>
<b>7688.84</b>	<b>Small Savings, Provident funds etc.</b>		<b>8183.93</b>
<b>10352.18</b>	<b>Deposits</b>		<b>11950.65</b>
<b>18180.30</b>	<b>Reserve Funds</b>		<b>21514.83*</b>
<b>2611.68</b>	<b>Suspense and Miscellaneous Balances</b>		<b>3880.90</b>
<b>1068.51</b>	<b>Remittances</b>		<b>1537.89</b>
<b>108186.56</b>	<b>TOTAL</b>		<b>126491.12</b>
As on 31.03.2004	ASSETS		
<b>52219.83</b>	<b>Gross Capital Outlay on Fixed Assets</b>		<b>60096.78</b>
19790.89	Investments in shares of Companies, Corporations etc.	25829.74	
32428.94	Other Capital Outlay	34267.04	
<b>10942.43</b>	<b>Loans and Advances</b>		<b>11652.14</b>
4261.40	Loans for Power Projects	3828.52	
6099.95	Other Development Loans	7206.39	
581.08	Loans to Government servants	617.23	
<b>12.67</b>	<b>Advances</b>		<b>13.23</b>
<b>2438.94</b>	<b>Cash</b>		<b>2123.01</b>
4.29	Cash in Treasuries	3.85	
(-)262.59	Deposits with Reserve Bank	(-) 203.22	
(-)58.64	Local remittances	(-) 52.06	
5.88	Departmental Cash Balance	24.16	
0.43	Permanent Advances	0.43	
1765.04	Cash Balance Investments	1048.42	
984.53	Investment of earmarked balances	1301.43	
<b>42572.69</b>	<b>Deficit on Government Accounts</b>		<b>52605.96</b>
8309.54	(i) Revenue Deficit of the Current Year	10033.33	
--	(ii) Pro forma correction	0.02	
(-)0.03	(iii) Other adjustments	(-) 0.08	
34263.18	Accumulated deficit upto 31 March 2004	42572.69	
<b>108186.56</b>	<b>TOTAL</b>		<b>126491.12</b>

\* Lower rounding



**APPENDIX III**  
(Reference: Paragraph I.A; Page 5)

**Abstract of Receipts and Disbursements for the year 2004-05**

Receipts (Rupees in crore)				Disbursements (Rupees in crore)						
2003-04 (1)			2004-05 (4)	2003-04 (5)			Non-Plan (7)	Plan (8)	Total (9)	2004-05 (10)
<b>Section-A : Revenue</b>										
34370.52	I.	Revenue receipts	41013.33	42680.06*	I.	Revenue expenditure	46392.56	4654.10	51046.66	51046.66
25162.16		Tax revenue	30605.76	19820.08		General services	22247.96*	23.20	22271.16	
				15990.32		Social services	14839.44	2709.27	17548.71	
3548.94		Non-tax revenue	4118.83	9432.30		Education, Sports, Art and Culture	9810.70	373.46	10184.16	
				1767.95		Health and Family Welfare	1443.44	447.41	1890.85	
3389.49		State's share of Union Taxes	3595.02	1893.87		Water Supply, Sanitation, Housing and Urban Development	1485.07	1005.46	2490.53	
				19.82		Information and Broadcasting	28.12	0.24	28.36	
638.62		Non-Plan grants	570.31	1080.29		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	761.99	539.92	1301.91	
				194.15		Labour and Labour Welfare	204.95	16.69	221.64	
797.32		Grants for State Plan Scheme	1265.36	1570.66		Social Welfare and Nutrition	1073.86	324.97	1398.83	
				31.28		Others	31.31	1.12 <sup>1</sup>	32.43	
833.99		Grants for Central and Centrally sponsored Plan Schemes	858.05	5883.00		<b>Economic Services</b>	<b>8465.01<sup>1</sup></b>	<b>1916.11</b>	<b>10381.12<sup>1</sup></b>	
				2385.83		Agriculture and Allied Activities	3056.37	435.66	3492.03	
				2065.39		Rural Development	1495.44	738.78	2234.22	
				51.31 <sup>1</sup>		Special Areas Programmes	0.18	39.81 <sup>1</sup>	39.99	
				356.82		Irrigation and Flood Control	712.77	102.66	815.43	
				352.79		Energy	2727.27	255.69	2982.96	
				200.73		Industry and Minerals	188.79	115.11	303.90	
				262.39		Transport	206.46	13.12	219.58	
				14.51		Science, Technology and Environment	0.01	9.03	9.04	
				193.23		General Economic Services	77.72	206.25	283.97	
				986.66		<b>Grants-in-aid and Contributions</b>	<b>840.15</b>	<b>5.52</b>	<b>845.67</b>	

\* Lower rounding

<sup>1</sup> Higher rounding



*Audit Report (Civil) for the year ended 31 March 2005*

APPENDIX III (Contd.)										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
8309.54	II.	Revenue deficit carried over to Section B		10033.33	--	II.	Revenue Surplus carried over to Section B			--
<b>Section B</b>										
1435.20	III.	Opening Cash balance including Permanent Advances and Cash Balance Investment		2438.94	--	III.	Opening Overdraft from RBI			--
--	IV.	Miscellaneous Capital receipts		--	8199.14	IV.	Capital Outlay	2855.67	5021.31	7876.98
					48.63		<b>General Services</b>	17.67	30.35	48.02
					282.56		<b>Social Services</b>	(-) 0.89	284.78	283.89
					8.68		Education, Sports, Art and Culture	--	5.89	5.89
					157.16		Health and Family Welfare	--	93.64	93.64
					14.24		Water Supply, Sanitation, Housing and Urban Development	0.02	20.72	20.74
					70.08		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	--	119.16	119.16
					1.75		Social Welfare and Nutrition	(-) 0.88	4.30	3.42 <sup>1</sup>
					30.65		Others	(-) 0.03	41.07 <sup>1</sup>	41.04
					<b>7867.95</b>		<b>Economic Services</b>	<b>2838.89</b>	<b>4706.18</b>	<b>7545.07</b>
					421.69		Agriculture and Allied Activities	(-) 12.07	295.61	283.54
					6102.30		Irrigation and Flood Control	2700.78	3302.08 <sup>1</sup>	6002.86
					297.19		Energy	-	482.63	482.63
					8.51		Industry and Minerals	--	2.04	2.04
					1033.21		Transport	127.81 <sup>1</sup>	624.07	751.88
					5.00		General Economic Services	22.37	(-) 0.30	22.07
					0.05		Science Technology and Environment	--	0.05	0.05
482.16	V.	Recoveries of Loans and Advances		2040.94	1901.99	V.	Loans and Advances disbursed			2750.60
22.87		From Power Projects	1090.13		1050.50		For Power Projects			657.24
92.76		From Government Servants	107.11		180.52		To Government Servants			143.26
366.53		From others	843.70		670.97		To Others			1950.16
	VI.	Revenue surplus brought down		--	8309.54	VI.	Revenue deficit brought down			10033.33

<sup>1</sup> Higher rounding

APPENDIX III (Concl.)											
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
381.11	VII.	<b>Public Debt receipts</b>		22188.84	8253.17	VII.	<b>Repayment of Public Debt</b>			10993.95	
--		External debt	--	--	--		External debt				
128.70		Internal debt other than Ways and Means Advances and Overdraft	20387.16		410.92		Internal debt other than Ways and Means Advances and Overdraft		1611.15*		
A		Net transactions under Ways and Means Advances including Overdraft	+		A		Net transactions under Ways and Means Advances including Overdraft		+		
252.41		Loans and Advances from Central Government	1801.68		7842.25		Repayment of Loans and Advances to Central Government		9382.80		
850.00	VIII.	<b>Appropriation from Contingency Fund</b>		300.00	850.00	VIII.	<b>Appropriation to Contingency Fund</b>			300.00	
886.85	IX.	<b>Contingency Fund</b>		347.50	897.50	IX.	<b>Contingency Fund</b>			404.52	
452.02	X.	<b>Public Account receipts</b>		27991.38	19637.06	X.	<b>Public Account disbursements</b>			20825.15	
713.78		Small Savings and Provident Funds	1684.36		1226.33		Small Savings and Provident Funds		1189.27		
440.55		Reserve Funds	6461.36		2530.03		Reserve Funds		3126.82		
460.96		Suspense and Miscellaneous	1201.43		2848.56		Suspense and Miscellaneous		(-) 67.88		
227.24		Remittances	11178.34		8502.28		Remittances		10708.95		
509.49		Deposits and Advances	7465.89		4529.86		Deposits and Advances		5867.99		
--	XI.	<b>Closing Overdraft from Reserve Bank of India</b>		--	2438.94	XI.	<b>Cash Balance at end</b>			2123.01	
					4.29		-Cash in Treasuries		3.85		
--	XII.	<b>Inter State Settlement</b>		--	(-)58.64		-Local Remittances		(-) 52.06		
					(-)262.59		-Deposits with Reserve Bank		(-) 203.22		
					5.88		-Departmental Cash Balance		24.16		
					0.43		-Permanent Advances		0.43		
					1765.04		-Cash Balance Investment		1048.42		
					984.53		-Investment of earmarked balances		1301.43		
487.34		<b>Total</b>		55307.60	50487.34		<b>Total</b>			55307.60	

\* Lower rounding

\* Represents receipt Rs 3537.91 crore and disbursement Rs 3537.91 crore

<sup>A</sup> Represents receipt Rs 9321.37 crore and disbursement Rs 9321.37 crore

<b>APPENDIX IV</b>			
<i>(Reference: Paragraph 1.4; Page 5)</i>			
<b>Sources and Application of funds</b>			
			(Rupees in crore)
2003-04			2004-05
<b>Sources</b>			
34370.52	1	Revenue receipts	41013.33
482.16	2	Recoveries of Loans and Advances	2040.94
14127.94	3	Increase in Public debt other than overdraft	11194.89
4814.94	4	Net receipts from Public account	7166.15
487.44		Increase in Small Savings and Provident Funds	495.09
1079.63		Increase in Deposits and Advances	1597.91
2910.53		Increase in Reserve funds	3334.54
1724.96		Net effect of Remittances	469.39
(-)1387.62		Net effect of Suspense and Miscellaneous transactions	1269.22
0.03	5	Adjustment closed to Government Accounts	0.08
-	6	Decrease in closing cash balance	315.93
53795.59		<b>Total</b>	<b>61731.32</b>
<b>Application</b>			
42680.07	1	Revenue expenditure	51046.66
8199.14	2	Capital expenditure	7876.98
1901.99	3	Lending for development and other purposes	2750.66
10.65	4	Net effect of contingency fund transactions	57.02
1003.74	5	Increase in closing cash balance	-
53795.59		<b>Total</b>	<b>61731.32</b>

**Explanatory notes for Exhibit I, II and III:**

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 Exhibit I, 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 159.16 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 (October 2005).



**APPENDIX V**  
(Reference: Paragraph 1.4: Page 5)

**Time series data on State Government Finances**

(Rupees in crore)

(1)	2000-01 (2)	2001-02 (3)	2002-03 (4)	2003-04 (5)	2004-05 (6)
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>29566.92</b>	<b>30092.95</b>	<b>31103.05</b>	<b>34370.52</b>	<b>41013.33</b>
(i) Tax Revenue	19726.94(67)	21287.64(71)	22799.46(73)	25162.16(73)	30605.76(75)
Taxes on Agricultural Income	--	0.16(00)	--	--	--
Taxes on Sales, Trade, etc.	12196.39(62)	12131.38(57)	13488.34(59)	15325.95(61)	18816.72(62)
State Excise	1779.51(09)	1787.26(08)	1938.68(9)	2324.42(9)	2218.87(7)
Taxes on Vehicles	785.84(04)	947.79(04)	941.23(4)	1205.97(5)	1177.15(4)
Stamps and Registration fees	2200.92(11)	2442.67(12)	2823.11(12)	3354.06(13)	4116.49(13)
Land Revenue	214.72(01)	260.46(01)	386.41(2)	360.49(2)	360.72(1)
Other Taxes	2549.56(13)	3717.92(18)	3221.69(14)	2591.27(10)	3915.81(13)
(ii) Non-tax Revenue	5596.26 <sup>1</sup> (19)	4655.08(15)	4517.47(15)	3548.94(10)	4118.83(10)
(iii) State's share of Union taxes and duties	2781.01(09)	2468.76(08)	2279.96(7)	3389.49(10)	3595.02(9)
(iv) Grants-in-aid from GOI	1462.71(05)	1681.47(06)	1506.16(5)	2269.93(7)	2693.72(6)
<b>2. Miscellaneous Capital Receipts</b>	--	--	--	--	--
<b>3. Total revenue and Non-debt capital receipts (1 + 2)</b>	<b>29566.92</b>	<b>30092.95</b>	<b>31103.05</b>	<b>34370.52</b>	<b>41013.33</b>
<b>4. Recoveries of Loans and Advances</b>	<b>2595.20</b>	<b>298.09</b>	<b>469.16</b>	<b>482.16</b>	<b>2040.94</b>
<b>5. Public Debt Receipts</b>	<b>6744.15</b>	<b>8671.33</b>	<b>9758.42</b>	<b>22381.11</b>	<b>22188.84</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1342.76	2334.73	8796.64	21128.70	20387.16
Net transactions under Ways and Means Advances and Overdraft	--	--	--	--	--
Loans and Advances from Government of India <sup>5</sup>	5401.39	6336.60	961.78	1252.41	1801.68
<b>6. Appropriation from Contingency Fund</b>	<b>700.00</b>	<b>600.00</b>	<b>450.00</b>	<b>850.00</b>	<b>300.00</b>
<b>7. Inter State settlement</b>	--	--	--	--	--
<b>8. Total receipts in the Consolidated Fund (3+4+5+6+7)</b>	<b>39606.27</b>	<b>39662.37</b>	<b>41780.63</b>	<b>58083.79</b>	<b>65543.11</b>
<b>9. Contingency Fund Receipts</b>	<b>367.29</b>	<b>305.45</b>	<b>465.80</b>	<b>886.85</b>	<b>347.50</b>
<b>10. Public Accounts receipts</b>	<b>38318.68</b>	<b>42368.85</b>	<b>44867.16</b>	<b>24452.02</b>	<b>27991.38</b>
<b>11. Total receipts of the State (8+9+10)</b>	<b>78292.24</b>	<b>82336.67</b>	<b>87113.59</b>	<b>83422.66</b>	<b>93881.99</b>
<b>Part B. Expenditure/Disbursement</b>					
<b>12. Revenue expenditure (Per cent of 15)</b>	<b>37400.95<sup>1</sup>(91)</b>	<b>38281.52(93)</b>	<b>40474.30(88)</b>	<b>42680.06<sup>1</sup>(81)</b>	<b>51046.66(83)</b>
Plan	2921.20 <sup>1</sup> (08)	2881.03(08)	3244.41(8)	3544.70(8)	4654.10(9)
Non-Plan	34479.75(92)	35400.49(92)	37229.89(92)	39135.36(92)	46392.56(91)
General Services (incl. Interests payments)	14702.13(39)	17730.54(46)	17946.81(44)	19820.08(46)	22271.16(44)
Social Services	14350.71(38)	14136.81(37)	14217.83(35)	15990.32(38)	17548.71(34)
Economic Services	7655.86(21)	5875.71(16)	7635.77(19)	5883.00(14)	10381.12(20)
Grants-in-aid and Contribution	692.25(02)	538.46(01)	673.89(2)	986.66(2)	845.67(2)
<b>13. Capital Expenditure (Per cent of 15)</b>	<b>4463.01(11)</b>	<b>2947.88(07)</b>	<b>3683.68(8)</b>	<b>8199.14(15)</b>	<b>7876.98(13)</b>
Plan	3688.30(83)	1475.39(50)	1645.08(45)	3735.08(46)	5021.31(64)
Non-Plan	774.71(17)	1472.49(50)	2038.60(55)	4464.06(54)	2855.67(36)
General Services	45.95(01)	38.15(01)	39.38(1)	48.63(1)	48.02(1)
Social Services	120.46(03)	133.11(05)	159.28(4)	282.56(3)	283.89(3)
Economic Services	4296.60(96)	2776.62(94)	3485.02(95)	7867.95(96)	7545.07(96)

\* Higher rounding

<sup>1</sup> Lower rounding<sup>5</sup> Includes Ways and Means Advances from GOI

