



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

FOR THE YEAR ENDED 31 MARCH 2004

(CIVIL)

GOVERNMENT OF MAHARASHTRA

<http://cagindia.org/states/Maharashtra/2004>



REPORT
OF THE
COMPTROLLER AND
AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDING 31 MARCH 1984

VOLUME 1

GOVERNMENT OF INDIA

Printed and Published by the Controller and Auditor General, New Delhi

TABLE OF CONTENTS

		Reference	
		Paragraph	Page No.
Preface			ix
OVERVIEW			xi
CHAPTER-I	FINANCES OF THE STATE GOVERNMENT		
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	12
Assets and Liabilities		1.8	14
Undischarged Liabilities		1.9	18
Management of deficits		1.10	23
Fiscal Ratios		1.11	24
Conclusion		1.12	25
CHAPTER-II	ALLOCATIVE PRIORITIES AND APPROPRIATION		
Introduction		2.1	27
Summary of Appropriation Accounts		2.2	27
Fulfilment of Allocative Priorities		2.3	28
Unreconciled expenditure		2.4	29
Budgetary Control		2.5	30
Advances from Contingency Fund		2.6	30
Funds diverted to works other than sanctioned		2.7	31
Personal Ledger Accounts		2.8	31

		Reference	
		Paragraph	Page No.
CHAPTER III	PERFORMANCE REVIEWS		
Rural Development and Water Conservation Department			
	<i>Pradhan Mantri Gram Sadak Yojana</i>	3.1	35
Industries, Energy and Labour Department			
	<i>Implementation of Child Labour (Prohibition and Regulation) Act, 1986</i>	3.2	48
Public Health Department			
	<i>Maharashtra Health Systems Development Project</i>	3.3	61
Agriculture, Animal Husbandry, Dairy Development and Fisheries Department			
	<i>Functioning of Agriculture Department</i>	3.4	72
Urban Development Department			
	<i>Swaranjayanti Shahari Rozgar Yojana</i>	3.5	88
Women and Child Welfare Department			
	<i>Integrated Child Development Scheme</i>	3.6	99
Revenue and Forests Department			
	<i>Computerisation of land records</i>	3.7	107
CHAPTER IV	AUDIT OF TRANSACTIONS		
	<i>Fraudulent drawal/Misappropriation/Embezzlement Losses</i>	4.1	117
Food, Civil Supplies and Consumer Protection Department		4.1.1	
	<i>Infructuous/wasteful expenditure and overpayment</i>	4.2	118
Irrigation Department		4.2.1, 4.2.2, 4.2.3 and 4.2.4	
Home Department		4.2.5	
Public Health Department		4.2.6	
Urban Development Department		4.2.7	

	Reference	
	Paragraph	Page No.
<i>Violation of contractual obligations/undue favour to contractors</i>	4.3	125
Co-operation and Textile Department	4.3.1	
Finance Department	4.3.2	
Housing Department	4.3.3, 4.3.4, 4.3.5 and 4.3.6	
Irrigation Department	4.3.7, 4.3.8 and 4.3.9	
<i>Avoidable/excess/unfruitful expenditure</i>	4.4	135
Higher and Technical Education Department	4.4.1	
Home Department	4.4.2 and 4.4.3	
Irrigation Department	4.4.4, 4.4.5, 4.4.6, 4.4.7, 4.4.8 and 4.4.9	
Public Works Department	4.4.10	
Medical Education and Drugs Department	4.4.11 and 4.4.12	
Water Supply and Sanitation Department	4.4.13	
<i>Idle investment/idle establishment/blockage of funds</i>	4.5	147
Housing Department	4.5.1	
Industries, Energy and Labour Department	4.5.2	
Irrigation Department	4.5.3 and 4.5.4	
Medical Education and Drugs Department	4.5.5	
Rural Development and Water Conservation Department	4.5.6	
Social Justice, Cultural Affairs and Special Assistance Department	4.5.7 and 4.5.8	
Tribal Development Department	4.5.9	
Urban Development Department	4.5.10	

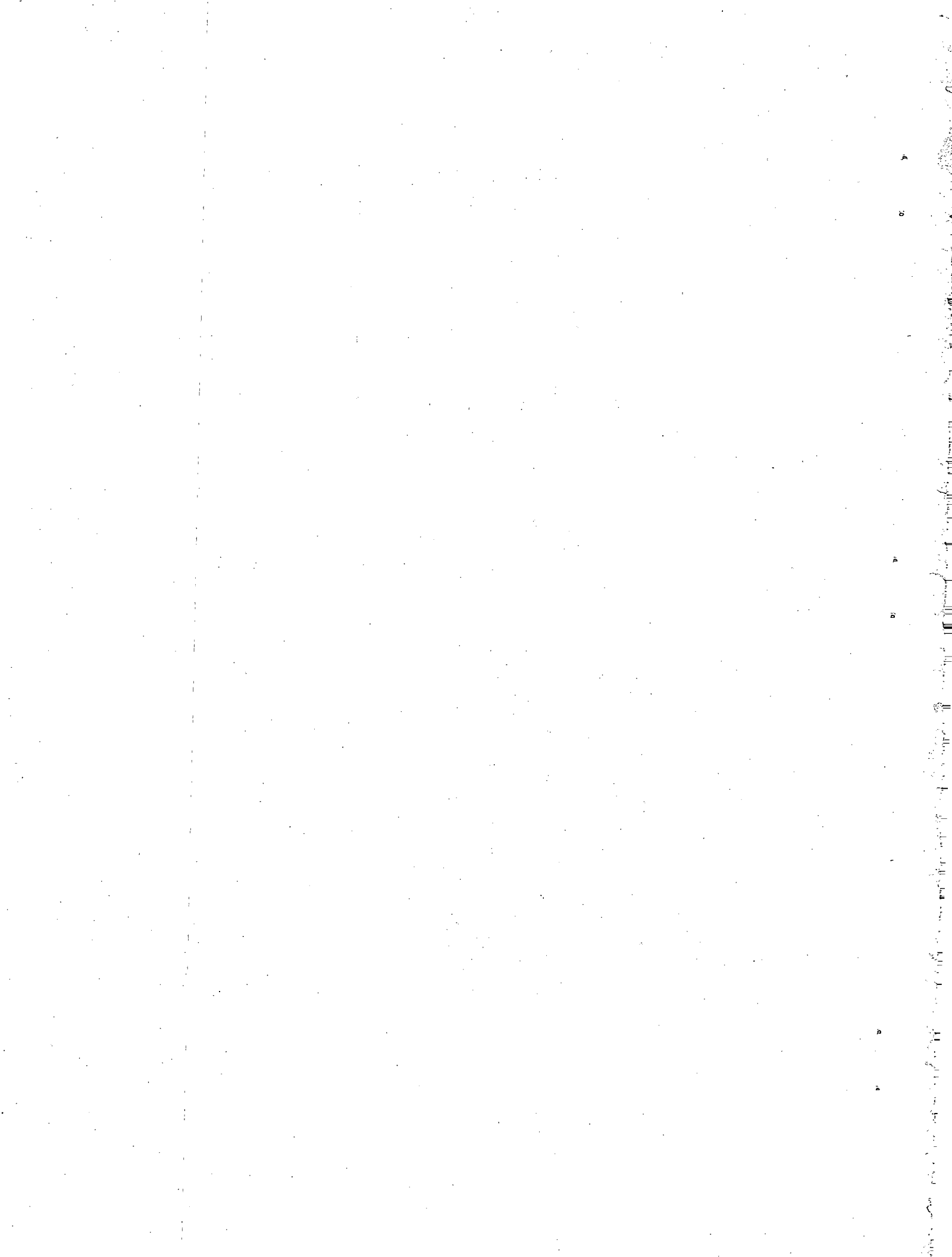
		Reference	
		Paragraph	Page No.
Regulatory issues and Other points of interest		4.6	158
Finance Department		4.6.1	
CHAPTER V	INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENT		
Agriculture, Animal Husbandry, Dairy Development and Fisheries Department		5.1	161
APPENDICES		Appendix	
Summarised financial position of the Government of Maharashtra as on 31 March 2004		I	173
Abstract of Receipts and Disbursements for the year 2003-04		II	174
Sources and Application of funds		III	177
Time series data on State Government Finances		IV	178
List of terms used in Chapter I and basis for their calculation		V	180
Statement showing departmentwise break up of outstanding Utilisation Certificates (Grants)		VI	181
Statement showing departmentwise 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 2004 and pending finalisation as on 30 September 2004		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

	Reference	
	Appendix	Page No.
Summarised Financial Statement of Departmentally Managed Commercial Quasi-Commercial Undertakings	XIII	193
Statement of various grant/appropriation where saving was more than Rs 10 crore each and more than 20 per cent of the total provision	XIV	198
Excess over grants/appropriations requiring regularisation	XV	201
Statement of various grants/appropriations where supplementary provision proved unnecessary	XVI	202
Statement of cases where supplementary provision resulted in saving exceeding Rs 1 crore in each case	XVII	205
Statement of various grant/appropriation where supplementary provision proved insufficient by more than Rs 1 crore each	XVIII	207
Cases where reappropriation of funds proved excessive or insufficient over grant by over Rs 1 crore	XIX	208
Statement of various grant/appropriation in which savings occurred but no part of which had been surrendered	XX	211
Details of saving of Rs 1 crore and above not surrendered	XXI	212
Cases of surrender of funds in excess of Rs 10 crore on 30 and 31 March 2004	XXII	214
Details of surrender in excess of actual savings in the grants/appropriations involving substantial amounts	XXIII	216
Statement showing unreconciled expenditure	XXIV	217
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	XXV	218
Statement of cases where expenditure was incurred without any provision of funds	XXVI	219

	Reference	
	Appendix	Page No.
Cases of drawal from Contingency Fund where the expenditure was not such as could not have been foreseen	XXVII	220
Appendix showing equipments procured but awaiting installation/commissioning	XXVIII	221
District-wise extra expenditure on Training under USEP	XXIX	222
Works executed in private layout from SJSRY fund	XXX	223
Statement showing outstanding Inspection Reports and Paragraphs issued upto December 2003 but outstanding as on June 2004	XXXI	224
Statement showing number of paragraphs/reviews in respect of which Government explanatory memoranda (UORs) had not been received	XXXII	225
Details of drawal and parking of funds with Maharashtra Agro Industries Development Corporation	XXXIII	226

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 2004.
 - 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 2003-04 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 2003-04 have also been included wherever necessary.
-



OVERVIEW

OVERVIEW

OVERVIEW

This Audit Report contains 40 Paragraphs and eight Audit Reviews apart from comments on the Finance and Appropriation Accounts. As per existing arrangement, copies of the draft Audit Paragraphs and draft Audit Reviews are sent to the Principal Secretary/Secretary concerned to the State Government by the Principal Accountant General/Accountant General (Audit) demi-officially, with a request to furnish replies within six weeks. Despite such efforts, 25 out of 40 Paragraphs and three out of eight Reviews did not elicit any response from the Principal Secretary/Secretary concerned of the State Government.

I An overview of the Finances of the State Government

- The revenue receipts of the Government increased from Rs 25269 crore in 1999-2000 to Rs 34370 crore in 2003-04. It grew by about 11 *per cent* over the previous year.
- Sales tax was the major contributor (61 *per cent*) of tax revenue followed by stamps and registration fees (13 *per cent*). Of non-tax revenue sources, Dairy Development (22 *per cent*) and Miscellaneous General Services (20 *per cent*) were principal contributors.
- The revenue expenditure increased from Rs 29538 crore in 1999-2000 to Rs 42680 crore in 2003-04. It grew by 5 *per cent* over the previous year. The revenue expenditure accounted for 81 *per cent* of the total expenditure (Rs 52781 crore) as against 79 *per cent* in 1999-2000.
- The Revenue Deficit marginally declined from Rs 9371 crore in 2002-03 to Rs 8310 crore in 2003-04. However, Fiscal Deficit increased from Rs 14290 crore in 2002-03 to Rs 17929 crore in 2003-04. Further, this is exclusive of off-budget borrowings taken by the Government in the past.
- The share of economic services, social services and general services in total expenditure increased from 24 *per cent*, 31 *per cent* and 34 *per cent* in 1999-2000 to 26 *per cent*, 31 *per cent* and 38 *per cent* in 2003-04 respectively. The relative share of general services which is primarily non-development in nature, increased mainly due to increase in interest payment (Rs 3451 crore) during the above five year period.
- Non-developmental expenditure *viz* salaries (Rs 16680 crore), interest payments (Rs 8335 crore) and pension (Rs 2636 crore) alone consumed more than three-fourth (80 *per cent*) of the revenue receipts of the State during the year.
- Out of the total capital expenditure of Rs 8199 crore during the year, two third expenditure (Rs 6102 crore) was under the major head irrigation and flood control on account of special purpose vehicles

created (five irrigation corporations) for raising the off-budget borrowings.

- As on March 2004, 57 companies in which the Government had invested Rs 5705.52 crore (Share Capital: Rs 807.81 crore, Loan: Rs 4897.71 crore) were incurring losses and their accumulated losses amounted to Rs 1830.03 crore.
- The fiscal liabilities of the State increased from Rs 51993 crore in 1999-2000 to Rs 104404 crore in 2003-04. The growth rate was 22 *per cent* during 2003-04 over previous year. These liabilities as ratio to Gross State Domestic Product increased from 22 *per cent* in 1999-2000 to 32 *per cent* in 2003-04 and stood at three times of its revenue receipts. In addition to these liabilities, the Government had guaranteed loans of Rs 82228 crore (25 *per cent* of Gross State Domestic Product) to its Corporations and others as of 31 March 2004.
- These fiscal liabilities, however, do not include the pension liabilities payable to serving/retired State employees, off-budget borrowings/liabilities, risk weighted guarantees/contingent liabilities, power subsidies payable to Maharashtra State Electricity Board.
- The average rate of market borrowing during the year was 7 *per cent*. As on 31 March 2004, 38 *per cent* of the existing market loans, however, carried interest rate exceeding 10 *per cent*.
- During the past five years, all the four indicators of fiscal imbalances showed continuous deterioration over time indicating increasing unsustainability and vulnerability of State finances. Increasing ratio of fiscal liabilities to Gross State Domestic Product and revenue receipts, together with revenue deficit indicated that the State is gradually getting into a debt trap. Similarly, the higher buoyancy of debt both with regard to its revenue receipts and own resource indicated its increasing unsustainability.

(Paragraphs 1.1 to 1.12)

II Allocative Priorities and Appropriation

- The expenditure exceeded the budget provision in 11 grants and 15 appropriations by Rs 1001.12 crore and Rs 14.12 crore respectively. The excess expenditure required regularisation by the State Legislature under Article 205 of the Constitution.
- The Supplementary provision of Rs 19834.68 crore constituted 28.28 *per cent* of the original provision of Rs 70140.08 crore. In 56 grants/appropriations, supplementary provision totalling Rs 1574.33 crore proved unnecessary.
- Supplementary grants and appropriations totalling Rs 16442.76 crore were obtained in 44 other grants/appropriations when the additional

requirement of the fund was Rs 11068.90 crore only. Savings in each of these cases was in excess of Rs 1 crore.

- Supplementary grants totalling Rs 1452.91 crore in seven grants/appropriations proved insufficient by more than Rs 1 crore in each grant/appropriation leaving an aggregate uncovered excess expenditure of Rs 1003.57 crore.
- Savings of Rs 1 crore and above in each grant/appropriation totalling Rs 3295.50 crore (24.15 per cent of total savings) in 51 grants and appropriations were not surrendered before the close of the financial year.
- Corpus of the Contingency Fund was temporarily increased from Rs 150 crore to Rs 750 crore with effect from 13 June 2003 and to Rs 400 crore with effect from 24 October 2003 by issue of ordinance. Advances totalling Rs 47.50 crore made from the Fund were not recouped till the close of the financial year.

(Paragraph 2.1 to 2.8)

III Performance Review of Scheme/Project

1 Pradhan Mantri Gram Sadak Yojana

The Government of India launched "Pradhan Mantri Gram Sadak Yojana", a fully Centrally Sponsored Scheme in December 2000 to provide road connectivity to all rural habitations. Some of the important findings are as follows:

- As against a target of 4299 km of road length to be completed between 2001-2004, 2794 kms road length was constructed as of August 2004.
- Priority in road connectivity was not observed. As a result 120 habitations with population less than 500 were connected at a cost of Rs 23.09 crore leaving 27 and 458 habitations with population size above 1000 and 500 respectively unconnected.
- Ineligible works wrongly included in district rural road plans deprived the State of Rs 55.91 crore for construction of other eligible roads.
- As against the cost sanctioned by Ministry of Rural Development of Rs 119.51 crore, 18 districts works were awarded at a cost of Rs 137.26 crore incurring avoidable liability of Rs 17.75 crore which would have to be borne by the State Government.
- Fifty-four major district roads were constructed at a cost of Rs 9.44 crore, though these were not permissible under Pradhan Mantri Gram Sadak Yojana.

(Paragraph 3.1)

2 *Implementation of Child Labour (Prohibition and Regulation) Act, 1986*

The Child Labour (Prohibition and Regulation) Act, 1986 seeks to achieve the basic objective of banning employment of all children below the age of 14 years in factories, mines and hazardous occupations and processes and to regulate the working conditions of children in other employments. Some of the important findings are as follows:

- There was a wide variation between the number of child labour identified by Non-Government Organisations (45801) and that identified by the Government (264).
- Though required under the Act, occupiers of establishments did not furnish the information regarding engagement of child labour as revealed in five test-checked districts.
- Prosecution cases filed were only 59 *per cent* of number of children detected in hazardous industries in the 1997 survey while it was 26 *per cent* in 2001-02. Out of 440 cases filed in 1997, 85 cases were finalised in which 72 cases resulted in acquittals.
- In eight districts 61 *per cent* of the funds received from Government of India for awareness and survey remained unspent.

(Paragraph 3.2)

3 *Maharashtra Health Systems Development Project*

To overcome the constraints existing in the secondary health care system in Maharashtra, the State Government decided (January 1999) to implement the Maharashtra Health Systems Development Project with the financial assistance from International Development Association. Some of the important findings are as follows :

- Only 62 *per cent* (Rs 378.20 crore) of the expenditure planned (Rs 611.88 crore) was incurred upto 31 March 2004 due to delayed implementation of the project.
- Civil works in 123 hospital buildings were completed against 160 due for completion. Sixty-four upgraded hospital buildings were not re-commissioned due to lack of staff/equipments..
- Three buildings constructed for workshops for Health Equipment Repairs at a cost of Rs 1.57 crore were used for accommodating office staff.
- Retention of user charges in Personal Ledger Account for subsequent use in hospitals led to fraudulent withdrawal of Rs 2.89 crore in two

civil hospitals. Besides, payments were made to suppliers without receipt of material.

(Paragraph 3.3)

4 *Agriculture Department*

Main objectives of the Agricultural policy was to increase production and productivity of crops through improved technology high-yielding seeds as well as providing facilities to farmers for credit and agro-industries Some of the important findings are as follows:

- Cotton Development (Demonstration) Project costing Rs 10.50 crore established at Akola and Parbhani failed to yield the expected results, as there was no follow-up of suitability of new technology.
- Production of seeds in Taluka Seed Farms declined during 2000-2003. Large quantity of seeds was rejected by Maharashtra State Seeds Corporation Limited. Financial working results of the farms showed a net loss of Rs 11.63 crore.
- Supply of sprinkler set for oil seed production was only 20 and 5 per cent during 2002-03 and 2003-04 respectively. Forty-four per cent of drip and sprinkler sets were not functional.
- Submission of evaluation report to assess utility of research for agriculture development was delayed by more than four years.

(Paragraph 3.4)

5 *Swarna Jayanti Shahari Rojgar Yojana*

Swarna Jayanti Shahari Rojgar Yojana was launched from 1 December 1997 to provide gainful self-employment/wage-employment to the urban people living below poverty line. The scheme was implemented by urban local bodies through two special schemes viz Urban Self Employment Programme and Urban Wage Employment Programme by identifying the below poverty line beneficiaries. Some of the important findings are as follows :

- Expenditure of Rs 11.28 crore was incurred on various components of Urban Self Employment Programme and Urban Wage Employment Programme without identifying the families below poverty line.
- In 19 urban local bodies shortfall in coverage of scheduled caste/scheduled tribe and women beneficiaries ranged between 80 and 91 per cent.
- Works costing Rs 1.23 crore were executed in seven urban local bodies through contractors in violation of guidelines. .
- In 51 urban local bodies excess payment of Rs 2.11 crore was made to 26,302 trainees due to adoption of incorrect rate.
- Expenditure of Rs 1.09 crore was incurred on works in private layouts/lands instead of incurring from development funds/private

resources. Thus, urban local bodies and private land owners were relieved of their liabilities.

(Paragraph 3.5)

6 Integrated Child Development Services Scheme

The Integrated Child Development Services (ICDS) Scheme was introduced in the country from 2 October 1975. The scheme is implemented through 270 projects having 48132 Anganwadi Centres. The scheme envisages delivery of an integrated package of services comprising Supplementary Nutrition (SN), Health check-up, referral services, Immunisation, Nutrition and Health Education and non-formal pre-school education. Some of the important Audit findings are as follows :

- State Government lost World Bank Assistance of Rs 57.63 crore due to delay in implementation, poor physical and financial performance of the scheme.
- Over 4.81 lakh beneficiaries in Nanded and Yavatmal district did not get supplementary nutrition with envisaged calories and proteins due to cost constraints.
- Though Anganwadi workers were required to clean the food grains, contractors were involved for cleaning of rice resulting in irregular payment of Rs 1.73 crore during 2001-2004.

(Paragraph 3.6)

7 Computerisation of Land Records

A pilot project of computerisation of land records was launched in Wardha district in 1989-90 and the project was thereafter taken up in 83 talukas in 1994-95 with the help of National Informatics Centre, Pune. Some of the important findings are as follows :

- No specific target date was set for implementation of the project which suffered from faulty planning and poor monitoring.
- Deficiencies were noticed in the database design and in the design of the application software.
- The software was devoid of system controls.

(Paragraph 3.7)

IV Audit Paragraphs

Loss of Government money

Loss of Rs 70.41 lakh on account of interest on unrecovered cost of wheat (Rs 1.50 crore) and short levy of Rs 15.24 lakh due to incorrect fixation of recovery price.

(Paragraph 4.1.1)

Infructuous/wasteful expenditure and overpayment

Incorrect recommendation of a tender item as an extra item by the Chief Engineer and the Government's approval thereto, resulted in excess payment of Rs 2.59 crore to the contractor.

(Paragraph 4.2.1)

The rates of disposable pricking lancets/needles was reduced retrospectively. Non-application of reduced rates resulted in excess payment of Rs 64.22 lakh.

(Paragraph 4.2.6)

Adoption of higher rates for three items other than that given in the current schedule of rates of Public Works Department resulted in excess payment of Rs 56.45 lakh.

(Paragraph 4.2.7)

Regularisation of unauthorised construction of Gymkhana/Pavilion club and application of old rates of premium for land resulted in undue benefit of Rs 10.15 crore to a Club.

(Paragraph 4.3.3)

Loading the cost of coffer dam in the tendered items considering three years construction period and again loading the cost for the same period in the increased tendered quantities beyond 125 *per cent* was unwarranted and resulted in unauthorised aid of Rs 48.96 lakh to the contractor.

(Paragraph 4.3.7)

Avoidable/excess/unfruitful expenditure

Construction of staff quarters without assessing the actual requirement and without relevance to the posts sanctioned resulted in unfruitful expenditure of Rs 1.75 crore.

(Paragraph 4.4.1)

Remote chances of release of 6.91 thousand million cubic metre of water from Palkhed dam to Narangi dam resulted in wasteful expenditure of Rs 18.22 crore on construction of Narangi dam.

(Paragraph 4.4.4)

Failure to arrest seepage for nine years rendered expenditure of Rs 2.86 crore on construction of minor irrigation tank unproductive, besides non-creation of irrigation potential for the targeted areas.

(Paragraph 4.4.5)

Violation of Forests Conservation Act, 1980 and delay in taking action against erring officials resulted in lingering the project for over 13 years and rendering the expenditure of Rs 1.88 crore unfruitful.

(Paragraph 4.4.6)

Insufficient planning, poor implementation of Government policies and failure in improving Information Technology awareness resulted in non-utilisation of computer hardware and software costing Rs 1.22 crore.

(Paragraph 4.4.13)

Idle investment/idle establishment/blockage of funds

Taking up of major lift irrigation schemes and enhancement of the scope of schemes time and again without ascertaining availability of funds resulted in idle investment of Rs 881.63 crore.

(Paragraph 4.5.3)

Idle investment of Rs 50.69 crore on construction of a hospital building and non-recovery of lease rent of Rs 2.70 crore in respect of shops leased out.

(Paragraph 4.5.5)

Failure to provide land for construction of buildings for Ekalavya Residential Schools led to idling of funds of Rs 1.84 crore lying with the Maharashtra Tribal Public School Society and depriving the tribal students of well equipped schools.

(Paragraph 4.5.9)

V Internal control mechanism in Government Department

5.1 Evaluation of internal control mechanism in Agriculture department

Internal control system is an integral process by which an organisation governs its activities to effectively achieve its objectives.

- In contravention of financial rules to draw funds for immediate use only, Rs 20.10 crore were parked with Maharashtra Agro Industries Development Corporation during 2000-2004 for utilisation in subsequent years.
- Grants of Rs 846.51 crore paid to Agriculture Universities remained unassessed. Unspent grant of Rs 67.26 lakh were not recovered from Panjabrao Deshmukh Krishi Vidyapeeth. Grants of Rs 11.66 crore were paid to Vasantao Naik State Agriculture Extension Management Training Institute Nagpur without prescribing terms and conditions.
- The Commissionerate drew funds on abstract contingent bills on the basis of incorrect certificate regarding submission of detailed contingent bills. As of July 2004 detailed contingent bills amounting to Rs 4.84 crore were not submitted to the Accountant General (A&E).
- No separate Internal Audit Wing was in existence and there was huge pendency in internal audit paragraphs. Pendency in compliance to the audit paragraphs indicates the non-rectification of the defects and omissions pointed out by Audit.

(Paragraph 5.1)

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

Page

1 to 25

CHAPTER 4

Page

1 to 22

ADVANCES OF THE STATE
GOVERNMENT

CHAPTER – I

FINANCES OF THE STATE GOVERNMENT

Summary

Revenue receipts (Rs 34370 crore) during 2003-04 showed an increase of 11 *per cent* as against 5 *per cent* increase in revenue expenditure (Rs 42680 crore) over the previous year, leading to decrease in revenue deficit (Rs 8310 crore) by 11 *per cent*. The revenue deficit along with steep increase in capital expenditure led to a fiscal deficit of Rs 17929 crore which was 5 *per cent* of the Gross State Domestic Product (GSDP).

Eighty-three *per cent* of revenue receipts came from the State's own resources. The contribution of grants-in-aid from the Central Government increased to 7 *per cent* in 2003-04 from 5 *per cent* in 2002-03. Contribution of Central Tax Transfers also increased from 7 *per cent* in 2002-03 to 10 *per cent* in 2003-04.

Among the sources of tax revenue, Sales Tax (61 *per cent*), Stamps and Registration Fees (13 *per cent*), State Excise (9 *per cent*) and Taxes on vehicles (5 *per cent*) were the principal contributors. Of non-tax revenue sources, Dairy Development (22 *per cent*) and Miscellaneous General Services (20 *per cent*) were principal contributors.

Overall expenditure of the State increased from Rs 37226 crore in 1999-2000 to Rs 52781 crore in 2003-04 at an annual growth rate of 15 *per cent*. Revenue expenditure (Rs 42680 crore) constituted 81 *per cent* of total expenditure. Salaries*, interest payments and pensions consumed nearly 80 *per cent* of the revenue receipts during the year. The fiscal liabilities increased during 2003-04 with a growth rate of 22 *per cent* over the previous year and stood at Rs 104404 crore viz; three times of the revenue receipts. At the end of 2003-04, the fiscal liabilities of the State including off-budget borrowings and power subsidy but excluding pensionary liabilities constituted 32 *per cent* of GSDP. These liabilities along with contingent liabilities in the form of guarantees, which accounted for another 21 *per cent* of GSDP, are a cause for concern.

Interest payments increased by 17 *per cent* from Rs 7130 crore in 2002-03 to Rs 8335 crore in 2003-04 primarily due to continued reliance on borrowings for financing the deficit.

The fiscal deficit which represents the total borrowings of the Government and its total resource gap, increased by 25 *per cent* from Rs 14290 crore in 2002-03 to Rs 17929 crore in 2003-04 due to increase in capital expenditure by 123 *per cent* from Rs 3684 crore in 2002-03 to Rs 8199 crore in 2003-04. The ratio of revenue deficit to fiscal deficit was 46 *per cent* in 2003-04 indicating that nearly 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. However, increasing ratios of fiscal liabilities to GSDP together with revenue deficit as percentage of fiscal deficit indicate that the State is gradually getting into a debt trap. The introduction of Maharashtra Fiscal Responsibility and Budgetary Management Bill in April 2003 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 Accounts 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 2003-04.

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 2004.

Statement No.9 shows the revenue and expenditure under different heads for the year 2003-04 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 2003-04.

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 2003-04.

Statement No.15 depicts the capital and other expenditure to the end of 2003-04 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 present 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 2004.

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)

2002-03	Sr. No	Major Aggregates	2003-04
31103	1.	Revenue Receipts (2+3+4)	34370 *
22800	2.	Tax Revenue (Net)	25162
4517	3.	Non-Tax Revenue	3549
3786	4.	Other Receipts	5659
469	5.	Non-Debt Capital Receipts	482
469	6.	<i>Of which</i> Recovery of Loans	482
31572	7.	Total Receipts (1+5)	34852
40973	8.	Non-Plan Expenditure	45501
37230	9.	On Revenue Account	39135
7130	10.	<i>Of which</i> Interest Payments	8335
3743	11.	On Capital Account	4464
1704	12.	On Loans disbursed	1902
4889	13.	Plan Expenditure	7280
3244	14.	On Revenue Account	3545
1645	15.	On Capital Account	3735
—	16.	On Loans disbursed	—
45862	17.	Total Expenditure (13+8)	52781
9371	18.	Revenue Deficit (9+14-1)	8310
14290	19.	Fiscal Deficit (17-1-5)	17929
7160	20.	Primary Deficit (19-10)	9594 +

1.3 Summary of Receipts and Disbursements

Table-1 summarises the finances of the Government of Maharashtra for the year 2003-04 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

* Lower rounding + Higher rounding

Table-1: Summary of receipts and disbursements for the year 2003-04

(Rupees in crore)

2002-03	Receipts	2003-04	2002-03	Disbursements	2003-04		
Section-A: Revenue					Non Plan	Plan	Total
31103.05	I Revenue receipts	34370.52	40474.30	I Revenue expenditure	39135.36	3544.70	42680.06
22799.46	Tax revenue	25162.16	17946.81	General services	19782.77	37.31	19820.08
4517.47	Non-tax revenue	3548.94	14217.83	Social services	13678.62	2311.70	15990.32
2279.96	Share of Union Taxes/Duties	3389.49	7635.77	Economic services	4689.76	1193.24	5883.00
1506.16	Grants from Government of India	2269.93	673.89	Grants-in-aid and Contributions	984.21	2.45	986.66
Section-B: Capital							
697.70	II Opening Cash balance	1435.20	3683.68	II Capital Outlay	4464.06	3735.08	8199.14
469.16	III Recoveries of Loans and Advances	482.16	1704.08	III Loans and Advances disbursed	—	—	1901.99 [#]
9758.42	IV Public debt receipts	22381.11	1355.31	IV Repayment of Public Debt	—	—	8253.17 [#]
450.00	V Appropriation from Contingency Fund	850.00	450.00	V Appropriation to Contingency Fund	—	—	850.00 [#]
465.80	VI Contingency Fund	886.85	486.85	VI Contingency Fund	—	—	897.50 [#]
44867.16	VII Public Account receipts	24452.02	38221.87	VII Public Account disbursements	—	—	19637.06 [#]
—	VIII Closing Overdraft from RBI	—	1435.20	VIII Closing Cash Balance	—	—	2438.94 [#]
87811.29	Total	84857.86	87811.29	Total			84857.86

[#] 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 I to IV**) 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 V**.

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, etc 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 2003-04 was Rs 83422 crore. Of these, the revenue receipts were Rs 34370 crore, constituting 41 *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)

I	Revenue Receipts		34370 *
II	Capital Receipts		22863
	Recovery of Loans and Advances	482	
	Public Debt Receipts	22381	
III	Appropriation from Contingency Fund		850
IV	Contingency Fund		887
V	Public Account Receipts		24452
	a. Small Savings, Provident Fund <i>etc</i>	1714	
	b. Reserve Fund	5441	
	c. Deposits and Advances	5609	
	d. Suspense and Miscellaneous	1461	
	e. Remittances	10227	
	Total Receipts		83422

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.