APPENDIX V (Concl'd)					
(1)	(2)	(3)	(4)	(5)	(6)
<b>14. Disbursement of Loans and Advances</b> (Per cent of 15)	(-726.04(-2)	59.39(00)	1704.08(4)	1901.99(4)	2750.66(4)
<b>15. Total (12+13+14)</b>	41137.92	41288.79	45862.06	52781.19	61674.30
<b>16. Repayments of Public Debt</b>	1070.27	1190.80	1355.31	8253.17	10993.95
Internal Debt (excluding Ways and Means Advances and Overdrafts)	209.60	229.89	233.22	410.92	1611.15
Net transactions under Ways and Means Advances and Overdrafts	--	--	--	--	--
Loans and Advances from Government of India <sup>s</sup>	860.67	960.91	1122.09	7842.25	9382.80
<b>17. Appropriation to Contingency Fund</b>	350.00	250.00	450.00	850.00	300.00
<b>18. Total disbursement out of Consolidated Fund (15+16+17)</b>	42558.19	42729.59	47667.37	61884.36	72968.25
<b>19. Contingency Fund disbursements</b>	755.45	615.80	486.85	897.50	404.52
<b>20. Public Account disbursements</b>	34538.09	39760.53	38221.87	19637.06	20825.15
<b>21. Total disbursement by the State (18+19+20)</b>	77851.73	83105.92	86376.09	82418.92	94197.92
<b>Part C. Deficits</b>					
<b>22. Revenue Deficit(-)/Surplus (+) (1-12)</b>	(-7834.03	(-8188.57	(-9371.25	(-8309.54	(-10033.33
<b>23. Fiscal Deficit (3+4-15)</b>	8975.80	10897.75	14289.85	17928.51	18620.03
<b>24. Primary Deficit (23-25)</b>	3751.26	4468.67	7160.10	9593.03	9641.47
<b>Part D. Other data</b>					
<b>25. Interest Payments (included in revenue expenditure)</b>	5224.54	6429.08	7129.75	8335.48	8978.56
<b>26. Arrears of Revenue (Percentage of Tax and non-tax Revenue Receipts)</b>	7953.69(31)	5140.68(20)	5879.01(22)	6866.45(24)	12584.30(36)
<b>27. Financial Assistance to local bodies etc.</b>	7300.59	10980.14	5258.55	18516.03	21218.24
<b>28. Ways and Means Advances/Overdraft availed (days)</b>	244	107/76	171/154	168/39	68/12
<b>29. Interest on WMA/Overdraft</b>	12.18	41.03	42.88	34.12	9.23
<b>30. Gross State Domestic Product (GSDP)</b>	258272 <sup>c</sup>	271406	295191 <sup>c</sup>	333145 <sup>c</sup>	356375 <sup>d</sup>
<b>31. Outstanding Debt (year end)</b>	38170.97	45651.50	54054.61	68182.55	79377.44
<b>32. Outstanding guarantees (year end)<sup>A</sup></b>	2924.81	1534.96	2453.50	70125.72	60870.90
<b>33. Maximum amount guaranteed (year end)</b>	35540.20	33974.20	37521.19	82228.45	80183.53
<b>34. Number of incomplete projects</b>	95	117	133	146	153
<b>35. Capital blocked in incomplete projects</b>	2850.12	3258.16	3829.26	4224.89	4826.19

Note: Figures in brackets represent percentages (rounded) to total of each subheading

<sup>s</sup> Includes Ways and Means Advances from GOI

<sup>c</sup> Based on Economic Survey of Maharashtra

<sup>d</sup> GSDP figures in respect of four previous years were taken from the State Economic survey. As the Current year (2004-05) figure was not available, average growth rate was adopted.

<sup>A</sup> As per Finance Accounts of respective year



**APPENDIX VI**  
(Reference: Paragraph 1.7.5; Page 14)

**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	8566	762.24
2	Co-operation and Textiles	1589	38.91
3	Employment and Self-employment	4	24.20
4	Finance	102	17.38
5	Food, Civil Supplies and Consumer Protection	11	0.01
6	General Administration	148	5.38
7	Higher and Technical Education	392	84.13
8	Home	34	20.12
9	Industries, Energy and Labour	115	0.47
10	Irrigation	117	19.16
11	Law and Judiciary	359	1.64
12	Medical Education and Drugs	103	6.74
13	Planning	5381	774.87
14	Public Health	2846	283.28
15	Public Works	198	45.97
16	Revenue and Forests	3157	298.04
17	Rural Development and Water Conservation	3137	678.33
18	School Education	5400	1563.79
19	Social Justice, Cultural Affairs, Sports and Special Assistance	28987	839.83
20	Tribal Development	914	154.84
21	Urban Development	502	343.15
22	Water Supply and Sanitation	1210	167.93
23	Women and Child Development	1025	147.59
	<b>Total</b>	<b>64297</b>	<b>6278.00</b>
<b>Department-wise break up of outstanding Utilisation certificates (Loans)</b>			
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	17	10.04
2	Co-operation and Textiles	359	85.47
3	Housing	36	0.54
4	Industries, Energy and Labour	1571	41.63
5	Revenue and Forests	484	352.87
6	Rural Development and Water Conservation	62	2.51
7	Social Justice, Cultural Affairs, Sports and Special Assistance	5	0.34
8	Tribal Development	263	89.85
9	Urban Development	325	28.45
	<b>Total</b>	<b>3122</b>	<b>611.70</b>
	<b>Grand total (Grants + Loans)</b>	<b>67419</b>	<b>6889.70</b>



**APPENDIX VII**  
*(Reference: Paragraph 1.7.6: Page 14)*

**Statement showing department-wise break up of non-submission of accounts**

<b>Year(s) for which information was awaited</b>	<b>Name of Department</b>
1993-94 to 1995-96, 1997-98 to 1998-99 and 2000-01 to 2004-05	Environment
1994-95 to 1995-96 and 1998-99 to 2004-05	Food, Civil Supplies and Consumer Protection
1993-94 to 2004-05	Home
1999-2000 to 2004-05	Industries, Energy and Labour
1999-2000 to 2004-05	Law and Judiciary
1994-95 to 2004-05	Medical Education and Drugs
1997-98 and 1999-2000 to 2004-05	Planning
1991-92 to 1996-97 and 1998-99 to 2004-05	Tribal Development
1993-94 to 2004-05	Women and Child Welfare

## APPENDIX VIII

(Reference: Paragraph 1.7.7; Page 14)

## 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	01.04.2003 to 31.03.2008	2002-03	2000-01	<u>1998-99</u> 16.12.2003	<u>2002-03</u> Annual accounts of all units received between February 2004 and November 2004	Delay for about one year and four months
2	Maharashtra State Khadi and Village Industries Board, Mumbai	01.04.2002 to 31.03.2007	2003-04	2002-03	<u>2002-03</u> 30.06.2005	<u>2003-04</u> Adopted accounts were received in September 2004	Delay for about two months
3	Maharashtra Jeevan Pradhikaran, Mumbai	01.04.2002 to 31.03.2007	2003-04	2002-03	<u>2001-02</u> December 2004	<u>2003-04</u> Adopted accounts were received during audit. Accounts adopted in April 2005	Delay for about nine months
4	Mumbai Metropolitan Region Development Authority, Mumbai	01.04.2004 to 31.03.2009	2003-04	2003-04	No provision for placement	<u>2003-04</u> Accounts received in September 2004	Delay for about two months
5	Maharashtra State Commission for Women, Mumbai	01.04.2003 to 31.03.2008	2001-02 and 2002-03	2001-02 and 2002-03	No provision for placement	<u>2002-03</u> Accounts received in August 2004	Two years delay for 2001-02 and one year delay for 2002-03
6	Maharashtra Maritime Board, Mumbai	01.04.2001 to 31.03.2006	2003-04	2002-03	1995-96	<u>2003-04</u> Adopted accounts received in April 2005	Delay for about nine months



APPENDIX VIII (Concl.)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
7	Maharashtra Krishna Valley Development Corporation, Pune	01.04.2001 to 31.03.2006	2003-04	2002-03	2000-01 and 2001-02 21.03.2005	2003-04 Accounts adopted in January 2005 and received in February 2005	Delay for about seven months
8	Konkan Irrigation Development Corporation, Thane	01.04.2003 to 31.03.2008	2003-04	2002-03	2002-03 17.03.2005	2003-04 Adopted accounts received in July 2005	Delay for about one year
9	Vidharbha Irrigation Development Corporation, Nagpur	01.04.2003 to 31.03.2007	2002-03	2000-01	Not placed	2003-04 and 2004-05 Accounts pending approval from Governing bodies	Delay ranged between one and two years
10	Tapi Irrigation Development Corporation, Jalgaon	01.04.2003 to 31.03.2008	2002-03	2001-02	Not placed	2003-04 and 2004-05 Accounts pending approval from Governing bodies	Delay ranged between one and two years
11	Godavari Marathwada Irrigation Development Corporation, Aurangabad	01.04.2004 to 31.03.2009	2003-04	2001-02	1998-99 and 1999-2000 10.08.2005	2002-03, 2003-04 and 2004-05 Accounts pending approval from Governing bodies	Delay ranged between two and three years



## APPENDIX IX

(Reference: Paragraph 1.7.8: Page 14)

Statement showing cases of misappropriation reported upto March 2005 and pending finalisation as on 30 September 2005

Sr. No.	Name of Department	Reported upto March 2001		Reported during 2001-02		Reported during 2002-03		Reported during 2003-04		Reported during 2004-05		Total	
		Cases	Amounts	Cases	Amounts	Cases	Amounts	Cases	Amounts	Cases	Amounts	Cases	Amounts
1	2	3	4	5	6	7	8	9	10	11	12	13	14
		(Rupees in lakh)											
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	64	44.88	-	-	1	0.20	-	-	-	-	65	45.08
2	Finance	7	125.26	-	-	-	-	-	-	1	40.08	8	165.34
3	Food, Civil Supplies and Consumer Protection	10	27.80	-	-	1	3.05	-	-	-	-	11	30.85
4	General Administration	2	1.35	-	-	-	-	-	-	-	-	2	1.35
5	Housing	2	0.61	-	-	-	-	-	-	-	-	2	0.61
6	Higher and Technical Education	2	1.19	-	-	1	29.65	-	-	-	-	3	30.84
7	Home	17	19.55	-	-	-	-	-	-	2	1.59	19	21.14
8	Irrigation	3	3.11	-	-	-	-	-	-	2	0.43	5	3.54

APPENDIX IX (Concl.)													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
(Rupees in lakh)													
9	Law and Judiciary	2	6.15	2	0.37	-	-	-	-	-	-	4	6.52
10	Medical Education and Drugs	3	7.17	-	-	-	-	-	-	-	-	3	7.17
11	Public Health	12	17.48	2	5.79	2	27.82	-	-	-	-	16	51.09
12	Public Works	1	1.08	-	-	-	-	-	-	-	-	1	1.08
13	Revenue and Forests	96	25.85	-	-	-	-	-	-	3	0.11	99	25.96
14	Rural Development and Water Conservation	17	200.69	-	-	-	-	-	-	-	-	17	200.69
15	School Education	2	2.56	-	-	-	-	-	-	-	-	2	2.56
16	Social Justice, Cultural Affairs, Sports and Special Assistance	8	84.64	-	-	-	-	-	-	-	-	8	84.64
<b>TOTAL</b>		<b>248</b>	<b>569.37</b>	<b>4</b>	<b>6.16</b>	<b>5</b>	<b>60.72</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>42.21</b>	<b>265</b>	<b>678.46</b>
													<i>ie Rs 6.78 crore</i>

APPENDIX X (Reference: Paragraph 1.7.9; Page 15)			
Write off of losses, etc.			
Sr. No.	Department	Losses, irrecoverable revenues, advances etc. written-off	
		Number of cases	Amount (Rupees in lakh)
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	11	1962.94
2	Finance	1	0.10
3	Food, Civil Supplies and Consumer Protection	439	3.51
4	Higher and Technical Education	1	0.42
5	Home	1	15.45
6	Public Health	3	0.29
7	Revenue and Forests	1	0.25
	<b>Total</b>	<b>457</b>	<b>1982.96</b> i.e. 19.83 crore



**Audit Report (Civil) for the year ended 31 March 2005**

**APPENDIX XI**

(Reference: Paragraph 1 & 3, Page 16)

**Departmentally managed Commercial and Quasi-Commercial Undertakings whose Pro forma Accounts are in arrears for more than one year**

Name of scheme	Arrears since	Number of accounts	Remarks
GMMS, Worli	2004-05	1	
Mother Dairy, Kurla	2004-05	1	
Aarey Milk Scheme, Goregaon	2004-05	1	
Milk Transport Scheme, Goregaon	2004-05	1	
Paragrass Production Scheme, Mumbai	2004-05	1	
Unit Scheme, Mumbai	2004-05	1	
Electricity Scheme, Mumbai	2004-05	1	
Cattle Feed Scheme, Mumbai	2004-05	1	
Water Works Scheme, Mumbai	2004-05	1	
Dairy Project, Dapchari	2004-05	1	
GMS, Gondia	2004-05	1	
GMS, Nanded	2004-05	1	
GMS, Amravati	2004-05	1	
Land Development by Bulldozer Scheme, Amravati	1996-97	9	
Land Development by Bulldozer Scheme, Aurangabad	1998-99	7	
Land Development by Bulldozer Scheme, Pune	1994-95	11	
Land Development by Bulldozer Scheme, Nagpur	2000-01	5	
<b>Revenue and Forest Department</b>			
Allapalli and Pedugundam Forest Range of Forest Divisions including Saw Mills and Timber Depot.	1985-86	19	
<b>Food and Civil Supplies Department</b>			
Procurement distribution and price control scheme Mumbai and Thane Region	2003-04	1	
Public Distribution price control scheme, Mofussil	2003-04	1	

## APPENDIX XII

(Reference: Paragraph I.8.3; Page 16)

Summarised statement of finalisation of accounts and the government investment thereon in departmentally managed commercial and quasi-commercial undertakings

Sr. No.	Department	Number of undertakings under the Department	Account not finalised (Name of undertakings)	Account finalised upto	Investment as per last accounts (Rupees in crore)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(A)	Agriculture, Animal Husbandry, Dairy Development and Fisheries	42	Government Milk Scheme			
<b>Mumbai Region</b>						
1			Greater Mumbai Milk Scheme. Worli	2003-04	(-) 0.16	
2			Mother Dairy. Kurla	2003-04	23.36	
3			Aarey Milk Scheme. Goregaon	2003-04	28.93	
4			Milk Transport Scheme. Worli	2003-04	4.05	
5			Agriculture Scheme. Mumbai	2003-04	39.82	
6			Unit Scheme. Mumbai	2003-04	40.88	
7			Electricity Scheme. Mumbai	2003-04	16.03	
8			Cattle Feed Scheme. Mumbai	2003-04	3.83	
9			Water Supply. Mumbai	2003-04	1.77	
10			Dairy Project. Dapchari	2003-04	7.48	
11			Government Milk Scheme. Chiplun	2004-05	0.02	
12			Government Milk Scheme. Mahad	2004-05	0.01	
13			Government Milk Scheme. Ratnagiri	2004-05	0.01	
14			Government Milk Scheme. Khopoli	2004-05	0.02	
15			Government Milk Scheme. Kankavali	2004-05	0.02	
16			Government Milk Chilling Centre. Saralgaon	2004-05	0.25	
17			Cattle Breeding and Rearing Farm. Palghar	2004-05	0.01	
18			Government Milk Distribution Depot. Gove-Bhiwandi	2004-05	0.42	

APPENDIX XII (Contd.)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Pune Region</b>						
19			Government Milk Scheme, Pune	2004-05	9.16	
20			Government Milk Scheme, Solapur	2004-05	0.61	
21			Government Milk Scheme, Miraj	2004-05	0.31	
22			Government Milk Scheme, Mahabaleshwar	2004-05	0.01	
23			Government Milk Scheme, Satara	2004-05	7.56	
<b>Nagpur Region</b>						
24			Government Milk Scheme, Nagpur	2004-05	0.12	
25			Government Milk Scheme, Wardha	2004-05	2.59	
26			Government Milk Scheme, Chandrapur	2004-05	0.96	
27			Government Milk Scheme, Gondia	2003-04	10.57	
<b>Aurangabad Region</b>						
28			Government Milk Scheme, Aurangabad	2004-05	3.00	
29			Government Milk Scheme, Udgir	2004-05	10.50	
30			Government Milk Scheme, Beed	2004-05	0.39	
31			Government Milk Scheme, Nanded	2003-04	7.48	
32			Government Milk Scheme, Bhoom	2004-05	5.57	
33			Government Milk Scheme, Parbhani	2004-05	0.17	
<b>Nashik Region</b>						
34			Government Milk Scheme, Nashik	2004-05	0.01	
35			Government Milk Scheme, Dhule	2004-05	0.14	
36			Government Milk Scheme, Chalisgaon	2004-05	0.01	
37			Government Milk Scheme, Ahmednagar	2004-05	0.52	
38			Government Milk Scheme, Wani	2004-05	0.01	
<b>Amaravati Region</b>						
39			Government Milk Scheme, Amravati	2003-04	21.53	
40			Government Milk Scheme, Akola	2004-05	0.23	
41			Government Milk Scheme, Yavatmal	2004-05	2.95	
42			Government Milk Scheme, Nandura	2004-05	1.29	



APPENDIX XII (Concl.)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(B)	Agriculture, Animal Husbandry, Dairy Development and Fisheries	4	Land Development by Bulldozers Scheme			
43			Land Development by Bulldozer Scheme, Pune	2001-02	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	1999-00	2.18	
47	Food, Civil Supplies and Consumer Protection Department	2	Procurement distribution and price control scheme Mumbai and Thane Region.	2003-04	(-) 39.17	
48			Public Distribution price control scheme, Mofussil			
49	Revenue and Forests Department	1	Allapalli and Pengundam Forest range of Forest Division including Sam Mills and Timber Depot			

**APPENDIX XIII**  
(Reference Paragraph 1.5.3, Page 16)

**Summarised Financial Statement of Departmentally Managed Commercial Quasi-Commercial Undertakings**

Sl. No.	Particulars of the undertaking	Year of commencement of activities	Period of accounts	Government Capital (Mean Capital)	Block assets at depreciated cost	Depreciation provided during the year	Turnover	Net Profit (+) / Net Loss (-)	Interest on Mean capital	Total return (9+10)	Percentage of return on Mean capital
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

(Rupees in lakh)

(in per cent)

**AGRICULTURE, ANIMAL HUSBANDRY, DAIRY DEVELOPMENT AND FISHERIES DEPARTMENT**

**Government Milk Scheme - Mumbai Region**

1	Greater Mumbai Milk Scheme, Worli	1947	2003-04	(-) 2083.38	879.81	40.31	15952.44	(-) 590.40	0.00	(-) 590.40	-
2	Mother Dairy, Kurla	1975	2003-04	(-) 278.85	691.20	31.22	9093.68	(-) 989.32	0.00	(-) 989.32	-
3	Aarey Milk Scheme, Goregaon	1950	2003-04	1688.64	491.91	35.81	6444.81	(-) 664.89	0.00	(-) 520.68	-
4	Milk Transport Scheme, Worli	1951	2003-04	422.98	213.56	40.51	15.39	(-) 289.33	44.41	(-) 244.92	-
5	Agriculture Scheme, Mumbai (Paragrass)	1950	2003-04	3534.22	422.84	2.23	13.71	(-) 433.52	371.09	(-) 62.43	-
6	Unit Scheme, Mumbai	1950	2003-04	3597.66	745.62	21.55	188.26	(-) 289.35	377.75	(+) 88.40	-
7	Electricity Scheme, Mumbai	1950	2003-04	1429.50	16.37	1.47	271.02	(-) 250.62	150.10	(-) 100.52	-
8	Cattle Feed Scheme, Mumbai	1950	2003-04	344.78	18.08	0.43	95.17	(+) 31.20	36.20	(+) 67.40	-

## Appendix XIII (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
9	Water Supply Scheme, Mumbai	1950	2003-04	1687.20	958.63	10.73	294.95	(-) 197.34	177.16	(-) 20.18	-
10	Dairy Project, Dapchari	1960	2003-04	2015.15	633.06	21.42	9.66	(-) 660.46	105.80	(-) 554.66	-
11	Government Milk Scheme, Chiplun	1964	2004-05	367.03	72.92	4.22	257.96	(-) 72.73	19.27	(-) 53.46	-
12	Government Milk Scheme, Mahad	1966	2004-05	126.90	93.49	2.03	48.90	(-) 70.90	13.32	(-) 57.58	-
13	Government Milk Scheme, Ratnagiri	1966	2004-05	131.61	77.10	3.37	123.82	(-) 548.04	13.82	(-) 534.22	-
14	Government Milk Scheme, Khopoli	1966	2004-05	153.52	186.00	9.55	1412.93	(+) 17.00	16.12	(+) 33.12	
15	Government Milk Scheme, Kankavali	1967	2004-05	1144.69	272.90	16.60	162.54	(-) 159.85	60.10	(-) 99.75	-
16	Government Milk Chilling Centre, Saralgaon	1979	2004-05	34.09	15.94	1.05	20.42	(-) 19.88	3.58	(-) 16.30	-
17	Cattle Breeding and Rearing Farm, Palghar	1979	2004-05	362.90	64.73	1.48	52.11	(-) 51.26	19.05	(-) 32.21	-
18	Government Milk Distribution Depot, Gove-Bhiwandi	1987	2004-05	17.96	35.92	2.03	578.08	(+) 34.88	1.89	(+) 36.77	
<b>Pune Region</b>											
19	Government Milk Scheme, Pune	1950	2004-05	1555.17	423.48	23.28	11302.79	(-) 131.83	163.29	(+) 31.46	
20	Government Milk Scheme, Solapur	1960	2004-05	252.53	73.98	5.82	504.68	(-) 195.20	26.52	(-) 168.68	-
21	Government Milk Scheme, Miraj	1961	2004-05	6482.32	523.24	29.77	1779.68	(-) 3228.75	680.65	(-) 2548.10	-
22	Government Milk Scheme, Mahabaleshwar	1962	2004-05	214.46	46.78	1.92	350.10	(-) 67.98	22.50	(-) 45.48	-



## Appendix XIII (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
23	Government Milk Scheme, Satara	1979	2004-05	1482.14	326.84	9.98	577.61	(-) 347.53	155.52	(-) 192.01	-
<b>Nagpur Region</b>											
24	Government Milk Scheme, Nagpur	1958	2004-05	807.56	153.97	26.13	2302.57	(-) 514.00	84.79	(-) 429.21	-
25	Government Milk Scheme, Wardha	1976	2004-05	297.31	40.31	1.82	115.94	(-) 140.49	31.22	(-) 109.27	-
26	Government Milk Scheme, Chandrapur	1979	2004-05	107.16	144.82	12.42	1335.70	(-) 104.60	11.25	(-) 93.35	-
27	Government Milk Scheme, Gondia	1979	2003-04	1246.68	70.03	2.92	1670.76	(-) 263.23	130.90	(-) 132.33	-
<b>Aurangabad Region</b>											
28	Government Milk Scheme, Aurangabad	1962	2004-05	520.77	310.87	11.32	549.34	(-) 316.97	54.68	(-) 262.29	-
29	Government Milk Scheme, Udgir	1971	2004-05	1525.51	640.43	27.35	560.62	(-) 690.53	160.18	(-) 530.35	-
30	Government Milk Scheme, Beed	1978	2004-05	3197.39	601.02	16.98	2113.93	(-) 778.87	335.73	(-) 443.14	-
31	Government Milk Scheme, Nanded	1977	2003-04	1178.98	103.21	4.38	909.93	(-) 449.38	94.22	(-) 355.16	-
32	Government Milk Scheme, Bhoom	1978	2004-05	783.10	128.73	26.23	1536.10	(-) 292.08	82.23	(-) 209.85	-
33	Government Milk Scheme, Parbhani	1979	2003-04	164.86	74.51	2.15	10.85	(-) 231.24	17.31	(-) 213.93	-
<b>Nashik Region</b>											
34	Government Milk Scheme, Nashik	1960	2004-05	292.12	75.86	4.94	449.28	(-) 222.88	30.67	(-) 192.21	-
35	Government Milk Scheme, Dhule	1962	2004-05	1646.14	332.90	13.76	794.42	(-) 414.47	172.84	(-) 241.63	-
36	Government Milk Scheme, Chalisgaon	1969	2004-05	175.79	6.10	0.57	170.55	(-) 66.74	18.46	(-) 48.28	-

## Appendix XIII (Concl'd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
37	Government Milk Scheme, Ahmednagar	1969	2004-05	5157.35	224.31	10.41	4836.50	(-) 914.73	541.52	(-) 373.21	-
38	Government Milk Scheme, Wani	1978	2004-05	104.32	13.81	0.26	173.97	(-) 48.95	10.43	(-) 38.52	-
<b>Amravati Region</b>											
39	Government Milk Scheme, Amravati	1962	2003-04	1879.13	175.78	1.65	505.09	(-) 345.09	197.31	(-) 147.78	-
40	Government Milk Scheme, Akola	1962	2004-05	1915.03	586.30	28.16	1254.59	(-) 440.63	201.07	(-) 239.56	-
41	Government Milk Scheme, Yavatmal	2000	2004-05	354.22	252.62	2.25	235.52	(-) 170.82	37.19	(-) 133.63	-
42	Government Milk Scheme, Nandura	1978	2004-05	209.38	75.13	2.44	0.00	(-) 185.22	21.99	(-) 163.23	-
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	-	1.80	(-) 4.46	0.40	(-) 4.06	
46	LDBS Nagpur	1996	1996-97	2.17	0.23	-	1.81	0.21	0.32	(-) 0.53	
<b>Food Civil Supplies and Consumer Protection Department</b>											
47	Procurement Distribution and price control scheme MRA/TRA	1959	2003-04	49211.18	133.35	98.81	12068.91	(-) 3917.05	4895.68	978.63	1.99
48	Procurement Distribution and price control scheme MOFFUSIL	1957	2003-04	10782.52	591.16	833.06	90151.64	13603.78	1072.88	14676.66	136.12
<b>Revenue and Forest Department</b>											
49	Allapalli and Pengundam Forest Range of Forest Divisions including Sam Mills and Timber Depot.	1926	1985-86	1857.85	15.27	9.27	826.24	383.32	170.74	554.06	29.82

**APPENDIX XIV**

*(Reference: Paragraph 2.3.1 ; Page 26)*

**Statement of various grants/appropriations where saving was more than Rs 10 crore each and more than 20 per cent of the total provision**

Sr. No	Description of the grant/appropriation	(Rupees in crore)		
		Total grant/ appropriation	Saving	Percentage
(1)	(2)	(3)	(4)	(5)
1	B-9 -Capital Expenditure on Economic Services (Capital -Voted)	266.56	135.76	51
2	C-1 Revenue and District Administration (Revenue-Charged)	158.38	32.05	20
3	C-4 Secretariat and Other General Services (Revenue-Voted)	53.14	27.44	52
4	C-4 Secretariat and Other General Services (Revenue-Charged)	24.95	17.83	71
5	D-2 Agriculture Services (Revenue-Voted)	1158.57	259.82	22
6	D-4 Dairy Development (Revenue-Voted)	983.50	292.23	30
7	F-2 Urban Development and Other Advance Services (Revenue-Voted)	1236.35	285.69	23
8	G-2 Other Fiscal and Miscellaneous Services (Revenue-Voted)	4629.14	3899.96	84
9	G-6 Pensions and Other Retirement Benefits (Revenue-Charged)	31.00	21.77	70
10	G-8 Public Debt and Inter State Settlement (Loans and Advances-Voted)	24247.56	10168.22	42
11	G-9 Loans to Government Servants (Loans and Advances-Voted)	233.34	90.08	39
12	H-8 Capital Expenditure on Public Works Administrative and Functional Buildings (Capital -Voted)	87.07	20.43	23
13	H-9 Capital Outlay on Removal of Regional Imbalance (Capital -Voted)	101.17	53.60	53
14	I-3A Internal Debt of the State Government (Loans and Advances - Voted)	229.23	60.00	26
15	K-1 Other Taxes and Duties on Commodities and Services (Revenue-Charged)	261.00	114.42	44
16	K-2 Interest Payments (Revenue-Charged)	129.95	43.24	33
17	K-6 Industries (Revenue -Charged)	57.55	16.20	28
18	L-6 Capital Expenditure on Rural Development (Capital -Voted)	301.32	152.96	51



Appendix XIV (Concl.)				
(1)	(2)	(3)	(4)	(5)
19	L-7 Capital Expenditure on Removal of Regional Imbalance (Capital -Voted)	108.13	54.07	50
20	L-8 Miscellaneous Loans (Loans and Advances-Voted)	926.26	585.23	63
21	M-1 Food, Storage and Warehousing (Revenue -Voted)	362.09	165.39	46
22	N-2 Sports and Youth Services (Revenue -Voted)	42.81	12.25	29
23	N-3 Art and Culture (Revenue-Voted)	66.82	26.29	39
24	N-5 Capital Expenditure on Social Services (Capital -Voted)	165.96	38.48	23
25	O-2 Rural Employment (Revenue-Charged)	1569.00	402.71	26
26	O-4 Hill Areas (Revenue-Voted)	61.21	21.41	35
27	O-6 Secretariat-Economic Services (Revenue-Voted)	145.90	29.52	20
28	O-8 Investment in General Financial and Trading Institutions (Capital -Voted)	118.92	97.05	82
29	V-3 Capital Expenditure on Social Services (Capital - Voted)	222.67	111.84	50
30	V-5 Capital Expenditure on Social Services and Economic Services (Loans and Advances-Voted)	2190.76	673.68	31
31	W-1 Interest Payments (Revenue -Charged)	40.85	23.04	56
32	ZA-1 Secretariat and Other Social Services (Revenue -Voted)	35.61	12.01	34
33	ZA-2 Capital Outlay on Other Social Services (Capital - Voted)	53.20	26.00	49
34	ZC-1 Parliament/State/Union Territory Legislatures (Revenue-Voted)	46.34	12.38	27

**APPENDIX XV**

*(Reference: Paragraph 2.3.3; Page 26)*

**Excess over grants/appropriations requiring regularisation**

Sr. No.	Number	Name of the grant/ appropriation	Total grant or appropriation	Actual expenditure	Amount of excess
(1)	(2)	(3)	(4)	(5)	(6)
			Rupees		
<b>Grants - Revenue</b>					
1	A-5	Social Services	683057000	747384866	64327866
2	C-2	Stamps and Registration	384302000	416928710	32626710
3	C-7	Forest	2973399000	3002887459	29488459
4	H-3	Housing	1451355000	1472804592	21449592
5	M-2	Secretariat and Other Economic Services	132305000	134939738	2634738
6	O-2	Rural Employment	9311405000	12554781924	3243376924
7	S-1	Medical and Public Health	4869383000	4928076498	58693498
8	W-3	Technical Education	3149542000	3253741737	104199737
9	Y-3	Minor Irrigation	104780000	107608868	2828868
		<b>Total Grants</b>	<b>23059528000</b>	<b>26619154392</b>	<b>3559626392</b>
<b>Appropriation - Revenue</b>					
10	A-5	Social Services	150000	203952	53952
11	C-3	Interest Payments	1297000	19959907	18662907
12	C-5	Other Social Services	2010000	23324042	21314042
13	E-1	Interest Payments	4006625000	4227980105	221355105
14	G-7	Social Security and Welfare	180000	488319	308319
15	I-1	Irrigation, Power and Other Economic Services	67000	1320983	1253983
16	J-1	Administration of Justice	917929000	942570761	24641761
17	L-1	Interest Payments	2203762000	2356101138	152339138
18	N-4	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	75000	290926	215926
19	Q-1	Interest Payments	132475000	173165146	40690146
20	T-1	Interest Payments	22393000	23871590	1478590
21	U-1	Interest Payments	14103000	14176036	73036
22	V-2	Co-operation	10684000	10764197	80197
23	W-4	Art and Culture/Labour and Employment	220000	230951	10951
<b>Capital/Loans and Advances</b>					
24	C-11	Internal Debt of the State Government	1447000	2127397	680397
25	F-5	Capital Expenditure on Social Services	13094000	43555999	30461999
26	I-3	Capital Expenditure on Irrigation	2051000	2257951	206951
		<b>Total Appropriation</b>	<b>7328562000</b>	<b>7842389400</b>	<b>513827400</b>
		<b>Grand total</b>	<b>30388090000</b>	<b>34461543792</b>	<b>4073453792</b>
		<b>Grand total (Rupees in crore)</b>	<b>3038.81</b>	<b>3446.15</b>	<b>407.35</b>



## APPENDIX XVI

(Reference: Paragraph 2.3.5; Pages 26)