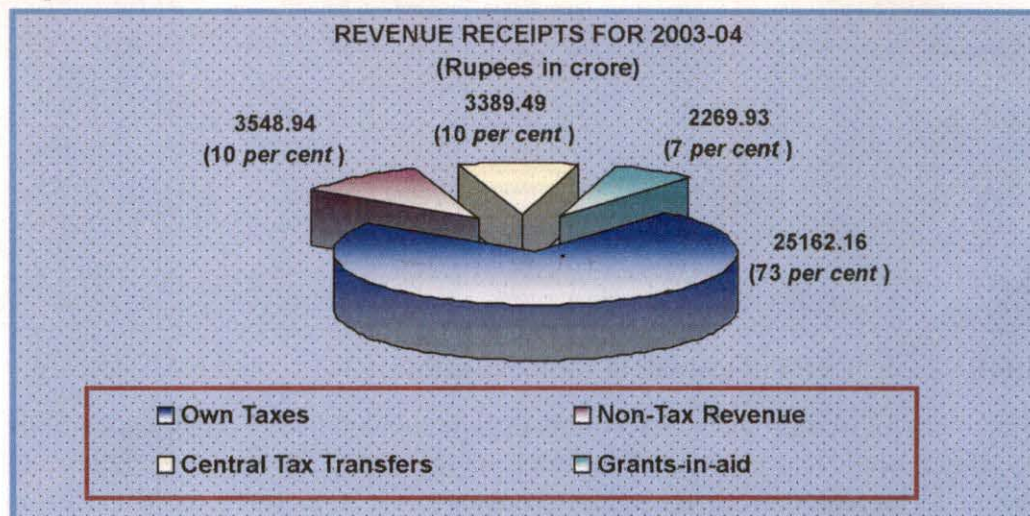
* Lower rounding

Table-3: Revenue Receipts - Basic Parameters

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Receipts (RR) (Rupees in crore)	25269	29567	30093	31103	34370
Own Taxes (<i>per cent</i>)	68.3	66.7	71.7	73.3	73.2
Non-Tax Revenue (<i>per cent</i>)	15.5	18.9	15.4	14.5	10.3
Central Tax Transfers (<i>per cent</i>)	10.3	9.4	8.7	7.3	9.8
Grants-in-aid (<i>per cent</i>)	5.7	4.9	5.5	4.8	6.6
Rate of growth of RR (<i>per cent</i>)	16.2	17.0	1.7	3.3	10.5
RR/GSDP (<i>per cent</i>)	10.5	11.4	11.0	10.5	10.4
Revenue Buoyancy (ratio)	77.439	2.264	0.350	0.383	0.879
GSDP Growth (<i>per cent</i>)	0.210	7.510	5.090	8.760	11.950

The revenue receipts of the State increased from Rs 25269 crore in 1999-2000 to Rs 34370 crore in 2003-04. It grew by about 11 *per cent* over the previous year mainly due to increase in Sales Tax (Rs 1838 crore) as an impact of measures implemented and increase in prices of petro products, increase in State's share of union taxes and duties (Rs 1109 crore) and increase in grants-in-aid from GOI (Rs 764 crore).

While 83 *per cent* of the revenue during 2003-04 came from the State's own resources, central tax transfers and grants-in-aid together contributed only 17 *per cent* of the total revenue.



Sales Tax was the major contributor (61 *per cent*) of tax revenue followed by Stamps and Registration fees (13 *per cent*), State Excise (9 *per cent*) and Taxes on Vehicles (5 *per cent*). Of non-tax revenue sources, Dairy Development (22 *per cent*) and Miscellaneous General Services (20 *per cent*) were the principal contributors. The grants-in-aid from GOI increased to 7 *per cent* in 2003-04 from 5 *per cent* in 2002-03.

The Medium Term Fiscal Reforms Programme (MTFRP) agreed to (October 2002) by the Government of Maharashtra with GOI provides for improving 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 5596 crore in 2000-01 to Rs 3549 crore in 2003-04. The current levels of cost recovery in supply of goods and services by Government are 0.14 per cent for secondary education, 0.24 per cent for university and higher education, 6 per cent for technical education, 6 per cent in health and family welfare, 1 per cent in water supply and sanitation and 11 per cent in minor irrigation.

The arrears of revenue increased by 17 per cent from Rs 5879 crore as of March 2003 to Rs 6866 crore as of March 2004. Arrears mainly pertained to taxes on Sales, Trade etc (Rs 6668 crore), Motor Vehicles (Rs 158 crore), Electricity Duty (Rs 24 crore) and State Excise (Rs 12 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 GSDP during 1999-2004 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 ⁺	Debt Receipts	Contingency Fund Receipts	Accruals in Public Account		
1999-2000	25269	1251	6058	1773	37750 ¹	72101	240224
2000-01	29567	3295	6744	367	38319	78292	258272
2001-02	30093	898	8671	306 ¹	42369	82337	271406
2002-03	31103	919	9759 ¹	466	44867	87114	295191 [^]
2003-04	34370 [*]	1332	22381	887	24452	83422	330466 ^B

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 major heads. The total expenditure of the State increased from Rs 37226 crore in 1999-2000 to Rs 52781 crore in 2003-04.

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.

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

¹ Higher rounding.

[^] Based on Economic Survey of Maharashtra.

^{*} Lower rounding

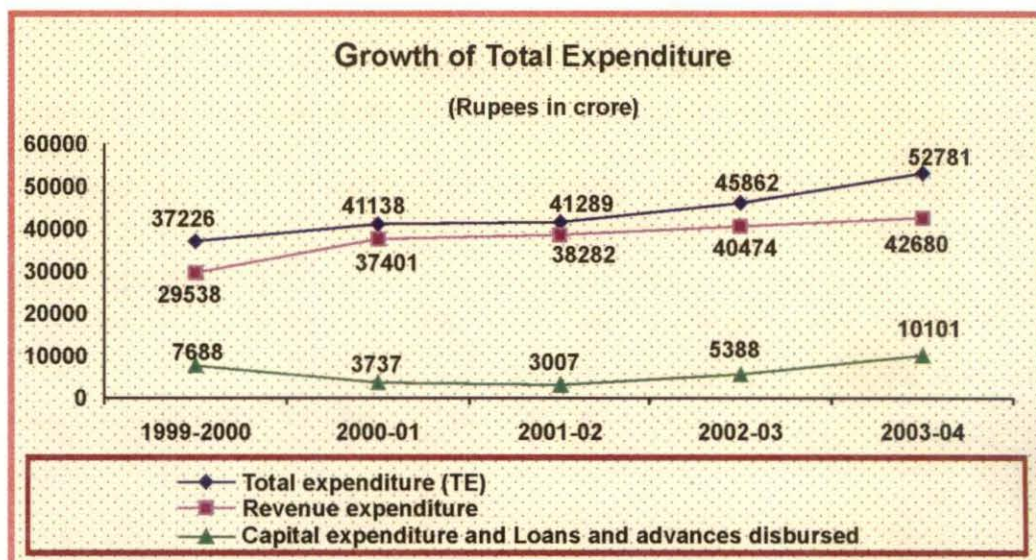
^B Provisional.

Table-5: Total Expenditure – Basic Parameters

	1999-2000	2000-01	2001-02	2002-03	2003-04
Total expenditure (TE)* (Rupees in crore)	37226	41138	41289	45862	52781
Rate of Growth (per cent)	26.3	10.5	0.3	11.0	15.0
TE/GSDP Ratio (per cent)	15.5	15.9	15.2	15.5	15.9
RR /TE Ratio (per cent)	67.8	71.8	72.8	67.8	65.1
<i>Buoyancy of Total Expenditure with reference to:</i>					
GSDP (ratio)	125.428	1.399	0.072	1.264	1.262
RR (ratio)	1.620	0.618	0.206	3.300	1.436

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

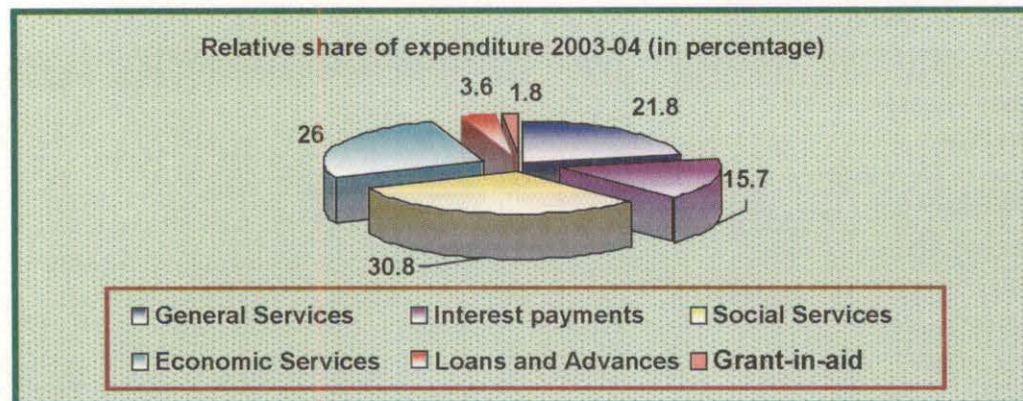
The total expenditure in 2003-04 has shown a huge increase of Rs 6919 crore over that of previous year. This was due to increase in non-plan revenue expenditure by Rs 1905.47 crore, in plan revenue expenditure by Rs 300.29 crore, in capital expenditure by Rs 4515.46 crore and in loans and advances disbursed by Rs 197.91 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)

	1999-2000	2000-01	2001-02	2002-03	2003-04
General Services	20.7	23.1	27.4	23.6	21.8
Interest payments	13.1	12.7	15.5	15.5	15.7
Social Services	30.5	35.1	34.5	31.3	30.8
Economic Services	23.5	29.0	20.9	24.2	26.0
Grants-in-aid	1.5	1.6	1.3	1.4	1.8
Loans and Advances	10.5	(-) 1.7	0.1	3.7	3.6



The relative share of interest payments in total expenditure has been on the rise over the years, due to sharp increase in the interest payments. There were inter-year variations in the other components. Of the total expenditure, the non-developmental expenditure during 2003-04 (General services including interest payments) accounted for 38 per cent, the development expenditure (on Social services and Economic services) accounted for 57 per cent and loans and advances and Grants-in-aid accounted for 5 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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Expenditure (RE) (Rupees in crore)	29538	37401	38282	40474	42680
Rate of Growth (per cent)	15.1	26.6	2.3	5.7	5.4
RE/GSDP (per cent)	12.3	14.4	14.1	13.7	12.9
RE as per cent of TE	79.3	90.9	92.7	88.2	80.8
RE as per cent of RR	116.8	126.5	127.2	130.1	124.1
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	71.962	3.543	0.463	0.653	0.456
Revenue Receipts (ratio)	0.929	1.565	1.324	1.706	0.519

Even though revenue expenditure during 2003-04 decreased marginally to 5 per cent from 6 per cent in the previous year, the revenue expenditure accounted for 81 per cent of the total expenditure during 2003-04. This was higher than the share of the revenue receipts (41 per cent) in the total receipts of the State Government. This led to revenue deficit of Rs 8310 crore. The ratio of revenue expenditure to revenue receipt decreased from 130 per cent in 2002-03 to 124 per cent in 2003-04. The revenue expenditure included non-developmental

expenditure viz. Salaries (Rs 16680 crore), Interest payments (Rs 8335 crore) and Pension (Rs 2636 crore) which alone consumed more than three-fourth (80 per cent) of the revenue receipts of the State during the year.

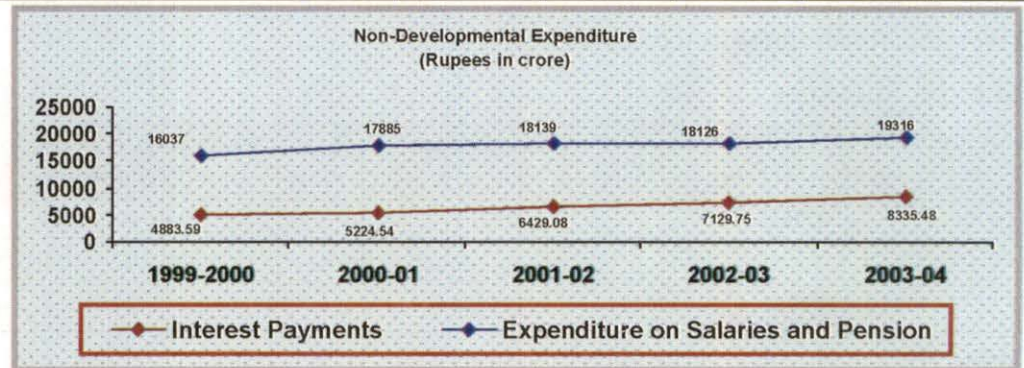
1.6.3 Committed Expenditure

➤ High salary expenditure and pension payments

Expenditure on salaries and pension alone accounted for nearly 56 per cent of the revenue receipts during 2003-04 and posted an increase of 20 per cent over a period of five years. It ranged between 6 and 7 per cent of GDP during the period from 1999-2000 to 2003-04 as indicated in the table-8.

Table-8: Salary and Pension expenditure (Rupees in crore)

Heads	1999-2000	2000-01	2001-02	2002-03	2003-04
Salary and Pension Expenditure*	16037	17885	18139	18126	19316
As per cent of GSDP	6.7	6.9	6.7	6.1	5.8
As per cent of RR	63.5	60.5	60.3	58.3	56.2



➤ Interest payments

In absolute terms, interest payments increased by 71 per cent from Rs 4884 crore in 1999-2000 to Rs 8335 crore in 2003-04 primarily due to continued reliance on borrowings for financing the fiscal deficit.

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
1999-2000	25269	4884	19	17
2000-01	29567	5225	18	14
2001-02	30093	6429	21	17
2002-03	31103	7130	23	18
2003-04	34370 ^A	8335	24	20

The Eleventh Finance Commission (August 2000) had recommended 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

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

* Rounded to nearest whole number.

^A Lower rounding.

payments were between 18 and 24 *per cent* of revenue receipts and steadily risen from 18 *per cent* in 2000-01 to 24 *per cent* in 2003-04. The steady increase in the interest payments was primarily due to ever increasing debt stock of the State. During 2003-04, the State Government raised Rs 7472.47 crore at the average interest rate of 7 *per cent* from open market. Besides, it also borrowed Rs 13656.23 crore from National Small Savings Fund, Life Insurance Corporation of India and other institutions and Rs 1252.41 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 three 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

During the current year, subsidies constituted about two *per cent* of the total expenditure, major recipient were Maharashtra State Electricity Board (27 *per cent*), Co-operative societies (15 *per cent*) and Maharashtra State Road Development Corporation (7 *per cent*).

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 1999-2004.

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Plan Expenditure	16.4	15.7	10.5	11.0	14.3
Capital Expenditure	11.2	10.6	7.1	8.3	16.1
Developmental Expenditure	60.4	63.1	55.6	57.7	59.0

(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, capital expenditure and developmental expenditure (expenditure on economic and social services) was 12 *per cent* higher compared to the previous year.

1.7.2 During the year expenditure on social services (Rs 16273 crore) accounted for 54 *per cent* of the developmental expenditure. Expenditure on Education, Health and Family Welfare and Water Supply and Sanitation constituted 82 *per cent* of the expenditure on social sector as compared to 74 *per cent* in previous year.

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Education, Sports, Art and Culture	7303	9420	9388	8941	9441
Health and Family Welfare	1393	1634	1835	1752	1925
Water Supply, Sanitation, Housing and Urban Development	1279	1479	1011	1496	1908
Total	9975	12533	12234	12189	13274

1.7.3 The expenditure on Economic Services (Rs 13750.95 crore), accounted for 46 *per cent* of the developmental expenditure. Of this, Agriculture and Allied activities, Irrigation and Flood Control, Energy and Transport consumed nearly 82 *per cent* of the expenditure.

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Agriculture, Allied Activities	3356	3041	2893	2801	2808
Irrigation and Flood Control	3349	2823	3053	4325 *	6459
Energy	232	4600	1006	1050	650
Transport	947	750	874	1519	1296
Total	7884	11214	7826	9695	11213

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 1999-2004 was as follows:

Table-14: Financial Assistance (Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2660.04	2633.08	1483.20	525.60	7120.52
Municipal Corporations and Municipalities	563.73	552.88	612.50	378.40	1710.61
Zilla Parishads and Other Panchayati Raj Institutions	3220.94	1958.15	3383.96	696.96	8184.07
Development Agencies	1071.20	124.45	1277.55	441.62	302.63
Hospital and Other Charitable Institutions	38.35	52.57	232.49	208.19	435.53
Other Institutions	1917.33	1979.46	3990.44	3007.78	7041.08
Total	9471.59	7300.59	10980.14	5258.55	24794.44 #
Assistance as per percentage of RE	32	20	29	13	58

The assistance to local bodies and others during the year was 58 *per cent* of revenue expenditure compared to 13 *per cent* in the previous year.

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

Figure is under reconciliation.

1.7.5 Delay in furnishing utilisation certificates

Of the 63066 utilisation certificates (UC) due in respect of grants and loans aggregating Rs 8136 crore paid upto 2003-04, 61035 UCs for an aggregate amount of Rs 7608 crore were in arrears. Details of department-wise break-up of outstanding UCs are given in **Appendix VI**.

1.7.6 Delay in submission of accounts

In order to identify the institutions which attract audit under Section 14/15 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 2004, 24 departments of the Government have not furnished details for the year 2003-04 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 289 cases of misappropriation, defalcation, etc involving Government money amounting to Rs 6.43 crore upto the period September 2004 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 162.54 crore in 382 cases were written-off during 2003-04 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. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix I** gives an abstract of such liabilities and the assets as on 31 March 2004, compared with the corresponding position on 31 March 2003. 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 I shows that the liabilities grew by 20 per cent and the assets grew by 18 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 Fiscal Responsibility and Budgetary Management Bill (FRBMB) 2003, the Government has agreed to present to the State Legislature, every year along with annual budget the pension liabilities worked out on actuarial basis. **Appendix IV** depicts the time series data on State Government finances for the period 1999-2004.

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 303.92 crore at the end of March 2004, showed that revenue realised from these projects during 2003-04 (Rs 63.17 crore) was 21 *per cent* of the capital outlay. After considering the working and maintenance expenses (Rs 9.08 crore) and interest charges (Rs 31.20 crore), the schemes gained a net profit of Rs 22.89 crore during 2003-04.

1.8.2 Incomplete projects

As of 31 March 2004, there were 146 incomplete projects in which Rs 4224.89 crore were blocked. Of these, 75 projects (expenditure: Rs 2304.76 crore) were incomplete for less than five years, 46 projects (expenditure: Rs 1751.93 crore) were incomplete for period ranging from five to ten years, one project (expenditure: Rs 1.24 crore) was incomplete for period of 18 years and three projects (expenditure: Rs 71.41 crore) were incomplete for more than 20 years. Details in respect of 21 projects involving capital of Rs 95.55 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.

The Government in Irrigation Department has constituted a Cabinet Sub-Committee (May 2003) to study the issue of time overrun and cost overrun in respect of irrigation projects and to suggest measures to overcome these. The Sub-Committee is yet to submit its report (July 2004). Comments on some incomplete projects had been included in the Civil Audit Reports.

1.8.3 Departmental Commercial Undertakings

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

As of March 2004, there were 50 such undertakings (43 Government Milk Schemes, four Land Development by Bulldozer Schemes, two Food and Civil Supplies and one Saw Mill and Timber Depot) in the State. Out of 43

Government Milk Schemes (GMSs) in six regions¹ only 33 GMSs have finalised their *pro forma* accounts for 2003-04 by 30 September 2004 and accounts of balance 10 GMSs are in arrears. Accounts of remaining seven undertakings are in arrears. In 33 GMSs, the Government mean capital as of 31 March 2004 was Rs 546.49 crore, with a turn over of Rs 636.61 crore. These 33 GMSs suffered the net loss of Rs 158.69 crore during the year. In remaining 10 GMSs, the net loss of Rs 24.30 crore has virtually wiped out nearly 50 per cent of the Government mean capital of Rs 58.94 crore as of 31 March 2003. The presses have not compiled *pro forma* accounts since 1968-69 (from December 1968) these were declared as commercial undertaking.

The Comptroller and Auditor General of India have repeatedly commented about the arrears in preparation of accounts. Accountant General (Commercial Audit) reminded Principal Secretary (Finance) and the Secretary of the departments concerned regularly in this matter. The department-wise position of arrears in preparation of *pro forma* accounts and the investment made by the Government are given in **Appendix 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 2004, Government had invested Rs 19790.89 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 9 to 10 *per cent* on its borrowings during 1999-2004.

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)	
1999-2000	6784.45 *	3.96	0.06	10.30	10.24
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

The sharp increase in investments during 2003-04 was attributable to increased Capital Contributions to Maharashtra Krishna Valley Development Corporation (Rs 1834 crore) and four other Irrigation Development Corporations (Rs 1605 crore) as compared to previous year and fresh investment of Rs 50 crore in Maharashtra Water Conservation Development Corporation in the current year.

¹ Amravati, Aurangabad, Mumbai, Nagpur, Nashik and Pune

* Differs from previous years Closing Balance due to Proforma corrections

As on March 2004, 57 companies in which Government had invested Rs 5705.52⁺ crore (Share Capital: Rs 807.81 crore, Loan: Rs 4897.71 crore) were incurring losses and their accumulated losses amounted to Rs 1830.03 crore. As on March 2004[#], 10045 societies with an aggregate investment of Rs 197.52 crore (Rs 121.60 crore by way of equity and Rs 75.92 crore by way of loan) had incurred losses and their accumulated losses (Rs 163.58 crore) had eroded 83 *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 2004, was Rs 10942 crore (table 16). Interest received against these loans advanced was three *per cent* during 2003-04 as against two *per cent* in previous year.

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Opening Balance	8342	12018	8697	8458	9522 ⁵
Amount advanced during the year	3927	-726	59	1704	1902
Amount repaid during the year	251	2595	298	469	482
Closing Balance	12018	8697	8458	9693	10942
Net addition	3676	-3321	-239	1235	1420
Interest Received*	245	1685	341	176	337
Interest received as <i>per cent</i> to Loans advanced	2.41	16.27	3.98	1.94	3.29
Average interest paid by the State (<i>per cent</i>)	10.30	9.10	9.38	8.91	8.76
Difference between interest paid and received (<i>per cent</i>)	-7.89	7.17	-5.40	-6.97	-5.47

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 168 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 39 days on 23 occasions during the year as against 154 days on 17 occasions last year although it borrowed Rs 7472 crore from the market on 19 occasions. Besides, the Government has

⁺ Figure is under reconciliation by Accountant General (Commercial).

[#] According to the information furnished by the Commissioner for Co-operation and Registrar of Co-operative Societies.

⁵ Differs from previous years closing balance due to *Pro forma* corrections

^{*} excludes notional interest accounted arising out of book adjustments.

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)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Ways and Means Advance					
Taken in the Year	298.97	4415.13	7739.88	7716.25	7898.67
Outstanding	—	—	—	—	—
Interest Paid	—	12.18*	33.99	34.46	29.20
Number of Days	—	—	332 ⁺	301 ⁺	168 [#]
Overdraft					
Taken in the year	—	1536.54	4691.87	6281.28	1422.70
Interest Paid	—	—	7.04	8.42	4.92
Number of Days	—	49	76	154	39 [#]

1.9 Undischarged Liabilities

1.9.1 Fiscal Liabilities - Public Debt and Guarantees

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Fiscal Liabilities (Rupees in crore)	51993	62826	74209	85800	104404
Rate of Growth (per cent)	21.24	20.84	18.12	15.62	21.68
Ratio of Fiscal Liabilities to GSDP (per cent)	21.6	24.3	27.3	29.1	31.6
Revenue Receipts (per cent)	205.8	212.5	246.6	275.9	303.8
Own Resources (per cent)	245.2	248.1	286.0	314.1	363.6
GSDP (ratio)	101.204	2.773	3.563	1.782	1.814
Revenue Receipts (ratio)	1.307	1.225	10.184	4.654	2.064
Own Resources (ratio)	1.101	1.072	7.400	2.949	4.249

Overall fiscal liabilities of the State increased from Rs 51993 crore in 1999-2000 to Rs 104404 crore in 2003-04. The growth rate was 22 per cent during 2003-04. The ratio of fiscal liabilities to GSDP also increased from 22 per cent in 1999-2000 to nearly 32 per cent in 2003-04. These liabilities stood at three times the revenue receipts and four times of the States own resources as at the end of 2003-04.

The fiscal liabilities, however, do not include the pension liabilities payable to serving/retired State employees, off-budget borrowings/liabilities, risk weighted guarantees/contingent liabilities, power subsidies payable to MSEB etc. In the FRBMB introduced in the State Legislature in April 2003, the Government

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

+ Figures are taken from Reserve Bank of India State Finances 2002-03.

As per Finance Accounts 2003-04.

has agreed to disclose the pension liabilities worked out on actuarial basis for the next ten years and classify the guarantee obligation based on risk of devolvement.

In addition to these liabilities, Government had guaranteed loans of Rs 82228.45 crore (25 *per cent* of GSDP) to its Corporations and others as of 31 March 2004. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment, the State has to honour these commitments.

Besides these, the Government has also been resorting to the off-budget borrowing through special purpose vehicles (refer para 1.9.3). The fast rising fiscal liabilities to GSDP ratio (32 *per cent* of GSDP) followed by substantial exposure in guarantees (25 *per cent* of GSDP) and off-budget borrowings raised the issue of sustainability.

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

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Weighted Interest Rate	10.30	9.10	9.38	8.91	8.76
GSDP Growth	0.21	7.51	5.09	8.76	11.95
Interest spread	(-)10.90	(-)1.59	(-)4.29	(-)0.15	3.19

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 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 20.9 *per cent* to 28.3 *per cent* during 1999-2004. The net availability, however, increased during 2003-04 despite increased repayment during the current year.

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Internal Debt²					
Receipt	1155	1343	2335	8797	21129
Repayment (Principal+Interest)	825	958	2298	3064	4466
Net Fund Available	330	385	37	5733	16663
Net Fund Available (<i>per cent</i>)	28.5	28.6	1.5	65.1	78.8
Loans and Advances from GOI					
Receipt	4903	5401	6337	962	1252
Repayment (Principal+Interest)	3853	4470	4017	4179	10892
Net Fund Available	1050	931	2320	(-)3217	(-)9640
Net Fund Available (<i>per cent</i>)	21.4	17.2	36.6	(-)334.4	(-)769.9
Other obligations					
Receipt	9106	9825	11474	10774	12435
Repayment (Principal+Interest)	6263	7177	9002	8981	9582
Net Fund Available	2843	2648	2472	1793	2853
Net Fund Available (<i>per cent</i>)	31.2	26.9	21.5	16.6	22.9
Total liabilities					
Receipt	15164	16569	20146	20533	34816
Repayment (Principal+Interest)	10941	12605	15317	16224	24940
Net Fund Available	4223	3964	4829	4309	9876
Net Fund Available (<i>per cent</i>)	27.8	23.9	23.9	20.9	28.3

The State Government raised market loans of Rs 7472.47 crore during the year. The average rate of market borrowing during the year was 7 *per cent*. Whereas on 31 March 2004, 38 *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-third (30 *per cent*) of the total market loans are repayable within the next five years while remaining 70 *per cent* loans are to be repaid within five to 15 years.

1.9.2 Status of Guarantees – a contingent liability

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 last five years. Table 21 indicates the status of guarantees.

² Excluding Ways and Means Advances and Overdrafts from Reserve Bank of India/ Government of India.

Table-21: Guarantees given by the Government of Maharashtra

(Rupees in crore)

Year	Maximum amount guaranteed ^A	Outstanding* amount of guarantees	Percentage of maximum amount guaranteed to total revenue receipt
1999-2000	29215	32271	116
2000-01	35540	48111	120
2001-02	33974	55381	113
2002-03	37521	62428	121
2003-04	82228	70126	239

During 2003-04, outstanding guarantees (Rs 70126 crore) accounted for 204 per cent of the revenue receipt (Rs 34371 crore). The increasing outstanding guarantees imply that contingent liability was on the rise.

The State Government has honoured guarantees worth Rs 107.48 crore during 2003-04 invoked by three financial institutions.

The Government of Maharashtra created five[#] irrigation corporations during 1996-1998. In spite of huge accumulated losses (Rs 4921.83 crore) of these Corporations as on 31 March 2003, Government extended guarantees (Rs 1351.83[§] crore) to them for the loans/bonds raised during 2003-04 with the inherent risk of invocation. The Government had also further invested Rs 5674.33 crore during 2003-04.

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 12515 crore during the period 1999-2000 to 2003-04 as under:

Table-22: Off-Budget Borrowings

Year	1999-2000	2000-01	2001-02	2002-03	2003-04	Total
Amount (Rupees in crore)	3150	3572	1850	1782	2161	12515

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

^A As per Finance Accounts of respective years

* As per information received from Finance Department compiled on the basis of information received from Administrative Departments.

[#] Maharashtra Krishna Valley Development Corporation (MKVDC), Konkan Irrigation Development Corporation (KIDC), Tapi Irrigation Development Corporation (TIDC), Vidarbha Irrigation Development Corporation (VIDC) and Godavari Marathwada Irrigation Development Corporation (GMIDC).

[§] KIDC (Rs 175.07 crore), MKVDC (Rs 945.62 crore) and TIDC (Rs 231.14 crore).

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. However, off-budget borrowing had gone up from Rs 1782 crore in stages starting from financial year 2002-03 to Rs 2161 crore in 2003-04.

1.9.4 Avoidable expenditure on payment of penal interest on loan repayments

The Government raises loans on behalf of Zilla Parishad's (ZPs) and Urban Local Bodies to implement Rural/Urban Drinking Water Supply Schemes. The loans are raised by the Maharashtra Jeevan Pradhikaran (MJP), from Life Insurance Corporation (LIC)/Housing and Urban Development Corporation (HUDCO) and Public Bonds for execution of these schemes. The loan instalments in respect of Rural Schemes are repaid by the Government through grants-in-aid (GIA) to the ZPs. As regards bonds raised, the Government had taken the responsibility of repayment of loan and interest. The amount sanctioned by the Government for repayment of above loans are being paid to MJP for onward transmission to all the financial institutions and bond holders.

A test-check of records revealed that the Government had to pay penal interest of Rs 116 crore due to failure in repayment of loan instalments/interest on due dates to the financial institutions.

1.9.5 Non-payment of Guarantee fees by Zilla Parishads

Zilla Parishads (ZPs) are liable to pay guarantee fees to the Government at the prescribed rate against loan raised from LIC on behalf of the ZPs for execution of Water Supply Schemes, for which Government stands guarantee. It was, however, noticed that Government released 100 per cent grants-in-aid (GIA) to the ZPs for payment of guarantee fees to the Government.

The position of guarantee fee payable by ZPs, GIA sanctioned by the Government on this account and guarantee fees paid back by ZPs as at the end of June 2004 was as indicated in the table-23. The whole process showed that the Government realised revenue by spending its own funds.

Table-23 (Rupees in crore)

Year	Guarantee fee payable	GIA released by GOM	Guarantee fee paid by ZPs	Unpaid amount of guarantee fee by ZPs (3-4)
(1)	(2)	(3)	(4)	(5)
2002-03	3.78	3.78	3.62	0.16
2003-04	4.04	4.04	3.01	1.03
Total	7.82	7.82	6.63	1.19

Though Government released Rs 7.82 crore by way of GIA, guarantee fee of Rs 1.19 crore for the years 2002-2004 was recoverable from ZPs.

1.10 Management of deficits

Fiscal Imbalances

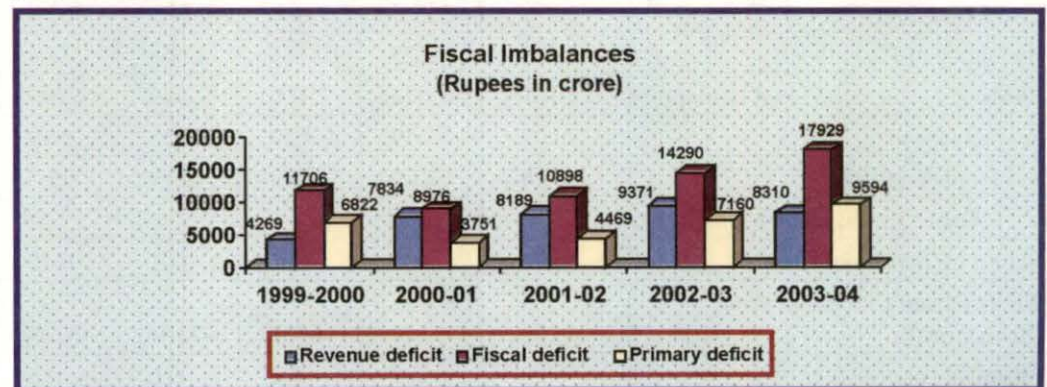
The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts increased from Rs 4269 crore in 1999-2000 to Rs 8310 crore in 2003-04. However, it declined as compared to Rs 9371 crore in previous year. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, increased from Rs 11706 crore in 1999-2000 to Rs 17929 crore in 2003-04. The State also had a primary deficit of Rs 6822 crore in 1999-2000 which increased to Rs 9593 crore in 2003-04 as indicated in table-24.

The ratio of revenue deficit to fiscal deficit had increased from 36 per cent in 1999-2000 to 46 per cent 2003-04 indicating that nearly half of the borrowed funds were used for current consumption. As proportion to GSDP, the revenue deficit had reached 2.5 per cent and fiscal deficit had reached 5.4 per cent in 2003-04. 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-24: Fiscal Imbalances: Basic Parameters

Parameters	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue deficit (Rupees in crore)	4269	7834	8189	9371	8310
Fiscal deficit (Rupees in crore)	11706	8976	10898	14290	17929
Primary deficit (Rupees in crore)	6822	3751	4469	7160	9593
RD/GSDP (per cent)	1.7	3.0	3.0	3.1	2.5
FD/GSDP (per cent)	4.8	3.4	4.0	4.8	5.4
PD/GSDP (per cent)	2.8	1.4	1.6	2.4	2.9
RD/FD (per cent)	36.4	87.2	75.1	65.5	46.3

Persistent fiscal deficits indicate deteriorating fiscal health of the State, propelling the State to introduce the FRBMB in the Legislature in April 2003.



1.11 Fiscal Ratios

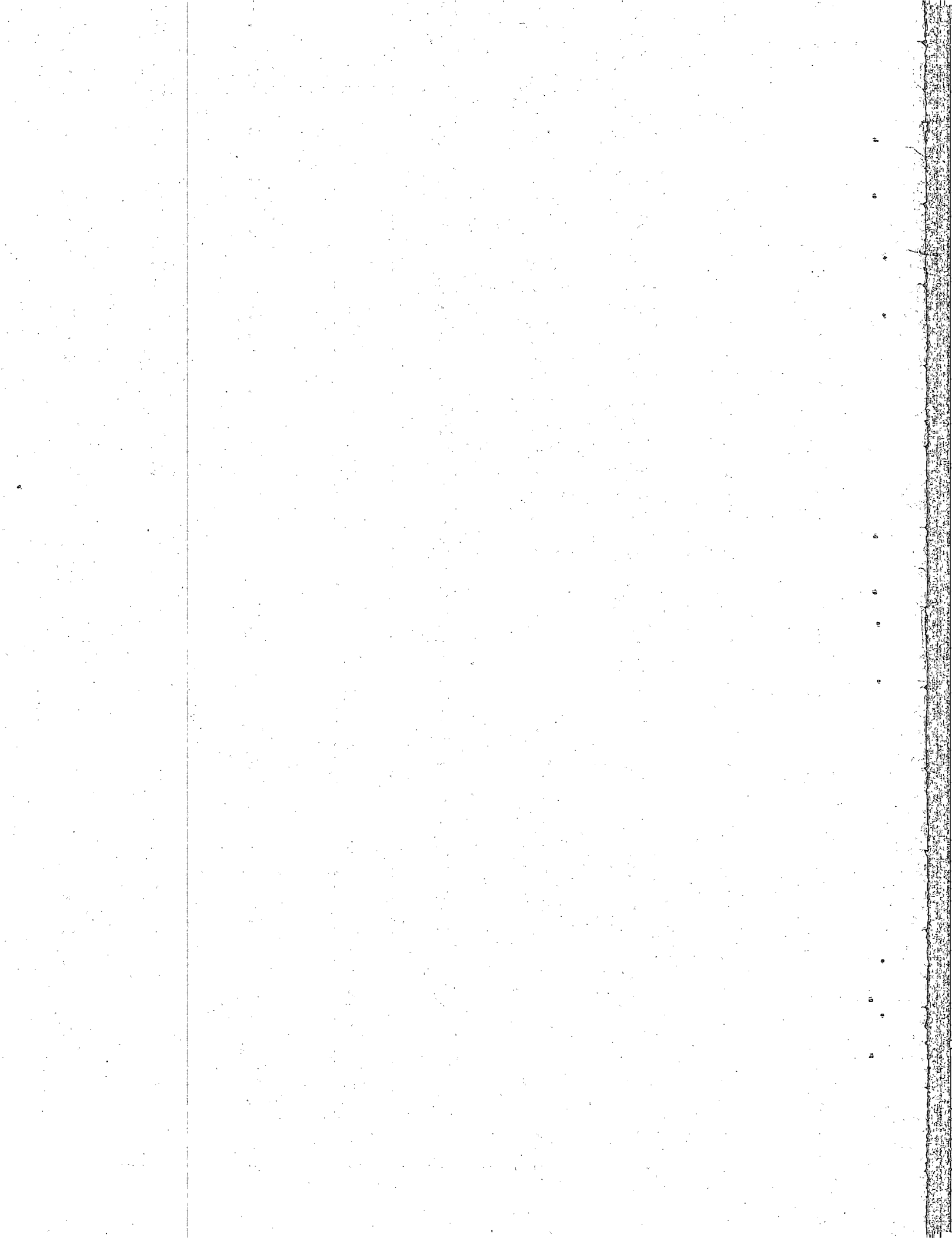
The finances of a State should be sustainable, flexible and non-vulnerable. Table-25 below presents a summarised position of Government finances over 1999-2004, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facts.

Table-25: Indicators of Fiscal Health (in per cent)

Fiscal Indicators	1999-2000	2000-01	2001-02	2002-03	2003-04
I Resource Mobilisation					
Revenue Receipt/GSDP	10.5	11.4	11.0	10.5	10.4
Revenue Buoyancy	77.439	2.264	0.350	0.383	0.879
Own Tax/GSDP	7.1	7.6	7.8	7.7	7.6
II Expenditure Management					
Total Expenditure/GSDP	15.5	15.9	15.2	15.5	15.9
Total Expenditure/Revenue Receipts	147.3	139.1	137.2	147.4	153.5
Revenue Expenditure/Total Expenditure	79.3	90.9	92.7	88.2	80.8
Capital Expenditure/Total Expenditure	11.2	10.6	7.1	8.3	16.1
Developmental Expenditure/Total Expenditure	60.4	63.1	55.6	57.7	59.0
Buoyancy of TE with RR	1.62	0.62	0.21	3.30	1.44
Buoyancy of RE with RR	0.929	1.565	1.326	1.706	0.519
III Management of Fiscal Imbalances					
Revenue deficit (Rs in crore)	4269	7834	8189	9371	8310
Fiscal deficit (Rs in crore)	11706	8976	10898	14290	17929
Primary Deficit (Rs in crore)	6822	3751	4469	7160	9593
Revenue Deficit/Fiscal Deficit	36.4	87.2	75.1	65.5	46.3
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	21.6	24.3	27.3	29.1	31.6
Fiscal Liabilities/RR	205.8	212.5	246.6	275.9	303.8
Buoyancy of FL with RR	1.307	1.225	10.184	4.654	2.064
Buoyancy of FL with Own Receipt	1.101	1.072	7.400	2.949	4.249
Interest spread	-10.09	-1.59	-4.29	-0.15	3.19
Net Fund Available	27.8	23.9	23.9	20.9	28.3
V Other Fiscal Health Indicators					
Return on Investment	0.06	0.04	0.04	0.01	0.10
Balance from Current Revenue (Rs in crore)	-2186	-5644	-6501	-7101	-6203
Financial Assets/Liabilities	0.8	0.7	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. However, ever increasing ratio of fiscal liabilities to GSDP, which stood at 32 *per cent* together with a large revenue deficit indicated that the State was gradually getting into a debt trap. Similarly, the higher buoyancy of debt both with regard to its revenue receipts and own resource indicated its increasing unsustainability. 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

ALLOCATIVE PRIORITIES AND APPROPRIATION

Page

27 to 34

CHAPTER 11

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2003-04 against 142 grants and 78 appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-)/ Excess(+)
Voted	I. Revenue	34145.46	5826.88	39972.34	32136.02	(-)7836.32
	II. Capital	6026.03	6581.02	12607.05	10552.52	(-)2054.53
	III. Loans and Advances	2213.19	236.66	2449.85	2465.65	15.80
Total (Voted)		42384.68	12644.56	55029.24	45154.19	(-)9875.05
Charged	IV. Revenue	11980.38	3381.55	15361.93	13652.25	(-)1709.68
	V. Capital	0.26	0.21	0.47	6.51	6.04
	VI. Public debt	14924.76	3700.88	18625.64	17574.54	(-)1051.10
	VII. Loans and Advances	--	107.48	107.48	107.73	0.25
Total (Charged)		26905.40	7190.12	34095.52	31341.03	(-)2754.49
Appropriation to Contingency Fund		850.00	--	850.00	850.00	--
Grand Total		70140.08	19834.68	89974.76	77345.22	(-)12629.54

Note:- The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 3108.21 crore and capital expenditure Rs 3031.28 crore.

The overall savings of Rs 12629.54 crore was the net result of savings of Rs 13644.78 crore in 183 cases of grants/appropriations offset by excess of Rs 1015.24 crore in 25 cases of grants/appropriations. Detailed Appropriation 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 49 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. However, the excess expenditure amounting to Rs 11480.13 crore for the years 1998-99 to 2002-03 was yet to be regularised.

(Rupees in crore)

Year	No. of grants/ appropriation	Amount of excess	Reasons for excess
1998-99	72	1118.10	Not received
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
Total	308	11480.13	

2.3.3 Excess over provisions during 2003-04 requiring regularisation

The excess of Rs 1001.12 crore under 11 grants and Rs 14.12 crore under 15 appropriations requires regularisation (Appendix XV).

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 19834.68 crore) made during the year constituted 28.28 per cent of the original provision (Rs 70140.08 crore) as against 16.88 per cent in the previous year.

Unnecessary/excessive/inadequate supplementary provisions

2.3.5 Supplementary provisions of Rs 1574.33 crore made in 56 cases of grant/appropriations during the year proved unnecessary in view of aggregate saving of Rs 7191.60 crore as detailed in Appendix XVI.

2.3.6 In 44 cases, against additional requirement of Rs 11068.90 crore, supplementary grants and appropriations of Rs 16442.76 crore were obtained resulting in each case savings exceeding Rs 1 crore, aggregating Rs 5373.86 crore. Details of these are given in Appendix XVII.

2.3.7 In seven cases, supplementary provision of Rs 1452.91 crore proved insufficient by more than Rs 1 crore each leaving an aggregate uncovered excess expenditure of Rs 1003.57 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. However, at the close of the year 2003-04, there were 15 grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was Rs 261.82 crore (1.92 per cent of the total savings) (Appendix XX).

Similarly, out of total savings of Rs 10227.50 crore under 51 other grants/appropriations, the amount of available savings of Rs 1 crore and above in each grant/appropriation not surrendered aggregated Rs 3295.50 crore (24.15 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 45 cases, (surrender of funds in excess of Rs 10 crore), Rs 4406.19 crore were surrendered on the last two days of March 2004 indicating inadequate financial control over expenditure. Details are given in Appendix XXII.

2.3.11 In 36 grants/appropriations the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. As against the actual savings of Rs 2335.36 crore, the amount surrendered was Rs 6538.96 crore, resulting in excess surrender of Rs 4203.60 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 28 departments, expenditure of Rs 2436.44 crore pertaining to 2003-04 remained unreconciled till April 2004. Details are given in Appendix XXIV.

2.5 Budgetary Control

2.5.1 In six cases, expenditure aggregating Rs 897.75 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 24.59 crore was incurred in 22 cases as detailed in Appendix XXVI without any provision in original estimates/supplementary demand 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 raised to Rs 750 crore with effect from 13 June 2003 and to Rs 400 crore with effect from 24 October 2003 by issue of ordinance. The balance at the beginning of the year was Rs 113.15 crore with an unrecouped balance of Rs 36.85 crore. During 2003-04, advances drawn but not recouped to the Fund amounted to Rs 47.50 crore. The closing balance of the Fund as on 31 March 2004 was Rs 102.50 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 2003-04, 146 sanctions were issued for withdrawal of Rs 1049.75 crore from the Contingency Fund. A review of the operation of Contingency Fund disclosed that (i) three sanctions amounting to Rs 0.39 crore were subsequently reduced to Rs 0.18 crore, (ii) three sanctions amounting to Rs 11.01 crore were increased to Rs 92.01 crore and (iii) two sanctions amounting to Rs 0.50 crore were subsequently cancelled.

A few illustrative cases detailed in Appendix XXVII show that advances from Contingency Fund were obtained (for Rs 563.57 crore in 10 cases) though the expenditure was foreseeable.

A review of sanction of scholarship from Contingency Fund (Sr. No. 5 of Appendix XXVII) revealed that the State Government sanctioned (September 2003) advance of Rs 6.60 crore from the Contingency Fund for payment of scholarship to girl students under Savitribai Phule scholarships scheme since the provision made in budget for 2003-04 was insufficient. This being a regular scheme of the Government, the expenditure was easy to anticipate. The justification for drawal from the Contingency Fund that payment of scholarship was due on 22 September 2003 and the provisions in the budget was not sufficient for the purpose could not be considered satisfactory. Further, despite drawal of amount from Contingency Fund, scholarship was not disbursed on 22 September 2003 in any of the schools. Test-check of

records of four* districts revealed that concerned Chief Accounts and Finance Officer, Zilla Parishad drew Rs 0.94 crore (between July 2003 and December 2003) from treasury for payment of scholarship to 18479 girl students of 982 schools. The said amount was paid (July 2003 to January 2004) by demand draft to the schools concerned, out of which 204 school authorities have paid an amount of Rs 0.27 crore to 4104 beneficiaries between July 2003 and September 2004, which was delayed by one to nine months. The payment of scholarships to the tune of Rs 0.67 crore was not made upto October 2004 by 778 school authorities in respect of 14375 beneficiaries.

2.7 Funds diverted to works other than sanctioned

The Chief Minister had sanctioned funds of Rs 2.61 crore as Special Central Assistance to Tribal Development Department for construction of a road (36.5 km) in the tribal district, Amravati during 2001-02. During March 2002, grant of Rs 1.01 crore were surrendered. Out of balance of Rs 1.60 crore, the division spent Rs 0.16 crore on the said work and instead of surrendering the balance grant of Rs 1.44 crore, it was diverted to 27 other works. The Chief Minister's office did not monitor progress of the work nor did the Tribal Development Department apprise the Chief Minister of this diversion of money. Physical verification by Audit alongwith Deputy Engineer, Sub-division Dharni revealed that, the work of flush cause ways was in progress. Strengthening and black topping and cross drainage works were not carried out and the road was, therefore, not motorable and the targeted tribal people continued to be deprived of the facility of all weather road.

2.8 Personal Ledger Accounts

2.8.1 In all 2140 Personal Ledger Accounts (PLAs) were in operation in 2003-04, flow of funds in respect of these PLAs during the year was as under:

	(Rupees in crore)
Opening Balance as on 1 April 2003	519.31
Amount transferred to PLAs during the year	2325.16
Amount disbursed from PLAs during the year	2053.40
Closing balance as on 31 March 2004	791.07

Records relating to 82 PLAs maintained by selected educational institutions, courts, Special Land Acquisition Officers (SLAO), District Collectors, District Forums, District Deputy Registrar of Co-operative Society, Hospitals, Sports Officers, Jails and Motor Accident Claims Tribunals (MACT) were reviewed in Audit (between June 2004 and October 2004). Following important points were noticed:

* Jalgaon, Nashik, Raigad and Thane.

2.8.2 Irregular payment for PLA

Government authorised (October 2001) Inspector General of Registration (IGR), Pune to open PLA for deposit of registration fee and stipulated terms and conditions for expenditure therefrom. The work of entry of stamp duty form is being done by IGR on build, operate and transfer (BOT) basis from different agencies. The terms stipulated that IGR after reconciliation and payment to the agencies concerned shall credit the balance in PLA to the Government Account. In disregard of order, IGR paid Rs 19.04 crore to Non-Government Organisation viz "SETU MAHARASHTRA" on the direction of Information and Technology Department instead of depositing it to the Government Account.

2.8.3 Retention of fund in PLA

Document handling fee (Rs 20 per page) collected at Tahsil level was to be deposited in PLA of Joint District Registrar and Collector of Stamps of each district and monthly collection was to be transferred by fifth of subsequent month to IGR, Pune Office. IGR was required to deposit the balance amount to Government account after payment to private agencies engaged for data entry work of stamp registration. However, IGR, Pune and Joint District Registrar, Thane retained Rs 28.88 crore and Rs 2.04 crore respectively as of 31 March 2004.

2.8.4 Non-recoupment of PLA fund

During the year 2003-04, a Government Hospital* and three** Government Medical College Hospitals (GMCHs) incurred expenditure of Rs 0.96 crore from PLA against which Rs 0.20 crore was only recouped, balance of Rs 0.76 crore was unrecouped as of August 2004.

2.8.5 Non-transfer of balances to PLA

➤ In the absence of PLA, 29 SLAOs credited the compensation amount under Revenue Deposit head (8443-101). Of these, 23 SLAOs were closed and merged with other four SLAOs*** but Rs 5.09 crore lying under the Head *ibid* were not transferred to PLA (September 2004).

➤ Similarly, three SLAOs# credited Rs 1.96 crore under "Work done for public bodies" head (8443-117) which was credited to PLA (September 2004).

2.8.6 Non-crediting the lapsed deposit to Government Account

As per Rule 506 of Maharashtra Treasury Rules deposit lying unclaimed for more than three accounting years should be treated as lapsed and credited to Government account at the close of March each year. However, Court of

* General Hospital, Amravati.

** Swamy Ramanand Thirth Rural Medical College Hospital, Ambajogai, Government Medical College Hospitals, Aurangabad and Super Speciality Hospital, Nagpur.

*** SLAO 12, Kolhapur, SLAO 17, Pune and SLAO 12 and 16, Satara.

SLAO 16, Special unit I and II, Pune.

Small Causes, Mumbai did not deposit Rs 0.99 crore collected in respect of cases finally decided during 1960 to 1998, though amount was lying unclaimed in PLA for more than three years.

2.8.7 Non-crediting of PLA balance to Government account

Maharashtra State Council of Examinations, Pune was declared an Autonomous Body. The Government issued resolution (March 2004) directing the Commissioner to credit the balance in PLA to Government account. However, balance of Rs 10.10 crore lying in PLA since November 2002 was not credited to the Government account for want of proper head of account for credit.

2.8.8 Retention of unspent balance in PLA

Amount unspent, if any, out of fund received from Consolidated Fund of the State and deposited in PLA were required to be deposited back to the Consolidated Fund. This was not done in nine cases* resulting in retention of Rs 0.56 crore in the PLAs.

2.8.9 Deposit to PLA to avoid lapse of grant

➤ According to Rule 282 (2) of MTR, no money shall be drawn from the treasury unless it is required for immediate disbursement. An amount of Rs 40 crore sanctioned by the Government (February 2003) for payment towards compensation of land acquisition for Cargo Hub Project was drawn and credited to PLA in March 2003. An amount of Rs 2.11 crore only was disbursed to landowners leaving Rs 37.89 crore unutilised for over one year. Scrutiny further revealed that awards for Rs 22 crore were pending for sanction at Government level whereas cases for Rs 13 crore were under process as of July 2004.

➤ Under Sant Gadagebaba Urban Sanitation Campaign, a proposal was made for supplementary grant of Rs 8 crore by the Water Supply and Sanitation Department for giving prizes to Municipal Corporations/Councils for best administrative and clean wards under them. Maharashtra Jeevan Pradhikaran (MJP), in November 2003 and February 2004 received Rs 3 crore and Rs 5 crore respectively for the above purpose.

Scrutiny of records revealed that out of unutilised grants of Rs 5.85 crore lying with the MJP, Rs 5 crore were transferred (February 2004) to PLA of Deputy Secretary and Director for 'Jalswaraj Project' and balance amount of Rs 0.85 crore was still lying with the MJP. This indicated that amount was drawn in advance of requirement to avoid lapse of grants.

* SLAO II, VIDC, Nagpur, SLAO, Kanholi Nala Project, Nagpur, Addl. SLAO, PENCH Project, Nagpur, SLAO, Bembla Project, Yavatmal, SLAO IV, Upper Wardha Project, Amravati, SLAO, ZP (works), Amravati, SLAO Purna Project, Latur, SLAO, Swarna Project, Latur, SLAO, Krishna Khore Vikas Mahamandal, Osmanabad.

2.8.10 Reconciliation with treasury records

The balances in PLA cash book at the end of each month are to be reconciled with balances as per treasury records and the differences, if any, are to be cleared. However, it was noticed that in case of 58 PLAs difference of Rs 40.31 crore was not reconciled as of March 2004. Out of above, difference amounting to Rs 6.14 crore in respect of 11 PLAs was due to non-crediting of 308 time barred/unencashed cheques.

2.8.11 Improper maintenance of PLA cash book

➤ Month-wise details of receipt and expenditure for the year 2003-04 furnished by Motor Accident Claims Tribunals (MACT), Mumbai showed net difference of Rs 2.49 crore when compared with balances of PLA cash book. This was due to improper booking of receipts, expenditure and carry forward of balances.

➤ Dean, Super Speciality Hospital, Nagpur recovered Rs 0.49 crore during 2003-04 on account of hospital fees and credited Rs 0.09 crore to PLA in May, August and December 2003. Balance amount of Rs 0.40 crore was kept as cash in hand for expenditure of hospital. Retention of PLA amount as cash in hand may lead to misutilisation.

CHAPTER-III

	Page
PERFORMANCE REVIEWS	35 to 115

RECEIVED

LIBRARY OF THE UNIVERSITY OF TORONTO

CHAPTER III

PERFORMANCE REVIEWS

This chapter contains performance reviews on Pradhan Mantri Gram Sadak Yojana (3.1), Implementation of Child Labour (Prohibition and Regulation) Act, 1986 (3.2), Maharashtra Health Systems Development Project (3.3), Functioning of Agriculture Department (3.4), Swarna Jayanti Shahari Rojgar Yojana (3.5), Integrated Child Development Services Scheme (3.6) and Computerisation of Land Records (3.7).

Rural Development and Water Conservation Department

3.1 Pradhan Mantri Gram Sadak Yojana

Highlights

Rural road connectivity is a key component of rural development, both social and economic. Notwithstanding the efforts made over the years at the State and Central levels through different programmes, about 40 *per cent* of the habitations in the country are still unconnected by All Weather Roads. With a view to redress this situation, Government of India on 25 December 2000 launched a programme "Pradhan Mantri Gram Sadak Yojana", a fully Centrally Sponsored Scheme to provide road connectivity to all rural habitations. As of March 2004, 1920 roads estimated to cost Rs 541.37 crore were approved for the State. Implementation of the scheme, which commenced from 2000-01, was slow and suffered from various shortfalls/shortcomings such as deficiencies in preparation of district rural road plans and execution of works in violation of guidelines.

As against a target of 4299 km of road length to be completed between 2001-2004, 2794 kms road length was constructed as of August 2004.

(Paragraph 3.1.9)

Priority in road connectivity was not observed. As a result, 120 habitations with population less than 500 were connected at a cost of Rs 23.09 crore leaving 27 and 458 habitations with population size above 1000 and 500 respectively unconnected.

(Paragraph 3.1.12)

Ineligible works wrongly included in district rural road plans deprived the State of Rs 55.91 crore for construction of other eligible roads.

(Paragraph 3.1.13)

As against the cost sanctioned by Ministry of Rural Development of Rs 119.51 crore, 18 districts works were awarded at a cost of Rs 137.26

crore incurring avoidable liability of Rs 17.75 crore which would have to be borne by the State Government.

(Paragraph 3.1.7)

Fifty-four major district roads were constructed at a cost of Rs 9.44 crore, though these were not permissible under Pradhan Mantri Gram Sadak Yojana.

(Paragraph 3.1.16)

Use of unsuitable grade of bitumen in built up spray grout work and excessive use of bitumen in tack coat resulted in extra cost of Rs 4.46 crore.

(Paragraphs 3.1.20 and 3.1.21)

Although completion of works was delayed ranging from 15 days to 270 days, compensation of Rs 1.36 crore was not recovered, thereby extending undue benefit to the contractor.

(Paragraph 3.1.24)

3.1.1 Introduction

With a view to provide road connectivity to the unconnected rural habitations, the Government of India (GOI) launched (25 December 2000) a Centrally Sponsored Programme named "Pradhan Mantri Gram Sadak Yojna" (PMGSY). The programme, fully funded by GOI was implemented by the State Government from 2000-01 and included construction of 3213 km long new roads and upgradation to the prescribed specification of 43066 km long existing water bound macadam (WBM) road.

The scheme envisaged following important objectives:

- To connect unconnected habitations having populations above 1000 by end of 2003 and
- Habitations having population 500 to 999 by end of 2007.

3.1.2 Organisational set-up

Rural Development and Water Conservation Department (RDWCD) had overall responsibility for implementation of programme. A State Level Standing Committee (SLSC) headed by Chief Secretary to Government of Maharashtra is responsible for finalisation and clearance of project proposals and to ensure close and effective monitoring of the programme. At district level the Standing Committee of Zilla Parishad is to vet the proposals prepared by project implementation units (PIU). The PIUs* are to prepare master plan and detailed project report (DPR). They are also entrusted estimation and tendering, quality control, certifying and making payments, etc.

* Executive Engineers of Public Works Department for the year 2000-2001 and Zilla Parishad thereafter are the PIUs, which actually execute the work.

3.1.3 Audit objectives

In the course of audit review an attempt was made:

- to evaluate the appropriateness of funds utilisation;
- to assess efficiency in programme implementation,
- to analyse success achieved by executing agencies in providing connectivity to the unconnected habitations during 2000-2004 and
- to ensure that applicable norms for activity schedule/material quality were observed.

3.1.4 Audit Coverage

Records at Mantralaya, Mumbai, Chief Engineer, Public Works Region, Nasik (being Nodal Officer), Mumbai and Pune and 14¹ districts (average two districts in six regions²) where 43 to 44 *per cent* of the expenditure was incurred were test-checked between February 2004 and July 2004. The results of review are detailed in following paragraphs.

Financial management

3.1.5 Funding pattern

The funds from Ministry of Rural Development (MORD) were routed through District Rural Development Agency (DRDA) to the concerned PIUs. For the year 2000-01, funds were provided by the Centre to the State as Additional Central Assistance (ACA). For 2001-2004 the funds were provided as grant-in-aid to Rural Development and Water Conservation Department. Budget allocation, grants released by MORD and expenditure on the scheme were as under:

(Rupees in crore)

Year	Budget Estimate	Grants released	Expenditure
2000-01	130.00	130.00	127.07
2001-03	263.89	244.58	159.84
2003-04	147.78	75.00	Nil

As regards non-taking up works of the programme year 2003-04, the Government stated (October 2004) that technical sanction was not given by the competent authority (EE, SE and CE), reasons for which were not furnished.

3.1.6 Loss of interest

The grants given by MORD to the State was required to be distributed to the DRDAs within 15 days from the date of release. However, in the first year (2000-01) MORD released an amount of Rs 130 crore in two instalments (Rs 31.67 crore on 6 February 2001 and Rs 98.33 crore on 12 March 2001) which was kept in the Consolidated Fund of the State and was released only

There was loss of interest of Rs 2.56 crore due to delay in obtaining sanction of legislature

¹ Akola, Buldana, Dhule, Kolhapur, Latur, Nandurbar, Nashik, Osmanabad, Pune, Ratnagiri, Sangli, Sindhudurg, Solapur and Thane.

² Amravati, Aurangabad, Konkan, Nagpur, Nashik and Pune.

on 31 March 2001 and 28 September 2001 due to procedural delay in obtaining sanction of the legislature for drawal of money from the Consolidated Fund. Further, it was found that the second instalment was drawn by DRDA between November 2001 and January 2002 attributing delay of over 40 days. Thus, there was total delay of 265 days in release and drawal of funds which led to loss of Rs 2.56* crore on account of interest at 4 per cent per annum.

Government stated (February 2004) that question of interest did not arise due to amount being in State fund. The reply was not acceptable as grants were to be credited within 15 days of release by MORD in bank account specially opened for PMGSY and the interest so accrued was to be rolled back to PMGSY fund.

3.1.7 Avoidable State Government liability due to unrealistic estimates

In 18 districts against MORD sanction for Rs 119.51 crore, works put to tender were for Rs 137.26 crore creating avoidable liability of Rs 17.75 crore on the State Government

The primary responsibility for accuracy of the provisions in DPR rested with the PIU (EE of Public Works Division/Zilla Parishad), who was to ensure correctness of designs and to see that overall cost of project was reasonable. This DPR was to be checked by the district and State level committees. Further, excess over the project cost was to be borne by State whereas any saving was to be rolled back to PMGSY fund.

Scrutiny of the project proposals for the year 2001-2003 revealed that in 18 districts against the MORD sanction for Rs 119.51 crore, works put to tender were for Rs 137.26 crore creating avoidable liability of Rs 17.75 crore, whereas in 11 districts there was saving of Rs 10.17 crore as works put to tender were for Rs 73.76 crore against MORD's sanction of Rs 83.93 crore. No budget provision for Rs 17.75 crore has been made by the State Government nor have Rs 10.17 crore been surrendered to the GOI.

The Government stated (December 2004) that engineers were not properly trained and further stated that excess expenditure over the sanction would be got regularised from MORD.

Programme management - planning

Guidelines provided for preparation of district rural road plan (DRRP) by identification of unconnected or partially connected habitations and priority norms were to be observed while selecting the work. It was, however, noticed that in four districts DRRP was not prepared and where prepared there were deficiencies in project formulation resulting in unrealistic projection, non-observance of priority, inclusion of ineligible works, non-observance of norms as discussed below.

* i) 1st instalment (21.2.2001 to 31.3.2001): 40 days x 4% x Rs 31.67 crore/365= 0.14 crore
ii) 2nd instalment (27.3.2001 to 28.9.2001): 185 days x 4% x Rs 98.33 crore/365= 1.99 crore
iii) Delay by DRDA : 40 days x 4% x Rs 98.33 crore/365= 0.43 crore.

3.1.8 District Rural Road Plan

MORD directed (December 2000) to prepare a district level master plan for identifying works of new construction for providing connectivity to unconnected habitations and roads requiring upgradation. This plan was to be finalised by District Planning Committee by integrating blockwise rural road plans prepared by a committee headed by Block Development Officer (BDO)/Tahsildar and approved by Panchayat Samiti taking into account the views and suggestions of local Member of Parliament/Member of Legislative Assembly. Such plan was to be approved by Zilla Parishad and subsequently by State Level Standing Committee (SLSC). On approval by SLSC it would become the DRRP which would form the basis for selection of road work.

DRRP was prepared without involving Block/Panchayat level Officers. No DRRP was prepared for four districts

In 10 districts³ during September 2001 to February 2002, the Engineers of PIUs prepared DRRP and directly placed the same before the Standing Committee of Zilla Parishad for approval without involving the Block Level and Panchayat Samiti Officers. Further, the project proposals for the year 2000-01 submitted in January 2001 by the State to MORD were not based on the DRRP as it was not vetted and finalised by the SLSC as the latter was formed on 25 September 2001. Moreover, DRRP of Sangli, Kolhapur, Thane and Gadchiroli districts were not prepared as of April 2002.

The Government stated (December 2004) that selection of roads was done on the basis of Road Plan 1981-2000, which confirms that project proposals were not formulated in accordance with the guidelines.

3.1.9 Core network plan and achievement

As against target of 4299 kms of road length, 2794 kms was constructed as of August 2004

Based on the proposals submitted by the State, MORD approved 1920 roads having length of 4299.03 km at an estimated cost of Rs 541.37 crore during phase I (2000-01) to III (2003-04). Out of 1920 approved roads, the State could complete only 1377 roads having length 2794.25 km which provided actual connectivity to 176 habitations having population more than 1000 and 398 habitations having populations below 1000 as of August 2004.

Projects and cost approved by the GOI and achievement thereagainst during 2000-2004 was as under:

Phase year	Projects approved			Achievement up to August 2004 (Roads completed)			Percentage of achievement	
	Number of roads	Length (km)	Estimated cost (Rupees in crore)	Number of roads	Length (km)	Expenditure (Rupees in crore)	Number of roads	Length (km)
2000-01	810	1486.52	130.00	800	1461.38	127.07	98.76	98.30
2001-2003	806	1885.85	263.89	577	1332.87	159.84	71.58	70.68
2003-04	304	926.66	147.48	Works not executed			--	--
Total	1920	4299.03	541.37	1377	2794.25	286.91	71.72	65.00

³ Aurangabad, Bhandara, Buldhana, Chandrapur, Latur, Osmanabad, Pune, Sangli, Satara, and Thane.

The position in respect of test-checked districts was as below:

Phase year	Projects approved			Achievement up to August 2004 (Roads completed)			Percentage of achievement	
	Number of roads	Length (km)	Estimated cost (Rupees in crore)	Number of roads	Length (km)	Expenditure (Rupees in crore)	Number of roads	Length (km)
2000-01	341	587.96	58.72	319	586.77	56.56	99.54	99.79
2001-2003	309	696.28	185.47	231	510.41	76.62	74.76	73.31
Total	650	1284.24	244.19	550	1097.18	133.18	84.62	85.43

As regards not taking up works in the year 2003-04, the Government stated (October 2004) that technical sanction (TS) was not given by the competent authorities (EE, SE and CE). Reasons though called for, were not furnished (December 2004).

3.1.10 Unrealistic projection of unconnected habitations

In Ahmednagar and Pune over reporting of habitation in core network was noticed

The Government pointed out (November 2003) that cross check of proposals of two districts (Ahmednagar and Pune) revealed over reporting of unconnected habitations in core network. Consequently, the number of unconnected habitations were brought down from 806 to 193, in all three categories (population above 1000, 500-1000 and above 250). Officer on Special Duty (OSD), Nasik stated (March 2004) that this exercise was conducted at the behest of Joint Secretary, RDWCD while in remaining districts it was not done as no authority had raised such objection. The reply is not acceptable as possibility of unrealistic projections in other districts could not be ruled out in view of 16 road works costing Rs 1.15 crore in nine districts within the distance of 500 metre were erroneously taken up for execution in contravention of the guidelines.

3.1.11 Multiple connectivity to habitations

29 habitations were provided with multiple connectivity instead of single connectivity

Programme envisages single road connectivity only to each habitation. Despite clear directives, 29 habitations were provided with multiple connectivity at a cost of Rs 7.94 crore.