## 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)
<b>I GRANTS</b>						
1	A-4 Secretariat and Miscellaneous General Services	67.19	7.49	74.68	63.68	11.00
2	B-2 State Excise	30.43	1.12	31.55	30.13	1.42
3	B-3 Transport Administration	252.99	6.92	259.91	245.33	14.58
4	B-9 Capital Expenditure on Economic Services	182.85	83.71	266.56	130.80	135.76
5	C-1 Revenue and District Administration	465.41	3.91	469.32	422.20	47.12
6	D-8 Capital Expenditure on Animal Husbandry	18.74	4.50	23.24	7.99	15.25
7	E-3 Secretariat and Other Social Services	29.06	1.93	30.99	27.53	3.46
8	G-1 Sales Tax Administration	142.30	11.00	153.30	134.38	18.92
9	G-2 Other Fiscal and Miscellaneous Services	3932.09	697.05	4629.14	729.18	3899.96
10	G-7 Social Security and Welfare	28.54	1.47	30.01	26.34	3.67
11	H-5 Roads and Bridges	1235.43	82.60	1318.03	1231.97	86.06
12	H-6 Public Works and Administrative and Functional Buildings	827.33	0.01	827.34	761.61	65.73
13	H-9 Capital Outlay on Removal of Regional Imbalance	66.06	35.10	101.16	47.56	53.60
14	I-2 Secretariat-Economic Services	5.19	0.40	5.59	5.15	0.44
15	J-1 Administration of Justice	239.65	6.26	245.91	229.36	16.55
16	K-3 Stationery and Printing	74.79	1.50	76.29	72.11	4.18
17	K-4 Labour and Employment	47.34	4.89	52.23	44.02	8.21
18	K-7 Secretariat - Economic Services	5.42	0.07	5.49	5.01	0.48
19	L-2 District Administration	615.31	4.56	619.87	579.58	40.29
20	M-1 Food, Storage and Warehousing	361.95	0.14	362.09	196.71	165.38
21	N-1 Secretariat and Other Social Services	27.60	0.76	28.36	24.07	4.29
22	N-2 Sports and Youth Services	42.41	0.40	42.81	30.56	12.25
23	N-3 Art and Culture	43.45	23.37	66.82	40.53	26.29
24	O-4 Hill Areas	60.19	1.02	61.21	39.80	21.41
25	O-6 Secretariat-Economic Services	126.53	19.37	145.90	116.38	29.52
26	O-7 Census, Survey and Statistics	11.86	0.17	12.03	11.74	0.29
27	Q-3 Housing	274.95	3.49	278.44	244.05	34.39
28	Q-4 Secretariat-Economic Services	2.15	0.06	2.21	2.05	0.16



**Audit Report (Civil) for the year ended 31 March 2005**

<b>APPENDIX XVI (Concl.)</b>							
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	
29	R-1	Medical and Public Health	1364.91	83.95	1448.86	1354.42	94.44
30	U-2	Secretariat - Social Services	0.66	0.03	0.69	0.63	0.06
31	V-3	Capital Expenditure on Social Services	163.15	59.53	222.68	110.84	111.84
32	X-1	Social Security and Nutrition	573.21	8.55	581.76	519.38	62.38
33	Y-2	Water Supply and Sanitation	1280.05	158.12	1438.17	1239.72	198.45
34	ZC-1	Parliament/State/ Union Territory Legislature	43.48	2.86	46.34	33.96	12.38
	<b>Total</b>		<b>12642.67</b>	<b>1316.31</b>	<b>13958.98</b>	<b>8758.77</b>	<b>5200.21</b>
<b>II APPROPRIATIONS</b>							
35	A-4	Secretariat and Miscellaneous General Services	0.01	0.01	0.02	0.01	0.01
36	B-3	Transport Administration	762.72	21.48	784.20	750.60	33.60
37	C-1	Revenue and District Administration	144.34	14.04	158.38	126.33	32.05
38	C-4	Secretariat and Other General Services	24.34	0.61	24.95	7.13	17.82
39	D-4	Dairy Development	0.50	0.01	0.51	0.26	0.25
40	E-2	General Education	0.15	0.14	0.29	0.15	0.14
41	G-3	Interest Payment and Debt Service	9015.61	0.00	9015.61	7851.08	1164.53
42	I-1A	Interest Payments	286.14	10.43	296.57	277.62	18.95
43	K-1	Other Taxes and Duties on Commodities and Services	195.00	66.00	261.00	146.58	114.42
44	K-6	Industries	41.35	16.20	57.55	41.35	16.20
45	O-2	Rural Development	1567.00	2.00	1569.00	1166.29	402.71
46	W-1	Interest Payments	39.79	1.06	40.85	17.81	23.04
47	W-3	Technical Education	0.00	0.02	0.02	0.00	0.02
	<b>Total</b>		<b>12076.95</b>	<b>132.00</b>	<b>12208.95</b>	<b>10385.21</b>	<b>1823.74</b>
	<b>Grand Total</b>		<b>24719.62</b>	<b>1448.31</b>	<b>26167.93</b>	<b>19143.98</b>	<b>7023.95</b>

## APPENDIX XVII

(Reference: Paragraph 2.3.6, Page 27)

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	Supplemen- -tary provision	Total	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>I GRANTS</b>							
1	A-2	Elections	117.90	115.62	233.52	217.09	16.43
2	A-6	Information and Publicity	19.91	12.11	32.02	28.32	3.70
3	A-6A	Civil Aviation	0.00	3.25	3.25	2.00	1.25
4	B-1	Police Administration	2086.89	313.83	2400.72	2180.75	219.97
5	C-5	Other Social Services	8.66	4.25	12.91	8.76	4.15
6	C-6	Relief on Account of Natural Calamities	642.64	252.79	895.43	776.33	119.10
7	C-10	Capital Expenditure on Economic Services	9.49	18.24	27.73	21.94	5.79
8	D-2	Agriculture Services	758.02	400.55	1158.57	898.75	259.82
9	D-3	Animal Husbandry	201.74	17.93	219.67	205.26	14.41
10	D-5	Fisheries	31.84	2.90	34.74	32.73	2.01
11	D-10	Capital Expenditure on Fisheries	39.10	2.01	41.11	39.67	1.44
12	E-2	General Education	8106.17	983.94	9090.11	8882.57	207.54
13	F-2	Urban Development and Other Administrative Services	607.36	628.99	1236.35	950.66	285.69
14	G-6	Pensions and Other Retirement Benefits	2702.16	471.71	3173.87	2865.07	308.80
15	H-7	Capital Expenditure on Social Services and Economic Services	348.78	290.26	639.04	585.74	53.30
16	H-8	Capital Expenditure on Public Works, Administrative and Functional Buildings	43.59	43.48	87.07	66.64	20.43
17	I-1	Irrigation, Power and Other Economic Services	224.00	474.15	698.15	692.56	5.59
18	I-3	Capital Expenditure on Irrigation	2312.39	4599.89	6912.28	6451.49	460.79
19	K-5	Energy	1141.10	1811.06	2952.16	2929.03	23.13
20	K-6	Industries	137.58	137.47	275.05	256.43	18.62
21	K-9	Capital Expenditure on Industries	33.20	7.76	40.96	36.72	4.24
22	K-10	Loans for Power Projects	351.37	429.69	781.06	657.24	123.82
23	L-3	Rural Development Programmes	702.83	321.23	1024.06	867.79	156.27
24	L-5	Compensation and Assignments	139.16	185.83	324.99	301.43	23.56
25	L-6	Capital Expenditure on Rural Development	137.73	163.59	301.32	148.36	152.96
26	N-4	Welfare of Schedule Castes, Schedule Tribes and Other Backward Classes	1243.55	144.89	1388.44	1257.45	130.99
27	N-5	Capital Expenditure on Social Services	111.98	53.98	165.96	127.49	38.47

**Audit Report (Civil) for the year ended 31 March 2005**

Appendix XVII (Concl'd.)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
28	O-3	Other Rural Development Programmes	314.16	121.96	436.12	396.86	39.26
29	R-3	Capital Outlay on Medical and Public Health	40.92	38.00	78.92	72.66	6.26
30	T-4	Revenue Expenditure on Tribal Area Development Sub-Plan	299.44	116.54	415.98	350.65	65.33
31	T-5	Capital Outlay on Tribal Area Development Sub-Plan	61.19	29.62	90.81	82.41	8.40
32	V-2	Co-operation	165.57	1119.32	1284.89	1171.43	113.46
33	V-5	Capital Expenditure on Social Services and Economic Services	999.45	1191.31	2190.76	1517.08	673.68
34	W-2	General Education	880.00	59.43	939.43	934.54	4.89
35	W-4	Art and Culture/Labour and Employment	193.80	45.14	238.94	231.92	7.02
36	W-5	Secretariat -Social Services	7.24	3.15	10.39	9.03	1.36
37	Y-6	Capital Expenditure on Economic and Social Services	22.02	12.85	34.87	32.70	2.17
38	ZA-2	Capital Outlay On Other Social Services	3.20	50.00	53.20	27.20	26.00
		<b>Total</b>	<b>25246.13</b>	<b>14678.72</b>	<b>39924.85</b>	<b>36314.75</b>	<b>3610.10</b>
<b>II APPROPRIATIONS</b>							
39	G-1	Sales Tax Administration	3260.29	196.87	3457.16	3436.83	20.33
40	H-10	Internal Debt of the State Government	94.91	27.00	121.91	118.99	2.92
41	L-5	Compensation and Assignments	8.23	56.86	65.09	61.78	3.31
		<b>Total</b>	<b>3363.43</b>	<b>280.73</b>	<b>3644.16</b>	<b>3617.60</b>	<b>26.56</b>
		<b>Grand Total</b>	<b>28609.56</b>	<b>14959.45</b>	<b>43569.01</b>	<b>39932.35</b>	<b>3636.66</b>
		<b>Total (i) supplementary grants/appropriation</b>			<b>14959.45</b>		
		<b>Total (ii) Saving</b>			<b>3636.66</b>		
		<b>(iii) Actual requirements (i) - (ii)</b>			<b>11322.79</b>		



APPENDIX XVIII						
(Reference: Paragraph 2.3.7, Page 27)						
Statement of various grants/appropriations where supplementary provision proved insufficient by more than Rs 1 crore each						
(Rupees in crore)						
Sr. No.	Number and name of the Grants and Appropriations	Original	Supplementary	Total Grant/Appropriation	Actual Expenditure	Excess
<b>I Grants</b>						
1	A-5 Social Services	59.61	8.70	68.31	74.74	6.43
2	C-7 Forest	271.02	26.32	297.34	300.29	2.95
3	O-2 Rural Employment	928.56	2.58	931.14	1255.48	324.34
4	S-1 Medical and Public Health	450.43	36.51	486.94	492.81	5.87
5	W-3 Technical Education	262.69	52.26	314.95	325.37	10.42
	<b>Total</b>	<b>1972.31</b>	<b>126.37</b>	<b>2098.68</b>	<b>2448.69</b>	<b>350.01</b>
<b>II Appropriations</b>						
6	F-5 Capital Expenditure on Social Services	0.04	1.27	1.31	4.36	3.05
7	J-1 Administration of Justice	59.26	32.53	91.79	94.26	2.47
8	L-1 Interest Payments	211.15	9.23	220.38	235.61	15.23
	<b>Total</b>	<b>270.45</b>	<b>43.03</b>	<b>313.48</b>	<b>334.23</b>	<b>20.75</b>
	<b>Grant Total</b>	<b>2242.76</b>	<b>169.40</b>	<b>2412.16</b>	<b>2782.92</b>	<b>370.76</b>

APPENDIX XIX (Reference: Paragraph 2.3.8, Page 27)					
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 (+)/ Savings (-)
(1)	(2)	(3)	(4)	(5)	(6)
1	A-2	Elections	2015.106(00)(01)	(-) 1.50	(+) 3.94
2	B-1	Police Administration	2055.109(00)(01)	(-)50.09	(+)31.40
3	B-1	Police Administration	2070.106(03)(01)	(+) 0.82	(-) 1.69
4	B-1	Police Administration	2055.108(02)(01)	(+)51.26	(-)35.25
5	B-1	Police Administration	2055.001(00)(01)	(-) 1.09	(+) 1.82
6	B-1	Police Administration	2070.120(00)(01)	(-)0.91	(+)1.36
7	B-1	Police Administration	2055.109(00)(07)	(+)8.51	(-)4.19
8	C-1	Revenue and District Administration	2053.094(01)	(-)13.95	(+)3.93
9	C-1	Revenue and District Administration	2053.094(03)	(-)26.48	(+)1.35
10	C-1	Revenue and District Administration	2053.101(01)(01)	(-)1.46	(+)1.06
11	C-1	Revenue and District Administration	2053,093(01)	(-)12.69	(+)15.56
12	C-2	Stamps and Registration	2030.02.102(00)(01)	(-)3.31	(+)9.18
13	C-3	Interest Payments	2049.01.101(02)(01)	(-)0.07	(+) 1.97
14	C-4	Secretariat and Other General Services	2059.80.800.20(05)(01)	(-)15.52	(+)1.13
15	C-4	Secretariat and Other General Services	2059.80.800.20(07)(01)	(-) 6.61	(+) 3.85
16	C-4	Secretariat and Other General Services	2059.80.800.20(06)(01)	(-)1.15	(+)1.02
17	C-4	Secretariat and Other General Services	2059.80.800.20(07)(01)	(-)17.31	(+)1.02
18	C-5	Other Social Services	2225.02.283(00)(01)	(-)0.05	(+)2.18
19	C-7	Forest	2406.01.101(03)(01) & (11)(01)	(-)1.26	(+) 1.86
20	C-7	Forest	2406.02.110(00)(01)& (00)(02)	(-)2.52	(+)2.87
21	C-7	Forest	2406.02.110(00)(03)	(-)0.81	(+)1.01
22	C-7	Forest	2406.01.101(07)(01) & (11)(07)	(-)4.38	(+)2.04
23	C-7	Forest	2406.01.800(01)(02) & (02)(02)	(-)2.00	(+)1.02
24	C-10	Capital Expenditure on Economic Services	4406.01.101(00)(06)	(-)1.39	(+) 1.06
25	C-10	Capital Expenditure on Economic Services	6401.800(00)(01)	(-) 0.10	(+) 2.50
26	D-1	Interest Payments	2049.03.104(01)	(-) 1.73	(+)2.31
27	D-2	Agriculture Services	2401.001(00)(01)	(-) 11.01	(+) 3.54
28	D-2	Agriculture Services	2401.800(00)(03)	(+)0.33	(-) 25.57
29	D-2	Agriculture Services	2402.101(00)(10)	(-) 1.61	(+) 1.02
30	D-3	Animal Husbandry	2403.102(01)(01) & (07)(01)	(-) 5.53	(+) 1.40

Appendix XIX (Contd.)					
(1)	(2)	(3)	(4)	(5)	(6)
31	D-3	Animal Husbandry	2403.102(04)(01) & (08)(01)	(-) 4.14	(+) 1.09
32	D-3	Animal Husbandry	2403.101(06)(01) & (08)(07)	(+) 3.50	(-) 5.74
33	D-4	Dairy Development	2404.210(02)	(-)32.81	(+) 5.01
34	D-4	Dairy Development	2404.220(02)	(-) 19.79	(+) 1.49
35	D-4	Dairy Development	2404.217(02)	(-) 6.00	(+) 1.51
36	D-4	Dairy Development	2404.232(02)	(+) 1.01	(-)1.75
37	D-4	Dairy Development	2404.231(02)	(+) 5.62	(-) 3.32
38	D-4	Dairy Development	2404.191(07)	(-) 1.20	(+) 3.78
39	E-1	Interest Payments	2049.03.104(02)(01)	(-) 14.83	(+) 36.10
40	F-2	Urban Development and Other Advance Services	2217.80.191(00)(09)	(-) 12.76	(+) 1.91
41	F-2	Urban Development and Other Advance Services	2217.80.191(00)(03)	(-) 1.88	(+) 2.20
42	F-2	Urban Development and Other Advance Services	2217.80.191(00)(24)	(-) 1.42	(+) 1.42
43	F-7	Loans for Urban Development	6217.60.191(00)(02)	(-) 1.49	(+) 1.19
44	G-3	Interest Payment and Debt Service	2049.01.101(00)(01)	(+) 31.63	(-) 31.83
45	G-3	Interest Payment and Debt Service	2049.01.123(00)(02)	(-)12.00	(+) 86.58
46	G-6	Pensions and Other Retirement Benefits	2071.01.102(00)(01)	(-)203.51	(+)7.37
47	G-6	Pensions and Other Retirement Benefits	2071.01.104(00)(04)	(-)184.64	(+)16.44
48	G-6	Pensions and Other Retirement Benefits	2071.01.101(00)(02)	(+) 129.60	(-)110.93
49	G-6	Pensions and Other Retirement Benefits	2071.01.105(00)(01)	(-)7.17	(+)8.37
50	G-6	Pensions and Other Retirement Benefits	2071.01.109(00)(01)	(-)0.41	(+)4.31
51	G-8	Public Debt and Inter State Settlement	6003.101(00)(02)	(+) 2.50	(-) 2.74
52	G-8	Public Debt and Inter State Settlement	6003.101(00)(01)	(+)24.89	(-)1.59
53	G-9	Loans to Government Servants	7610.201(00)(01)	(-)71.24	(+) 6.57
54	G-9	Loans to Government Servants	7610.202(00)(01)	(-)12.26	(+)1.43
55	H-4	Secretariat and Other Economic Services	3053.02.102(00)(02)	(-)0.37	(+)1.29
56	H-5	Roads and Bridges	3054.04.800(03)(02)	(+)2.90	(-)5.43
57	H-5	Roads and Bridges	3054.80(00)(01)001	(+) 41.19	(-) 9.34
58	H-6	Public Works and Administrative and Functional Buildings	2059.80.001(15)(02)	(+)0.46	(-) 4.07
59	H-6	Public Works and Administrative and Functional Buildings	2059.001(21)(02)	(+)0.60	(-)1.80
60	H-6	Public Works and Administrative and Functional Buildings	2059.001(29)(02)	(+) 1.40	(-) 2.56
61	H-6	Public Works and Administrative and Functional Buildings	2059.80.001(13)(02)	(-)2.87	(+)2.87
62	H-6	Public Works and Administrative and Functional Buildings	2059.80.001(53)(01)	(-)0.21	(+)4.95