PWD, Pune stated that connectivity was provided to connect Scheduled Caste/Scheduled Tribe population. PWD, Nandurbar stated that road was constructed to provide easy access to sugar factory/market while PWD, Kankavali stated that to serve the habitation road was constructed. The Government accepted (December 2004) to verify the position.

3.1.12 Non observance of priority

Priorities in road connectivity was not observed

The programme envisaged connectivity in the following order of priority (i) unconnected habitation of 1000 and above, (ii) habitation of 500 and above, (iii) upgradation of gravel roads to desired specification and (iv) upgradation of WBM roads to desired specification.

Scrutiny of records for the years 2000-01 to 2001-2003 revealed that in spite of availability of 27 and 458 unconnected habitations in the category (i) and

(ii), connectivity to 120 habitations with population below 500 was provided at a cost of Rs 23.09 crore violating the provisions of guidelines.

PWD, Pandharpur attributed deviations to public demand/need and as per suggestions of MP. ZP, Pune stated that there were some errors in connectivity status in Pune district. The Government stated (December 2004) that in some districts, villages with lower population might have been tackled.

3.1.13 Inclusion of ineligible works

210 approved works were deleted

Guidelines provide for preparation of the project proposal by detailed survey and considering ground realities as MORD released funds on the basis of project cost. However, during 2000-2003, of the 1616 projects approved by MORD, 210 projects costing Rs 50.37 crore had to be deleted for reasons such as works completed under other programme, non-availability of land and objection by Forest Department.

Further, 24 works costing Rs 5.54 crore sanctioned during 2001-2003 could not be started after tendering for the same reasons. Thus, by inclusion of ineligible projects despite scrutiny by PWD for 2000-01 and SLSC for 2001-2003 the State had to forego eligible projects to the extent of Rs 55.91 crore.

The Government accepted (December 2004) to take due care to avoid such deletion in future.

3.1.14 Non-observance of schedule of activities

The programme stipulated a period of nine months for completion of works from the date of approval of project proposal. However, completion of works were delayed as shown below:

Programme Year	Month of approval by MORD	Due date for completion	Month of completion
2000-01	February 2001	November 2001	October 2002
2001-03	December 2001	October 2002	Projects yet to be completed
2003-04	February 2004	November 2004	Estimates are yet to be cleared

Non observance of schedule of activities led to postponement of envisaged benefit by one year

Scrutiny of records for the year 2001-2003 of 16 districts revealed that out of 380 works allotted only 114 works (30 per cent) could be completed in time for the reasons (i) delay of one to seven months in issue of work order from the date of acceptance of tender, (ii) delay of one and 17 months in tendering the work after receipt of technical sanction, (iii) non-availability of land for work, (iv) obstacles from farmers and presence of standing crop, (v) slow progress of work, (vi) non-availability of material and (vii) non-receipt of revised administrative approval for works. Delay in observance of schedule led to postponement of envisaged benefit of the programme by one year.

3.1.15 Non-observance of norms for upgradation works

There was excess expenditure of Rs 32.73 crore over prescribed limit on upgradation

As per guidelines, provision for upgradation was not to exceed 20 per cent of the State's allocation during the existence of unconnected habitations.

As against State allocation of Rs 244.58 crore for 2001-2003, the expenditure on upgradation was Rs 81.65 crore (33.38 per cent) as of June 2004 and

exceeded prescribed limit by Rs 32.73 crore despite availability of unconnected habitations. Department stated that upgradation works were sanctioned by MORD. Reply was not tenable as the facts regarding infringing guidelines were not specifically reported to MORD while seeking sanction. MORD also failed to notice SLSC's preference for upgradation to connectivity.

Programme management - implementation

Guidelines prohibited construction of major district roads (MDR) and urban roads, repairs to existing black topped roads, enlargement of scope of work and also specified grade and quality bitumen to be used. However, instances of construction of MDR and urban roads, repairs to existing black topped roads, enlargement of scope of work and use of bitumen other than the grade and quality specified were noticed as detailed below.

3.1.16 Construction of roads in violation of norms

In violation of norms Major District Roads were constructed / upgraded at a cost of Rs 9.44 crore

PMGSY does not permit construction/upgradation of MDRs. However, 54 MDRs were constructed/upgraded at a cost of Rs 9.44 crore under PMGSY.

PIU, Aurangabad, Dhule, Sangli, Pandharpur, Pune and SE Dhule stated that works on MDR were taken to provide connectivity to the villages. Reply was not acceptable as works on MDR were not permitted under the scheme.

3.1.17 Construction of urban roads

Under the programme no urban links were to be constructed. In Osmanabad district, road work costing Rs 49.50 lakh was taken up for connecting Osmanabad *Gramin* which was within urban agglomeration of Osmanabad city.

In reply PIU stated that work was executed as approved by MORD. The reply however, conceals the fact that the ineligibility of this work was not reported to SLSC/MORD.

3.1.18 Repairs to existing black topped road

Repairs costing Rs 7.53 crore was carried out to BT Roads in violation of guidelines

PMGSY guidelines did not permit repairs to black topped (BT) road. However, in violation of guidelines, 50 roads were repaired at a cost of Rs 7.53 crore under PMGSY though departmental statistics showed these roads as BT roads. SE, Nasik stated (August 2004) that the authorities concerned had actually surveyed the sites and accordingly works were proposed, whereas audit had referred to the statistical data and raised objection. The reply amplifies that department's statistical data is not dependable.

3.1.19 Enlargement of scope

Excess expenditure of Rs 2.95 crore was incurred by enlarging the scope of works irregularly

As per guidelines, funds earmarked for each project were to be utilised for that project only and any excess over the project cost was to be borne by the State. However, in 82 works, excess expenditure of Rs 2.95 crore was incurred by enlarging the scope of sanctioned estimate, which was irregular.

When pointed out, ZP Sangli stated that excess execution was due to rectification of damaged length, expansion of habitation and saving in package* were used for meeting the excess. PWD, Pandharpur attributed it to actual execution, while ZP Sindhudurg executed excess to provide connectivity. PW Pune stated that oral permission was granted to complete the works within the funds allotted for package. The Government stated (December 2004) that the EEs concerned have been directed to prepare revised estimates where cost has increased by 10 per cent.

The reply confirmed the enlargement of scope, which required sanction from MORD and use of saving in one work for accommodating excess in another was against applicable rules/guidelines.

3.1.20 Use of excessive bitumen in tack coat

Excessive use of bitumen in tack coat resulted in extra expenditure of Rs 2.66 crore

Guidelines stipulated providing 75 mm built up spray grout (BUSG) over WBM and open grade carpet (OGC) thereon. As per specification, tack coat over the base for BUSG and that before laying of OGC is necessary. MOST specification (Edition-1997) provides dose of bitumen as 35 kg and 25 kg per 100 sq mt for tack coat over non-bituminous WBM and normal bituminous (BUSG) surface. Thus, for both the coats total 60 kg of bitumen per 100 sq mt was required.

Scrutiny of estimates for 2000-01 revealed that 50 kg bitumen per 100 sq mt each was used for tack coat for BUSG and carpet. This resulted in excessive use of bitumen by 40 kg per 100 sq mt. The excessive use of bitumen in road length of 1461.38 km in the State during 2000-01 works out to 2192 MT and extra cost of Rs 2.66 crore at an average rate of Rs 12139 per MT. When pointed out by Central Road Research Institute (CRRI), the State Technical Agency (STA) stated (September 2004) that State specifications for application of tack coat were adopted. The Government stated (December 2004) that provisions for tack coat prevailing at the time were made as per MOST specification of 1988 which were later revised in 2002. The reply was not tenable as the MOST specifications were revised in 1997 itself.

3.1.21 Use of incorrect grade of bitumen

Excess expenditure of Rs 1.80 crore was incurred on use of unsuitable costly bitumen

The National Quality Monitor's (NQM) inspection (April 2002) revealed that BUSG layers penetration of bitumen was not of the desired standards. Consequently, bonding in metal was lacking. The CE, PW Region, Nashik conducted a study (August 2002) which indicated that less penetration of bitumen was due to use of 30/40 grade of bitumen. The guidelines stipulate use of 60/70 grade of bitumen in BUSG works. However, the CRRI approved use of bitumen of 30/40 grade for BUSG and carpet in PMGSY works and works were executed accordingly. Thus, use of unsuitable but costly grade of bitumen in 1461.38 km of road length during 2000-01 caused avoidable

* Package – Works grouped together for tendering within the financial limit of Rs 3 to 5 crore.

expenditure of Rs 1.80[§] crore on account of difference (Rs 602 per MT) in cost of two grades of bitumen.

Government stated (December 2004) that estimates were routed through CRRI for technical scrutiny and CRRI approved use of 30/40 grade of bitumen. The reply was not acceptable as the guidelines stipulated use of 60/70 grade of bitumen and also the study conducted by NQM/CE, Nashik shows the incorrect selection.

3.1.22 Incorrect booking of cost of completed works

Cost of incomplete/
already completed
BMS works was
irregularly charged
to PMGSY

MORD allowed (February 2001) inclusion of cost of incomplete portion of "on-going" budgeted works of basic minimum services (BMS) in the project proposals. However, in Aurangabad region instead of charging Rs 88 lakh (cost of incomplete portion of 169 works for the period January to March 2001), expenditure of Rs 2.65 crore incurred during 2000-01 was incorrectly charged to PMGSY.

The Government stated that due to financial stringency of the State, the expenditure of these works was charged to PMGSY and such adjustment was fully justified. The reply contradicts the provisions of the guidelines.

3.1.23 Under PMGSY, expenditure incurred on incomplete portion of BMS work was admissible. However, expenditure of Rs 2.92 crore on 25 works, already completed before launching the programme (December 2000) was charged to PMGSY.

On being pointed out (March 2004) CE Nashik stated that the works were physically completed before submitting for approval under PMGSY, however, the payments were made after receipt of PMGSY funds. Reply was not acceptable as only incomplete on going BMS works were to be included.

3.1.24 Unauthorised aid to contractors

Fine of Rs 1.57 crore
was not recovered /
irregularly refunded
though there was
delay in completion

The programme envisaged completion of works in nine months from the date of approval of proposal by MORD. Fine was to be imposed for non-achieving the stage wise progress, provided the milestones were not revised.

In three* districts though completion of work was delayed ranging from 15 days to nine months, fine of Rs 1.36 crore was not recovered though there was no revision of milestones. In other three# districts fine of Rs 21.22 lakh was wrongly refunded to the contractors. This resulted in undue benefit to the contractors.

EE, PW Akola accepted the omission and stated that non-recovery of compensation was through oversight. EE, ZP, Latur stated that execution was delayed due to standing crop on land, whereas EE, ZP, Ratnagiri stated that works were physically completed but were not finalised for want of approval

[§] 1461.38 km x 3.75 m width x 5.46 kg per sqm x 602/1000=Rs 1.80 crore.

* Akola, Latur and Ratnagiri.

Nashik, Pandharpur and Thane.

of variations. Reply of the latter two was not acceptable as the contractor had not requested for grant of extension nor the milestones were revised.

The Government stated that objective of imposing fine was to complete the work in reasonable time, while regarding refund of fine, the Government accepted that it was incorrect.

3.1.25 Irregular levy of centage charges

Under the programme “centage charges*” were not admissible for inclusion in project proposal. Contrary to these instructions, four⁺ PIUs loaded the estimate of works with centage charges to the extent of Rs 52.31 lakh which were technically approved by the authorities in contravention of the guidelines besides inflating the cost of works. The Government stated (December 2004) that centage charges wrongly charged were due to lack of knowledge and were withdrawn.

3.1.26 Non-maintenance of record

One of the important functions of the PIUs was to maintain a register pointing out defects to the contractor and watching rectification by or at the cost of the contractor since the defect liability period in PMGSY works was five years. Scrutiny in 12 divisions test-checked revealed that no such record was maintained.

When pointed out, PIUs stated that register would be maintained and defects pointed out got rectified from the contractors.

3.1.27 Plantation work not carried out

No plantation was done on roadside in spite of contract condition

PMGSY guidelines provided for planting of fruit bearing and other suitable trees on both sides of the roads. This was to be included in contract conditions. Planting was to be taken up by the State Government from their own funds. Test-check of the records of 10^o PIUs revealed that plantation was not done by them except ZP Thane.

The Chief Engineer, Mumbai, EE, ZP, Kolhapur, Solapur and SE, PW Circle, Osmanabad stated that the roadside plantation was not taken as it was not included in the estimate and tender. EE, ZP, Latur, Sindhudurg and Dhule stated that the Social Forestry is being consulted, EE, ZP, Ratnagiri stated that there was no scope for plantation due to non-sparing of land by the farmers whereas ZP, Sangli could not have plantation due to water scarcity.

* Charges levied on percentage basis for contingent expenditure.

⁺ PWD Akola, ZPs Nandurbar, Sindhudurg and Solapur.

^o CE, Mumbai, EE ZP Dhule, Kolhapur, Latur, Ratnagiri, Sangli, Sindhudurg, Solapur, Thane and SE, PW Circle Osmanabad.

3.1.28 Lack of co-ordination between Zilla Parishad and Public Works Division

Non-coordination between ZP and PWD resulted in inadmissible expenditure of Rs 62.38 lakh

Zilla Parishad Nashik awarded (February 1999) work of construction of Takeghoti to Tringalwadi Road (6.30 km WBM with 1.5 km BT) for Rs 22.38 lakh to an agency. The contractor completed the work costing Rs 15.92 lakh till March 2001 leaving balance work costing Rs 3.26 lakh. The work was withdrawn (January 2002) at the risk and cost of the contractor. Disregarding the fact that the road was partly constructed by ZP and was under contractual obligation, PWD Nashik took up (November 2001) the incomplete roadwork under PMGSY. As the WBM done earlier was damaged, PWD reconstructed the road with BT for full length *ie* 6.3 kms and completed it at a cost of Rs 62.38 lakh (November 2003). Thus, non-coordination between ZP and PWD resulted in inadmissible expenditure of Rs 62.38 lakh due to wrongful inclusion of work under PMGSY.

Further, despite spending Rs 62.38 lakh, the habitation did not get the envisaged connectivity as initial reach of 0.5 km of this road was not covered.

Programme monitoring

3.1.29 Finalisation of work without checking its quality

658 works out of 810 costing Rs 95.22 crore were finalised without checking by NQM/SQM

MORD instructed the State Governments to ensure that all the works under PMGSY should qualify atleast 'Good' during implementation and 'Very Good' when completed. For ensuring the quality of the road works, three-tier system was set up by way of controls at PIU level, by Officers/agencies engaged by State Government (other than PIU) as State Quality Monitor (SQM) and by independent NQM.

However, of the 810 works, 658 works finalised by the State during 2001-02 for Rs 95.22 crore were not checked by NQM/SQM keeping the quality of work unverified. MORD pointed out that of the 158 works inspected by NQM, 42 works (27 per cent) were reported of poor and average quality. The Government replied that roads, which were ranked below 'Very Good', cannot be treated as completed and the shortcomings noticed by NQM would be attended.

3.1.30 Ineffective online management and monitoring system

PIUs were not able to upload/update the data due to lack of connectivity

Effective monitoring of the programme being critical, the MORD developed (March 2002) online management and monitoring system (OMMS) based on its own configuration in consultation with National Informatics Centre and Centre for Development of Advanced Computing (C-DAC). The hardware was provided to each of 33 PIUs during September 2002 to January 2003 at a cost of Rs 39.30 lakh. OMMS was not effectively functional for monitoring the programme, as 16 PIUs were not able to update/upload the data due to lack of network connectivity. The OMMS was being updated by the Nodal Department (Rural Development Department) on getting hard copies of reports from PIUs. As the OMMS was not made functional, SLSC failed to

have an effective online monitoring of the programme, both at the planning and execution stages.

The Government replied (December 2004) that error noticed would be got rectified with the help of C-DAC.

3.1.31 Response of the Government

The draft review was issued demi-officially to the Principal Secretary (PS), Rural Development and Water Conservation Department in September 2004 for offering his comments within six weeks. The PS was demi-officially invited in October 2004 for discussion. However, on the scheduled date neither the Government's representative came for the meeting nor any intimation received. The Government replied only in December 2004 when the PS was again intimated demi-officially that it was presumed that the Government had no comments to offer and have accepted audit observation is underlined.

3.1.32 Conclusions

The guidelines framed for implementation of PMGSY were comprehensive and covered every aspect of execution of the programme. However, review of actual implementation of the programme revealed that due to procedural aspects, release of funds was delayed thereby delaying the completion of programme. Non-observance of guidelines and inadequate planning resulted in selection of ineligible works, which led to deletion and non-execution of works after approval from MORD. Schedule of activities was also not adhered and due to non-adherence to priority of works, the envisaged connectivity could not be provided to rural areas, defeating the main purpose of the programme.

3.1.33 Recommendations

- DRRP/Core network should be thoroughly checked to ascertain exact status of connectivity to ensure that ineligible works are not taken for execution;
- Selection of roads should strictly follow the order of priority fixed by the GOI to avoid selection of habitations with lesser population;
- Activity schedule should be strictly adhered to avoid postponement of yearly envisaged benefits;
- Monitoring of the programme, including on line monitoring should be strengthened for effective functioning of SLSC.

Industries, Energy and Labour Department

3.2 Implementation of Child Labour (Prohibition and Regulation) Act, 1986

Highlights

The Child Labour (Prohibition and Regulation) Act, 1986 seeks to achieve the basic objective of banning employment of all children below the age of 14 years in factories, mines and hazardous occupations and processes and to regulate the working conditions of children in other employments. The Act does not envisage complete elimination of Child Labour and many employers escape penal provisions under the guise of family activities. A review of the implementation of the Act revealed large scale differences in figures of child labour detected by Non-Government Organisations and those detected in survey conducted by the Government. Regulatory and prohibitory functions under the Act were not effectively implemented by the Government.

There was a wide variation between the number of child labour identified by Non-Government Organisations (45801) and that identified by the Government (264).

(Paragraph 3.2.7)

Though required under the Act, occupiers of establishments did not furnish the information regarding engagement of child labour as revealed in five test-checked districts.

(Paragraph 3.2.6)

Prosecution cases filed were only 59 per cent of the number of children detected in hazardous industries in the 1997 survey while it was 26 per cent in 2001-02. Out of 440 cases filed in 1997, 85 cases were finalised in which 72 cases resulted in acquittals.

(Paragraph 3.2.5)

Against dues of Rs 1.49 crore, only Rs 8 lakh was recovered in the year 1997 as compensation from employers of child labour. During 1999-2002 no recovery was made against compensation of Rs 8.23 crore due from the employers.

(Paragraph 3.2.13)

Labour Inspectors failed to inspect every hazardous unit even once in a year.

(Paragraph 3.2.16)

In eight districts 61 per cent of the funds received from Government of India for awareness and survey remained unspent.

(Paragraph 3.2.14)

No monitoring system was developed for inspection, prosecution, levy of penalty under the Act. No database of establishments employing child labour is being maintained in the State.

(Paragraph 3.2.17)

3.2.1 Introduction

The Child Labour (Prohibition and Regulation) Act, 1986 (Act) prohibits employment of children in specified occupations and industrial processes. The Act deals with the regulation of conditions of work of children in establishments where there is no prohibition of employment of children. Under the Act, a child should get one hour rest after continuous work of three hours. No child shall be permitted to work between 7 pm and 8 am and he shall not be allowed to work overtime.

The National Child Labour Policy (NCLP) announced on 14 August 1987 envisaged a legislative action plan, focusing on general development programmes for benefiting children wherever possible and project based action plans in areas of high concentration of child labour engaged in wage/quasi-wage employment.

The Supreme Court of India, in its judgment of December 1996 enriched the law by giving directions regarding the manner in which the children working in hazardous occupations were to be withdrawn from work and rehabilitated, as also the manner in which working conditions of the children employed in non-hazardous occupations were to be regulated and improved upon.

According to the census of 1991 Maharashtra has 8.1 lakh child labour. This increased to 9.5 lakh as per National Sample Survey report of 1999-2000.

Objectives

The objectives of the Act are:

- to ban employment of all children below the age of 14 years in factories, mines and hazardous occupations and processes and
- to regulate the working conditions *viz.* hours and period of work, health and safety, of children in other employments.

The objectives of National Child Labour Project are:

- to withdraw children working in hazardous occupations and rehabilitate them through education in special schools where they are provided non-formal education, vocational training, stipend, nutrition and to mainstream them into formal education.

3.2.2 Organisational set-up

The Act including planning, controlling and monitoring is implemented by the Principal Secretary Industries, Energy and Labour Department. On the orders of the Supreme Court, a separate cell was created in the Department in June 1997 comprising the Deputy Secretary and a Desk Officer to oversee the implementation of the Act.

The Commissioner of Labour at Mumbai is the head of the department. He is assisted by Additional Commissioners, Mumbai, Nagpur and Pune, Deputy Commissioners, Aurangabad and Nashik, Assistant Commissioners and Labour Officers at respective districts are responsible for implementation of the Act.

3.2.3 Audit objectives

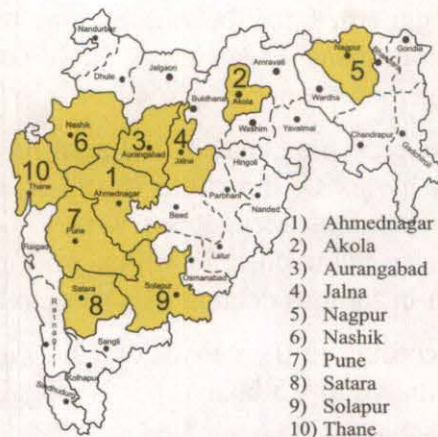
Audit objectives were to assess:

- Legislative framework and its adequacy
- Enforcement of the Act and the rules
- Survey of child labour
- Rehabilitation of child labour under National Child Labour Project
- Performance of Non-Government Organisations
- Compliance of Supreme Court directions

3.2.4 Audit coverage

The implementation of the Act for the period 1999-2004 was reviewed (February-May 2004) by test-check of records of Labour Department, Commissioner of Labour, Mumbai all the Regional Offices and ten districts (out of 35).

The audit findings resulting from the test-check of records are discussed in the succeeding paragraphs.



Enforcement of the Act and the Rules

3.2.5 Prohibitory functions under the Act

According to Section 14 of the Act, whoever employs any child labour in contravention of Section 3 of the Act in any of the occupations or processes, specified as hazardous in the Act, shall be punishable with imprisonment for a term ranging from three months to one year or fine ranging from Rs 10,000 to Rs 20,000 or both.

Survey was carried out on three occasions to detect violation. The first survey was by the district Collectors and the subsequent two by the Labour Department. The cases of violation detected and their follow up were as follows:

Survey conducted in	Number of children below 14 years of age	Number of cases filed in court	Number of cases decided by court	Number of cases acquitted by court	Number of cases convicted by court (4-5)	Fine recovered (Rupees in lakh)	Cases pending with court (3-4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1997**	745	440	85	72	13	0.88	355
1999-2000	2983	Nil*	--	--	--	--	--
2001-02	1131	291	Nil	--	--	--	291
Total	4859	731	85	72	13	0.88	646

The prosecution cases filed in court on the basis of survey in 1997 were 59 per cent, whereas it was 26 per cent in 2001-02.

The lower percentage of cases filed were attributed by Assistant Labour Commissioner, Thane in March 2004 to wrong addresses of children identified due to which proper cases could not be filed. Reasons for filing only few cases were not available in other districts test-checked. The acquittal in respect of 72 cases was due to non-obtaining of proof of age of the children.

3.2.6 Regulatory functions under the Act

The Act requires furnishing of written notice by every occupier of the establishment in which a child was employed or permitted to work to the labour inspector concerned within whose local limits the unit is situated. The notice was to be sent within 30 days of commencement of establishment with particulars regarding the name and situation of the establishment, the name of person in actual management of the establishment, address, the nature of the occupation or process and engagement of child labour.

It was, however, noticed that no information was furnished by the occupiers of the establishments in five^s districts test-checked. Though there is penal provision in the Act for non-furnishing of information by the occupier of the establishment, the Government of Maharashtra (GOM) failed to ensure enforcement of this basic provision of the Act.

The Government stated (October 2004) that Bombay Shops and Establishments Act, 1948 prohibits employment of child labour in establishment and therefore, considering the total prohibition of child employment, no information was required to be sent under Section 9 of the Child Labour Act.

Reply of the Government was not acceptable as the provisions of the Bombay Shops and Establishments Act, 1948 were applicable only to specified areas in the State.

** Survey was completed between April and December 1997.

* Prosecution cases were not filed after survey in 1999-2000 as per the instructions of the Government of Maharashtra in June 1999 which is against the provisions of the Act. The survey was done to ascertain the factual position of child labours.

^s Aurangabad, Nagpur, Nashik, Solapur and Thane.

3.2.7 Survey Data: Labour Department vis-a-vis Non-Government Organisation

There was a wide variation in child labour detected by Government and that by NGOs

In the 12* districts the number of child labour according to survey by the Government during 1996-2002 was only 264 as against 45081 child labours detected by NGOs during the same period.

The Government stated (October 2004) that the inspection machinery concentrated on establishments covered under the Act under the categories of hazardous occupations and processes whereas NGOs on the contrary, conducted house to house survey and also included self employed category based on the secondary data of school drop outs.

Such discrepancies in basic data, however, raised doubts on the reliability of information available with GOM with consequent effect on planning and implementation.

Rehabilitation of Child Labour under National Child Labour Project

3.2.8 National Child Labour Project

The NCLP was launched with the objective of withdrawing children working in hazardous occupations and rehabilitating them through education in special schools. Here they are provided non-formal education, vocational training, supplementary nutrition, stipend and health care on which an expenditure of Rs 2.44 lakh per school per year (Rs 4888 per child per year) was allowed. The project was required to be implemented through a registered society. The project society was to be constituted under the chairmanship of the administrative head of the area who may be either the Collector of the district or other appropriate authority. Members of the society were to be drawn from Government departments, representatives of Panchayati Raj Institutions and NGOs.

Two districts viz. Solapur and Thane were selected under the project in March 1996 and March 1994 respectively. The receipt of grants and expenditure thereon during 1999-2004 in these two districts were as follows:

(Rupees in lakh)

		Solapur	Thane
1.	Opening balance as on 1 April 1999	9.25	5.13
2.	Grants received during 1999-2004	250.16	105.30
3.	Interest accrued	2.19	5.42
4.	Total (1+2+3)	261.60	115.85
5.	Expenditure during 1999-2004	257.53	27.52
6.	Balance as on 31 March 2004	4.07	88.33

* Ahmednagar, Akola, Aurangabad, Beed, Chandrapur, Dhule, Jalgaon, Nanded, Nashik, Osmanabad, Parbhani and Yavatmal.

Unspent balance of Rs 88.33 lakh was lying with project society, Thane

The huge unspent balance of Rs 88.33 lakh lying with the project society, Thane was because stipend was not paid; schools were run only for six months whereas funds were released for the entire academic year; and an NGO running 34 special schools did not accept payment for schools in 2003-04 on the plea that they were teaching 8000 children whereas funds for only 1700 students were being offered to them.

3.2.9 Functioning of National Child Labour Projects, Solapur

Though the sanction for 34 special schools was accorded in 1995-96, the number of schools which actually functioned during 1999-2004 was 32.

Upto 50 per cent of students dropped out at NCLP, Solapur

The position of drop out children and children mainstreamed during 1999-2004 was as under:

Year	Number of children enrolled	Number of child drop outs	Percentage of drop outs	Number of children mainstreamed	Percentage mainstreamed
1999-2000	1200	423	35	262	22
2000-01	1400	466	33	296	21
2001-02	1500	720	48	385	26
2002-03	1550	639	41	395	25
2003-04	1600	606	38	Awaited	Awaited

The table above shows that the number of children dropped out ranged between 33 and 48 per cent and children mainstreamed ranged only between 21 and 26 per cent.

The reason for children not joining the mainstream/dropping out was attributed by the Government (October 2004) to migration of families to other places.

In Solapur district during survey conducted in 1997, 1999-2000 and 2001-02, number of children working in hazardous occupations/processes identified ranged from eight to 39, whereas the number of children enrolled in NCLP school ranged from 1000 to 1500. Most importantly, only six children identified in the surveys were enrolled in the NCLP schools.

3.2.10 Functioning of National Child Labour Projects, Thane

In a preliminary survey carried out by the Tribal Development Department, children mostly from tribal areas were identified helping their parents at brick kilns during the lean agriculture season. The children who came, had left the school at their native villages and were deprived of education at the working place. On a proposal for temporary schools (*Bhongashala***), the GOI sanctioned (March 1994) special schools for the period from November to April every year near the brick kilns to provide education to those children.

A society was established and registered in June 1996 and schools commenced from November 1996. Initially, sanction was accorded for 25 schools (50

** A school run in temporary shed near brick kilns.

students in each school) upto 2000-01, thereafter sanction was accorded for 40 schools. The schools so sanctioned were running in the district.

➤ The schools known as *Bhongashala* were established by the NGOs mainly for the benefit of brick kiln workers' children during specific period between November and April. During June to September the children were attending their regular schools in their native villages. Thus, here also the child labours identified under the Act were not covered under NCLP.

➤ Though an amount of Rs 40.97 lakh was paid during 1996-2003 to *Vidhayak Sansad*, Thane an NGO, running special schools, no initial records like vouchers for expenditure incurred were produced. Information on mainstreaming and drop outs of child labour was also not furnished though called for in Audit.

3.2.11 Abnormal delay in establishment of National Child Labour Projects in other districts

There was delay ranging from seven to eight years in sending proposals for NCLP

The 17 districts where there was higher incidence of child labour in hazardous industries were selected for implementation of the NCLP by the Ministry of Labour, GOI in September 1995. The project report was to be submitted by the project society for establishing schools.

The proposals for 13* districts where mainly child labour engaged in *Bidi*-making process, construction work, garage, powerloom and *Agarbatti* manufacturing were sent between October 2002 and October 2003. Proposal for Buldhana district was yet to be forwarded to the GOI (June 2004).

Sanction to five projects at Beed, Dhule, Nashik, Nanded and Yavatmal districts was accorded by the GOI in January 2004 but NCLP was yet to be established (June 2004). No reasons were available on record for delay in forwarding proposals by seven to eight years (July 2004).

The Government stated (October 2004) that due to shortcomings in the proposals, GOI called for revised proposals (July 2002). Thus, due to non-furnishing of sufficient data the proposals were rejected which resulted in depriving the child labour of the benefit of the project.

3.2.12 Assistance to Non-Government Organisations

In the non-NCLP districts, NGOs were being financially assisted to the extent of 75 per cent of the project cost by GOI for taking up welfare projects for rehabilitation of working children. Assistance of Rs 25.20 lakh was paid to five NGOs during 1999-2004 as follows:

* Ahmednagar, Akola, Amravati, Aurangabad, Beed, Chandrapur, Dhule, Jalgaon, Nanded, Nashik, Osmanabad, Parbhani and Yavatmal.

(Rupees in lakh)	
Name of Non-Government Organisation	Amount
Ahilyadevi Mahila Mandal Nagpur	3.49
Bal Vikas Academy Aurangabad	3.43
Madhya Bharat Education Society Gondia	8.00
Lok Kalyan Shikshan Sanstha Gondia	7.99
Gram Vikas Sanstha Nagpur	2.29
Total	25.20

Scrutiny of records at Mantralaya revealed that the Bal Vikas Academy (BVA) Aurangabad was not functioning and most of the activities were only on paper. A show cause notice for recovery of financial assistance and for filing of criminal proceedings was issued (August 2003) to BVA by the Ministry of Labour. Further action was awaited (December 2004).

From the information furnished by another NGO to GOM, it was noticed that activities of Ahilyadevi Mahila Mandal, Nagpur were closed due to non-sanction of scheme by GOI from 2001-02. Information on utilisation of funds from Lok Kalyan Shikshan Sanstha, Gondia and Gram Vikas Sanstha, Nagpur was not furnished to GOM (July 2004). Although, regular inspections by GOI and GOM officials were reported by both the NGOs, the information generated by the inspections and follow up action were not available on record.

Compliance of Supreme Court's directions

3.2.13 Supreme Court's directions not followed up

The Supreme Court of India in its judgement of 10 December 1996 had given directions regarding the manner in which the children working in the hazardous occupation were to be withdrawn from work and rehabilitated. Accordingly, survey for identification of child labour was to be conducted, children working in hazardous occupations withdrawn and their education in appropriate institutes ensured.

Child Labour Rehabilitation-cum-Welfare Fund (CLRWF) was to be created and compensation of Rs 20000 per child from the employers who had employed children in hazardous occupations were to be collected district-wise and deposited in the fund. The GOM was to provide jobs to one adult member of each concerned family or else was to contribute Rs 5000 per child towards the CLRWF.

The compensation and the GOM's contribution was to be deposited in high yielding deposit schemes of any of the nationalised bank. The interest so earned out of the corpus was to be given to the parents of the child concerned every month for education as long as the child was actually sent to school.