Appendix XIX (Contd.)					
(1)	(2)	(3)	(4)	(5)	(6)
63	H-6	Public Works and Administrative and Functional Buildings	2059 001(22)(02)	(-)0.03	(+)3.44
64	H-6	Public Works and Administrative and Functional Buildings	2059.01.80.001(51)(01)	(+)4.50	(-)4.03
65	H-7	Capital Expenditure on Social Services and Economic Services	4055.211(2)(02)(01), (02)(02), (02)(03)	(-)2.13	(+)1.01
66	H-7	Capital Expenditure on Social Services and Economic Services	5054.04.800(05)(01)	(-)1.73	(+)2.68
67	H-8	Capital Expenditure on Public Works, Administrative and Functional Buildings	4059.01.101(00)(10)	(-)3.38	(+)7.76
68	H-8	Capital Expenditure on Public Works, Administrative and Functional Buildings	4202.02.105(00)(01), (00)(02), (00)(03)	(-)0.09	(+)1.11
69	H-9	Capital Outlay on Removal of Regional Imbalance	5054.03(00)(01), (00)(02), (00)(03)	(-)6.46	(+)1.09
70	I-3	Capital Expenditure on Irrigation	4801.01(42)	(+)1.00	(-)1.35
71	I-3	Capital Expenditure on Irrigation	4701.03.01(01)(10)	(-)160.15	(+)2.20
72	I-3	Capital Expenditure on Irrigation	4701.190.01(01)(02)	(-)22.71	(+)342.72
73	I-3	Capital Expenditure on Irrigation	4701.800(06)(01)	(-)0.16	(+)2.73
74	I-3	Capital Expenditure on Irrigation	4701.800(05)(01)	(-)6.67	(+)9.02
75	I-3	Capital Expenditure on Irrigation	4701.03.01(01)(11)	(+)9.50	(-)9.00
76	I-3	Capital Expenditure on Irrigation	4701.800(01)	(+)11.12	(-)7.89
77	J-1	Administration of Justice	2014.105(02)(01)	(-)15.52	(+)2.39
78	J-1	Administration of Justice	2014.102(02)(01)	(-)0.47	(+)2.16
79	K-4	Labour and Employment	2230.01.103(00)(01)	(+)2.89	(-) 5.98
80	L-1	Interest Payments	2049.3.104(01)(01)	(-)28.52	(+)45.62
81	L-2	District Administration	2053.093(05)(01)	(-)43.70	(+)2.38
82	N-4	Welfare of Schedule Castes, Schedule Tribes and Other Backward Classes	2235.02.104(08)(01)	(-)65.12	(+)39.34
83	N-4	Welfare of Schedule Castes, Schedule Tribes and Other Backward Classes	2235.02.104(08)(02)	(-)113.09	(+)2.55
84	N-4	Welfare of Schedule Castes, Schedule Tribes and Other Backward Classes	2225.01.277(01)(03)	(-)9.44	(+)2.39
85	N-4	Welfare of Schedule Castes, Schedule Tribes and Other Backward Classes	2225.01.102(03)(05)	(-)0.88	(+)1.04
86	N-4	Welfare of Schedule Castes, Schedule Tribes and Other Backward Classes	2225.01.277(01)(01)	(+)7.59	(-)1.10
87	N-4	Welfare of Schedule Castes, Schedule Tribes and Other Backward Classes	2225.03.277(02)(20)	(-)1.28	(+)1.83
88	N-4	Welfare of Schedule Castes, Schedule Tribes and Other Backward Classes	2235.02.104(08)(07)	(+)137.00	(-)41.27
89	O-2	Rural Employment	2505.60.000(01)(01)(1)	(-)6.89	(+)364.05
90	O-6	Secretariat - Economic Services	3451.090(03)(41)	(+)6.48	(-)22.53

Appendix XIX (Concl'd.)					
(1)	(2)	(3)	(4)	(5)	(6)
91	Q-3	Housing	2216.02.800(01)(01)	(-)4.00	(+)2.74
92	R-1	Medical and Public Health	2210.01.001(01)(01)	(+)0.10	(-)2.68
93	R-1	Medical and Public Health	2210.01.110(7)(06)(23)	(-)12.71	(+)4.76
94	R-1	Medical and Public Health	2210.06.010(01)(07)	(-)21.36	(+)2.14
95	R-1	Medical and Public Health	2211.105(01)(01)	(+)0.29	(-)3.41
96	R-1	Medical and Public Health	2210.06.001.(01)(04)	(+) 7.46	(-)2.84
97	R-1	Medical and Public Health	2210.06.001.(01)(06)	(+)8.98	(-)2.07
98	R-1	Medical and Public Health	2210.06.001.(01)(05)	(-)0.13	(+)2.46
99	S-1	Medical and Public Health	2210.01.110(02)(02) & (04)(01)	(-)0.04	(+)1.64
100	T-4	Revenue Expenditure on Tribal Area Development Sub-Plan	2702.80.191(00)(01)	(+)2.37	(-)1.96
101	T-5	Capital Outlay on Tribal Area Development Sub-Plan	4702.01.1(00)(01)	(+)9.38	(-)2.72
102	V-5	Capital Expenditure on Social Services and Economic Services	6425.108(03)(01)	(-)323.59	(+)8.40
103	W-3	Technical Education	2203.105(00)(01) & (00)(02)	(-)0.50	(+)2.17
104	X-1	Social Security and Nutrition	2235.02.103(06)(01)	(-) 0.05	(+)2.53
105	X-1	Social Security and Nutrition	2236.02.101(05)(02)	(-)0.15	(+)1.64
106	Y-2	Water Supply and Sanitation	2215.01.102(02)(02)	(-)3.38	(+)1.29
107	Y-2	Water Supply and Sanitation	2215.01.191(01)(06)	(+)59.34	(-)25.92

**APPENDIX XX**

(Reference: Paragraph 2.3.9, page 27)

**Statement of various grants/appropriations in which savings occurred but no part of which had been surrendered**

(Rupees in crore)

Sr.No	Number and name of grant/appropriation	Savings
<b>I Grant</b>		
1	B-04 Secretariat and Other General Services	0.35
2	B-10 Loans for Housing	2.45
3	C-06 Relief on Account of Natural Calamities	119.10
4	D-1A Relief on Account of Natural Calamities	6.46
5	F-05 Capital Expenditure on Social Services	0.50
6	K-01 Other Taxes and Duties on Commodities and Services	0.08
7	N-3 Art and Culture	26.29
8	U-3 Ecology and Environment	13.05
9	ZA-2 Capital Outlay on Other Social Services	26.00
	<b>Total</b>	<b>194.28</b>
<b>II Appropriation</b>		
10	B-03 Transport Administration	33.59
11	B-05 Jails	0.05
12	B-9 Capital Expenditure on Economic Services	1.74
13	C-06 Relief on Account of Natural Calamities	0.67
14	D-02 Agriculture Services	0.01
15	D-03 Animal Husbandry	0.04
16	D-04 Dairy Development	0.25
17	D-05 Fisheries	0.01
18	H-08 Capital Expenditure on Public Works Administrative and Functional Buildings	0.01
19	K-02 Interest Payments	43.24
20	L-05 Compensation and Assignments	3.31
21	N-3 Art and Culture	0.07
22	ZC-01 Parliament/State/Union Territory Legislatures	0.05
	<b>Total</b>	<b>83.04</b>
	<b>Grand Total</b>	<b>277.32</b>



<b>APPENDIX XXI</b>				
<i>(Reference: Paragraph 2.3.9; Page 27)</i>				
<b>Details of saving of Rs 1 crore and above not surrendered</b>				
<b>(Rupees in crore)</b>				
<b>Sr. No.</b>	<b>Number and name of grant/ appropriation</b>	<b>Saving</b>	<b>Surrender</b>	<b>Saving which remained to be surrendered</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
1	A-6A Civil Aviation	1.25	0.03	1.22
2	B-1 Police Administration	219.97	96.97	123.00
3	B-3 Transport Administration	14.58	1.13	13.45
4	B-7 Economic Services	12.68	10.87	1.81
5	B-9 Capital Expenditure on Economic Services	135.76	52.30	83.46
6	C-1 Revenue and District Administration	32.05	0.04	32.01
7	D-2 Agriculture Services	259.82	221.34	38.48
8	D-3 Animal Husbandry	14.41	6.87	7.54
9	D-4 Dairy Development	292.23	225.23	67.00
10	E-2 General Education	207.54	193.15	14.39
11	F-2 Urban Development and Other Advance Services	285.69	261.07	24.62
12	F-4 Compensation and Assignments	24.72	14.66	10.06
13	G-2 Other Fiscal and Miscellaneous Services	3899.96	3897.58	2.38
14	G-3 Interest Payment and Debt Service	1164.53	1155.29	9.24
15	G-6 Pensions and Other Retirement benefits	308.80	236.02	72.78
16	G-6 Pensions and Other Retirement benefits(Charged)	21.77	20.31	1.46
17	G-8 Public Debt and Inter State Settlement	10168.22	9434.72	733.50
18	H-6 Public Works and Administrative and Functional Buildings	65.73	54.15	11.58
19	K-1 Other Taxes and duties on Commodities and Services (Charged)	114.42	86.00	28.42
20	K-4 Labour and Employment	8.21	0.85	7.36
21	K-6 Industries	18.63	10.54	8.09
22	K-6 Industries (Charged)	16.20	10.00	6.20
23	K-10 Loans for power Projects	123.81	17.54	106.27
24	L-3 Rural Development Programmes	156.27	153.53	2.74
25	L-5 Compensation and Assignments	23.56	18.43	5.13
26	L-6 Capital Expenditure on Rural Development	152.96	144.94	8.02
27	L-8 Miscellaneous Loans	585.23	173.38	411.85
28	N-4 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	130.99	120.17	10.82
29	N-5 Capital Expenditure on Social Services	38.48	26.48	12.00
30	O-2 Rural Employment (Charged)	402.71	0.29	402.42
31	O-3 Other Rural Development Programmes	39.26	21.83	17.43
32	O-4 Hill Areas	21.41	15.87	5.54
33	O-6 Secretariat - Economics Services	29.52	3.19	26.33
34	R-1 Medical and Public Health	94.44	69.59	24.85
35	T-2 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	14.30	12.98	1.32
36	T-4 Revenue Expenditure on Tribal Area Development Sub-plan	65.33	13.15	52.18
37	T-5 Capital Outlay on Tribal Area Development Sub-plan	8.40	5.68	2.72
38	V-2 Co-operation	113.46	111.37	2.09
39	W-1 Interest Payments (Charged)	23.04	4.10	18.94
40	Y-2 Water Supply and Sanitation	198.45	169.17	29.28
41	ZC-1 Parliament/State/Union Territory Legislatures	12.38	8.35	4.03
	<b>Total</b>	<b>19521.17</b>	<b>17079.16</b>	<b>2442.01</b>

APPENDIX XXII (Reference: Paragraph 2.3.10: Page 27)			
Cases of surrender of funds in excess of Rs 10 crore on 30 and 31 March 2005 (Rupees in crore)			
Sr. No.	Grant No.	Major Head	Amount of surrender
(1)	(2)	(3)	(4)
1	A-02	2015 Elections	10.19
2	B-01	2055 Police	96.24
3	B-04	2045 Other Taxes and Duties on Commodities and Services	13.63
4	B-09	5055 Capital Outlay on Road Transport	52.00
5	C-01	2029 Revenue and District Administration	10.72
6	C-01	2053 Revenue and District Administration	59.90
7	C-04	2059 Secretariat and Other General Services	50.53
8	C-07	2406 Forest	28.63
9	D-02	2401 Crop Husbandry	218.79
10	F-02	2217 Urban Development	229.18
11	F-04	3604 Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	14.66
12	G-01	2020 Collection of Taxes on Income and Expenditure	29.44
13	G-01	2040 Taxes on Sales, Trade, etc.	15.22
14	G-02	2070 Other Administrative Services	1354.91
15	G-06	2071 Pensions and Other Retirement benefits	256.33
16	H-05	3054 Roads and Bridges	91.91
17	H-06	2059 Public Works and Functions	16.77
18	I-01A	2049 Interest Payments	19.35
19	I-03	4402 Capital Expenditure on Irrigation	17.80
20	I-03	4701 Capital Expenditure on Irrigation	404.44
21	I-03	4702 Capital Expenditure on Irrigation	35.66
22	I-03A	6003 Internal Debt of the State Government	60.00
23	J-01	2014 Administration of justice	20.34
24	K-01	2045 Other Taxes and Duties on Commodities and Services	86.00
25	K-05	2801 Power	22.76
26	K-06	2852 Industries	12.22
27	K-10	6801 Loans for Power Projects	17.54
28	L-03	2501 Special Programmes for Rural Development	20.47
29	L-05	3604 Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	18.43
30	L-06	4402 Capital Outlay on Soil and Water Conservation	22.63
31	L-08	7615 Miscellaneous Loans	154.76
32	M-01	2408 Food, Storage and Warehousing	165.92
33	N-02	2204 Sports And Youth Services	12.29
34	N-04	2225 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	22.74
35	N-04	2235 Social Security and Welfare	97.43
36	N-05	4225 Capital Outlay on Welfare of Schedule Castes, Scheduled Tribes and Other Backward Classes	24.22
37	O-03	2515 Other Rural Development Programmes	15.33
38	O-04	2551 Hill Areas	15.87

Appendix XXII (Concl.)				
(1)	(2)	(3)	(4)	(5)
39	O-08	5465	Investments in General Financial and Trading institutions	96.78
40	Q-03	2216	Housing	37.06
41	R-01	2210	Medical and Public Health	29.72
42	R-01	2211	Family Welfare	17.88
43	V-02	2425	Co-operation	105.05
44	V-03	4425	Capital Outlay on Co-operation	101.32
45	V-05	6425	Loans for Co-operation	655.72
46	V-05	6851	Loans for Village and Small Industries	26.22
47	X-01	2236	Nutrition	63.01
48	Y-02	2215	Water Supply and Sanitation	83.94
49	ZA-01	2230	Labour and Employment	12.04
<b>Total</b>				<b>5043.99</b>



<b>APPENDIX XXIII</b> <i>(Reference Paragraph 2.3.11, Page 27)</i> <b>Details of surrender in excess of actual savings in the grants/appropriations involving substantial amounts</b> (Rupees in crore)				
Sr. No.	Number and name of grant/appropriation		Amount surrendered	Actual savings
(1)	(2)		(3)	(4)
1	A-01	Governor and Council of Ministers	7.07	7.04
2	A-03	Public Service Commission	0.01	0.00
3	A-03	Public Service Commission	0.15	0.06
4	A-06	Information and Publicity	3.89	3.70
5	B-02	State Excise	1.54	1.42
6	B-04	Secretariat and Other General Services	13.63	0.00
7	B-05	Jails	4.91	0.52
8	C-01	Revenue and District Administration	71.59	47.12
9	C-04	Secretariat and Other General Services	32.37	27.44
10	C-04	Secretariat and Other General Services	19.57	17.83
11	C-05	Other Social Services	5.27	4.15
12	C-09	Capital Expenditure on Other Administrative Services and other Social Services	0.10	0.07
13	C-10	Capital Expenditure on Economic Services	8.65	5.79
14	D-01	Interest Payments	4.84	2.53
15	D-07	Capital Outlay on Crop Husbandry	1.51	1.45
16	D-08	Capital Expenditure on Animal Husbandry	15.27	15.25
17	D-09	Capital Outlay on Dairy Development	3.01	2.61
18	D-10	Capital Expenditure on Fisheries	3.51	1.44
19	F-07	Loans for Urban Development	1.54	0.35
20	G-01	Sales Tax Administration	29.45	20.33
21	G-09	Loans to Government servants	95.00	90.08
22	H-04	Secretariat and Other Economic services	1.95	0.72
23	H-05	Roads and Bridges	91.81	86.06
24	H-07	Capital Expenditure on Social services and Economic Services	59.06	53.30
25	H-8	Capital Expenditure on Public Works, Administrative and Functional Building	29.19	20.43
26	I-1A	Interest Payments	19.35	18.95
27	I-03	Capital Expenditure on Irrigation	461.24	460.79
28	J-01	Administration of Justice	18.45	16.55
29	K-08	Capital Expenditure on Social Services	1.76	1.73
30	K-09	Capital Expenditure on Industries	4.26	4.24
31	L-02	District Administration	43.97	40.29
32	M-01	Food, Storage and Warehousing	165.90	165.39
33	M-03	Capital Outlay on Food Storage and Warehousing	1402.93	82.33
34	N-02	Sports and Youth Services	12.29	12.25
35	O-07	Census, Survey and Statistics	0.32	0.29
36	Q-03	Housing	37.08	34.39
37	S-02	Secretariat - Social Services	0.54	0.52
38	T-03	Secretariat - Social Services	0.04	0.01
39	T-07	Loans for Tribal Area Development Sub Plan	0.31	0.05
40	V-03	Capital Expenditure on Social Services	113.40	111.84

Appendix XXIII (Concl.d.)				
(1)	(2)		(3)	(4)
41	V-05	Capital Expenditure on Social Services and Economic Services	682.15	673.68
42	W-02	General Education	5.18	4.89
43	W-04	Art and Culture/Labour and Employment	16.74	7.02
44	X-01	Social Security and Nutrition	66.73	62.38
45	Y-06	Capital Expenditure on Economic and Social Services	2.66	2.17
46	ZA-01	Secretariat and Other Social Services	12.11	12.01
		<b>Total</b>	<b>3572.30</b>	<b>2121.46</b>

**APPENDIX XXIV**  
(Reference: Paragraph 2.4, Page 28)

Audit Report (Civil) for the year ended 31 March 2005

**APPENDIX XXV**  
(Reference: Paragraph 2.5.1, Page 28)

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.	Number and name of grant/appropriation	Total grant/appropriation	Actual expenditure	Amount of excess/ (Percentage)
1	C-3 Interest Payments (Revenue - Charged)	0.13	2.00	1.87 (1438)
2	C-5 Other Social Services (Revenue-Charged)	0.20	2.33	2.13 (1065)
3	F-5 Capital expenditure on Social Services (Capital - Charged)	1.31	4.36	3.05 (233)
4	O-2 Rural Development (Revenue - Voted)	931.14	1255.48	324.34 (35)
5	Q-1 Interest Payments (Revenue - Charged)	13.25	17.32	4.07 (31)
	<b>Total</b>	<b>946.03</b>	<b>1281.49</b>	<b>335.46</b>



## APPENDIX XXVI

(Reference: Paragraph 2.5.2 ; Page 28)

## Statement of cases where expenditure was incurred without any provision of funds

(Rupees in crore)

Sr. No.	Grant Number	Head of Account	Expenditure
<b>Finance Department</b>			
1	G-03	2049-01-101(00)(12)	0.14
2	G-06	2071-01-101(00)(01)	3.50
3	G-08	6003-111(00)(01)	205.98
<b>Irrigation Department</b>			
4	I-01	2701-80-800(04)	0.13
<b>Planning Department</b>			
5	O-02	2505-60-00(00)(03)	0.13
<b>Tribal Development Department</b>			
6	T-04	2202-02-110(00)(02)	0.39
7	T-04	2505-60-701(03)(01)	1.37
8	T-05	5054-03-796(6)	0.08
<b>Women and Child Development Department</b>			
9	X-01	2235-02-103(14)(01)	0.10
		<b>Total</b>	<b>211.82</b>

APPENDIX XXVII (Reference: Paragraph 2.6 : Page 28)				
Cases of drawal from Contingency Fund where the expenditure was not such as could not have been foreseen				
Sr. No.	Sanction Number and Date	Department/ Grant Number/ Major Head	Purpose for which drawn	Amount sanctioned (Rupees in crore)
1	CNF/11.04/36/Bud-17 dated 21.7.2004	Tribal Development T-5 4702	Commencement of new item of work for Minor Irrigation Tanks	2.80
2	CNF/11.04/67/Bud-11 dated 24.08.2004	Public Works H-7 5054	Grant of Additional budget to budgeted works in Gondia district	1.00
3	CNF/11.4/90/Bud-17 dated 03.11.2004	Tribal Development T-5 5054	Commencement of works regarding construction of interior roads in Dadgaon and Akkalkuwa talukas	2.00
4	CNF/11.04/41/Bud-13 dated 27.07.2004	General Administration A-2 2015	Revision of electoral rolls as on 01.01.2004	15.09
5	CNF/11.04/47/Bud-8 dated 09.08.2004	Public Health R-1 2210	National Filaria Eradication Programme	1.05
6	CNF/11.04/45/Bud-17 dated 05.08.2004	Irrigation I-3 4711	Taking up new flood control works in Sangli District	2.00
7	CNF/11.04/57/Bud-11 dated 18.08.2004	Public Works H-8 4210	Construction works in Medical Colleges at Akola, Kolhapur, Latur and Solapur	5.00
8	CNF/11.05/163/Bud-17 dated 31.03.2005	Tribal Development T-4 2210	Additional grant for balance work of primary health centers in Nashik district	2.66
9	CNF/11.05/169/Bud-15 dated 31.03.2005	Urban Development F-2 2217	To provide facilities in Dalit Vasti of urban areas	10.51
10	CNF/11.05/104/Bud-8 dated 10.01.2005	Public Health R-1 2235	Certain Monetary benefit to girls belonging to families below poverty line under Savitribai Phule Kanya Kalyan Yojana	3.50
			<b>Total</b>	<b>45.61</b>

**APPENDIX XXVIII**  
(Reference : Paragraphs 2.6; Pages 29)

**Cases of sanctions from contingency fund where amount was not drawn or partially drawn**

Sr. No	Date of application	Sanction Number and date	Sanctioned to the Department	Purpose for which drawn	Amount sanctioned	Expenditure incurred	Date on which amount was drawn
					(Rupees in crore)		
1.	24.8.2004	CNF/11.04/67/Bud-11 dated 24.8.2004	Public Works	Sanction of additional grant to budgeted works in Gondia district	1.00	0.54	1 December
2.	24.8.2004	CNF/11.04/68/Bud-12 dated 24.8.2004	Co-operation, Marketing and Textiles	Loans to Co-operative Sugar Mills	1.20	--	Amount not drawn
3.	24.8.2004	CNF/11.04/69/Bud-16 dated 24.8.2004	Rural Development and Water Conservation	Grants to Zilla Parishads for development of Pilgrimage places in Solapur District	3.50	--	Amount not drawn
4.	24.8.2004	CNF/11.04/71/Bud-10 dated 24.8.2004	Home	Increase in honorarium granted to Police Patil in Maharashtra State	5.35	2.06	1 December 1 January 1 March
5	24.8.2004	CNF/11.04/72/Bud-15 dated 24.8.2004	Urban Development	Grant for development of constituency of MLAs	2.00	--	Amount not drawn
6.	24.8.2004	CNF/11.04/73/Bud-9 dated 24.8.2004	Irrigation	To take up Muchkundi new Minor Irrigation Scheme in Ratnagiri district	0.10	0.10	1 November
7.	24.8.2004	CNF/11.04/74/Bud-12 dated 24.8.2004	Cooperation, Marketing and Textiles	Share capital contribution to co-operative spinning mills	5.52	--	Amount not drawn
8.	24.8.2004	CNF/11.04/75/Bud-4 dated 24.8.2004	Revenue and Forests	Greenery and beautification of hills located on both sides of NH-4 in Sangali district	0.78	--	Amount not drawn
9.	28.9.2004	CNF/11.04/84/Bud-4 dated 28.9.2004	Revenue and Forests	Due to weak financial condition of Maharashtra State Farming Corporation, salary to their employees	4.91	4.91	1 October
<b>Total</b>					<b>24.36</b>	<b>7.61</b>	



**Appendix XXIX**

(Reference: Paragraphs 3.1.3, Page 37)

**Executive summary of the survey findings of ORG-MARG**

In order to gain an understanding of the functional status of the Consumer Protection Act Consumers at large, Complainants, manufacturers / service providers, NGOs and appropriate laboratories were covered under the survey. In the state of Maharashtra a total of 2359 consumers spread across urban and rural areas were contacted. Besides 488 complainants, 10 manufacturers/service providers, two Non-Government organisations and two laboratories were interviewed. The survey was conducted during second week of July to fourth week of August 2005.

**Findings of the Survey**

- Overall 87 *per cent* of Consumers at large gave importance to knowing the Consumer Protection Act (CPA). But 62 *per cent* not aware of consumer rights and 71 *per cent* still unaware of Consumer Protection Act.
- The act is envisaged to benefit all the consumers in urban and rural areas but only 5 *per cent* of the rural population has heard about it.
- In response to, whether the government is making any efforts in safeguarding the consumer rights, only 30 *per cent* replied positively remaining either carrying negative or no idea of the same.
- Formal source of awareness-electronic and print media stand at 63 and 43 *per cent* respectively and only 3 *per cent* learnt about CPA from the NGOs.
- A large number of the aware consumers at large (47 *per cent*) have come to know about the act only in the last two-three years where as the Act has been in existence for past 19 years.
- Overall, only 12 *per cent* reported to be aware of the existence of any redressal agency. Awareness on this among those aware of rights and CPA was obviously higher.
- Around 60 *per cent* aware of CPA did not know the location of the redressal agency in their respect district.
- Almost all complainants resided in urban areas and majority (96 *per cent*) were the educated lot and earned a monthly household income of Rs 10721. This implied that facilities provided by redressal agencies were availed mostly by residents of urban areas and that too by the middle/upper middle strata of the community.
- Majority of the complainants were against services (82 *per cent*) such as electricity (24 *per cent*), other financial services (15 *per cent*) and insurance services (16 *per cent*). This may imply that competition in the product market takes care of consumer problems but in case of monopolistic situation the consumer has to approach consumer redressal agencies.
- Like consumer at large, more than half of complainants (58 *per cent*) came to know about the redressal agencies through friends/neighbours. Electronic and press media do not seems have been very instrumental in creating awareness on redressal agencies. NGOs not a popular source of awareness (two to three *per cent*).
- Forty two *per cent* of the complainants used stamp paper to file the case and in majority of cases (81 *per cent*) the lawyers /agents advised them to do so.

- Around 22 *per cent* of complainants who registered their complaints prior to March 2003 reported to have deposited court fee notwithstanding the fact that the court fee was introduced only in March 2003.
- An analysis of time taken at various stages of the cases show that on an average 4.3 days were spent for registering a case and about 28 days (almost a month) were taken for serving the notice, first hearing was held after 27.4 days.
- On an average 6.6 hearings were required to resolve the case. Around 43 *per cent* of cases were still unresolved even after almost 10 hearings and most of these cases were against housing and construction (22 *per cent*).
- To resolve a case on an average 12.3 months were spent. In cases of unresolved cases the same were pending for past 32 average months.
- There were 94 cases (60 *per cent*) where the decree was passed and compensation was yet to be received. On an average the compensation was due for 5.5 months. For those who received compensation the same was received within an average period of 21.7 months.
- On an average the complainant had to spent Rs 2,743 to resolve the case of which a large portion (average amount of Rs 2,699) comprised of the advocates fee.
- The manufacturers and service providers were well aware of CPA and most of them had formal mechanism to deal with cases in consumer courts. On the contrary not many consumers at large were aware of the Act or the redressal system.
- The NGOs were involved in spate of activities such as consumer education, advocacy, organising seminar/camps etc. They are also facilitating the consumers in filing cases and act as agents, thus helping them in complaint redressal.
- Over all the stakeholders and the complainants perceive the redressal as simple but not very speedy and economical.

**Appendix XXX**

*(Reference: Paragraph 3.1.11: Page 42)*

**Statement showing the staff position of State Commission, Circuit Bench at Nagpur and District Forums**

<b>Name of establishment</b>	<b>Post sanctioned as of August 1995</b>	<b>Posts filled up as of March 2005</b>	<b>Additional posts demanded in March 2003</b>	<b>Additional posts sanctioned in October 2004.</b>
State Commission	19	15	40	7
Circuit Bench at Nagpur	--	--	31	--
District Forums (34)	264	244	714	102
Additional District Forums(6)	--	--	174	48
<b>Total</b>	<b>283</b>	<b>259</b>	<b>959</b>	<b>157</b>



**Appendix XXXI**

*(Reference: Paragraph 3.1.14; page 43)*

**Statement showing year-wise position of pending cases in the District Forums/State Commission**

Year	State Commission		Central Mumbai	South Mumbai	Thane	Pune	Addl. Pune	A'nagar	O'bad	Alibag	Akola	Kolhapur	Total
	Com-plaints	Appeals											
1992	2	--	--	--	--	--	--	--	--	--	--	--	2
1993	6	--	--	--	--	--	--	--	--	--	--	--	6
1994	7	2	--	--	1	--	--	--	--	--	--	--	10
1995	5	2	--	--	42	--	--	--	--	--	--	21	70
1996	49	32	3	--	12	--	--	--	--	--	--	10	106
1997	119	243	1	13	10	--	--	--	--	--	--	19	405
1998	223	1205	8	15	35	--	--	--	--	10	--	51	1547
1999	301	1721	7	11	117	479	22	--	--	20	--	97	2775
2000	319	1303	9	27	121	376	185	--	--	05	--	113	2458
2001	405	1195	12	53	99	328	241	2	--	22	44	205	2606
2002	389	1161	29	75	76	313	15	2	--	35	21	306	2422
2003	240	1552	704	215	149	389	172	2	39	81	200	210	3953
2004	87	2002	133	241	279	359	93	25	96	101	281	294	3991
2005	27	647	67	85	178	152	49	151	82	67	173	198	1876
<b>Total</b>	<b>2179</b>	<b>11065</b>	<b>973</b>	<b>735</b>	<b>1119</b>	<b>2396</b>	<b>777</b>	<b>182</b>	<b>217</b>	<b>314</b>	<b>719</b>	<b>1524</b>	<b>22227</b>

<b>Appendix XXXII</b> (Reference: Paragraph 3.1.15, Page 44)					
Statement showing cases decided within/beyond the prescribed time limit with percentage as on 31.3.2005					
Name	Number of cases admitted	Number of cases decided	Cases decided within 90 days (per cent)	Cases decided within 91 to 150 days (per cent)	Cases decided beyond 151 days. (per cent)
State Commission	30618	17374	2056(12)	3049(18)	12269(30)
Central Mumbai	6403	5430	214(4)	476(9)	4740(87)
South Mumbai	4973	4235	--(0)	3(0)	4232(100)
Thane	7722	6629	224(3)	336(5)	6069(92)
Pune	11139	8736	1687(19)	568(7)	6481(74)
Addl. Pune	4240	3448	--(0)	730(21)	2718(79)
Ahmednagar	4604	4451	1275(29)	1275(29)	1901(42)
Osmanabad	2113	1904	393(21)	389(21)	1122(58)
Raigad (Alibag)	2926	2587	654(25)	741(29)	1192(46)
Akola	7062	6279	1493(24)	1671(26)	3115(50)
Kolhapur	8522	6976	847(12)	1398(20)	4731(68)

## Appendix XXXIII

(Reference No.: Paragraph: 3.2.8; Page 57)

Statement showing component-wise and year-wise expenditure under  
Modernisation of Police Force

(Rupees in crore)