Survey was conducted in the State during 1997, 1999-2000 and 2001-02 to identify the child labour. The number of child labour below the age of 14 years identified, compensation from employers recoverable and contribution from GOM payable were as follows:

(Rupees in lakh)

Year	Number identified	Compensation from employers		Contribution from GOM	
		Recoverable	Recovered	Payable	Paid
1997	745	149.00	8.00	37.25	--
1999-2000	2983	596.60	--	149.15	--
2001-02	1131	226.20	--	56.55	5.00
Total	4859	971.80	8.00	242.95	5.00

Only Rs 8 lakh were recovered from employers against Rs 9.72 crore recoverable

As noticed from the table above, there was minimal recovery of compensation from employers (Rs 8 lakh) and contribution from GOM (Rs 5 lakh). During inspections carried out by Labour Department (other than surveys), an amount of Rs 3 lakh was recovered as compensation for 15 children identified. Thus, a total amount of Rs 11 lakh was credited into CLRWF established in various districts. No reasons were available with the department for the low recovery (July 2004). Further, even the amounts recovered were not profitably invested in accordance with the guidelines.

In Satara district, no CLRWF was established while in Aurangabad district, the CLRWF was opened one year after receipt of GOM's share (March 2004). It was also noticed that though an amount of Rs 10000 each was sanctioned to Nagpur and Chandrapur districts and Rs 15000 to Ahmednagar district, these amounts were not drawn from treasury and credited to CLRWF.

In Pune district, an amount of Rs 30000, which was drawn in April 2003 was lying in cash chest of Collector's office. A bank account for CLRWF was, however, opened only in March 2004.

The position of CLRWF in the districts test-checked was as under:

Name of district	Amount (Rupees in lakh)	Remarks
Akola	0.40	No share paid by GOM.
Jalna	0.25	No compensation was recovered from employer.
Nagpur	1.00	No share paid by GOM.
Nashik, Pune	0.25 0.30	No compensation was recovered from the offending employers. Only GOM's share of Rs 5000 per child was credited to the fund.
Solapur	0.20	No share paid by GOM.
Thane	1.80	An amount of Rs 0.50 lakh (out of Rs 1.80 lakh) received from GOM in March 2003 was not credited to CLRWF by the Collector, Thane but was kept in bank account maintained for incurring expenditure on general awareness and survey.

Further, the interest accrued on deposits in seven* districts (Rs 1.14 lakh) had not been utilised for the benefit of child labours.

Similar information in respect of other districts was not furnished by the department (July 2004).

* Amravati (Rs 8743), Beed (Rs 5399), Latur (Rs 71075), Nashik (Rs 511), Solapur (Rs 587), Thane (Rs 5405) and Wardha (Rs 21900).

The Government stated (October 2004) that the matter was being discussed with the District Child Labour Rehabilitation Committee and action would be taken accordingly. Regarding minimum recovery of compensation from the employers, it was stated that as the cases were subjudice the compensation could not be recovered. The reply was not tenable because as per the Supreme Court judgement, the compensation was to be collected immediately from the employer on detection of children in hazardous occupation.

3.2.14 Expenditure on awareness and survey

The Government of India (GOI) released grant-in-aid to the district Collectors under NCLP for awareness generation and survey of child labour as follows:

(Rupees in lakh)

Year	Number of district	Amount paid		Total
		Awareness (per district)	Survey (per district)	
1995-96	17	5.00	1.95	118.15
1996-97	3	Nil	2.00	6.00
1997-98	9	Nil	1.75	15.75
Total				139.90

Funds of Rs 30.73 lakh on awareness and survey were not refunded to GOI

According to GOI instructions (July 1998), utilisation certificates for expenditure on awareness and survey were to be submitted and unspent balance refunded. Unspent amounts including interest were, however, refunded only by Collectors Satara (Rs 1.94 lakh in October 1999) and Wardha (Rs 1.91 lakh in September 2003), while a sum of Rs 30.73 lakh (61 per cent of amount received) was not refunded by eight[#] districts and was lying with the Collectors.

The Government did not have any information about expenditure on awareness and survey in the State

The GOM did not have any information about expenditure incurred on the scheme in the districts (October 2004) where funds were released by GOI for survey and awareness. When information on allotment of funds for the scheme was endorsed to the GOM by GOI, monitoring of expenditure incurred by the districts was implied.

The Government stated (October 2004) that instructions were being issued to all Collectors and close monitoring would be ensured.

3.2.15 Training by National Labour Institute, Noida

Training programme for the benefit of staff of NCLP societies and NGOs who took active part in child labour welfare and rehabilitation programme was to be arranged by the National Labour Institute (NLI), Noida. According to information furnished by the Government (October 2004) only 12 persons attended training during 2000-2002 and no training was arranged thereafter during 2002-2004.

[#] Ahmednagar (Rs 7.86 lakh), Akola (Rs 1.04 lakh), Dhule (Rs 6.54 lakh), Jalgaon (Rs 1.97 lakh), Nagpur (Rs 2.11 lakh), Nashik (Rs 4.06 lakh), Pune (Rs 4.66 lakh) and Thane (Rs 2.49 lakh).

3.2.16 Inadequate inspection

Inspection was an important regulatory function through which the enforcement of the Act could be monitored and this required knowledgeable and trained officers and staff. The Government labour officer, minimum wage inspector and shop inspector in the district offices were declared as the inspector under Section 17 of the Child Labour (Prohibition and Regulation) Act, 1986 in addition to their regular duties under various labour laws and Minimum Wages Act and Bombay Shops and Establishments Act. Each inspector had to inspect 10 units in a month under the Act. It was however, noticed that the department was unable to inspect every hazardous unit even once in a year. The data given below in respect of the six districts emphasise the inadequacy of inspection targets.

District	Number of hazardous occupations during 1999-2000	Number of inspectors (10 per month)	Annual target for inspections of units
Thane	156767	38	4560
Nashik	18263	28	3360
Aurangabad	3667	7	840
Latur	2364	9	1080
Nanded	2261	11	1320
Parbhani	1647	3	360

It would be seen from the table above that with the existing staff all the hazardous units could be inspected only once in every two years in Nanded and Latur, once in every four years in Aurangabad and once in every five years in Nashik and Parbhani. In Thane the staff was totally inadequate and it would require 34 years to cover all the hazardous units.

The GOM should consider categorising hazardous industries further on the level of hazard as high, medium, low and prioritise inspections accordingly, and provide sufficient staff for adequate and effective inspection.

The Government stated (October 2004) that most of the hazardous industries, occupations and processes are in the organised sector and during the course of routine visit by the officers it was noticed by them that the child labour were very rarely engaged in the organized sector. Therefore, question of visiting these industries again does not arise.

The reply was not tenable as the inspections were required to be conducted to look not only into prohibition in respect of hazardous establishment but also regulation in non-hazardous establishments engaging child labour.

3.2.17 Monitoring

A Special Cell had been created in GOM to monitor the implementation of the Supreme Court judgement of December 1996. The District Child Labour Advisory Board was constituted in each district (February 1997) with Collector as Chairman to implement the Child Labour Rehabilitation-cum-Welfare Fund Scheme in its proper perspective. It was, however, found that:

- At State level, only three meetings were held during 1999-2004;

- No database of establishments employing child labour was developed for the State as a whole. Therefore, the true magnitude of the problem was not known for proper planning and implementation;
- No monitoring system was developed for inspection, prosecution and levying of penalties;
- There was no system to monitor the NCLP through periodical inspection.

The Government stated (October 2004) that meetings would be held regularly in future. Detailed information and statistical data on the nature and extent of child labour would be compiled. As regards monitoring of NCLP, it was stated that the necessary instructions were being issued and close monitoring would be ensured.

3.2.18 Evaluation

Information on important aspects of the implementation of the directions of the Supreme Court and on implementation of the schemes drawn by GOI on the subject was not available with GOM. NCLP projects at Solapur and Thane were evaluated by VV Giri National Labour Institute (Institute) in 2001. The Institute rated the implementation of the projects as partially successful in the parameter of sanctioned project staff while the parameters of enforcement of relevant laws and community involvement in local monitoring were reported as unsuccessful. Information on action taken by the GOM on the report was awaited (July 2004).

The Government stated (October 2004) that NCLP, Thane was functioning under the Chairmanship of Additional Tribal Development Commissioner, Thane since 1996. The Collector, Thane has taken over as Chairman since December 2003. The NCLP would be functioning regularly and would look into the deficiencies reported by VV Giri National Labour Institute.

3.2.19 Response of the Government

The review was discussed with the Principal Secretary (Labour) in September 2004. During discussion the Principal Secretary accepted most of the observations, conclusions and recommendations and furnished full and final compliance. Views of the Government expressed during the discussion or otherwise communicated in writing have been incorporated in this review.

3.2.20 Conclusion

There was a wide variation in the number of child labour detected by GOM and that by the NGOs. The utilisation of funds for survey and awareness by the districts was low and the GOM did not have any data on its utilisation. Prohibitory and regulatory functions under the Act were not effectively implemented and monitoring of the implementation of the Act was inadequate.

3.2.21 Recommendations

- Inspection of special schools under NCLPs as well as schools run by NGOs should be carried out periodically to ensure proper utilisation of grants.

- With a view to prioritise their inspection, appropriate grading of hazardous industries should be done considering the hazard levels.

PUBLIC HEALTH DEPARTMENT

3.3 Maharashtra Health Systems Development Project

Highlights

To overcome the constraints existing in the secondary health care system in the State, Government of Maharashtra launched (June 1999) the Maharashtra Health Systems Development Project with the financial assistance from International Development Association with a long term goal to improve allocation of health resources through policy and institutional development and to ensure improvement in performance of health care system. The project scheduled to be completed by September 2004 was lagging behind due to slow spending, delayed construction of buildings, under utilisation of the buildings and equipment, shortage of medical and paramedical staff and inadequate monitoring.

Only 62 per cent (Rs 378.20 crore) of the expenditure planned (Rs 611.88 crore) was incurred upto 31 March 2004 due to delayed implementation of the project.

(Paragraph 3.3.6)

Civil works in 123 hospital buildings were completed against 160 due for completion. Sixty-four upgraded hospital buildings were not re-commissioned due to lack of staff/equipments.

(Paragraphs 3.3.9 and 3.3.14)

In four divisions, consultancy fees of Rs 2.37 crore were paid against Rs 1.34 crore admissible as of March 2004 without considering the progress of works.

(Paragraph 3.3.10)

Three buildings constructed for workshops for Health Equipment Repairs at a cost of Rs 1.57 crore were used for accommodating office staff.

(Paragraph 3.3.12)

In several hospitals equipment was supplied before completion of civil works. As a result, equipment valued at Rs 3.03 crore were not installed/commissioned.

(Paragraph 3.3.17)

Under the project, implementation of the Biomedical Waste (Management and Handling) Rules, 1998 was poor, adversely affecting the environment and quality of health care in hospitals.

(Paragraph 3.3.18)

Retention of user charges in Personal Ledger Account for subsequent use in hospitals led to fraudulent withdrawal of Rs 2.89 crore in two civil

hospitals. Besides, payments were made to suppliers without receipt of material.

(Paragraphs 3.3.22 and 3.3.23)

3.3.1 Introduction

The Maharashtra Health Systems Development Project (MHSDP) was formally launched in June 1999 to overcome the existing constraints in the secondary health care system. The project was to be completed by September 2004, which included construction of hospitals, equipment procurement, recruitment of staff, as envisaged in the Project Implementation Plan. After re-commissioning *ie* ensuring that the assets created were in good condition, the project was to be closed by March 2005.

3.3.2 Project objectives

The main objectives of the project were

- efficiency in allocation of health resources,
- management development and institutional strengthening,
- improvement in performance of health care system,
- supporting other health programmes.

3.3.3 Organisational set-up

The project was implemented by the Public Health Department (PHD) through a Project Management Cell (PMC) headed by a Project Commissioner and Ex-officio Secretary in the PHD, assisted by Medical, Engineering and Financial Wings in the PMC. At the State level, implementation was monitored by the Project Governing Board (PGB) headed by the Chief Secretary and the Project Steering Committee (PSC) headed by the Principal Secretary, PHD. At district level, the District Management Committee headed by the district Collector was to monitor the project.

3.3.4 Audit objectives

The overall objectives of audit examination was to assess whether

- funds were utilised economically and efficiently;
- infrastructure such as hospital buildings and equipment were utilised;
- the disease surveillance was effective and training imparted to staff;
- user charges collected by hospitals were utilised properly.

3.3.5 Audit methodology and scope of audit

Circle offices in the different regions which incurred huge expenditure were covered. Accordingly, records relating to the PMC in Mumbai, six* out of eight engineering divisions of the PMC and six out of eight circle offices of PHD for the years 1999-2004 were test-checked. Audit findings are discussed in the succeeding paragraphs.

* Aurangabad, Latur, Nagpur, Nashik, Pune and Thane.

Financial management

70 per cent of Project assistance was loan

The project cost is shared by the International Development Association (IDA) (83.60 per cent) and the Government of Maharashtra (GOM) (16.40 per cent). Thirty per cent was as grant while 70 per cent of financial assistance was in the form of loan carrying annual interest of 12 per cent repayable over 25 years. Expenditure incurred on the project is reimbursed by GOI on the basis of claims submitted by the project management periodically to the IDA. Scrutiny revealed that pace of spending on the project was slow due to slow implementation. Consequently, there was liability on account of commitment charges and avoidable expenditure on payment of interest, as discussed below:

3.3.6 Less expenditure due to slow implementation of project

The budget and expenditure on the project up to March 2004 was as under:

(Rupees in crore)

Years	As per plan	Budget estimate	Expenditure	Percentage to the expenditure planned
1998-99	--	1.00	0.66	66
1999-00	6.04	10.00	2.57	1
2000-01	72.69	70.00	24.47	34
2001-02	129.33	102.19	48.63	38
2002-03	204.00	130.29	111.63	55
2003-04	199.82	227.52	190.24	95
Total	611.88	541.00	378.20	62

Progress of expenditure on the Project was slow

It would be seen that expenditure was very low upto 2001-02. Financial Advisor, MHSDP, attributed (June 2004) this to delay of three months in launching the project, inadequate institutional set-up, wrong selection and delay in handing over sites, vacancies in posts of the Chief Engineer and officers in medical wing, delay in appointment of consultants and non-passing of bills by the treasuries. Further, the project management had to depend on the Directorate of Health Services and its field offices as adequate staff was not sanctioned for the project, leading to inefficient co-ordination in implementation.

3.3.7 Delay in completion of works due to delayed payment

For prompt payment to contractors and speedy execution of works, Government/Accountant General authorised the eight Engineering Divisions under the project to operate drawing account. As Government did not sanction the post of Accountant for Engineering Division at Latur, the drawing account could not be operated there and the payment to contractors for works in Latur Division was delayed. Delayed payment to contractors led to delayed completion of six works* by six to 24 months.

* DH at Latur, SDHs at Gokunda, Osmanabad, Tuljapur and Parli and Health Equipment Repair workshop at Latur

It was noticed that in respect of the work of SDH, Parli the contractor claimed interest of Rs 2.96 lakh for the delayed payments. The issue was, however, pending with Arbitrator (October 2004).

3.3.8 Increase in expenditure over the cost of contracts without prior IDA approval

All modifications/extensions involving increase in the cost of contract by more than 15 *per cent* of the original price required clearance of IDA. It was noticed that modifications/extensions due to change in scope of work, delay in handing over the sites/buildings, execution of additional items, variation in quantities resulted in cost overrun by 15 to 84 *per cent* of the contract price in 34 cases. The costs of these works, executed without approval of the IDA, increased from Rs 86.14 crore to Rs 109.71 crore. The project management forwarded (April 2004) the expenditure proposal for clearance of IDA, which was awaited (October 2004).

Project performance

The project included construction of 174 buildings (142 for hospitals and 32 for administrative offices, laboratories and equipment repair workshops), purchase of hospital equipment and its installation and recommissioning of upgraded hospitals. However, construction lagged behind schedule, buildings were used for purposes other than those intended and procurement of equipment had not been completed in time leading to infrastructure created lying unused.

3.3.9 Upgradation of hospitals

The civil works were entrusted to private parties under the supervision of engineering consultants. Construction of the buildings was taken up between March 2000 and December 2003 and 160 buildings were to be completed by May 2004. Expenditure incurred up to May 2004 was Rs 245.93 crore. Categorywise position was as under:

Category of hospitals	Total	Completed	In progress
District Hospitals (DHs)	25	17	8
100 bedded SDHs (SDH-100)	24	15	9
50 bedded SDHs (SDH-50)	52	49	3
Physical inputs to CHCs/RHs	41	35	6
Other buildings	32	7	25
Total	174	123	51

Of the 51 buildings under progress, completion of six buildings at Wani, Bhore, Degloor, Achalpur, Washim and Nashik were delayed for more than a year.

The buildings were to be transferred to PWD for maintenance after the defect liability period of one year from the date of completion. As of October 2004, 47 such buildings were not transferred to PWD. Government stated (September 2004) that the buildings, needed to be transferred expeditiously as project is nearing closure.

Only 123 buildings were completed against 174 planned

Payment to consultant was not as per progress of work

3.3.10 Undue financial aid to consultants

According to the agreement, consultancy fees were payable monthly to consultants on *pro rata* basis with reference to progress of work. However, consultants were paid fees on monthly basis without considering the physical progress of works. It was noticed that in four divisions (Aurangabad, Latur, Pune, Thane) three consultants were paid fees for Rs 2.37 crore against an admissible amount of Rs 1.34 crore as of March 2004.

3.3.11 Construction of Arogya Bhavan (Administration building)

Construction works of *Arogya Bhavan* (an eight storey building) in Mumbai were awarded to a contractor in December 2002 at a cost of Rs 12.63 crore. The IDA directed (November 2002) the management to obtain acceptable construction methodology/programme from the contractor before issue of the work order. This was not adhered to on the ground of urgency.

As per milestones, entire reinforced cement concrete work (stilt, ground and eight floors) and lift work was to be completed by February 2004 and work of masonry, plastering and furniture are to be completed by December 2004. However, till the end of June 2004, the RCC work up to sixth floor was completed and expenditure of Rs 3.55 crore only was incurred.

Thus, award of work without obtaining the construction methodology disregarding the conditions of instructions to builders on the ground to avoid delay proved unjustified as the progress of execution of works by the contractor was very slow.

Three health equipment repair workshop buildings were used for other purposes

3.3.12 Workshop buildings not used for intended purposes

With a view to upgrade the capacity of Health Equipment Repair (HER) workshops, six new buildings (Akola, Chandrapur, Kolhapur, Latur, Nashik and Thane) were constructed between October 2002 and May 2003 at a cost of Rs 1.57 crore. Of these, the building at Akola was used since February 2003 for accommodating the office staff. The buildings at Kolhapur and Latur were taken over in December 2002 and January 2003 respectively for alternative uses without the approval of competent authority. Thus, the objective of enhancing the level of maintenance, repairs and training services of HER workshops was not achieved adequately.

On being pointed out in audit, the ground floor of HER building at Kolhapur and the building at Latur were transferred to user department (February/April 2004). The remaining buildings/floors were not transferred to user department (October 2004).

Kitchen and laundry rooms were not used in 79 and 44 hospitals respectively

3.3.13 Idle outlay on infrastructure created for dietary and laundry services

With a view to improve dietary and laundry services in project hospitals, provisions for suitable rooms for kitchen and laundry were made in the plans. As of May 2004, rooms for kitchen and laundry were completed in 79 and 44 hospitals respectively between November 2001 and May 2004. However, the

required equipment were not procured and supplied to the hospitals (October 2004). A total space of 13195 sq mt (cost: Rs 9.24 crore) for these services remained unused (October 2004). It was noticed that the rooms constructed in Government Medical College, Kolhapur were used as college library.

Government stated (September 2004) that guidelines for outsourcing these services were issued in January 2003. However, the fact remains that infrastructure created for these services remained idle.

Recommissioning of upgraded hospitals

The project hospitals were to be recommissioned within six months of completion of civil works. This also involved completion of buildings, providing clinical support services, staffing and outsourcing non-clinical support services. Till May 2004, 116 hospital buildings out of 142 were completed. These completed hospitals however could not be made fully functional as staff was inadequate and there was lack of appropriate skill mix as brought out below:

3.3.14 Civil works

Sixty four subdistrict hospitals were not recommissioned even after their completion

Sixty four subdistrict hospitals were not recommissioned fully for want of equipment and requisite staff. Physical verification by Audit revealed that the building for DH, Jalna completed in November 2003 (cost: Rs 1.51 crore) was non-functional as the required staff and equipment were not provided. Similarly, buildings for SDH, Parali and Manmad completed in June and December 2003 (cost: Rs 5.95 crore) were used partly (March 2004).

3.3.15 Staffing

As of May 2004, 420 posts under Medical and Health Services in the State were vacant as shown below:

Sr. No.	Category	Number of post sanctioned	Number of post vacant
1	District Health Officer	259	54
2	Civil Surgeon	468	146
3	Specialist	336	146
4	Medical officers, Nurses and others	4761	74
	Total	5824	420

There was shortage in key posts

In December 2002, Government approved staffing norms for upgraded subdistrict hospitals and sanctioned (between December 2003 and May 2004) additional posts for 49 hospitals. Of these, recruitments were made for 23 hospitals (June 2004). Delay in creation and filling of key posts might affect efficient functioning of the hospitals.

Government fixed (December 2002) staffing norms to ensure availability of staff with appropriate skill which included appointment of paediatric,

anaesthetic and medicine specialists. As of July 2004, appropriate skill mix existed only in 18* hospitals.

Government stated (September 2004) that as the senior officials of Health Department were unable to spare time to oversee the recommissioning due to routine assignments, the task was assigned to heads of Finance, Engineering and Medical wings of the Project. Thus, objectives of the project were not achieved effectively.

Equipment management

Equipment management is an essential component to improve quality and efficiency of a health care system. The work of planning and processing procurement was assigned to consultants. Audit observed delay in appointment of consultants and idling of equipment as discussed below:

3.3.16 Delay in appointment of new consultants

Consultants were appointed after a lapse of one year

The consultancy contract for survey, technical specifications and procurements was assigned (June 2000) to a firm of Bangalore for Rs 76.32 lakh. As the firm failed to mobilise resources it was allowed to withdraw (October 2001) from the assignment and was paid fees of Rs 33.01 lakh (December 2001). The management assigned the consultancy work to Rail India Technical and Economic Services Limited (RITES), a GOI enterprise only in July 2002 for Rs 1.52 crore. This resulted in slow implementation of the project activity and consequent delay in installation and commissioning of equipment.

3.3.17 Blocking of funds in uncommissioned equipment

Equipment worth Rs 3.03 crore were lying without commissioning

Under the project, Rs 72.20 crore was spent (March 2004) for procurement of goods against the allocation of Rs 158.80 crore. There was no proper co-ordination between the Medical and Engineering wings resulting in supply of equipment before completion of civil works. It was noticed that equipment valued Rs 3.03 crore were not installed/commissioned for various reasons. Details are in Appendix XXVIII.

Non-commissioning of equipment not only resulted in blocking of funds but also deprived the patients of the benefits of upgraded system. Due to prolonged storage possibility of damage/deterioration of the equipment and expiry of their warranty period cannot be ruled out.

3.3.18 Non-compliance to Biomedical Waste Management Rules, 1998

With a view to reduce the impact of biomedical waste on environment and human health, GOI framed (July 1998) the Biomedical Waste (Management

* Three District Hospitals (Kolhapur, Beed and Latur), one SDH-100 (Karad), one SDH-50 (Pen) and thirteen Community Health Centres (MH, Ulhasnagar, Akola, Khandala, Patan, Sangola, Dattawad, Mantha, Ahmedpur, Kalmanoli, Digrus, Wani, BGW, Gondia and Chamorshi).

and Handling) Rules, 1998. These Rules were to be implemented under MHSDP for the project hospitals and other Government hospitals in the State by December 2002. The process of providing autoclave shredders, deep burial pits and staff training on waste management were inadequate even after five years of the project period.

As of June 2004, Maharashtra Pollution Control Board (MPCB) issued authorisation to operate the biomedical waste facility only to 103 hospitals out of 343 hospitals applied for. The project management placed orders for procurement of plastic bins/bags, syringe and needle destroyers and hand sprayer for segregation of waste at the site, only in February 2004 at a cost of Rs 1.10 crore. The supply was stated to be in process (September 2004). For construction of deep burial pits (DBP) for end treatment in 373 hospitals clearance from the MPCB was received in August 2003. The procurement of autoclaves with shredders for 41 hospitals was still under process (October 2004). This adversely affected the process of treatment of hospital waste.

Reorientation training of staff on waste management could not commence for want of source segregation apparatus.

Service delivery strategy for tribal areas

Tribal areas were inadequately covered

3.3.19 A majority of the tribal population resides in remote and far-flung hilly terrain spread over 15 districts of the State. The project envisaged providing health care to disadvantaged groups in these inaccessible areas through health check up camps. A total of 1872 health camps per year were required to be held in these districts. However, against a requirement of 5616 camps during 2001-2004, only 4451 camps were held.

It was noticed that in Nagpur circle, less than 30 *per cent* tribal population responded to the camps. In Gadchiroli, 531 camps were organised against target of 744, for want of funds. The DHO, Zilla Parishad, Thane retained unspent balance of Rs 2.32 lakh. In Nanded, no camps were organised during 2001-02 as grants of Rs 3.04 lakh could not be drawn due to financial crunch. Thus, the scheme was not implemented and monitored adequately. Government accepted (September 2004) the above facts.

Disease Surveillance

3.3.20 The strengthening of disease surveillance is a component of MHSDP, which envisaged strengthening of district level surveillance cells, imparting training to the medical and paramedical staff and improving reporting system. This was taken up in 28 districts in phases except the five districts already covered under National Surveillance for communicable diseases. Expenditure incurred during 1999-2004 was only Rs 1.85 crore, against total allocation of Rs 9.89 crore, mainly due to financial crunch.

It was noticed that only 3843 Medical Officers and 18888 paramedical staff were trained as of September 2004 against the target of 4746 and 23465

respectively. Government stated (September 2004) that the training activity in phase III was in progress and that the position would improve.

It was noticed that the extent of reporting by District Surveillance Cells (DSCs) ranged upto 19 *per cent* in seven districts, 20 to 38 *per cent* in four districts, 39 to 77 *per cent* in 10 districts and 78 to 94 *per cent* in four districts. Low reporting defeated the very purpose of surveillance to plan strategies for prevention and control of diseases. Government stated (September 2004) that the programme was monitored at various levels and reporting was improving.

3.3.21 Training and motivation

The project envisaged providing training under managerial, clinical and subject related categories to improve the performance. The table below shows that achievement was poor as the training activity was taken up towards the end of the project period.

Name of the course	Targets (number)	Persons trained (Per cent)	Remarks
Equipment related and Specific Skill Enhancement Training for Doctors	885	134 (15.14)	Covered training on trauma care, burns, Intensive Care Unit, Neonatal Intensive Care Unit, ultrasound scanners etc. The training commenced from February 2004.
Basic Life Support Training for staff.	5535	1528 (27.61)	The training was provided in six districts only between January and June 2004.
Specialised Nursing Training	610	431 (70.6)	Covered courses on Psychiatry, Neonatal care, ICU management and training methodology. Course conducted during March /April 2004.
Training of paramedical Staff	1561	Nil	The course envisaged providing of skill enhancing training. Selection of consultants was not completed till September 2004.
Management of Inventories, Hospital Accounting Procedures	-	-	The Management did not organise training on these courses.

Government stated (September 2004) that delay in commencement of training was on account of belated receipt of approval to terms of reference of training from IDA and further procedural process.

Recycling of user charges – fraudulent withdrawals

In November 1999, Government decided to deposit the user charges collected in Personal Ledger Accounts (PLA) of hospitals for subsequent use on maintenance and repairs and contingencies pertaining to the hospital. Adoption of the new system in disregard to provisions of Treasury Rules led to fraudulent withdrawal from PLAs in two cases, as discussed below:

3.3.22 Civil Hospital, Nashik

The Civil Hospital, Nashik remitted the user charges into treasury from time to time. Based on a sanction (November 2003) from PHD and correction memos issued by the Nashik Treasury, Accountant General (Accounts and

User charges were fraudulently withdrawn in two civil hospitals

Entitlement)-I, Maharashtra authorised (29 January 2004) transfer of Rs 2.37 crore to the PLA of the Civil Hospital, Nashik. The amount was credited in January 2004 to the PLA. The officer concerned from PHD, however, denied (April 2004) that the sanction letter bore his signature. Though user charges collected by a hospital were to be spent by that hospital, it was noticed that Civil Surgeon placed (December 2003) orders for 78 items (electrical, furniture, consumables) costing Rs 3.42 crore on M/s Alfa Mahila Grihudyog Sahakari Sanstha (AMGSS), Khamgaon, for supply to the Civil Hospital as well as the Rural Hospitals in Nashik District. The Civil Surgeon who retired on 31 January 2004 withdrew Rs 2.74 crore on five self cheques dated 27/31 January 2004. AMGSS supplied goods worth Rs 30.28 lakh only, but they were paid Rs 2.74 crore.

The Department registered (April 2004) a criminal case of fraud against the retired Civil Surgeon, Chief Administrative Officer (Drawing and Disbursing Officer), cashier, stores clerk and the AMGSS.

3.3.23 Civil Hospital, Chandrapur

Government authorised (November 2003) the Civil Surgeon, Chandrapur to make payment of bills of Rs 67 lakh from the PLA of the Civil Hospital. The Civil Surgeon placed orders on AMGSS and Bharatiya Rashtriya Upbhokta Sangh and paid Rs 56.59 lakh and Rs 8.66 lakh against supply of goods worth only Rs 9.01 lakh and Rs 0.69 lakh respectively. Thus, amount paid in excess was Rs 55.55 lakh. The Under Secretary of the Department stated (May 2004) that the sanction letter was not signed by him. Information on action taken against the erring officers and on recovery of the loss was awaited (July 2004).

Government stated (September 2004) that recycling of user charges was introduced as per agreement with IDA. It was also stated that action was initiated against the erring officials and instructions were issued (April 2004) to avoid recurrence of such frauds.

3.3.24 Monitoring and Evaluation

The project was implemented and monitored by the Project Management Cell by evolving information system on various components of the project. The Project Governing Board met on six occasions against 10 till June 2002. The next meeting was held in June 2004. Consequently, major problems remained unresolved.

The District Management Committees (DMCs) were to meet once in a month to sort out problems relating to land, ensure coordination among departments and monitor project activities. In 21 districts, the DMCs met on one to 17 occasions against 60 meetings to be organised. The software on Health Management Information System was under preparation by a consultant (October 2004).

3.3.25 Response of the Government

The review was discussed with the Secretary and Project Commissioner in August 2004. During discussion, the Secretary and Project Commissioner

accepted most of the observations, conclusion and recommendations and furnished full and final compliance. Views of the Government expressed during the discussion or otherwise communicated in writing have been incorporated in this review.

3.3.26 Conclusion

Implementation of the project was very slow. The management could spend only Rs 378.20 crore against Rs 611.88 crore planned. Only 123 buildings (77 *per cent*) were completed by May 2004. Thirty two *per cent* posts of Medical Officers/Specialists remained vacant. Equipments worth Rs 3.03 crore were lying idle. None of the hospitals completed were recommissioned. The necessary momentum through proper monitoring was not ensured. District Management Committees had met only on one to 17 occasions against targeted 60 occasions.

3.3.27 Recommendations

- Recommissioning of upgraded hospital buildings by ensuring staff and equipment may be carried out in a time bound fashion.
- Training component of the project should be implemented so that the skills required for improved health delivery system are in place.
- Procurement of equipment should be synchronized with completion of civil works.
- Utilisation and accounting of user charges retained in PLA should be monitored to avoid recurrence of fraud.

Agriculture, Animal Husbandry, Dairy Development and Fisheries Department

3.4 Functioning of Agriculture Department

Highlights

Main objectives of the Agricultural policy was to increase production and productivity of crops through improved technology high-yielding seeds as well as providing facilities to farmers for credit and agro-industries. The Department failed to achieve the productivity targets for the major crops. Production of seeds and availability of improved seeds was poor. Plants and equipment as well as the laboratories remained non-functional. Evaluation of utility of research works was delayed. Quality control of seeds, fertilizers and pesticides was inadequate. Market information system was not effective. Monitoring and evaluation of implementation of the schemes was not done.

Cotton Development (Demonstration) Project costing Rs 10.50 crore established at Akola and Parbhani failed to yield the expected results, as there was no follow-up of suitability of new technology.

Eight bio control laboratories under Integrated Pest Management Programme remained non-functional after spending Rs 3.27 crore.

(Paragraph 3.4.7)

Production of seeds in Taluka Seed Farms declined during 2000-2003. Large quantity of seeds was rejected by Maharashtra State Seeds Corporation Limited. Financial working results of the farms showed a net loss of Rs 11.63 crore.

(Paragraph 3.4.13)

Supply of sprinkler set for oil seed production was only 20 and 5 per cent during 2002-03 and 2003-04 respectively. Forty four per cent of drip and sprinkler sets were not functional.

(Paragraphs 3.4.18 and 3.4.19)

Submission of evaluation report to assess utility of research for agriculture development was delayed by more than four years.

(Paragraph 3.4.21)

Monitoring and evaluation of the schemes was not done.

(Paragraph 3.4.27)

3.4.1 Introduction

The outlay on Agriculture sector was seven *percent* of the total State outlay*. The area under cultivation was 57 *per cent* (177 lakh hectares) of total geographical area (308 lakh hectares) and the *per capita* land holding declined from 2.21 hectares to 1.87 hectares during the decade 1990-91 to 2000-01. The Agriculture Policy 1997 aimed at development of the agriculture sector on a sustained basis to increase production and productivity of crops and income of the farmers. The review covers the functioning of the Directorates of Extension and Training and Input and Quality Control.

3.4.2 Objectives of the Department

The objectives of the Department of Agriculture include:

- increasing production and productivity of crops by adoption of improved technology,
- promotion of seed production programme,
- promoting research activities,
- incentives to farmers in the form of subsidy,
- safeguarding the income of farmers and providing insurance policy,
- providing facilities for agriculture credit and agri-business.

3.4.3 Organisational set-up

Agriculture Department is headed by a Secretary at Government level assisted by the Commissioner of Agriculture (COA), four Directors (covering Input and Quality Control; Extension and Training; Horticulture; Soil Conservation And Watershed Development), eight Divisional Joint Director of Agriculture (DJDA), 33 District Superintending Agriculture Officer (DSAO), 90 Sub Divisional Agriculture Officer (SDAO) and 320 Taluka Agriculture Officers (TAO) at field level for framing the policy and implementation of various agricultural schemes.

3.4.4 Audit objectives

The review sought to examine the following:

- Initiatives for improving production and productivity of crops – adoption of improved technology
- Seed production programme
- Utilisation of plants and equipment
- Research activities and quality control
- Initiatives to safeguard farmers' income
- Facilities for agriculture credit and agribusiness

3.4.5 Scope of audit and coverage

The functioning of the Agriculture Department, with emphasis on the implementation of the schemes in two out of the four directorates *viz* Extension/Training and Inputs/Quality Control, during the period 2000-2004

* Year wise total outlay Rs 12330 crore (2000-01); Rs 11721 crore (2001-02); Rs 11135 crore (2002-03); Rs 11562 crore (2003-04), Total: Rs 46748 crore.

was reviewed in audit (April to July 2004) through test-check of the records of the Commissioner of Agriculture, five DJDAs¹, seven DSAOs², six SDAOs³, 14 TAOs⁴, Maharashtra State Seeds Corporation Limited (MSSCL), Akola, Maharashtra Agro-Industries Development Corporation (MAIDC), Mumbai and Dr. Punjabrao Deshmukh Krishi Vidyapeeth (PDKV), Akola. The findings are discussed in the succeeding paragraphs. The internal control mechanism including internal audit and manpower management of the Department have also been reviewed in audit and the findings have been discussed in Chapter V of this Report.

3.4.6 Financial outlay

The outlay for agriculture sector and the expenditure during 2000-2004 incurred by two of the Directorates namely Extension and Training and Inputs and Quality Control were as under:

Year	Budget allotment		Expenditure		Excess (+) Savings (-)	
	Plan	Non Plan	Plan	Non Plan	Plan	Non Plan
2000-01	338.80	397.51	368.00	502.54	(+)29.20	(+)105.03
2001-02	311.62	414.35	304.33	638.65	(-)7.29	(+)224.30
2002-03	276.24	546.90	279.91	625.45	(+)3.67	(+)78.55
2003-04	342.81	530.65	121.48	530.75	(-)221.33	(+)0.10
Total	1269.47	1889.41	1073.72	2297.39	(-)195.75	(+)407.98

Budgetary control and expenditure control were deficient

During 2003-04, there were savings of Rs 221 crore (65 per cent) under Plan due mainly to non-release of subsidy for installing sprinkler irrigation system (Rs 68 crore); surrender of provision for input subsidy under Special Component Plan (Rs 28 crore) and excess provision of Grants in aid to SAUs (Rs 24 crore). Under 'Non-plan' there were huge excess expenditure over the grants during the years 2000-2003. This indicated deficient budgeting by the Department.

Initiatives for improving production and productivity of crops

One of the main objectives of the National Agriculture Policy 1997, was production and productivity of crops by adoption of improved technology towards which various initiatives were taken.

3.4.7 Intensive Cotton Development Programme

The production and productivity of cotton during 2000-2004 was detailed as follows:

¹ Kolhapur, Latur, Nagpur, Nashik and Pune

² Akola, Beed, Kolhapur, Latur, Nashik, Nagpur and Pune,

³ Beed, Kolhapur, Latur Nagpur, Nashik and Pune

⁴ Ajara, Akola, Balapur, Baramati, Beed, Kaij, Kalmeshwar, Karveer at Kolhapur, Katol, Latur, Niphad, Purandhar at Saswad, Renapur and Sinner.

Year	Production (In lakh bales of 170 kg each))			State productivity (In kg per hectare)		
	Target	Achievement	Percentage	Target	Achievement	Percentage
2000-01	35.37	18.02	51	196	100	51
2001-02	32.38	26.90	83	197	147	74
2002-03	34.59	25.96	75	196	158	80
2003-04	32.32	26.78	83	196	165	84

Production and productivity targets for cotton production were not achieved

The table above shows that the targets for production and productivity of cotton in the State were not achieved in any of the four years.

The Technology Mission programme (Mini Mission II) was implemented for cotton production since 2000-01 in 21 districts. The Central share of expenditure was 75 per cent. During 2000-2004, Rs 29.10 crore was spent against a provision of Rs 33.48 crore.

The scheme envisaged incentive/subsidy for various components namely, demonstration of production technology, distribution of certified seed, supply of implements, training to staff and farmers, surveillance of diseases, pests, establishment of eight bio control laboratories and three delinting plants. Though the componentwise targets were achieved, the production and productivity were less than 50 per cent of the targets in 10 districts.

➤ Cotton development (Demonstration) project

No arrangement made for post project operation and follow up

Against the average national production of 248 kg cotton fibre per hectares (1997), productivity per hectares in the State was only 180 kg. To increase productivity of cotton, the Government implemented (1997-98) the Cotton Development (Demonstration) Project costing Rs 10.50 crore with Israeli technology first on 200 hectares of land of Dr. PDKV, Akola and then on 100 hectares of land of Marathwada Krushi Vidyapeeth (MKV), Parbhani. Main activities were creating irrigation facilities and introduction of micro irrigation and its automation. The achievements against targets fixed based on success criteria are given in the table below:

Success criteria fixed	Achievements	
	Akola	Parbhani
Production of seed cotton <i>ie</i>		
Ist year 2500* kg	900 Kg	1500 Kg
2 nd year 3500* kg	900 Kg	700 Kg
3 rd year 4500* kg	800 Kg	400 Kg
Farm visit by farmers		
Ist Year - 1 lakh	1.00 lakh	0.26 lakh
2 nd year - 1 lakh	0.05 lakh	0.18 lakh
3 rd year - 1 lakh	0.05 lakh	Record not maintained

It would be seen that achievement in first three years was very poor in both the Institutes. As regard the impact of adoption of demonstrated technology targets were fixed as 10, 20 and 30 per cent respectively for the first three years. However, no information was available on this.

* Production of fibre cotton is one third of seed cotton.

During the project period (1998-2001), Rs 1.11 crore were realised from sale of cotton against Rs 2.50 crore spent on inputs. The demonstration project at Parbhani was not functioning from January 2001 due to agitation of field workers against reduction of staff by the Government. The project at Akola was also not functioning due to labour problems, non-availability of security arrangement and non-provision of funds. All the laterals^o were removed and dumped as there were problems in starter system control and repairs estimated to cost Rs 26.27 lakh were necessary. The Government attributed (October 2004) the poor achievement to abnormal weather conditions and spread of epidemic of heliothis in the State. According to a study report of COA, however, the usefulness of the new technology on drip irrigation in rain fed conditions was not proven as the project designed by the consultants was without any previous experience.

There was no arrangement for post project operation and follow up, despite investment of Rs 10.50 crore on the project.

➤ **Delay in establishment of Bio Control Laboratories**

To restore the ecological balance and prevent outbreak of pest on cotton crop due to excessive use of pesticide, integrated pest management component was included in the programme as plant protection strategy.

Under the scheme, Government sanctioned (2000-2002) eight bio control laboratories costing Rs 50 lakh each. The Commissioner drew Rs 2.32 crore during 2000-01, and paid to the Public Works Department (PWD) for construction of laboratories at Amravati, Buldhana, Parbhani, Wardha and Yavatmal and also procurement of laboratory equipments. Further, Rs 94.98 lakh were paid to PWD during 2001-02 for construction of laboratories at Dhule, Jalgaon and Nanded.

Laboratories at Amaravati, Dhule, Jalgaon, Wardha and Yavatmal were completed by October 2003 and Buldhana in August 2004; but these were not put to use (November 2004) as electricity connection was not available. The remaining laboratories were still under construction. Due to delay/non-completion of laboratories, the equipment procured was installed and commissioned temporarily in alternative places. It was noticed that production of all the five laboratories during 2003-04 was only 358 Tricograma cards; 305 kg Tricoderma and 75 litres of HNPV, which was less than eight *per cent* of the rated capacity. Government stated (November 2004) that due to shortage of staff and inadequate provision of funds the production was low.

Thus, Government utilized the GOI funds but failed to provide operational arrangement by appointing staff and the required funds. As a result, not only expenditure of Rs 3.27 crore was blocked but also the objective of production of biopesticides could not be achieved.

^o Plastic tubes used for distribution system in drip irrigation

Bio control laboratories were non-functional for want of staff

3.4.8 Sugarcane Development Programme

The production and productivity of sugarcane during 2000-2004 was as under:

Year	Production (In lakh metric tonne)			State productivity (In kg per hectare)		
	Target	Achievement	Percentage	Target	Achievement	Percentage
2000-01	579.11	495.69	85	94000	83000	88
2001-02	596.88	365.47	61	97000	78000	80
2002-03	583.42	370.15	63	96000	62000	65
2003-04	622.00	282.19	45	96000	51000	53

Productivity of sugarcane was below the targets due to shortage of improved seeds

In order to increase productivity of sugarcane through transfer of technology by means of intensive training to farmers and conducting demonstration for better awareness among the farmers, two sugarcane development programmes were implemented during 2000-2003, with Central assistance (75 per cent). One was for 21 low productivity districts in Vidarbha, Marathwada and Khandesh regions and another for (Sustainable Sugarcane Based Cropping System) for six western districts where productivity was better but there was scope for further improvement. Department spent Rs 15 crore during 2000-2003 against the budget provision of Rs 21.19 crore. During 2003-04, the schemes were amalgamated and expenditure of Rs 5 crore was incurred.

Due to non-availability of improved seeds and poor awareness among the farmers, the targeted productivity of sugarcane of 96000 kg per hectare could not be achieved. Productivity of 62000 kg per hectare in March 2003 reduced to 51000 kg per hectare in 2003-04. The Government attributed (October 2004) the low productivity to drought conditions and infestation of white woolly aphid in western Maharashtra. Failure in seed production programme has been discussed in paragraphs 3.4.11 and 3.4.12.

3.4.9 Oil Seed Development Programme

The production and productivity of oil seed during 2000-2004 was as under:

Year	Production (In lakh metric tonne)			State productivity (In kg per hectare)		
	Target	Achievement	Percentage	Target	Achievement	Percentage
2000-01	34.89	20.98	60	1061	820	77
2001-02	33.26	22.27	66	1094	944	86
2002-03	32.33	23.44	73	1017	941	92
2003-04	35.53	30.44	86	1078	964	89

The production of oil seed in the State was 20.98 MT (2000-01) against the target of 34.89 MT. To achieve the target, Centrally Sponsored Oil Seed Production Programme was implemented in the State with the Central assistance (75 per cent). However, the targets were not achieved in the subsequent years.

Targets for production under Oil Seed Development Programme were not achieved despite huge spending on subsidies

In Maharashtra, groundnut, safflower, soyabean and sunflower are the major oil seeds. Of the total 24.45 lakh hectare area under oil seed, soyabean had the maximum area of 18.26 lakh hectare in 2003-04. Under the scheme, breeder seeds were made available free of cost to the universities and the MSSCL, for production of foundation seed. Subsidies were given for production of

certified seed to the growers and distribution of certified seed by the MSSCL, demonstration, training to staff and farmers and supply of improved implements, micronutrients, sprinkler sets and fertiliser. Expenditure incurred during 2000-2004 was Rs 38.51 crore against the budget provision of Rs 52.06 crore. However, the shortfall in production was between 27 and 40 per cent of the targets fixed. Department attributed the shortfall to scanty/delayed rainfall, poor germination of soyabean seed produced by the MSSCL, and its short shelf life.

Seed Production Programme

3.4.10 Breeder seed programme not implemented

For making available certified seeds of improved varieties, breeder seed production was to be taken up by State Agriculture Universities (SAUs). It was observed that the breeder seed programme was not implemented from 1996, as GOI subsidy under Intensive Cotton Development Programme was limited to distribution of seeds. The production of Y1 *Desi* variety of cotton was only 6.42 quintals (7 per cent) against the target of 90 quintals set by ICAR for 1997-2001. State Government on its own did not pursue the matter with GOI, nor had taken initiative to implement the scheme from its resources. Thus, due to non-implementation of breeder seed programme production of cotton was adversely affected.

3.4.11 Poor monitoring of seed multiplication programme

During 2000-2004, Rs 73.20 lakh were provided to Vasant Dada Sugar Institute, Pune, Padegaon Research Institute run by Mahatma Phule Krishi Vidyapeeth, Rahuri and other Krishi Vidyapeeths for seed multiplication programme. But the Department did not monitor the quantity of seed actually multiplied as against the prescribed seed multiplication ratio. Instead, the achievement of targets in terms of area was only watched by the Department.

3.4.12 Failure of breeder seed production programme

During 2002-03, the entire breeder seed of 109 MT produced at Wani Rambhapur of PDKV was given to sugar factory for crushing instead of issue for multiplication as foundation seed, as there was no demand from sugar factories or farmers. The programme implemented on seven hectare of Wani Rambhapur during 2003-04 substantially failed due to water scarcity. Thus, the objective of making available quality and high yielding sugarcane seed to the farmers had totally failed.

3.4.13 Taluka seed farms

For making available the certified seeds of hybrid varieties for food grain crops, 194 Taluka seed farms (TSFs) with an area of 4336.63 hectare were established prior to formation of the State. As of March 2004, area under cultivation was 3564.86 hectare and net irrigated area was 1315.75 hectare. The Sub-Divisional Agriculture Officers monitored the working of TSFs and

Implementation of seed multiplication programme by the SAUs was not monitored

Production of certified seed in Taluka seed farms declined; the farms were running at a loss

the MSSCL, supervised the quality of seed production. From 2000-01, expenditure on basic infrastructure was met by GOI.

The seeds produced in the TSFs were handed over to the MSSCL, who accepted only the certified seeds and disposed of the balance as food grain.

The seed production programme was not implemented in TSF, Pargaon (Thane District) during the last five years due to tidal water problem.

The financial working results of the TSFs for 2000-2003 showed net loss of Rs 11.63 crore. The loss after excluding capital investment was Rs 7.64 crore.

➤ **Low production**

The seed production by TSFs declined during 2000-2003. Government admitted the facts and attributed (October 2004) this to scanty rainfall during June to September. Considering total quantity of certified seeds distributed by the MSSCL during the years 2001-2004, certified seed production by the TSFs worked out to five *per cent*, four *per cent* and two *per cent* respectively. Further, MSSCL accepted 49 to 63 *per cent* of the total seed produced in the TSFs. High percentage of rejection indicated poor functioning of the TSFs. The reasons attributed by the COA (June 2004) were (i) seeds were not made available for TSF through the MSSCL as per seed production programme; (ii) non-availability of labour during operations; (iii) non-availability of funds for purchase of inputs and payment to labour. This indicated lack of proper planning and co-ordination in finalising the seed production programme.

Large quantity of seeds produced by TSFs was rejected by MSSCL

3.4.14 Distribution of sub-standard seeds and irregular payment of compensation

It was noticed that number of complaints received were regarding distribution of substandard seed and payment of compensation by the MSSCL as detailed below, indicating improper handling or distribution of seed.

300 complaint cases received on distribution of sub-standard seeds

Year	Number of complaints received	Number of complaints settled	Quantity involved (In lakh quintal)	Compensation paid/payable (Rupees in lakh)
2000-01	67	64	201.66	3.04
2001-02	62	50	245.93	6.80
2002-03	44	33	855.87	16.00
2003-04	131	125	2569.57	71.00
Total	304	272	38723.03	96.84

Besides, 77 cases involving compensation claims of Rs 1.08 crore were pending (June 2004) in various consumer redressal forums.

MSSCL stated (October 2004) that despite all measures taken under Seed (Control) Order, 1983 to ascertain seed germination and seed genetic status, complaints on soyabean seed were received as it loses capacity to germinate if not handled properly and instructions have been issued to the seed distributors for proper handling and for carrying out genetic purity tests.

The Government stated (October 2004) that the MSSCL produced/procured certified seeds of only notified varieties whereas farmers preferred to purchase

seed* of research varieties in hybrid jowar, maize and cotton crops, developed by private sector.

3.4.15 Non- use of breeder seed of soyabean for multiplication

Out of 2965 quintals of soyabean breeder seed (value Rs 1.13 crore) supplied to the MSSCL during 2000-2004 for its multiplication of foundation seed and certified seed, only 863 quintals (29 per cent) was put into seed multiplication chain. While 1649.41 quintals costing Rs 62.88 lakh was directly used as certified seed (56 per cent) and the balance of 452.34 quintals (value Rs 16.93 lakh) remained unutilized and became unfit for multiplication. This resulted in loss to the Government. The MSSCL stated (October 2004) that requirement of breeder seed was communicated two years in advance and accordingly the quantity of breeder seed was allocated. The quantity once allocated was required to be accepted. But due to changes in farmers' preferences, the demand for particular variety gets reduced. In the above circumstances breeder seed could not be used for multiplication.

➤ Unspent balances of seed production subsidy

Under National Oil seeds and Pulses Development Programme, the COA paid (2001-2004) Rs 15.55 crore to the MSSCL as subsidy to be paid to the farmers for production of foundation seeds and certified seeds at Rs 500 per quintal for distribution to the seed growers. It was noticed that subsidy amount of Rs 7.81 crore remained undistributed with the MSSCL as of March 2004. The details are as under:

(Rupees in crore)

Year	Opening balance	Receipt	Distribution	Balance
2000-01	1.68	5.29	2.69	4.28
2001-02	4.28	0.43	2.21	2.50
2002-03	2.50	4.84	1.73	5.61
2003-04	5.61	4.98	2.78	7.81

The schemewise break up of undistributed subsidies could not be furnished by the MSSCL, as reconciliation was not done during last eight to 10 years. MSSCL replied (October 2004) that Rs 4.15 crore (25 per cent) were retained in terms of guidelines of the scheme; Rs 2.93 crore has been disbursed during 2004-05 and the balance amount (Rs 73 lakh) was retained by the MSSCL.

Plants and equipment

3.4.16 Delay in establishment of delinting plants

In March 2001, Government paid Rs 2 crore to the MSSCL for establishment of two delinting plants at Akola (Shivani) and Jalgaon for supply of delinted cotton seeds to the farmers with environmental friendly and pollution free technology. The estimated cost of the two projects was Rs 3 crore. The plants were to be commissioned and operated by the MSSCL by March 2002. The plant at Akola was completed in March 2003 and the work of the plant at

* Seed marked as of good quality by private producers/companies.

Only 29 per cent foundation seed put into seed multiplication as large quantity was found unfit

Subsidy of Rs 7.81 crore remained undistributed with MSSCL

Setting up of delinting plants delayed. Rs 1 crore for delinting plant not released

Jalgaon was in progress. Under the scheme, financial assistance of 50 per cent of the cost of project subject to a maximum of Rs 1 crore was payable for establishment of delinting plants. Thus, there was an excess payment of Rs 50 lakh. It was stated that additional plants would be erected with the excess financial assistance. In March 2004, the COA drew Rs 1 crore for establishment of one more delinting plant; but the amount was not disbursed as of October 2004. The money was drawn in March 2004 to avoid lapse of grants.

3.4.17 Supply of substandard drip sets

Drip irrigation sets supplied were substandard. No action was taken against the supplier

Under the drip irrigation scheme, farmers were eligible for subsidy on drip irrigation sets of ISI specification. The department drew 107 samples of laterals, 58 samples of drippers and five samples of pipes during 2002-03 and sent for quality analysis to the Vasant Dada Sugar Institute (VSI), Pune. The analysis report of 56 laterals and 22 drippers revealed (September 2003) that 14 laterals and 10 drippers were substandard. Report of the remaining samples was awaited (June 2004). Government stated (November 2004) that one manufacturer replaced 5500 drippers, whereas 12 manufacturers could not trace out the sub-standard sets, as records were not maintained. Government further stated that from 2004-05 it would be obligatory to mention the batch number in the bills to locate the substandard sets.

3.4.18 Declining trend in supply of sprinkler sets

Distribution of sprinkler sets was only five per cent of the targets

The oil seed production was mainly undertaken in rainfed areas. With a view to increase the irrigated area under oil seeds, the component regarding supply of water saving device viz. sprinkler set at subsidised rate was included in the programme. The achievement declined during 2000-2004 as shown below:

Year	Target (in number)	Achievement	Percentage of achievement
2000-01	3450	1945	56
2001-02	3319	2197	66
2002-03	3920	818	20
2003-04	6838	347	5

Government attributed (October 2004) the shortfall to drought during last four years and reduction in the rate of subsidy. Thus, the object of increasing irrigated area under oil seeds was not achieved.

3.4.19 Drip and sprinkler sets not functional

Government encouraged adoption of sprinkler and drip irrigation system to economic usage of water for irrigation. The Central and State funding was in the ratio of 75:25.

Under the scheme, subsidy was payable at 75 and 90 per cent of the cost subject to maximum of Rs 32,000 according to category of farmers. The total area brought under sprinkler and under drip irrigation in the State as of March 2004 was 1.09 lakh hectare and 2.82 lakh hectare (11 per cent of gross irrigated area of 36.68 lakh hectare) and the subsidy given by the Government under the scheme during the period 1986-87 to 2000-2004 was Rs 54.27 crore

and Rs 107.14 crore respectively. The rate of subsidy was reduced to 25 per cent from 2003-04.

Drip irrigation and sprinkler systems failed and the irrigated area did not increase

The Economic Survey of the State for 2003-04 indicated that there was no increase in gross irrigated area, intensity of irrigated cropping and gross area under irrigation during 1998-2003.

It was noticed that percentage of gross irrigated area to gross cropped area during 1998-2003 was only about 17. Intensity of irrigated cropping was 123 lakh hectare and gross area under irrigation was 36.67 lakh hectare.

Department stated that due to meagre coverage of area under micro irrigation, overall impact in terms of increase in gross cropped area, intensity of irrigated cropping and gross area under irrigation was low. Further, due to scanty rainfall during last four years, the increase in coverage was set off. The reply is only partly accepted as the evaluation report of the department (1997) pointed out that about 44 per cent drip and sprinkler sets were not functioning. This might have contributed to non-achievement of the object of micro irrigation.

3.4.20 Excess payment of subsidy

Subsidy at 25 per cent of the cost of the sprinkler set or Rs 6000 per set whichever was less, was payable for the year 2003-04. The Chief Executive Officer (CEO), Zilla Parishad (ZP), reported (March 2004) to the COA that the dealer agreed to supply irrigation set of 3.2 kg at Rs 18000 to ZP for distribution to scheduled caste (SC) beneficiaries and enquired whether subsidy should be at Rs 6000 per set or should it be restricted to Rs 4500 (25 per cent of Rs 18000). The COA stated that the subsidy be restricted to 25 per cent of the actual cost incurred by the farmers. However, since the beneficiaries produced the bills for Rs 24000, in support of subsidy claims, the CEO, ZP released subsidy at Rs 6000 per set during 2003-04.

Since the sprinkler sets of same specification supplied by the same company were available at lesser rate, the bills obtained by the farmers were inflated to avail of maximum subsidy of Rs 6000. It was seen that the same dealer quoted (June 2004) Rs 18000 as the cost of 3.2 kg sprinkler set.

Thus, ZP, Akola paid excess subsidy of Rs 5.98 lakh during 2003-04 for supply of 399 sprinkler sets. The SDAO, Akola and Telhara also paid excess subsidy of Rs 4.17 lakh on 278 sprinkler sets during 2003-04. In view of the above, the payment of excess subsidy in other districts needs investigation.

Research Activities and Quality Control

3.4.21 Review and evaluation of research projects

No evaluation report to assess utility of research to agriculture development

There were 111 agricultural research projects in the State. Of these, the ICAR and the State Government financed (75:25) 47 Projects. Five projects were financed by the ICAR alone; 17 projects were financed by the GOI and 42 projects by the State. These projects were implemented by four SAUs¹¹. The Maharashtra Council of Agriculture Education and Research (MCAER), Pune appointed (October 1999) the Director, Centre for Environment Education, Nehru Foundation for Development (CEENF), Ahmedabad to evaluate research in SAUs with particular reference to contribution to development and long term sustainability of agriculture, introduction of policy changes, if need be, and better dissemination of research findings to the farmers.

Evaluation report expected in March 2000 was actually received in September 2004. Recommendations would be submitted to the Government after discussing with the specialists. It was stated that the process of evaluating continuous research projects was in vogue and assessment was discussed in Joint Agricultural Research Subcommittee, Zonal Research and Extension Advisory Committee and ICAR. In the absence of evaluation, the utility of research to agriculture development could not be assessed in audit.

3.4.22 Poor response to the new varieties developed by PDKV

New varieties of crops developed by PDKV were not popular

The PDKV, Akola implemented 26 research activities under the Indian Council of Agriculture Research (ICAR) sponsored programme and nine activities under the State sponsored programme and developed a number of high yielding diseases and pest resistant varieties as well as hybrid varieties in various crops. As of March 2002, 46 new varieties developed by PDKV, Akola in 17 crops had been notified under Section 5 of the Seed Act, 1966.

It was, however, revealed that only nine* varieties developed by PDKV were popular and no demand was placed for breeder seed production of 37 varieties for their multiplication and distribution through the MSSCL. The new varieties developed by PDKV were possibly not need based or arrangements for propagation of new varieties with PDKV were not adequate.

Government stated (October 2004) that in recent past, due to initiation of research and development activities by the MSSCL and also by some private seed companies, there was reduction in demand for the breeder seed production varieties developed by PDKV. Government assured to take efforts to popularise these varieties.

¹¹ Mahatma Phule Krishi Vidyapeeth, Rahuri; Dr. Balasaheb Sawant Konkan Krishi Vidyapeeth, Dapoli; Dr. Punjabrao Deshmukh Krishi Vidyapeeth, Akola and Marathwada Krishi Vidyapeeth, Parbhani

* PKVHMT in Paddy; TAU 1 in Udid; TAG 24 in Groundnut; PKV Hybrid 2; AKA 5; AKA 7 in Cotton; CSH 14 in Jowar; PKV Kabuli 2 in Gram and AKW 1071 in wheat.

3.4.23 Quality control not ensured

In order to ensure availability of quality inputs viz. seed, fertiliser and pesticides to the farmers, a separate quality control wing was established in the Commissionerate in 1983. Scrutiny of records revealed the following:

➤ Seed

The Implementation of Seed (Control) Order, 1983 commenced in the State in April 1994. Under the Act and under Essential Commodities Act, 1955, 795 cases were filed in the court up to March 2004. Of these, 45 were convicted, 212 were acquitted and 538 cases were pending. It was stated that as the inspectors were unaware of the legal procedures, number of acquittal was more.

In the absence of specific provisions in the Seed Act, 1966, the Department could not exercise quality control of seed and penalise the defaulting producers for substandard seeds. As a result, more than 50 per cent seed distributed in the State had not been tested at all. GOI had agreed to amend the Act as recommended by the Department.

➤ Pesticides

During 2000-2004, out of 15923 samples of pesticides received in the laboratory, 1659 samples could not be analysed for want of post of Analyst. Out of 513 misbranded samples, suits were yet to be filed in 261 cases. Pendency in filing of court cases defeated the very purpose of ensuring supply of quality inputs to the farmers and facilitate the dealers to escape punishment for supply of substandard pesticides.

➤ Fertiliser

During 2000-2004, 48822 samples were analysed out of 59611 samples received and 7651 samples were time barred. Thus, the very purpose of drawal of samples was defeated and fertiliser had been sold without ascertaining its quality. Government attributed (October 2004) this to insufficient staff.

Facilities for agriculture credit and agribusiness

3.4.24 Non-availability of adequate agriculture credit to farmers

Agriculture credit was the main source of finance for the farmers. In Maharashtra, agriculture credit was disbursed through a multi agency network consisting of commercial banks, regional rural banks and district central co-operative banks through village level primary credit societies having 95.40 lakh members.

It was noticed that disbursement of loan decreased sharply from 2000-01 to 2003-04, mainly due to non-clearance of earlier crop loan, non-disbursement of fresh loan to the defaulting farmers, higher rate of interest (ranging from 14 to 16 per cent) and drought like situation in the State.

The study on "Market imperfections and farmers distress in Maharashtra" conducted by Agro Economic Research Centre of Gokhale Institute of Politics

Fifty per cent of seeds distributed in the State were not tested

Credit requirement of the farmers not fully met

and Economics, Pune (October 2003) indicated that as the credit requirements of the farmers were not fully met by institutional sources, the farmers borrowed from informal sources such as money lenders, landlords, traders at much higher rates of interest. Government stated (October 2004) that Department has no role in Agriculture credit except advising on the quantum of credit required for each crop.

3.4.25 Assistance for establishment of Basmati rice processing units

In order to establish grading, packing, sorting, pre-cooling, cold storage facilities, residue testing laboratories and to encourage refrigerated transport, grant of capital subsidy was implemented from 2000-01. Such value addition would lead to increase in income of the farmers.

To meet the requirement of special types of hullers *Basmati* rice processing units, to reduce percentage of broken rice, financial assistance of 50 per cent of the cost of project subject to maximum of Rs 50 lakh was payable. The amount was reduced to Rs 25 lakh from 2003-04.

Six proposals recommended by the District/Divisional Level Committees were approved and financial assistance provided during 2003-04 as indicated below:

Name of Agency	Cost of project		Total	Amount of subsidy sanctioned	Capacity (MT per hour)
	(Rupees in lakh)				
	Building	Machinery			
M/s Patil Rice Mill Kese, Karad	3.50	9.68	13.18	6.75	1.00
Akshata Agro Industries, Kelwade	16.89	16.64	33.53	13.80	2.00
Pashchim Ghat Audyogik Co-op Society, Patan	8.00	13.00	21.00	10.57	1.00
Rethare Sahakari Society Rethare, Karad	9.70	19.00	28.70	9.63	0.50
Satwik <i>Basmati</i> Rice, Kolhapur	28.43	63.12	91.55	22.88	3.00
Nirdhanrao Waghye Patil Basmati Rice Mills Private Limited, Gadegaon, Taluka Lakhani, District Bhandara	35.76	67.60	103.36	50.00	2.00

It would be seen that subsidy was paid to the rice mills based on the expenditure incurred instead of capacity of the mills. Further, it was observed that expenditure shown as incurred on machinery varied considerably for similar capacities created which raises doubt as to the amounts actually spent by the mill owners. Department admitted the audit observation. It was noticed that against the annual installed capacity of 10200 MT, the quantity actually processed during 2001-02 to 2003-04 was 465 MT, 4034 MT and 8098 MT respectively.

➤ **Irregular release of assistance**

Release of subsidy for setting up Basmati rice processing unit not completed

The *Basmati* rice unit at Gadegaon, Bhandara District recommended by the District and Divisional Committee (February 2003) was approved by the State Level Committee (SLC) in March 2003. Against Rs 50 lakh to be disbursed in two installments, Rs 40 lakh was disbursed to mill owners as the unit was incomplete. Though a certificate from the technical committee was mandatory for release of subsidy, Rs 40 lakh was released in anticipation of completion of the unit and without observing the formalities of inspection. The unit could not be commissioned due to inadequate electric supply (July 2004).

Hasty decision on the part of the SLC led to undue benefit to the beneficiary by way of excess subsidy of Rs 25 lakh as the quantum of subsidy had been reduced to Rs 25 lakh from 2003-04. The scheme was discontinued from 2004-05.

3.4.26 National Crop Insurance Scheme

Farmers participation in the National Crop Insurance Scheme was declining over the years

The Rashtriya Krishi Bima Yojana (June 1999) was implemented since *Rabi* 1999-2000 in the State. Commercial crops like cotton, onion, and sugarcane were covered under the scheme. The scheme had unlimited insurance facility. It was optional for non-loanee farmers; but compulsory for loanee farmers.

During 2000-2004, Government spent Rs 84.24 crore on account of 50 *per cent* share of compensation, subsidised premium in respect of small and marginal farmers and service charges. The farmers' participation in the scheme showed a declining trend during last four years as shown below:

Season	Targets		Farmers' participation (in lakh)	
	Area (in ha)	Farmers (in lakh)	Kharif	Rabi
2000-01	222.56	100	25.29	4.21
2001-02	222.56	100	26.05	0.85
2002-03	222.56	100	17.93	2.48
2003-04	222.56	100	17.27	Information awaited

The scheme hardly provided for any compensation towards loss as the threshold yield was taken as average production of three to five years which was quite low. It was noticed that the threshold yield was even less than half compared to the yield in a normal monsoon year. The compensation received, therefore, was much less than the loss suffered by the farmers in terms of yield. Being an area based scheme, insurance claims were not being admitted on individual basis for damages caused by localized calamities, like floods/fire. Since the entire area had to be treated as affected for the claim to be lodged there was no provision to compensate the actual losses caused to the crop by localised calamities like hailstorm, floods and fire. The State Level Crop Insurance Coordination Committee (SLCICC) opined (December 2000) that the scheme should be implemented by treating each village as a unit. Since there were delays ranging from four to six months in getting compensation, cut off date for payment of compensation needed to be fixed.

Further, the farmers faced difficulties in the absence of district level officers as the scheme was implemented by the General Insurance Corporation.

3.4.27 Monitoring and evaluation

Monitoring and evaluation of the schemes was inadequate, due to shortage of staff

It was noticed that the monitoring and evaluation cell evaluated only two schemes every year. Evaluation work of five schemes taken up by the cell during the last three to four years was pending for want of staff. Evaluation of the crop cutting survey of the centrally sponsored schemes of oil seeds, pulses, cotton, cereal, maize entrusted to the cell from 2000-01 to ascertain the success achieved in increasing the production/productivity which was pending as of July 2004.

Government stated (November 2004) that monitoring of the scheme was done regularly by the implementing authorities by arranging meetings, obtaining monthly progress reports and the evaluation of work plan schemes had been entrusted to external agencies during 2004-05. However, monthly progress reports and necessary information were not made available to Audit. Comments on Internal Control Mechanism in these two Directorates have been mentioned in Chapter V.

3.4.28 Conclusion

The targets of improvement of productivity of major crops were not realised. Production of seeds and availability of improved seed was poor. Plants and equipment as well as the laboratories remained non-functional. Evaluation of the utility of research works for agriculture development was delayed. Quality control of seeds, fertilizers and pesticides was not ensured. Monitoring and evaluation of implementation of the schemes was not done.

3.4.29 Response of the Government

The draft review was discussed with the Secretary, Agriculture Department in October 2004. Views of the Government expressed during discussion have been considered while finalising review.

3.4.30 Recommendations

- Supply of improved seeds should be given priority in order to improve production and productivity of crops.
- Review of functioning of the Taluka Seed Farms should be done as large quantities of seeds produced by them were rejected by Maharashtra State Seeds Corporation Limited and they were also incurring losses.
- Quality control of seeds and other inputs like fertilizers/pesticides should be made more stringent through adequate testing.
- Government should ensure that research activities of the Agriculture Universities is directed towards meeting actual needs of the farmers.

URBAN DEVELOPMENT DEPARTMENT

3.5 Swarna Jayanti Shahari Rojgar Yojana

Highlights

Swarna Jayanti Shahari Rojgar Yojana was launched by Government of India in December 1997 to provide gainful self-employment/wage employment to the urban people living below poverty line. The scheme was implemented by urban local bodies through two special schemes viz Urban Self Employment Programme and Urban Wage Employment Programme by identifying the below poverty line beneficiaries during 1997-2004. Expenditure of Rs 117.17 crore was incurred on the scheme. Review of the scheme revealed that expenditure was incurred without identifying the below poverty line families, works were executed through contractors instead of below poverty line labours, etc. Due representation was not given to the scheduled caste/scheduled tribe, women and disabled persons while selecting the beneficiaries under the scheme.

Expenditure of Rs 11.28 crore was incurred on various components of Urban Self Employment Programme and Urban Wage Employment Programme without identifying the families below poverty line.

(Paragraph 3.5.12)

In 19 urban local bodies, shortfall in coverage of scheduled caste/scheduled tribe and women beneficiaries ranged between 80 and 91 per cent.

(Paragraph 3.5.15)

Works costing Rs 1.23 crore were executed in seven urban local bodies through contractors in violation of guidelines.

(Paragraph 3.5.18)

Interest of Rs 14.21 crore earned on Swarna Jayanti Shahari Rojgar Yojana fund by State Urban Development Authority was to be utilised on the scheme but it was not distributed to the urban local bodies.

(Paragraph 3.5.6)

In 51 urban local bodies excess payment of Rs 2.11 crore was made to 26,302 trainees due to adoption of incorrect rate.

(Paragraph 3.5.16)

Expenditure of Rs 1.09 crore was incurred on works in private layouts/lands instead of incurring from development funds/private resources. Thus, urban local bodies and private land owners were relieved of their liabilities.

(Paragraph 3.5.21)

3.5.1 Introduction

Swarna Jayanti Shahari Rojgar Yojana (SJSRY), a Centrally sponsored scheme, was launched by Government of India (GOI) from December 1997 as replacement of Nehru Rojgar Yojana (NRY), Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) and Urban Basic Service for Poor (UBSP). The scheme was to be funded by the Central and the State Government in a ratio of 75:25 and was to be implemented by the urban local bodies (ULBs) through two special programmes viz. Urban Self Employment Programme (USEP) and Urban Wage Employment Programme (UWEP). The USEP had three distinct parts namely Subsidy, Development of Women and Children in Urban Areas (DWCUA) and Training. The UWEP was applicable to the ULBs having a population of less than five lakh.

Objective of the scheme

The scheme had following important objectives:

- Providing assistance to urban individual unemployed/under employed poor through setting up of gainful self employment ventures;
- Providing special incentives for encouraging the groups of urban poor women for setting up self-employment ventures;
- Imparting adequate training to selected urban poor for upgradation and acquisition of vocational and entrepreneurial skills;
- Generation of wage-employment for the urban below poverty line families by utilising their labour for construction of useful public assets.

3.5.2 Organisational set-up

At the State level, State Urban Development Agency (SUDA) of Urban Development Department (UDD) headed by Director of Municipal Administration, Mumbai is responsible for implementation and monitoring of the SJSRY. At district level, District Project Officer (DPO), District Urban Development Agency (DUDA), under the Chairmanship of Municipal Commissioner/District Collector is responsible for implementation of the SJSRY.

3.5.3 Audit objectives

In the course of audit review an attempt was made:

- To assess the degree of success achieved in providing gainful self-employment to the urban poor unemployed beneficiaries;
- To examine the strategy in making the urban poor women independent by setting up gainful self-employment ventures;
- To ascertain the effectiveness of training imparted to the beneficiaries for upgradation/acquisition of vocational and entrepreneurial skills;
- To examine whether targeted mandays were actually generated through creation of socially and economically useful public assets.
- To ascertain whether funds were utilised for the defined objectives.

3.5.4 Audit Coverage

The implementation of scheme from its inception in December 1997 to March 2004 was reviewed (January to June 2004) by test-check of records of UDD at Mantralaya, Director, Municipal Administration, Mumbai, and 103 out of 245 ULBs in 13⁴ out of 35 districts. The results of review are incorporated in the following paragraphs.

Financial Management

An amount of Rs 16.86 crore remained unspent on 31 March 2004

3.5.5 Though a total of Rs 134.03 crore was available for SJSRY during the period 1997-2004, expenditure incurred was Rs 117.17 crore only as under:

(Rupees in crore)

Year	Opening balance	GOI share	GOM share	Total funds available	Expenditure incurred
1997-98	66.01	14.02	4.67	84.70	0.49
1998-99	84.21	20.43	6.81	111.45	10.88
1999-2000	100.57	7.15	2.38	110.10	18.15
2000-01	91.95	NIL	NIL	91.95	18.14
2001-02	73.81	NIL	NIL	73.81	26.14
2002-03	47.67	6.19	2.06	55.92	24.94
2003-04	30.98	3.23	1.08	35.29	18.43
TOTAL		51.02	17.00		117.17

It was observed that interest earned on bank deposits was not used for this scheme and instead deposited in fixed deposit. Unspent balances of earlier schemes were also not transferred as discussed below:

3.5.6 Non-utilisation of interest earned on deposit

Rs 14.21 crore representing interest earned on bank deposits were not utilised

The funds released by GOI/State Government for SJSRY are deposited in a saving bank account and interest earned on such deposits is required to be distributed between all the components of the scheme on *pro rata* basis.

Interest of Rs 13.73 crore was earned by Director on saving account/short term deposits between April 1998 and March 2004 but instead of distributing it to the ULBs for implementation of the scheme, Rs 11.50 crore were invested (January and March 2004) in short term deposits for 91 to 365 days.

Similarly, the DPO Thane and Buldhana earned interest of Rs 47.63 lakh during 1998-2004, but the same was not distributed amongst the ULBs. Consequently, funds amounting to Rs 14.21 crore although available for the scheme components were not utilised on the scheme.

The Director while admitting the facts stated (November 2004) that format of utilisation certificate indicating the interest earned and interest utilised would be revised.

⁴ Amravati, Beed, Buldhana, Jalgaon, Latur, Mumbai, Nagpur, Nanded, Nashik, Satara, Solapur, Ratnagiri and Thane.

3.5.7 Non-closure of accounts of old schemes

Amount of Rs 24.62 lakh from old schemes was not transferred to this scheme

The balances as of 30 November 1997 under NRY, PMIUPEP and UBSP were to be transferred to SJSRY. Test-check of records of 23 ULBs of nine districts, revealed that Rs 24.74 lakh lying under old schemes was not transferred to the SJSRY as of 31 March 2004.

The Director stated (November 2004) that in DPO, Amravati amount of Rs 0.12 lakh was transferred to SJSRY. However, final position of 23 ULBs was not furnished to audit.

Programme implementation

Urban Self Employment Programme

The Urban Self Employment Programme (USEP) had four main components namely Subsidy, Training, Development of Women and Children in Urban Areas and formation of Thrift and Credit Societies.

3.5.8 Subsidy

322 beneficiaries to whom subsidy of Rs 23.06 lakh was paid discontinued their business venture

Assistance in the form of subsidy at the rate of 15 per cent (subject to a maximum of Rs 7500) of each project cost was to be given to the selected individual urban poor beneficiaries for setting up gainful self-employment ventures. During 1997-2004, against target of 1.36 lakh beneficiaries set to be covered for payment of subsidy in the State, 60000 beneficiaries could only be covered as of March 2004, resulting in overall shortfall of 76000 beneficiaries (56 per cent).

The shortfall in achievement of target of self employment during 1997-2004 in 13 test-checked districts ranged between 41 and 64 per cent as under:

Year	1997-99	1999-2000	2000-01	2001-02	2002-03	2003-04
Target	14064	10071	13060	17260	19070	8414
Achievement	5111	5914	4463	6356	7571	4581
Shortfall	8953	4157	8597	10904	11499	3833
(per cent)	(64)	(41)	(66)	(63)	(60)	(46)

It was noticed that out of 1177 beneficiaries in seven test-checked ULBs, 322 beneficiaries (27 per cent) to whom subsidy of Rs 23.06 lakh was paid during 1997-2003, have discontinued their business ventures.

3.5.9 Training

Records relating to beneficiaries who benefited after availing training were not maintained by 83 ULBs

The programme provided training in various trades to the selected/potential beneficiaries and other persons associated with urban employment programme for upgradation and acquisition of vocational and entrepreneurial skills for two to six months at the rate of Rs 330 per month per trainee. As against target of 1.32 lakh beneficiaries to be trained in different trades during 1997-2000, 1.13 lakh beneficiaries were imparted training as of March 2004.

The shortfall in achievement of target for training during 1997-2004 in 13 test-checked districts ranged between 7 and 26 per cent as follows:

Year	1997-99	1999-2000	2000-01	2001-02	2002-03	2003-04
Target	2132	5395	5395	23995	29955	15497
Achievement	3662	4029	3989	19566	25917	14428
Shortfall (per cent)	--	1366 (25)	1406 (26)	4429 (18)	4038 (13)	1069 (07)

Test-check of 83 ULBs revealed that records indicating the details of beneficiaries who actually benefited after imparting training in various trades were not maintained.

3.5.10 Development of Women and Children in Urban Areas

The scheme aimed at providing special incentives to the groups of at least 10 urban poor women, who decided to set up self employment ventures suited to their skills, aptitude and local conditions. Such groups were entitled to a subsidy of Rs 1.25 lakh or 50 per cent of the project cost whichever is less. The ULBs were to provide infrastructure to the DWCUA groups.

The position of the DWCUA in the State revealed that no target was set for the year 1997-2001. Further as against target of 3872 groups to be formed during 2001-2004, only 771 groups (20 per cent) were formed as of March 2004, resulting in shortfall of 3101 groups (80 per cent).

The shortfall in achievement of target for DWCUA during 2001-2004 in 13 test-checked districts ranged between 64 and 82 per cent as under:

Year	2001-02	2002-03	2003-04
Target	505	1008	488
Achievement	91	215	174
Shortfall (per cent)	414 (82)	793 (79)	314 (64)

3.5.11 Thrift and credit societies

Where the DWCUA group sets itself as a thrift and credit societies (TCS), it was entitled for a lumpsum grant of Rs 25000 as revolving fund for infrastructure support and child-care activities.

During 1997-2001 no target was set for TCS. As against target of 8161 TCS to be set up during 2001-2004, the achievement was 5352, resulting in overall shortfall of 2809 TCS (34 per cent).

In 13 test-checked districts the shortfall during 2001-2004 was nil, 40 and 46 per cent respectively as under:

Year	2001-02	2002-03	2003-04
Target	520	1835	1855
Achievement	1040	1104	1006
Shortfall (per cent)	Nil	731 (40)	849 (46)

The overall shortfall in achievement of target under various components indicate failure on part of the Director and the District Collectors to monitor the implementation of the scheme.

The Director accepted (November 2004) the facts without assigning any reasons for overall shortfall in the State.

Irregularities in Urban Self Employment Programme

GOI's guidelines stipulated that, for effective implementation of the SJSRY, community organisations like Neighbourhood Committees, Community Development Societies (CDSs) were to be set-up in the targeted areas. CDSs registered under the Societies Registration Act, 1960 were to be the focal point for identification of BPL beneficiaries, preparation of loan applications and monitoring. The CDSs were to identify viable projects suitable for their particular areas and also to be involved for house-to-house survey for identification of genuine beneficiaries under the guidance of the Town Urban Poverty Eradication (UPE) Cell/Urban Local Body.

There were instances of expenditure on unidentified beneficiaries, non-formation/non-registration of CDSs/UPE Cell*, execution of works without recommendation of registered CDSs, sponsoring of unviable projects, shortfall in representation of women and SC/ST beneficiaries and extra expenditure on training as discussed below:

3.5.12 Expenditure on unidentified beneficiaries

Expenditure of Rs 11.28 crore was incurred during 1997-1999 on the scheme without identification of BPL beneficiaries

As per the GOI guidelines (October 1997) and instructions of UDD (May 1998), identification of BPL beneficiaries was to be completed through CDS by June 1998. Though by March 1999 identification of the BPL beneficiaries was not done, expenditure of Rs 11.28 crore was incurred during 1997-1999 on the following components:

Year	(Rupees in lakh)							Total
	USEP (Subsidy)	USEP (Training)	DWCUA (Subsidy)	DWCUA (TCS)	Infrastructure Support	Community structure	UWEP	
1997-98	21.01	0.01	0.95	0.95	0.95	0.86	15.20	39.93
1998-99	195.47	74.98	18.68	12.94	22.02	21.65	741.96	1087.70
Grand Total	216.48	74.99	19.63	13.89	22.97	22.51	757.16	1127.63

In 60 ULBs test-checked, expenditure of Rs 2.68 crore was incurred on various components of USEP and UWEP during 1997-1999 without identifying the beneficiaries.

The Director assured (November 2004) that process of selection of beneficiaries would be documented in future.

3.5.13 Urban Poverty Eradication Cell/Community Development Societies

Scrutiny of records of the Director revealed that, out of 245 ULBs in the State, UPE Cell was not formed in 106 ULBs and out of 268 CDSs formed, 105 CDSs were not registered as of March 2004.

* Consist of CEO/Deputy Commissioner, three members from banks, members of four departments, Secretary of Social Welfare Institute and District Project Officer.

In 18 test-checked ULBs, works costing Rs 2.50 crore were executed under UWEP during 1999-2004 without recommendations of the registered CDSs. As such, possibility of execution of work by engaging contractors and taking up unviable projects could not be ruled out.

The Director stated (November 2004) that all the CDSs would be got registered by March 2005 and no assistance would be given without recommendations of the registered CDS.

3.5.14 Sponsoring of unviable proposals

As per the guidelines and GOI instructions (November 2000), the applications received for assistance under USEP were to be screened thoroughly by the sponsoring agencies to minimise the rejection by the banks.

In 25 ULBs during 1997-2003 as against the target of 17,288 beneficiaries 20,035 applications were forwarded to the banks, of which 11581 applications were rejected due to non-viability of projects, non-availability of sites and unsuitable locations. Submission of proposals without proper screening thus resulted in rejection of 58 per cent proposals and denial of contemplated benefits to the beneficiaries under the scheme.

The Director, while accepting the facts agreed (November 2004) to take suitable action to reduce the number of rejection of proposals by issuing necessary instruction to enhance accountability for the lapses.

3.5.15 Shortfall in representation of SC, ST and Women beneficiaries

Test-check of records of 19 ULBs revealed shortfall (between 80 and 91 per cent) in sponsoring the beneficiaries from SC/ST and women as under:

Category	Number of beneficiaries identified	Percentage of reservation	Number of applications to be sponsored	Actually sponsored	Shortfall	Percentage of shortfall
General	81254	Not fixed	-	-	-	-
SC	37861	26	9844	1925	7919	80
ST	23773	16	3804	503	3301	87
Disabled	1875	3	56	111	Nil	Nil
Total	144763					
Women (Out of total)	76136	30	22841	2084	20757	91

No reasons were furnished by the ULBs for shortfall.

The Director stated (November 2004) that necessary steps would be taken to minimise the shortfall in representation of the deprived classes.

3.5.16 Extra expenditure on training

Under USEP, training in various trades⁵ is imparted to BPL beneficiaries by the ULBs for two to six months subject to minimum of 300 hours at a cost of Rs 330 per month per trainee (training expenses and stipend).

⁵ Beauty parlour, computer/two wheeler/electric appliances repairing, electrician, motor driving, plumbing and screen printing.

58 per cent of proposals under USEP were rejected by the bank due to submission of incomplete/unviable proposals by the ULBs

The shortfall in sponsoring proposals of SC/ST and women beneficiaries indicates non-observance of norms fixed by Government

Rs 2.11 crore was paid in excess of the prescribed norms on training under USEP

In nine districts, 51 ULBs imparted training to 26302 trainees for a duration of two to four months during the year 1997-2004 and incurred expenditure of Rs 4.62 crore at the rate ranging between Rs 1500 to 2000 per trainee per trade as against permissible Rs 330 per month. This resulted in extra expenditure of Rs 2.11 crore on training. Of this Rs 1.09 crore was incurred by 15 ULBs in Nashik and Thane districts (**Appendix XXIX**).

The ULBs admitted the extra expenditure without furnishing reasons and assured that training expenses would be restricted as per the guidelines. The Director stated (November 2004) that the defaulting officers would be identified and action initiated against the erring officers.

Urban Wage Employment Programme

Urban Wage Employment Programme (UWEP) aimed to provide wage-employment to the below poverty line labours living within the jurisdiction of ULBs by utilising their labours for construction of socially and economically useful public assets. However, instances of shortfall in achievement, execution of works through contractors instead of BPL labours, construction of works on private layout, construction without administrative approval and delay in payment of wages were noticed as discussed below:

3.5.17 Shortfall in achievements

During 1997-2004, as against target of 45.56 lakh mandays work to be generated, the achievement was 34.35 lakh mandays, leading to overall shortfall of 11.21 lakh mandays (25 per cent) as of March 2004.

The shortfall in achievement of target for mandays employed in 13 test-checked districts ranged between nil and 63 per cent as under:

Year	1997-99	1999-2000	2000-01	2001-02	2002-03	2003-04
Target	612466	466500	466400	473122	138553	158824
Achievement	226375	403022	302952	318724	278169	159186
Shortfall (per cent)	386091 (63)	63478 (14)	163448 (35)	154398 (33)	Nil	Nil

3.5.18 Execution of works by engaging contractors

Though the works were to be executed through BPL labours, seven⁶ ULBs executed works costing Rs 1.23 crore through contractors during 1998-2004. The ULBs accepted the irregularities and stated that guidelines of the scheme will be observed in future.

The Director stated (November 2004) that skilled portion of works was executed through contractor and unskilled portion of work was carried out through labourers and agreed to submit the tender documents and muster rolls to verify the reply given by the Government. The reply of the Director was not acceptable due to the fact that the works like installation of pre-cast fibre urinals (Latur), desilting of *nallah* by using poclain machines (Bhusawal),

Works costing
Rs 1.23 crore were
executed through
contractors in
violation of guidelines

⁶ Municipal Corporation, Solapur, Municipal Councils: Ambejogai, Bhusawal, Dharur, Latur, Majalgaon and Yeola.

construction of Water Bound Macadam (WBM) roads and sewer lines through Labour Cooperative Societies (Ambejogai, Yeola) were executed which was against the guidelines of the scheme.

3.5.19 Execution of work not falling within the scope of Urban Wage Employment Programme

Works costing Rs 1.75 crore were executed which were outside the scope of UWEP

During 1999-2003, 14⁷ ULBs incurred expenditure of Rs 1.75 crore on execution of 57 works such as beautification of sites, repairing of water tanks, tree plantation, desilting of *nallah*, which were outside the scope of the UWEP.

The Director agreed (November 2004) to review all the 57 works.

3.5.20 Unfruitful expenditure on incomplete works

Unfruitful expenditure of Rs 40.54 lakh was incurred on incomplete works

Test-check of eight⁸ ULBs revealed that 15 works of WBM roads and sewer lines undertaken between June 1999 and May 2002 at a total estimated cost of Rs 1.04 crore, were abandoned/incomplete between July 1999 and July 2002 after incurring an expenditure of Rs 40.54 lakh. The reasons attributed by the ULBs were non-availability of land and labour, existence of canals, burial grounds, public encroachment and paucity of funds.

These factors should have been verified by the District Project Officer/Collector before taking up the works and according administrative approval.

The Director agreed (November 2004) to call for explanations from the officers responsible for the works remaining incomplete for two to five years.

3.5.21 Execution of works in private layouts

Rs 1.09 crore was spent from SJSRY funds on developmental works in private layouts, which was against the guidelines of the scheme

As per the notification of the UDD (August 1992), developmental works like construction of road, sewer lines on private land/layout should be carried out either from Development Fund (DF) created for this purpose or from the resources of private land/layout owners.

Six⁹ ULBs incurred expenditure of Rs 1.09 crore from SJSRY fund on 44 developmental works in private layouts (**Appendix XXX**) during April 2000 and March 2004, although ownership of land was not transferred to the Government and no deeds were executed by the ULBs. The works were administratively approved by the District Collectors between December 1999 and November 2003. Thus, SJSRY funds were utilised by relieving ULBs/private landowners of their liability at the cost of the beneficiaries.

The Director stated (November 2004) that money spent from SJSRY funds would be recouped and agreements/deeds would be executed before carrying out developmental works on private land/layouts.

⁷ Ambernath, Bhusawal, Chiplun, Igatpuri, Kamptee, Mohapa, Nandura, Navi Mumbai, Panchgani, Phaltan, Rajapur, Satara, Sindkhed Raja and Vasai.

⁸ Amalner, Deulgaon Raja, Erandol, Jalgaon, Malegaon, Parola, Ratnagiri and Trimbak.

⁹ Chikhali, Malegaon, Manmad, Navi Mumbai, Savada and Wai.

3.5.22 Works executed without administrative approval/ technical sanction

Ten¹⁰ ULBs executed works of Rs 1.01 crore during 1998-2004 without obtaining technical sanction from Engineers of the Government Departments/Maharashtra Jeevan Pradhikaran and administrative approval from District Collectors.

The ULBs accepted the omissions and stated that necessary sanction would be obtained in future. The Director stated (November 2004) that necessary instructions would be issued to the officers concerned to avoid such omissions in future.

3.5.23 Delay in payment of wages to the workers

In 19 ULBs, despite availability of funds, payment of wages amounting to Rs 47.89 lakh was delayed by 13 days to eight months during the years 1998-2004, defeating the purpose of wage-employment to the needy beneficiaries. The ULBs accepted the omissions without explaining reasons thereof.

The Director agreed (November 2004) to initiate action against the officers responsible for the default.

3.5.24 Monitoring

For effective monitoring of implementation of the scheme, Executive Management Committee under the chairmanship of the Principal Secretary, UDD, Mumbai at the State level and District Urban Development Agency (DUDA) under the chairmanship of the Municipal Commissioner/District Collector at district level was formed. The position of meetings conducted was as under:

Committee	Year	Periodicity of meeting	Target (Number)	Meetings held (Number)	Shortfall (Number)
State Level (Executive Management Committee)	1998-2000	Monthly	24	13	11
	2000-2004	Quarterly	16	05	11
District Level (DUDA)	1998-2000	Not Fixed	Not Fixed	16	-
	2000-2004	Monthly	384 ¹¹	116	268

The shortfall in meetings and non-fixation of target indicated the poor monitoring at State level, as well as at district level.

The Director agreed (November 2004) to take prospective corrective action.

¹⁰ Ahmedpur, Bhusawal, Buldhana, Chiplun, Degloor, Katol, Mahabaleshwar, Mukhed, Narkhed and Shegaon.

¹¹ Amravati, Buldana, Jalgaon, Mumbai, Nagpur, Nanded, Nashik and Thane. Information from other districts awaited.

Poor monitoring of the schemes at State level as well as district level

3.5.25 Response of the Government

The review was discussed with the Director, Municipal Administration, Mumbai in November 2004. In the course of the discussion, Director accepted most of the observations, conclusions and recommendations and proposed to furnish the final compliance within 15 days. Views of the Government, expressed during discussion or otherwise communicated in writing have been incorporated in this review. Final compliance from the Director, however, remained unfurnished (December 2004).

3.5.26 Conclusion

The implementation of SJSRY suffered mainly due to shortfall in achievement of targets under various components of USEP and non-generation of targeted mandays under UWEP due to poor monitoring of the scheme at State as well as district level, although sufficient funds and interest earned on deposits were available for spending. The identification of BPL beneficiaries was delayed by two years. There was huge shortfall in sponsoring the beneficiaries from SC/ST and women categories resulting in denial of contemplated benefits of self-employment and wage-employment to the urban poor living below poverty line. Non-formation/non-registration of CDSs led to execution of unviable projects.

3.5.27 Recommendations

- All proposals of projects should be checked thoroughly and availability of funds, land and viability of the project ensured. The execution of projects should be strictly carried out as per the norms.
- Proposals for grant of loans/subsidy under Urban Self Employment Programme should be thoroughly scrutinised by the Task Force Committee to avoid large scale rejection of the proposals by the Bank.
- Formation of Urban Poverty Eradication Cell and registration of Community Development Societies in all the Urban Local Bodies should be completed to have a proper check over the Urban Local Bodies while taking up the works under Swarna Jayanti Shahari Rojgar Yojana.
- Special efforts should be made for the awareness of Swarna Jayanti Shahari Rojgar Yojana amongst targeted beneficiaries and in particular the schedule caste/schedule tribe and women.

WOMEN AND CHILD WELFARE DEPARTMENT

3.6 Integrated Child Development Services Scheme

3.6.1 Introduction

The Integrated Child Development Services (ICDS) Scheme was introduced in the country from 2 October 1975. In the State the scheme is implemented through 270 projects having 48132 Anganwadi Centres. The scheme envisages delivery of an integrated package of services comprising Supplementary Nutrition (SN), health check-up, referral services, immunisation, nutrition and health education and non-formal preschool education. In addition the State also implemented World Bank Assisted Project-III (ICDS-III) for five years from 1998-2004 to improve the quality of existing 50 tribal and 24 urban projects and to meet entire cost of 63 rural and 36 urban new projects in 29 districts.

The scheme objectives were:

- to reduce the incidence of mortality, morbidity, malnutrition and school drop out,
- to improve the nutritional and health status of children under six years, and
- to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education.

The Secretary, Department of Women and Child Welfare (WCW) at the Government level and the Commissioner, ICDS, Mumbai are responsible for implementation of the projects in tribal and rural areas. In urban areas, scheme is implemented by the Government Departments. The Anganwadi Centres (AWC) of the project are focal points for delivery of the services under the scheme. The Anganwadi Worker (AWW) is responsible for running the AWC, maintaining the records, survey and reporting of monthly progress to the Child Development Project Officer (CDPO) every month.

In the course of audit review an attempt was made:

- To assess efficiency in programme implementation;
- To ascertain effectiveness of Government spending on scheme.

3.6.2 Audit coverage

The implementation of the scheme for the period 1982-1988 and 1992-1999 was reviewed in 1998 and 1999, results were commented in paragraph 1.1 and 6.7 of the Report of the Comptroller and Auditor General of India (Civil) for the year 1987-88 and 1998-99 respectively. The paragraphs were however, not discussed by the Public Accounts Committee.

Implementation of the scheme for the years 1999-2004 was reviewed (between November 2003 and June 2004) by test-check of the records of 75 out of 270 projects. Besides, records of the Department of WCW, Director of WCW, Pune and Commissioner of ICDS, Mumbai were test-checked. Results of the test-check are incorporated in the succeeding paragraphs.

Financial Performance

3.6.3 The expenditure on ICDS component of supplementary nutrition is met from the State funds, while expenditure on establishment including pay and allowances of the staff, honorarium to Anganwadi workers and helpers is met from the Central Funds.

The budget allotment (Centre as well as the State) and expenditure incurred on ICDS and ICDS III project during 1999-2004 were as under:

ICDS (Rupees in crore)

Year	State Share		Central share		Total	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
1999-2000	210.93	173.72	105.52	95.03	316.45	268.75
2000-2001	193.33	180.22	119.84	113.84	313.17	294.06
2001-2002	169.91	185.59	132.37	89.17	302.28	274.76
2002-2003	200.32	200.30	147.55	122.54	347.87	322.84
2003-2004 upto 2/2004	226.34	153.02	181.69	133.32	408.03	286.34
Total	1000.83	892.85	686.97	553.90	1687.80	1446.75

As could be seen the percentage of unspent amount ranged from six to 30 during the review period.

ICDS-III (Rupees in crore)

Year	Budget Allotment	Expenditure incurred	Amount reimbursed
1999-2000	---	---	24.48
2000-01	23.96	15.75	7.00
2001-02	81.90	23.98	---
2002-03	73.72	59.80	61.24
2003-04	50.50	33.40	52.00
Total	230.08	132.93	144.72

World bank curtailed assistance of Rs 57.63 crore due to casual approach by the State

3.6.4 Scrutiny of the records of the Commissionerate revealed that the project (ICDS-III) which was to be implemented from the year 1998-99 was actually implemented from the year 2000-2001. As against total budget allotment of Rs 230.08 crore during 2000-2004, expenditure incurred was Rs 132.93 crore only (58 per cent) of the budget allotment. Due to delay in implementation of the programme and poor physical and financial performance by the State in these years, the World Bank (April 2003) curtailed the assistance by Rs 57.63 crore. Thus, State Government's failure to implement the scheme as envisaged resulted in not availing the World Bank Assistance to that extent, depriving the accrued benefit to the beneficiaries.

In reply Government stated that due to administrative constraints the scheme could not be implemented during 1998-2000.

Programme implementation

The implementation of the programme suffered with deficiencies such as supply of nutritional support with lesser calories and proteins, high malnutrition in tribal areas, non-supply of supplementary nutrition, for prescribed days in a year *etc* as brought out below:

3.6.5 Anganwadi centres were not opened though sanctioned

In the State 48132 Anganwadi Centres were sanctioned under 270 (Rural, Urban and Tribal) projects. Of these, 45882 AWCs were in operation and remaining 2250 were non-functional. Each AWC is required to cover minimum population of 300. Therefore population of 6.75 lakh were deprived of the intended benefit due to non-functioning of these centres. Government stated (November 2004) that these AWCs could not be operated due to non-availability of accommodation and social constrains.

3.6.6 Anganwadi centre opened in disregard of norms

AWC in rural project was meant for rural areas only. However, in Jamner Rural Project of Jalgaon district, 15 AWCs were being run in Municipal Council area. The distribution of AWCs needs to be rationalised and shifted to other places as per norms.

3.6.7 Supply of supplementary nutrition containing less calories and proteins

To improve the health and nutrition status of the children, expectant and nursing mothers, Supplementary Nutrition (SN) for 300 days at a cost of Rs 1.50 *per* beneficiary *per* day containing 300-325 calories and 10-11 grams of proteins is envisaged in the scheme. In Yavatmal district (2.13 lakh beneficiaries) under 14* projects and in Nanded district (2.68 lakh beneficiaries) under eight** projects *Usal* and *Khichadi* were supplied in lesser quantity, as a result, nutrition of specified calories and proteins was denied.

Deputy CEO (CD), ZP, Yavatmal stated that supply of required value of calories and proteins was not feasible due to cost norms. Although it was possible for the State Government to revise the cost fixed in 2001, no such revision was done. Consequently, beneficiaries in Nanded and Yavatmal (who were given SN as per preferred local tastes) did not get envisaged calories and protein contents. Government stated (November 2004) that the revision of cost norms of SN was under consideration.

Anganwadi centres were opened in disregard to norms

Supply of nutritional food in lesser quantity deprived the beneficiaries of nutrition of specified calories/proteins

* Babulgaon, Darwha, Digras, Ghatanji, Kalamb, Mahagaon, Maregaon, Ner, Pandharkawda, Pusad, Ralegaon, Umarched, Wani and Yavatmal.

** Bhokar, Billoli, Degloor, Hadgaon, Kandhar, Kinwat, Mukhed and Nanded.

3.6.8 Non-supply of supplementary nutrition for prescribed days in a year

The Supplementary Nutrition was required to be supplied to the beneficiaries for 300 days in a year continuously. In 12[§] test-checked projects food was not supplied continuously on number of occasions. The short fall in supply of food grains ranged from 21 to 131 days, depriving the beneficiaries of Supplementary Nutrition for those days.

The reasons for shortfall stated by Deputy CEO (CD), ZP, Yavatmal were delay in finalisation of tenders for supply of food grains and frequent interruption in supply.