Component	2000-01	2001-02	2002-03	2003-04	2004-05	Total
Housing	32.89	83.07	40.88	-	2.50	159.34
Mobility	55.13	34.60	27.19	31.80	8.07	156.79
Building	12.59	25.68	49.20	10.19	3.45	101.11
Communication	18.31	7.52	2.95	16.25	4.17	49.20
FSL	0.40	22.31	13.13	8.55	3.99	48.38
Equipment	14.62	6.82	0.70	16.34	4.39	42.87
Computerisation	4.64	2.17	0.11	2.40	0.27	9.59
Weaponry	4.82	1.42	0.63	0.75	-	7.62
Homeguards	-	-	-	5.23	1.99	7.22
Training	3.36	0.61	-	2.01	-	5.98
Equipment received from GOI	-	-	-	-	43.96	43.96
Grants to MSPHWC by GOI	-	-	-	-	22.05	22.05
<b>Total</b>	<b>146.76</b>	<b>184.20</b>	<b>134.79</b>	<b>93.52</b>	<b>94.84</b>	<b>654.11</b>



**Appendix XXXIV**

(Reference: Paragraph 3.2.12 Page 60)

**Statement showing details of Response Time**

Office	Number of police stations	ART of Dec 2000 (in minutes)	ART of Dec 2004 (in minutes)	Name of Police Stations where there is no improvement and number of police stations
SP(Rural), Nagpur	16	417.69	520.00	Bela, Katol, Kondali, Savner, Ramtek, Jakhalkheda and Parshivani (7)
SP, Buldhana	16	171.76	142.63	Jandura, Khamgaon Rural, Shegaon, Buldhana, Khamgaon Urban, Chikali and Sakharkheda (7)
SP(Rural), Nashik	10	160.92	91.82	Abhona, Yewala Urban and Yewala Rural (3)
SP, Latur	11	491.72	239.58	Vadavna and Devni (2)
SP(Rural), Thane	12	134.49	96.51	Kalyan Taluka, Talasari, Boisar and Mira Road (4)
SP(Rural), Pune	24	79.37	87.68	Haveli, Lonikalbhor, Lonavala Urban, Baramati Taluka, Vadgaon Nimbalkar, Indapur, Khed, Chakan, Manchar, Junner, Otur, Shikapur and Sasvad (13)
CP, Pune	17	29.87	27.02	Lashkar, Bandgardan, Faraskhana, Vishrambag, Khadki, Pimpri, Chaturisingi, Bhosari, Samarth, Vishramwadi and Yerwada (11)
CP, Thane	10	31.22	37.13	Vartaknagar, Kapurbavadi, Khopri, Vishnunagar and Dombivali East (5)
CP, Nagpur	2	14.52	163.06	Tahsil and Ganeshpeth (2)
<b>Total</b>	<b>118</b>	<b>170.17</b>	<b>156.16</b>	<b>54</b>

## Appendix XXXV

(Reference: Paragraph 3.2.15; Page 61)

## Details of delay, non-installation and idling of forensic equipment

Sl.No	Name of the equipment	Purpose of equipment	Cost (Rs in lakh)	Dates of receipt at RFSL	Dates of installation	Remarks
<b>Equipment pertaining to RFSL, Pune</b>						
1	Ion Chromatograph System	To test post blast explosive	37.85	9/02	4/03	There was delay of eight months in installation for want of gases and regulators.
2	Ion scan Chromatograph	To test narcotics and explosives	38.39	9/02	5/03	There was delay of nine months in installation for want of gases.
3	Solid Phase Auto Extraction System	To extract poison from visceral material	32.23	6/02	2/03	There was delay of eight months in installation for want of proper gas regulator.
4	Oxford EDXRF	To conduct analysis of non-destructive inorganic physical samples	66.07	9/02	9/04	There was delay of 24 months in installation due to leakage of compressor.
5	ASE 22 DIONEX Accelerator Solvent System	To extract poison from visceral material	39.45	6/02	9/03	There was delay of 14 months in installation for want of stabilizer and gas supply.
6	Kinematic Viscosity Meter	To test petroleum products like lubricants & engine oil	12.89	09/02	04/03	There was delay of six months in installation for want of transport to RFSL.
<b>Equipment pertaining to RFSL, Aurangabad</b>						
7	Oxford EDXRF	To conduct analysis of non-destructive inorganic physical samples	66.07	9/02	10/04	There was delay of 24 months in installation for want of UPS system and 3 phase supply.
8	S-100 UVVIS Spectrophotometer	To analyse drugs	21.58	6/02	9/04	There was delay of 26 months in installation for want of UPS system and 3 phase supply.
9	Thermal Energy Analyser	To detect nitrogen content in explosives	47.57	5/02	12/02	There was delay of 6 months in installation for want of transport to RFSL.
10	Solid Phase Auto Extraction System	To extract poison from visceral material	37.23	6/02	10/05	The equipment has not been installed as of June 05. Government clarified (October 2005) that equipment was now installed. Thus, there was delay of 39 months in installation.
11	Sulphur in oil Analyser	For analysis of sulphur and oil.	21.54	11/04	10/05	The equipment has not been installed as of June 05. Government clarified (October 2005) that equipment was now installed. Thus, there was delay of 10 months in installation.

Appendix XXXV (Concl'd.)

Equipment pertaining to RFSL, Nagpur						
12	Kinematic Viscosity Meter	To test petroleum products like lubricants & engine oil	12.89	09/02	09/02	There was three months delay from receipt of equipment at Mumbai (June 02). Government justified the delay on account of receipt of equipment in phases and to save transportation cost.
13	Solid Phase Auto Extraction System	To extract poison from visceral material	32.23	02/03	2/03	There was nine months delay from receipt of equipment at Mumbai (May 02). Government justified the delay on account of receipt of equipment in phases and to save transportation cost.
14	Oxford EDXRF	To conduct analysis of non-destructive inorganic physical samples	66.07	9/02	9/02	There was five months delay from receipt of equipment at Mumbai (April 02). Government justified the delay on account of receipt of equipment in phases and to save transportation cost.
15	DMA 5000 Density Meter	For alcohol analysis	11.36	9/02	9/02	There was four months delay from receipt of equipment at Mumbai (May 02). Government justified the delay on account of receipt of equipment in phases and to save transportation cost.
16	Automatic Distillation Analyzer	Distillation purpose	88.81	6/02	6/02	The equipment lying idle for the last 19 months since November 2003. for want of repairs (June 05) as this was not covered under Annual Maintenance Contract
17	NIR Analyzer	Analytical purpose	15.00	11/04	10/05	The equipment has not been installed as of June 05. Government clarified (October 2005) that equipment was now installed. Thus, there was delay of 10 months in installation.
Equipment pertaining to RFSL, Nashik						
18	NIR Analyzer	Analytical purpose	15.00	10/04	10/05	The equipment has not been installed as of June 05. Government clarified (October 2005) that equipment was now installed. Thus, there was delay of 11 months in installation.
19	Portable GC with Data Station	Spot investigation of gas analysis	8.00	7/04	10/05	The equipment has not been installed as of June 05. Government clarified (October 2005) that equipment was now installed. Thus, there was delay of 14 months in installation.
<b>Total</b>			<b>688.82</b>			



## Appendix XXXVI

(Reference: Paragraph 3.2.15, Page 61)

## Statement showing insufficient generation of reports

Sr. No.	Name of equipment	Qty.	Total cost (Rupees in lakh)	Mumbai		Nagpur		Pune		Auranga bad		Total MM*	Total reports
				MM	R	MM	R	MM	R	MM	R		
1	Ion Chromotograph System	4	151.40	32	448	30	17	23	15	No records maintained		85	480
2	Fannigan AQS Benchtop	3	222.96	32	224	30	10	29	15	-	-	91	249
3	STA 1500 Rheoi Metric Thermal Analyser	2	89.82	34	1544	33	25	-	-	-	-	67	1569
4	AA Hydride	1	49.52	34	270	--	-	-	-	-	-	34	270
5	GCM Spectrophotometer	2	144.20	34	645	33	175	--	-	-	-	67	820
6	Ion scan Chromotograph	4	153.56	32	582	30	10	22	112	No records maintained		84	704
7	Kinematic Viscosity Meter	2	25.78	33	1492	30	10	-	-	-	-	63	1502
8	S 100 UVVIS Spectrophotometer	4	86.32	34	187	33	144	29	426	6	10	102	767
9	Automated DNA Sequencer	1	62.57	34	150	-	-	-	-	-	-	34	150
10	HPLC with Photo Diode	1	41.08	10	128	-	-	-	-	-	-	10	128
11	Automatic Cloud Pour Analyzer	1	21.53	11	92	-	-	-	-	-	-	11	92
12	HPTLC (Density Meter CD 60)	3	45.93	-	-	30	25	29	27	27	10	86	62
13	Kinematic Viscosity Meter	2	25.60	-	-	-	-	23	95	26	30	49	125
14	HPLC	1	31.50	-	-	-	-	-	-	27	2	27	2
15	Thermal Energy Analyser	3	139.71	-	-	33	5	28	12	No records maintained		61	17
16	Solid Phase Auto Extraction System	2	64.46	-	-	25	9	25	14	-	-	50	23
17	Oxford EDXRF	3	198.21	-	-	30	5	6	2	No records maintained		36	7
18	HPCL	1	29.51	-	-	48	2	-	-	-	-	48	2
19	ASE 22 Dionex Accelerated Solvent System	2	78.90	-	-	No records maintained		18	17	-	-	18	17
20	Inductive Complete Plasma	1	26.98	-	-	-	-	24	9	-	-	24	9
21	Desaga TLC MAT Reproducible	1	28.77	-	-	-	-	24	27	-	-	24	27
22	GEL Documentation Apparatus	1	26.91	No records maintained		-	-	-	-	-	-	-	-
		45	1745.81	320	5762	385	437	280	771	86	52	1071	7022

MM = Machine Month,

R = Report

<b>Appendix XXXVII</b> (Reference : Paragraph 3.2.16 : Page 62) <b>Details of idle equipment purchased under Modernisation of Police force</b>							
Sr. No.	Equipment	Purpose of equipment	Qty	Total cost (Rs in lakh)	Receipt Month	Remarks	Supplied to whom
<b>Equipment purchased by Commissioner of Police, Mumbai</b>							
1	16 Channel passive GSM & intercepting system	For intercepting the calls from GSM mobile phones	1	302.00	3/04	Found fault with the equipment and the supplier did not attend to the repairs. Lying idle for the last 15 months since its purchase (July 2005).	Anti Terrorist Squad, Mumbai
2	FACTS-4	For finger prints matching	1	75.00	7/01	Not working since 2004 and the work is done manually. Lying idle for the last 20 months (July 2005).	Jt.CP (Crime), Mumbai
3	Laser speed check Guns	To check the speed of the vehicles	3	11.98	1/04	Remained idle for 18 months from its purchase (July 2005) as company did not give demonstration and when they came, the battery was not working. No adequate training was imparted.	Traffic branch, Mumbai
4	Steering Wheel Clamps	For holding vehicle by locking steering wheel	65	0.98	11/03	When the door of the vehicle is locked, the instrument cannot be fixed on steering wheel. Remained idle for 18 months from November 2003 to June 2005.	- do -
<b>Equipment purchased by Director General of Police</b>							
5	Crime Site Scope Kit	For gathering of evidences at crime scenes	2	42.00	7/2000	Was not working since its receipt. As the supplier did not attend inspite of repeated request, FIR had been filed against the supplier. The matter is subjudice. Lying idle for 59 months since its purchase (July 2005).	Finger Print Bureau, Pune
9	Automatic Blood Analyser	For analysis of blood	1	18.68	5/03	Not working and lying idle for the last four months (March 2005). Since the printer is also not working, the reports prepared manually.	Police Hospital, Mumbai
6	Laser speed check Guns	To check the speed of the vehicles	2	8.00	9/04	The equipment was idle from 12/04 to 6/05 for 5 months.	CP, Nashik
8	Multi Media Projector	For presentations	1	2.30	6/03	Government confirmed that the equipment remained idle from March 2005 to September 2005.	CP, Nagpur
7	Decimeter	To measure sound	4	0.96	9/02	Not working from November 2004. Lying idle for the last six months since its purchase (June 2005).	CP, Nashik
<b>Total</b>			<b>80</b>	<b>461.90</b>			



**APPENDIX – XXXVIII**  
(Para reference : 3.4.7; Page 80)  
**Statement showing list of Lift Irrigation Schemes**

(Rupees in lakh)

Name of LIS	Date of Administrative approval	Scheduled date of completion (as per Project Report)	Expected date of Completion	Delay in years	Administrative Approval Amount	Upto date Expenditure	Cost overrun	Up- dated Estimated Cost	Projected Irrigation Potential	
<b>VIDC, NAGPUR</b>										
1	Jamkhurd	Apr-90	1992	1997	5	55.56	158.22	102.66	177	653
2	<b>Dhapewada</b>	May-95	May-00	2007	7	2401	5160.11	2759.11	9509	8050
3	<b>Karajkheda</b>	Sep-95	Sep-00	Dec-07	7	2049	2382.27	333.27	7740	8050
4	<b>Sondyatola</b>	May-95	May-99	Sep-06	7	1333	2931.24	1598.24	6033	11010
5	Wagholibuti	Nov-93	2003	2006	3	950	3085.85	2135.85	4233	4542
6	Sonapur-tomta	Jul-91	2002	2007	5	364.5	2184.93	1820.43	3760	2830
7	Lower Chulband	Apr-95	2000	2010	10	4167.73	305.56	0.00	6082	11353
8	Gogaon	Oct-91	not given	2006	na	34.75	347.71	312.96	433	640
9	Regadi-vikaspalli	Sep-90	2002	2006	4	68.73	571	502.27	622	647
<b>GMIDC, AURANGABAD</b>										
1	<b>Lower Terna</b>	Feb-90	Jun-98	Jun-06	8	858.5	10775.84	9917.34	12022	6890
2	<b>Vishnupuri</b>	May-79 Jun-94	1998	Mar-07	9	3224 19660	17691	14467.00	27430	19514
3	Bramhagavan	Jan-80 Jan-94	Jun-02	May-08	6	125.83 855.39	1105.71	979.88	1356	3205
4	<b>Tajnapur</b>	May-83	NA (taken as 2 years)	Jun-06	21	172.90	1302	1129.10	2586	2744
5	Jagdambadevi	Jul-95	Dec-04	Jun-06	2	0.92	71	70.08	297	260
6	Chinchondi	Oct-01	Apr-05	Jun-06	1	157	2	0.00	157	257
7	WakiManhare	Oct-01	Apr-05	Jun-06	1	148	2	0.00	148	264
8	Warangushi	Oct-01	Jun-05	Jun-06	1	190.91	1	0.00	170	266
9	Ranjangaon deshmukh	Jan-97	not given	not given	na	381.5	331	0.00	980	507
<b>TIDC, JALGAON</b>										
1	<b>Muktainagar</b>	May-98 Nov-02	Nov-99	Jun-06	7	2470.89 3420.96	3289.9	819.01	3420.96	3360
2	<b>Varangaon Talwel</b>	Oct-98 Jul-99	Oct-04	2010	6	22324.3 30225.92	3803.48	0.00	37624.2	18947
3	<b>Bhagpur</b>	Mar-99 Sep-99	Mar-05	2012	7	43814.54 55702.14	1512.01	0.00	70875.38	18141
4	<b>Shri Padmalaya</b>	Mar-99	Mar-05	2009	4	9544.69	338.93	0.00	11805.09	9000
5	<b>Bodwad Parisar</b>	Feb-99 Sep-99	Feb-05	2012	7	52228.7 68914.07	1003.64	0.00	87929	27027
6	<b>Kurha - Vadhoda</b>	Oct-98	Oct-04	2012	8	15595.6	206.05	0.00	17499.3	9725
		Jul-99				20707.61	0	0	0	
7	<b>Nashirabad</b>	Mar-99 Sep-99	Mar-05	2012	7	10515.56 14116.44	2.43	0.00	18068.36	7090
8	Zende- Anjan	Jul-99 Jun-02	Mar-06	Mar-06	0	110.61 167.68	116.04	5.43	167.68	321



Appendix XXXVIII (concl.)