3.6.9 Supply of food grains instead of weaning food to infants

A weaning food in the form of milk or milk powder or any other easy to swallow nutritive food was required to be supplied to the children in the age group of six-twelve months. It was however, seen in 14^{**} projects of Yavatmal district that food grains for preparation of *usal* (sprouted pulses like *Chana, Matki, Watana, Chawali*) and *Khichadi* (made of rice and dal) costing Rs 14.44 lakh was served to 19259 children of the age group 6 to 12 months during August and September 2003. The Deputy CEO (Child Development), Yavatmal accepted the facts and stated that the food grains were served to compensate the break in supply of therapeutic food to the children of 6 to 12 months. The reply was not tenable as this kind of food cannot be termed as weaning food as children of 6 to 12 months cannot swallow it.

3.6.10 Adolescent girls deprived of the benefits of ICDS

GOI introduced (September 2000) *Kishori Shakti Yojana* under which the adolescent girls in the age group 11 to 15 years belonging to BPL families and school drop outs were to be selected and attached to the local Anganwadi Centres. These girls were to be trained for improvement in nutrition and health status, non-formal pre-school education, family welfare and provided with supplementary nutrition. During 2000-2004 in 20* projects of Nanded and Jalgaon district, adolescent girls were deprived of the benefit of the scheme including Supplementary Nutrition.

Government accepted (November 2004) the facts and stated that due to financial constraints the benefit could not be given to the adolescent girls. Reply of the Government is not acceptable, as the entire budget provision has not been spent in any of the year in the review period.

Supply of incorrect food to the children of age 6 to 12 months

Adolescent girls were deprived of the benefit of scheme due to non-identification

[§] Darwaha, Digras, Dhule, Ghatanji, Pandharkawada, Pusad, Ralegaon, Sakri, Shirpur, Sindkheda, Wani and Yavatmal.

^{**} Babulgaon, Darwaha, Digras, Ghatanji, Kalamb, Mahagaon, Maregaon, Ner, Pandharkawda, Pusad, Ralegaon, Umardhed, Wani and Yavatmal

^{*} Arnalner, Bhadgaon, Bhokar, Bhusaval, Billoli, Chalisgaon, Chopda, Degloor, Edalabad, Erondol, Hadgaon, Jalgaon, Jamner, Kandhar, Kinwat, Mukhed, Nanded, Pachora, Parola and Yaval

3.6.11 Malnutrition in tribal areas despite supplementary nutrition

To determine the nutritional status of children, they are weighed and their weight is plotted on the growth chart and graded accordingly. The children of grade III and IV are treated as severely malnourished. The nutritional status of children in the State as a whole (rural/urban and tribal) during 2001-2004 was as follows:

	2001-2002			2002-2003			2003-2004		
	No. of Children weighed	No. of mal-nourished children	Per cent	No. of Children weighed	No. of mal-nourished children	Per cent	No. of Children weighed	No. of mal-nourished children	Per cent
State	4872816	20065	0.41	5196832	16274	0.31	5267680	15561	0.30
Rural/Urban	4135657	14620	0.35	4468986	11349	0.25	4545816	11169	0.25
Tribal	737159	5445	0.74	727846	4925	0.68	721864	4392	0.61

In six test-checked tribal projects the percentage of malnourished children was exceptionally high as under:

Project	2001-2002			2002-2003			2003-2004		
	Number of Children weighed	Number of mal-nourished children	Per cent	Number of Children weighed	Number of mal-nourished children	Per cent	Number of Children weighed	Number of mal-nourished children	Per cent
Chikhaldhara	13086	165	1.26	12227	154	1.26	12285	131	1.07
Dharni	24677	429	1.74	23971	428	1.79	22892	403	1.76
Akkalkuwa	30153	281	0.93	26481	270	1.02	25876	281	1.09
Dhadgaon	15863	156	0.98	15577	155	1.00	14767	200	1.35
Taloda	14683	218	1.48	13530	232	1.71	13142	223	1.70
Harsul	10493	93	0.89	10031	66	0.66	9732	88	0.90

Percentage of malnourished children was high in tribal projects

Therapeutic food was supplied to the beneficiaries under two different schemes

Cleaning charges of Rs 1.73 crore was irregularly paid to contractors

This indicates that though there was improvement in status of the severely malnourished children in the State, the position in some tribal areas still remains grim.

In these projects (tribal districts), the beneficiaries in the age group (six months to three years) were provided SN under Navsanjivan Scheme introduced (22 June 1995) by Tribal Development Department. Therapeutic food was provided under Pradhan Mantri Gramodaya Yojna also. Thus, 1.62 lakh beneficiaries for SN under two different schemes resulted in avoidable expenditure of Rs 1.88 crore. Despite therapeutic food, the percentage of malnourished children in these projects remained high. The CDPOs attributed the high percentage of malnutrition to poverty, non-availing of medical facilities and superstition. The reply confirms that the projects still had a long way to go in reducing level of malnourishment.

3.6.12 Irregular payment towards Rice cleaning charges

Although duty list of Anganwadi helper provide for cleaning of food grains before it is cooked, in five** districts during 2001-2004 Rs 1.64 crore were paid to the contractors for cleaning food grains. The Commissioner issued

** Dhule, Jalgaon, Nashik, Nandurbar and Yavatmal

(October 2003) specific instruction to stop payment of cleaning charges of rice after 31 October 2003. Despite these instructions, the order of procurement of rice was not changed and payment of Rs 8.65 lakh was made by Dy. CEO, (CD), ZP, Nanded and Nasik for cleaning of rice supplied during November and December 2003. Government stated (November 2004) that action would be taken after investigation.

3.6.13 Failure to take action on low cases of immunisation

Cases of immunisation below 80 per cent were not reported to Government for improvement

To safeguard infants, children upto 6 years and expectant mothers against Diphtheria, Whooping Cough, Tetanus, Poliomyelitis, and Tuberculosis, immunisation at regular intervals was envisaged in the scheme. Anganwadi workers were to assist the health staff in immunisation and maintaining records. ICDS manual provides for reporting immunisation cases to the Commissioner. Cases of immunisation below 80 per cent were then noted for improvement. Test-check of 10* projects revealed that though CDPOs reported immunisation below 80 per cent during 2001-2004, the Commissioner took no action for improvement.

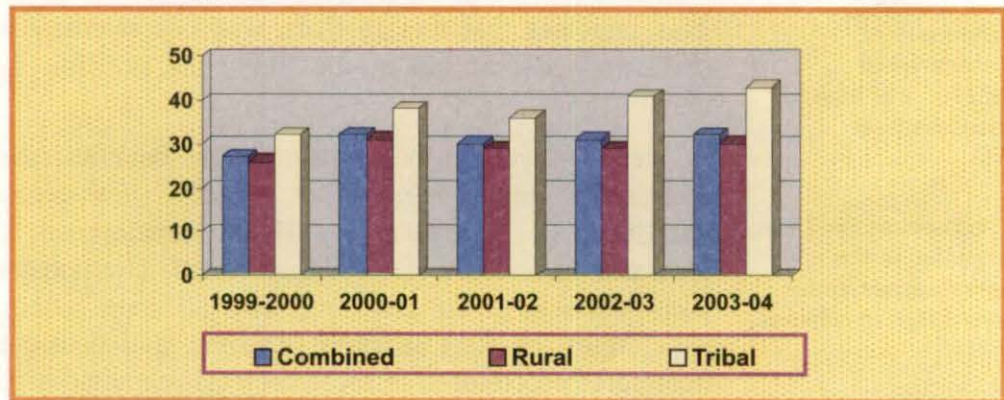
The Commissioner did not furnish any reasons for his inaction.

3.6.14 Health check-up and referral services

IMR in tribal areas was higher than overall IMR of the State

As against the target of reducing the Infant Mortality Rate (IMR) to 60 per thousand live births, the achievement reported in the State was 30, 43 and 32 per thousand live births in rural, tribal and combined areas respectively as of March 2004. The IMR in tribal areas was higher than overall IMR of the State.

Infant mortality rate (Deaths per thousand live births)



There was significant rise in IMR in eight tribal projects during 1999-2004 as under:

* Akkalkuwa, Chopda, Erandol, Jalgaon, Jamner, Muktainagar, Pachora, Raver, Shahada and Yaval.

Year	Child Development Project Officer							
	Nandurbar	Dharani	Akkalkuwa	Dhadgaon	Taloda	Dhanora	Brahmapuri	Etapalli
1999-2000	32	37	24	15	28	54	26	44
2000-01	31	42	33	30	43	62	34	50
2001-02	42	39	55	54	55	57	33	40
2002-03	51	34	65	60	57	71	51	55
2003-04	51	42	68	102	50	62	49	56

CDPO, Akkalkuwa, Nandurbar and Taloda attributed the rise in IMR to illness, early marriage, poverty and superstition. The reply was not convincing since these factors existed right from the beginning of the scheme and nothing was on record to show escalation in any of them. The escalation of IMR brings into question the effectiveness of the scheme.

3.6.15 Doubtful reporting under non-formal pre-school education

For all round development of the child below six years of age, non-formal pre-school education is provided through AWC functioning in the State. Physical verification of 43 AWCs of 21 projects alongwith the CDPOs concerned, the actual attendance observed was between Nil and 75 per cent of the enrolled beneficiaries, whereas at Commissioner level attendance reported during 2003-04 was 86 per cent. Thus, the figures reported at State level were doubtful.

Government stated (November 2004) that instructions would be issued for improvement in attendance.

Manpower management

3.6.16 Operation of posts in excess of sanctioned strength

As per the norms one post of supervisor is to be sanctioned for every 20 AWCs. In Bhusawal (218 AWC) and Erandol projects (221 AWC) of Jalgaon district, 18 and 14 posts were sanctioned against 11 posts admissible to each district thereby resulting in excess sanction and operation of 10 posts. This resulted in nugatory expenditure of Rs 80 lakh on pay and allowances for the period from 1999-2004.

The Dy. CEO (CD), ZP, Jalgaon stated (April 2004) that the posts were sanctioned by the Government and action will be taken after bringing the matter to the notice of the Commissioner.

3.6.17 In two* blocks of Nasik and Jalgaon district, services of 11 Auxiliary Nurse Midwives (ANMs) were being utilised in various Public Health Centres instead of the scheme, therefore expenditure of Rs 56.92 lakh on their pay and allowances from ICDS during 1999-2004 was irregular.

3.6.18 Three ICDS officials were posted on deputation to other department of ZP, Jalgaon and District Rural Development Agency, Dhule. As

* Surgana and Chalisgaon

There was nugatory expenditure of Rs 80 lakh due to operation of excess posts than norms

they did not render any services for the scheme, expenditure of Rs 11.51 lakh on their pay and allowances from ICDS was irregular.

3.6.19 Monitoring and evaluation

As per instructions contained in ICDS Manual, proforma containing various aspects of all the components of the scheme were to be maintained and reported to Commissioner. However, records of immunisation, field visits by Supervisors, ANM and CDFOs and Health Check-up and no referral services were not being monitored at State level and evaluation of the scheme was being carried out at Commissionerate level. The Commissioner, however, did not state any reasons for the omission of maintaining the data and non-evaluation of the scheme.

3.6.20 Response of the Government

The review was discussed in November 2004 with the designated representatives from Women and Child Welfare Department to convey Government's views. In the course of the discussion, representatives of Government accepted most of the observations/conclusion/recommendations and proposed to furnish the final compliance within 15 days. Views of the Government, expressed during discussion or otherwise communicated in writing have been incorporated in this review. Final compliance from the Government, however, remained unfurnished (December 2004).

3.6.21 Conclusion

The overall implementation of the scheme (as observed in the course of test-check in audit) in the State was characterised by lack of monitoring of important aspects viz. Immunisation, Health check-up, Referral services and visits by Supervisory and health staff, negligence in coverage of adolescent girls under the scheme and instances of deficient special nutrition.

3.6.22 Recommendations

- The cost of existing norms of supplementary nutrition needs a reassessment with respect to the feasibility of ensuring its quality.
- Regular health check-up including monthly weightment of each beneficiary below six years should be ensured.
- Arrangement for regular supply of food grains at Anganwadi Centres needs to be ensured to avoid gap in feeding days.

REVENUE AND FORESTS DEPARTMENT

3.7 Computerisation of land records

3.7.1 Introduction

Government of India (GOI) initiated (1988-89) a scheme for the 'Computerisation of Land Records' (CLR) to overcome the problems inherent in the manual system of maintenance and updating of land records. GOI had set a three years time limit for completion of the project. In follow up, Maharashtra launched a pilot project in Wardha district (1989-90), the project thereafter was taken up (1994-95) in 83 Talukas with the help of National Informatics Centre (NIC), Pune.

Even after 14 years, the scheme had not reached a stage where the intended benefits of computerisation could be realised.

3.7.2 Objectives of the scheme

The objectives of the scheme were: (i) computerisation of land records to facilitate easy maintenance and updating of the changes occurring in the land data base, (ii) provide for comprehensive scrutiny to make the land records tamper-proof, (iii) provide data support for implementation of development programme, (iv) facilitate preparation of annual set of records accurately for recording details such as collection of land revenue and cropping pattern, (v) facilitate collection/completion, supply of all information in reply to variety of standard and adhoc queries on land data, (vi) provide database for Agriculture Census and (vii) provide land holders with updated copy of Record of Rights (RoR)/7/12* extract.

3.7.3 Organisational set-up

The scheme was executed in the State by the Revenue and Forests Department. The Settlement Commissioner and Director of Land Records, Pune was the nodal agency and implemented the scheme through the Collectors.

3.7.4 Audit coverage

Records of Settlement Commissioner and Director of Land Records, and seven** districts out of 35 (14 Taluka Offices out of 356, seven City Survey Offices out of 29 and 10 Taluka Inspector of Land Records Offices out of 319) were test-checked during May to July 2004 covering the period 1994-95 to 2003-04.

* Form 7 of Revenue Manual gives the details of the land and Form 12 gives the details of crops sown on the land by the cultivator.

** Ahmednagar, Aurangabad, Kolhapur, Mumbai Suburban, Pune, Raigad and Wardha.

3.7.5 Audit objective

To evaluate the software development, identification of problems in software and its rectification, maintenance of data integrity, security features and system controls and provision of maps to land holders.

System development and implementation

3.7.6 Lack of definite time frame

The GOI which financed the project or the Government of Maharashtra (GOM) which implemented it, did not set any specific target date for implementation of the project. After nearly 13 years, the Settlement Commissioner decided a time frame for various aspects namely cross verification and correction of data (15 November 2003), verification by Talati, Circle officer, Tahsildar, Sub Divisional Officer and Collector, printing one copy of 7/12 extract, giving hard copy to *Khatedhar*, receiving objection from *Khatedhar*, rectification of mistakes and issue of certificates by the Collector as to validation being completed by 31 December 2003. Such final validation certificates, however, had not been issued by the Collectors (June 2004) resulting in further delay in the implementation of the scheme.

The Government replied (December 2004) that since the data size exceeded 220 lakhs, the Collector required a lot of time for completing the project. The reply is not tenable as the fact was known at the inception of the project.

3.7.7 Lack of documentation

The land records are the basic records required by the diverse group of users so as to assist development planning, to make the records accessible to people, planners and administrators. In the manual system, the Tahsildar was responsible for the up to date maintenance of RoR and 'register of mutation' in respect of lands in all villages within his jurisdiction. Similarly, the Survey Officer not below the rank of Taluka Inspector of Land Records (TILR) was responsible for the up to date maintenance of RoR and 'register of mutation' in all surveyed cities, towns and villages within his jurisdiction.

The NIC was involved in developing the software and to provide all technical support including training for CLR scheme since its inception in 1994-95. The software package for computerisation of property cards (cities and towns) known as Property Card Information System (PCIS) and for agricultural lands known as Right and Crop Information System (RCIS) was developed (1996) by the NIC in UNIX platform and data entry started from 1997. Neither user requirement specifications were obtained from NIC nor the NIC had done proper system study/analysis and prepared System Requirement Specification (SRS) report for software for acceptance of the department. The above software was, however, abandoned (August 1999) as a comprehensive application package for Land Information System (LIS) as per the objectives was necessary. SRS reports for Land Management Information System (LMIS) was prepared by the NIC in January 2003 and that of LIN-PCIS in March 2004, though the final version of LMIS software package was released

earlier in November 2002 and that of LIN-PCIS was released in June 2002 which indicates lack of planning and documentation.

The Government replied (December 2004) that the software prepared by NIC had gone through various checks. The reply is not tenable as SRS is required to be prepared before development of the software.

3.7.8 Delay in capture and lack of validation of data

It was necessary to prepare a comprehensive software for LIS based on system study which included inputs like land record, crop pattern, rainfall data pertaining to various sources like Revenue Department, Agriculture Department and outputs required for changes in the land records including consolidation, legal changes and for effective planning at grass root level. The NIC developed (1996) an application software known as RCIS catering to RoR of individuals for rural land holders and PCIS for surveyed city and urban areas. The software developed by the NIC did not cater to the LIS required by the department as it was not user friendly and the system did not provide for constant updating and manipulation of data. The data entry on the RCIS package was stopped and the NIC was dissociated from the CLR (August 1999) as per the recommendation of the committee appointed (February 1999) to study the status of implementation, by which time 35.91 lakh 7/12 records were captured in the computer at a cost of Rs 1.58 crore. No progress was achieved in respect of LIS for over two years (October 1999 to January 2002).

The Government, however, decided (January 2002) to entrust the work of software development back to the NIC, Pune, as no alternative solution was available with the technical experts and the NIC released (August 2002) the first version of LMIS after making necessary changes as suggested by Collectors. The final LMIS version 2.1.1 was released in November 2002. Other modules like mutation and query developed by the NIC were under testing. Efforts made to convert data of 35.91 lakh records in RCIS software could not be achieved as the original data in UNIX operating system was not fully validated and the software RCIS was not compatible with the LMIS software. Hence the data entry done earlier could not be converted to LMIS software package. Thus, the initial data entry of 35.91 lakh records captured in RCIS package at a cost of Rs 1.58 crore under the scheme was required to be abandoned and the hardware based on UNIX operating system purchased at a cost of Rs 1.08 crore upto February 1999 for 83 Talukas were no more useful and were transferred to other needy Talukas for office automation.

The Government accepted the fact (December 2004) but mentioned that the package developed by NIC had to be abandoned on the advice of technical advisor. The fact however, remains that while developing the package, the requirements of the Department were neither considered nor did the Department point out the lacuna in the package during trial runs.

Deficiencies in database design and application software

3.7.9 Land Management Information System

➤ In the manual system, the records being permanent, the history of ownership of any piece of land was not lost in the process of updation. In the computerised scenario, only live entries from the year 2002-03 were captured in respect of 207.82 lakh RoR (7/12 extract). Non-capturing of the earlier entries pertaining to 7/12 extract in the computer resulted in denial of an essential facility available in the manual system.

The Government accepted the fact (December 2004) and stated that the provision would be made later.

➤ In the manual system, the total area of land under respective survey number was indicated at the end of the entries relating to each survey number. This helped in ensuring the correctness of the individual areas in spite of repeated splitting or merger. Examination of the data structure in audit revealed that no provision was made for the capture and storage of the total area. As a result, there was no control to ensure that the areas of all the subdivisions were captured correctly in the application due to which the software does not cater to the major need of taxes recoverable, non-agricultural assessment fees recoverable, lease fee for land and agricultural census.

The Government replied (December 2004) that CLR and PCIS had been developed as per forms and procedures prescribed in Maharashtra Land Revenue Code (MLRC), 1966 and there was no provision to enter total area as per provisions of Code. The Government further stated that after stabilisation of computerised mutation process, mandatory checks would be added.

➤ If any part of land was sold, the mutation entry did not indicate the reduction of area on account of sale of part of land and balance part of land pertaining to previous owner, which was available in the manual system. Similarly, there was no built in control for validation of the data for linking it with the cultivable area of the 7/12 extract with the total area of the 7/12 extract.

The Government stated (December 2004) that the area reduction as suggested did not figure in the process designed to be computerised. Reply is not tenable since as per the provision of law the area was required to be measured and sub divided by following the due procedure.

➤ In the manual system, the crop cultivation details pertaining to previous years (atleast 10 years) was shown in the 7/12 extract. Such facility was available in the package for capturing the data only for previous and current year. Similarly, the details of the person/persons who actually cultivated the land had not been provided as was available in the manual system.

The Government replied (December 2004) that, as per the prescribed format, there was no column for cultivator's name, and hence the Government took a policy decision not to include cultivator's name in computerised 7/12 extract. The reply is not tenable as no corrigendum to this effect seems to have been incorporated in the MLRC, 1966.

➤ There was no provision to link and generate the report regarding the fees recoverable from the public for issue of RoR *i.e.* 7/12 extract, taxes recoverable, non-agricultural assessment fees recoverable, lease fee for land and report pertaining to total area of cultivation under each crop village-wise/ district-wise which was required for agriculture census.

The Government replied (December 2004) that the same would be included in the software in due course.

➤ There was no provision for mentioning below poverty line (BPL)/ tribal land holders which was essential for framing and implementing schemes for BPL/tribal persons and also did not have provision for recording the date of birth of minors so that when they become major, the guardianship could get nullified. Further, the package did not have provision for address of the *khatedar* especially in cases where the *khatedar* was a non-resident of the village.

The Government replied (December 2004) that query software was under development.

➤ It was noticed that all the masters items in the software package were editable and there was no provision in the software package to assign a part area of the village to one Talathi* and another part to the second Talathi so that the Talathi could open the module pertaining to his area of jurisdiction.

The Government replied (December 2004) that NIC, Pune would be asked to develop this facility.

3.7.10 Property Card Information System

In the manual system, property cards were maintained as RoR of land holdings by land record department for surveyed cities and towns (urban areas) and the copies of the same were issued to property holders for their use like permission for building construction and litigations.

➤ In the manual process, if there was a ban on making changes/mutations on properties pertaining to the Government land allotted for rehabilitation, properties which had charges on them like mortgage and court order, notings were taken under authorised signature banning further mutations in respect of such properties. The software, however, did not provide the facility for freezing the banned data against making such illegal mutations.

* Talathi – a government official posted for a village or group of villages who keeps record of rights, crop information, license fee recoverable for land holding.

The Government replied (December 2004) that such regulations were exercised during enquiry prior to mutation, and it will be impractical to regulate transaction through computer. The reply is not tenable as the lacuna in the software may result in issue of incomplete property cards.

➤ Whenever the details of an entry exceeded one page, the computer did not print the continuation on the next page but printed the next mutation entry resulting in incomplete print of the property cards.

The Government replied (December 2004) that instructions had been issued to NIC to correct the discrepancy.

➤ The software package did not have provision to link and generate the amount of fees recoverable for issue of property cards, to generate area report of the land and tenure reports. The Government replied (December 2004) that the single window software was under consideration for compilation of the total consolidated land holding of each person and village-wise report regarding the total number of property cards.

➤ There was no provision in the software to link the survey number (*khasra*) of the agricultural land of the 7/12 extract with the city survey number of the property cards in respect of agricultural lands converted for non-agricultural use.

The Government replied (December 2004) that this aspect would be taken care of in record-room software.

3.7.11 Inadequate System Control

The software did not have provision for enabling only those modules where the authorised person like Maintenance Surveyor (MS)/Talathi could enter and use that module and disabling of all other modules which were not to be operated by the officials concerned. It also did not provide for limiting the availability of the property cards pertaining to the jurisdiction of the MS as provided under manual procedure. There was no compartmentalisation of the data in respect of the office of each City Survey Officer (CTSO) resulting in access to the data pertaining to other CTSO offices. Thus, security level was not prescribed for each level of officer concerned with the operation of the software for issue of property cards.

➤ Unique user ID code was not given to each authorised person who was allowed to operate the system to avoid confusion in future.

➤ The system allows the System Administrator to register himself as user like MS/Talathi which was not desirable.

➤ Test of the mutation module indicated that there was no foolproof security in the form of providing joint thumb impression of two officials for making modification/changes of the previous certified mutation entries.

➤ The department had not developed disaster management and recovery plan for restoration of the whole database.

The Government replied (December 2004) that necessary instruction had been issued to NIC in this regard.

3.7.12 Pilot project on computerisation of Cadastral Survey Maps

A pilot project for computerisation of Cadastral Survey Maps covering the Talukas of Purandar and Rajgurunagar of Pune district was given to M/s Visionlab Private Limited, Hyderabad (March 1999) at a total cost of Rs 41.98 lakh for completion of the project within four months. The basic software for the project delivered by the agency (June 1999) was not customised to the requirement of the department. An expenditure of Rs 31.32 lakh was incurred for the development of the software and digitisation of cadastral survey maps in respect of the above two Talukas. Mutation module was not developed by the agency as it was not a part of the agreement. Thus, the pilot project was incomplete as the changes/mutations in the digitised maps were not possible. This would not reflect the ground realities for incorporating mutations due to transfer, succession, land acquisition so that the land holder could get copy of up to date RoR alongwith accurate digitized maps of their land. It was noticed that the software was not used in any other Taluka office (June 2004) resulting in unfruitful expenditure of Rs 31.32 lakh.

The Government replied (December 2004) that pilot projects had since been initialised, phalanis had been updated and computerized tippans were used for official work. The reply is not acceptable as the software was not used in any other Taluka so far.

3.7.13 Deficiencies in procurement of hardware

➤ The department purchased 275 P-III computer systems worth Rs 4.34 crore (March 2002) which were supplied to 255 Taluka offices and 20 City Survey Offices to avoid lapse of funds. The actual data entry of 7/12 extract was started from April 2003 by which time the warranty period had expired and the department paid annual maintenance contract charges of Rs 21.66 lakh to the company for the period May 2003 to April 2004. Purchase of computers in advance of requirement without verifying the availability of required software indicated inadequate planning and resulted in extra expenditure of Rs 21.66 lakh on annual maintenance contract.

The Government replied (December 2004) that data entry module (DEM) was expected to be provided by NIC by April 2002 and that GOI provided funds based on actual utilization of previous year's allocation. Consequently, the Government mentioned that to utilize the funds, the purchases were made in March 2002. This clearly indicates that the funds were utilised merely to avoid lapse of grants.

➤ It was noticed that in 11 Tahsil offices, the work of issue of various certificates including 7/12 extract was entrusted on build, operate and transfer (BOT) basis to a private agency and therefore, the responsibility of providing the computer hardware vested with the BOT agency. The department, however, supplied computer systems with UPS, printers to such

offices also. This resulted in unnecessary purchase of 46 computer systems costing Rs 70.38 lakh.

➤ The Collector, Pune made an irregular payment of Rs 15 lakh in advance to a private BOT agency for data entry (February 2004) though the onus of the data entry, its validation including giving printouts, rectifying mistakes and updation of changes fully vested with the agency.

The Government replied (December 2004) that explanation had been sought from Collector, Pune.

➤ The computer systems supplied to Taluka office, Rahuri in April/May 2002, was used for "other office work" as the work of issue of certificates including 7/12 extract was given to private agency on BOT basis.

➤ 275 Flat-bed scanners and 275 Bio-metric devices were purchased at a cost of Rs 28.29 lakh and were supplied to 255 Talukas and 20 CTSO offices in March-April 2002. Though the department stated (July 2004) that the scanners would be used after development of full fledged software, they were not used in any of the Talukas or CTSO offices. Further, the data entry of 7/12 extract was yet to be completed and validated (June 2004) and the mutation module was yet to be installed and tested. Since Bio-metric device could be used after installation and testing of mutation module, it resulted in injudicious purchase of 275 Bio-metric devices costing Rs 17.45 lakh in advance of requirement. The flat-bed scanner was also not used in any of the 275 offices which resulted in unnecessary expenditure of Rs 10.84 lakh.

The Government replied (December 2004) that bio-metric devices were now under use for edit module and scanner would be used after development of software.

3.7.14 Monitoring and Evaluation

The scheme of CLR was started on pilot basis in 1989-90 and full-fledged scheme from 1994-95. However, no physical and financial targets were fixed by GOM for each district/Taluka upto November 2003. There was no proper monitoring of the progress of the scheme and the Government did not fix periodical targets for various milestones of the project like physical completion of the infrastructure, electrical components and installation of computers. Finally, at the State level, the time schedule for completion of the project of CLR was fixed from 15 November 2003 to 31 December 2003 which was approved in the meeting held on 18 December 2003 *i.e.* 13 years from the date of start of pilot project. The department subsequently revised the target for data entry (March 2004), validation (July 2004) and issue of RoR (July 2004). Validation had not been completed in any of the district. No evaluation study was conducted as the project was still incomplete.

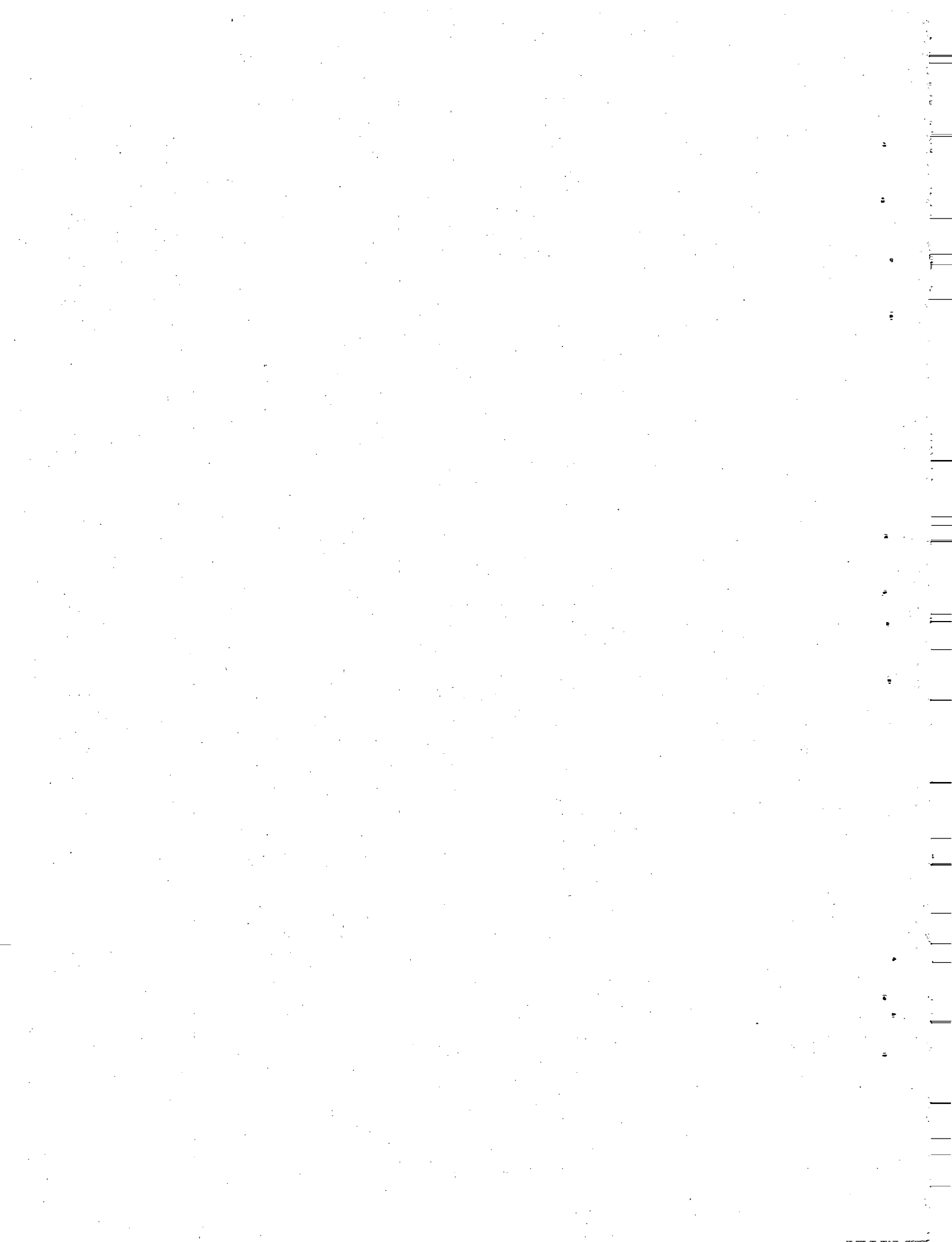
3.7.15 Conclusion

Due to faulty planning, poor implementation and monitoring, the CLR scheme which started with the pilot project for computerisation of land records initiated in 1989-90 at Wardha was yet to reach functional level even after

incurring an expenditure of Rs 17.99 crore. Thus, the manual system was still in use for all practical purposes. The software developed by the NIC was devoid of system controls and the application programs were yet to stabilise. None of the objectives of the scheme were fulfilled even after 14 years and frequent changes in policy initiatives by the Government resulted in suspension of the project for over two years and implementation of the scheme was not completed in any of the districts so far. Even after 14 years of data entry, the basic purpose of giving a landholder a computer generated RoR was not achieved.

3.7.16 Recommendations

- Basic platform for development of the software should be fixed for uniformity.
- Proper security policy, disaster management and data recovery plan should be well documented and circulated to all the user departments.
- Facility available in manual maintenance of record should be provided in computerisation system.



CHAPTER-IV

Page

AUDIT OF TRANSACTIONS 117 to 159

CHAPTER IV

1904

REPORT OF THE COMMISSIONERS OF THE LAND OFFICE

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

Food, Civil Supplies and Consumer Protection Department

4.1.1 Loss on supply of wheat to flour mills

Loss of Rs 70.41 lakh on account of interest on unrecovered cost of wheat (