9	Sulwade- Jamphal-Kanoli	Sep-99	Mar-11	Mar-11	0	78889	734.01	0.00	78889	33367
10	Prakasha Burai	Sep-99	Feb-03	Feb-07	4	11010	152.25	0.00	11010	7085
MKVDC, PUNE										
1	<b>Krishna Koyna Takari Part Maisal Part</b>	Aug-84 Apr-84	1996	2008	12	8243	92547.64	84304.64	198281	109127
2	Wakurde	Dec-98	Mar-08	Mar-08	0	10968	2881.68	0.00	33231	19575
3	<b>Jihe Kathapur</b>	Feb-97	Nov-03	Mar-08	5	26907.33	2771.82	0.00	45792	27500
4	Kawthe-Kenjal	May-00	Dec-03	not given	2	4166.4	9	0.00	8302	4780
5	Vasana	May-00	Jul-04	not given	1	3488	17.71	0.00	9464	4800
6	Wangana	May-00	Jul-04	not given	1	4805	10.85	0.00	7918	4200
7	Dangarwadi	May-00	Jan-04	not given	1	1627	0	0.00	3308	2500
8	Hanbarwadi	May-00	Jan-04	not given	1	1696	0	0.00	3937	2600
9	Dahigaon	Oct-96	Dec-00	not given	5	5766.44	3735.46	0.00	12827	10500
10	Sina Madha	May-94	2000	2006	6	5449	10921.23	5472.23	19596	16150
11	Ashti	Oct-96	May-01	not given	4	4959.81	2914.1	0.00	4959	9000
12	Barshi	Oct-96	May-01	not given	4	13138.76	6361.43	0.00	13138	15000
13	Sangola	Jul-00	not given	not given	na	7359	0.39	0.00	7359	6525
14	<b>Shirapur</b>	Oct-96	2000	2007	7	5785	4319.51	0.00	10147	10000
15	<b>Ekrukha</b>	Dec-96	2000	2007	7	8748	855	0.00	17117	21200
16	Shirala	Jun-99	Jun-05	not given	na	2300	0	0.00	2300	2850
17	<b>Tembhu</b>	Feb-96	May-00	2008	8	141659.25	80803.82	0.00	210609	80472
18	Purandar	Dec-96	May-02	Jun-06	4	17892.7	2242.58	0.00	25000	25100
19	Janai Shirsai	Nov-93	not given	Jun-07	na	5692.6	14434.92	8742.32	19900	14080
<b>Grand Total</b>						757609.22	284394.32	135471.82	1074208.97	601704
	Total LISs	47								
	Completed LISs	3								
	Incomplete LISs	44								

Note : 1)

Names in bold indicate schemes selected for review

2)

In 8 cases of MKVDC, the expected date of completion was not available, the delay was worked out based on scheduled date of completion to March 2005

APPENDIX - XXXIX						
<i>(Para reference : 3.4.18; page 85)</i>						
Statement showing cost of unused pumps						
Name of LIS	Stage	Number of Pumps procured	Period of procurement	Date of installation	Number of pumps used / tested	Cost of unused pumps (Rupees in crore)
Krishna Koyna (Mhaisal Part)	I	30	October 1995 to February 1998	February 1996 to March 1998	19	4.72
	II	36	October 1995 to February 1998	-do-	17	7.67
	III	18	March 2000 to February 2001	September 2000 to January 2003	0	34.22
Tembhu	I A	33	November 1999 to November 2000	March 2001 to January 2002	0	22.06
	I B	39	February 1999 to July 2001	Not installed (Pump house not complete)	0	17.73
	II	3	December 1999	-do-	0	1.59
	III A	22	May 2000 to December 2000	-do-	0	10.09
Vishnupuri	I	14			12	0.53
Lower Terna	5 stages	22	1994-1997	December 1996 to November 1998	17	5.05
<b>Total</b>		<b>217</b>			<b>65</b>	<b>103.66</b>

Appendix-XL (Reference : 3.5.11, Page 92) Differences in system date and manually maintained files				
Applicant_id	As per System		As per file (Manual)	
	Application date	Demand date	Application date	Demand date
2004122916	29-12-2004	29-12-2004	26-07-2002	04-01-2005
2004121614	16-12-2004	16-12-2004	03-11-2004	18-12-2004
2005010633	06-01-2005	06-01-2005	06-10-2004	06-01-2005
2004092210	22-09-2004	22-09-2004	21-08-2004	23-09-2004
200410111	12-10-2004	12-10-2004	23-08-2002	14-10-2004
2004081915	19-08-2004	19-08-2004	29-07-2002	24-08-2004
2004090325	03-09-2004	03-09-2004	27-06-2002	23-09-2004
2004080617	06-08-2004	06-08-2004	30-07-2002	06-08-2004
200409274	27-09-2004	27-09-2004	20-09-2004	27-09-2004
200407175	17-07-2004	17-07-2004	07-05-2004	17-07-2004
2005011361	13-01-2005	13-01-2005	13-01-2005	13-01-2005
2004090817	08-09-2004	08-09-2004	12-04-2001	13-09-2004
200408273	27-08-2004	27-08-2004	28-08-2002	27-08-2004
200408272	28-08-2004	27-08-2004	28-08-2002	27-08-2004
2005033054	30-03-2005	30-03-2005	26-02-2005	31-03-2005
2004120111	01-12-2004	01-12-2004	28-06-2002	01-12-2004
200504014	01-04-2005	01-04-2005	22-08-2002	04-04-2005
2004102934	29-10-2004	29-10-2004	01-10-2004	31-10-2004



<b>Appendix XL1</b>					
<i>(Reference: para 3.5.15, page 94)</i>					
<b>Statement showing deposits received, expenditure incurred and percentages of excesses and savings in respect of 213 completed layouts</b>					
<b>Mouza</b>	<b>Number of layouts</b>	<b>Deposits received (Rs)</b>	<b>Expenditure finally made (Rs)</b>	<b>Excess/saving (Rs)</b>	<b>Percentage</b>
Babulkheda	8	1,98,20,944	2,02,24,000	(-) 4,03,056	2
Bhamti	18	4,13,67,964	2,43,98,747	(+) 1,69,69,217	41
Bidipeth	15	4,14,12,230	3,40,03,000	(+) 74,09,230	17
Binaki	2	50,98,784	30,75,545	(+) 20,23,239	39
Borgaon	1	10,22,437	7,64,690	(+) 2,57,747	25
Chikhali khurd	14	5,13,88,881	591,34,000	(-) 77,45,119	15
Dighori	28	7,30,16,106	12,30,04,000	(-) 4,99,87,894	68
Gorewada	1	17,52,322	14,21,414	(+) 3,30,908	18
Ajani	4	61,79,712	36,22,057	(+) 25,57,655	41
Hajari pahad	1	1241,602	8,88,668	(+) 3,52,934	28
Harpur	8	215,95,420	2,12,56,000	(+) 3,39,420	1
Indora	2	48,87,242	68,26,993	(-) 19,39,751	39
Jaripatka	3	49,34,209	56,90,792	(-) 7,56,583	15
Kachimet	1	38,35,969	24,55,972	(+) 13,79,997	35
Khamla	3	44,04,892	13,67,986	(+) 30,36,906	68
Manewada	21	6,86,85,004	7,65,33,000	(-) 78,47,996	11
Nagpur	6	1,48,10,175	1,03,77,987	(+) 44,32,188	30
Nari	4	60,13,532	1,01,01,483	(-) 40,87,951	67
Parsodi	15	3,21,07,554	1,03,75,134	(+) 2,17,32,420	67
Sakkardara	9	3,50,30,193	2,70,30,000	(+) 80,00,193	22
Somalwada		3,79,76,445	2,82,27,763	(+) 97,48,682	25
Takli sim	12	1,43,51,244	93,57,128	(+) 49,94,116	34
Telankhedi	1	28,35,938	24,57,920	(+) 3,78,018	13
Wathoda	10	3,91,35,902	3,96,56,000	(-) 5,20,098	1
Zingabai Takli	8	2,45,15,285	2,12,25,234	(+) 32,90,051	13
<b>Total</b>	<b>213</b>	<b>55,74,19,986</b>	<b>54,34,75,513</b>	<b>(+) 1,39,44,473</b>	

Appendix -XLII

(Reference: paragraph 3.8.3, Page 118)

Excess payment due to incorrect methodology

Name of the Scheme	Chilling centre	Year	Total quantity of milk accepted	Amount that should have been paid as per actual quality of the day	Amount actually paid by averaging the quality for the day	Excess payment (undue benefit)
			In litres			
GMS Ahmednagar	Karjat	2000-01	1,52,18,408	11,95,25,675	11,96,06,981	81,306
		2003-04	84,46,959	7,40,54,141	7,46,62,355	6,08,214
	Narayan Gaon	2000-01	62,20,604	4,90,84,051	4,93,51,457	2,67,406
		2001-02	91,44,208	7,92,86,960	8,00,83,805	7,96,845
		2003-04	62,95,998	5,36,23,373	5,37,14,352	90,979
GMS Pune	Ottur	2000-01	70,53,571	5,67,69,281	5,74,23,516	6,54,235
		2001-02	93,58,736	8,40,14,905	8,47,48,046	7,33,141
		2002-03	99,66,070	8,67,14,951	8,74,05,045	6,90,094
		2003-04	1,01,27,066	9,13,83,738	9,18,85,612	5,01,874
	Nira	2000-01	1,51,12,368	11,52,54,979	11,70,05,888	17,50,909
		2001-02	1,60,54,433	13,59,16,268	13,70,55,011	11,38,743
		2002-03	1,39,58,045	11,58,30,520	11,66,10,414	7,79,894
		2003-04	1,33,27,354	11,63,16,443	11,67,25,053	4,08,610
	Kondhapuri	2000-01	52,63,326	4,01,76,648	4,03,67,055	1,90,407
		2001-02	63,35,964	5,33,97,531	5,36,41,255	2,43,724
		2002-03	57,38,224	4,75,21,552	4,78,01,271	2,79,719
		2003-04	49,35,350	4,12,75,048	4,14,48,592	1,73,544
	GMS Nashik	Chandwad	2001-02	13,33,702	1,22,50,241	1,24,81,042
GMS Mahabaleshwar	Mahabaleshwar	2001-02	47,48,495	4,06,47,248	4,10,95,072	4,47,824
		<b>Total</b>	<b>16,86,38,881</b>	<b>1,41,30,43,553</b>	<b>1,42,31,11,822</b>	<b>1,00,68,269</b>

**APPENDIX XLIII**

*(Reference: Paragraph 4.6.2, Page 158)*

**Statement showing outstanding Inspection Reports and Paragraphs issued upto December 2004 but outstanding as on June 2005**

Sr. No.	Name of the Department	1999-2000		2000-01		2001-02		2002-03		2003-04		2004-05		Total	
		IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	229	309	58	101	93	129	75	157	128	255	144	434	727	1385
2	Co-operation and Textiles	145	221	43	80	82	143	69	172	93	210	47	103	479	929
3	Employment and Self-Employment	1	2	0	0	0	0	0	0	3	4	5	9	9	15
4	Environment	0	0	0	0	2	7	0	0	0	0	0	0	2	7
5	Finance	6	9	0	0	1	1	5	6	8	17	7	19	27	52
6	Food, Civil Supplies and Consumer Protection	0	0	0	0	2	2	0	0	4	11	6	10	12	23
7	General Administration	8	9	4	5	6	8	11	16	15	31	10	23	54	92
8	Higher and Technical Education	282	632	68	140	67	162	91	157	101	251	106	384	715	1726
9	Home	130	224	45	91	46	91	50	141	45	144	75	285	391	976
10	Housing	5	8	2	3	1	1	0	0	1	1	3	9	12	22
11	Industries, Energy and Labour	18	31	10	13	16	35	12	40	36	82	2	68	114	269
12	Irrigation	427	1032	54	170	94	359	86	260	90	371	95	382	846	2574
13	Law and Judiciary	5	6	7	9	7	8	19	29	38	60	21	46	97	158
14	Maharashtra Legislature Secretariat	0	0	0	0	1	1	1	3	0	0	0	0	2	4
15	Medical Education and Drugs	72	116	25	68	16	54	23	60	34	127	26	111	196	536
16	Planning	0	0	0	0	0	0	0	0	1	1	2	6	3	7
17	Public Health	111	143	34	54	53	97	89	184	104	277	95	325	486	1080
18	Public Works	200	328	70	179	63	223	88	316	91	347	92	423	604	1816
19	Revenue and Forests	716	1407	159	447	125	396	187	604	213	815	222	857	1622	4526
20	Rural Development and Water Conservation	710	1324	151	411	143	502	217	910	826	3402	282	1219	2329	7768
21	School Education	10	13	8	14	7	13	12	14	29	65	19	53	85	172
22	Social Justice, Cultural Affairs and Special Assistance	62	84	39	62	47	90	50	108	28	72	47	136	273	552
23	Tribal Development	17	29	7	9	22	34	30	67	20	71	33	91	129	301
24	Urban Development	9	14	3	11	2	40	5	31	13	183	11	116	43	395
25	Water Supply and Sanitation	2	4	3	3	5	9	6	11	4	13	5	38	25	78
26	Women and Child Welfare	36	55	16	29	44	75	53	95	45	97	66	162	260	513
	<b>Total</b>	<b>3201</b>	<b>6000</b>	<b>806</b>	<b>1899</b>	<b>945</b>	<b>2480</b>	<b>1179</b>	<b>3381</b>	<b>1970</b>	<b>6907</b>	<b>1441</b>	<b>5309</b>	<b>9542</b>	<b>25976</b>



**APPENDIX XLIV**

*(Reference: Paragraph 4.6.2, Page 159)*

**Statement showing number of paragraphs/reviews in respect of which Government explanatory memoranda (UORs) had not been received**

No.	Name of Department	Upto 1997-98	1998- 99	1999- 2000	2000- 01	2001- 02	2002- 03	2003- 04	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Agriculture, Animal Husbandry, Dairy Development and Fisheries	5	1	3	--	4	6	2	21
2.	Co-operation and Textiles	1	--	1	1	1	--	1	5
3.	Finance	--	--	--	--	--	2	1	3
4.	Food, Civil Supplies and Consumer Protection	--	--	--	--	--	--	1	1
5.	General Administration	1	--	--	--	--	--	--	1
6.	Home	--	--	--	1	1	--	3	5
7.	Housing	12	--	--	1	3	8	5	29
8.	Higher and Technical Education	--	--	--	--	1	--	1	2
9.	Industry Energy and Labour	--	--	--	1	--	1	2	4
10.	Irrigation	3	2	2	1	2	3	15	28
11.	Medical Education & Drugs	--	1	3	--	1	3	3	11
12.	Planning	2	--	--	--	--	--	--	2
13.	Public Health	4	--	2	1	1	1	2	11
14.	Public Works	--	--	--	2	--	--	1	3
15.	Revenue and Forests	8	--	1	1	--	3	1	14
16.	Rural Development and Water Conservation	19	1	--	--	1	4	2	27
17.	Social Justice, Cultural Affairs and Special Assistance	5	--	1	--	3	--	2	11
18.	Tribal Development	--	--	1	--	--	--	1	2
19.	Urban Development	4	--	--	--	--	3	3	10
20.	Water Supply and Sanitation	--	--	--	4	--	2	1	7
21.	Women and Child Welfare	4	1	--	--	--	1	1	7
	<b>Total</b>	<b>68</b>	<b>6</b>	<b>14</b>	<b>13</b>	<b>18</b>	<b>37</b>	<b>48</b>	<b>204</b>

<b>Appendix XLV</b>								
<i>(Reference: Paragraphs 5.1.10; Page 166)</i>								
<b>Statement showing Abstract Contingent Bills for which Detailed Contingent Bills were not submitted.</b>								
<b>(Rupees in lakh)</b>								
Name of the office	Abstract contingent bills for the period							
	Less than 1 year		1 to 5 years		5 to 10 years		More than 10 years	
	Number of bills	Amount	Number of bills	Amount	Number of bills	Amount	Number of bills	Amount
DDHS, Pune	15	85.64	--	--	--	--	--	--
JDHS, Pune	1	1.81						
DDHS, Thane	7	38.89	8	78.95	--	--	--	--
Supdt. Chest Hospital, Pune	--	--	11	30.08	8	26.77	2	1.00
General Hospital, Kolhapur	4	28.26	--	--	--	--	--	--
DDHS, Kolhapur	12	135.13	--	--	--	--	--	--
General Hospital, Ratnagiri	2	0.40	--	--	--	--	--	--
General Hospital, Amravati	4	61.47	9	49.71	--	--	3	0.70
General Hospital, Akola	4	45.16	--	--	--	--	--	--
<b>Total</b>	<b>49</b>	<b>396.76</b>	<b>28</b>	<b>158.74</b>	<b>8</b>	<b>26.77</b>	<b>5</b>	<b>1.70</b>

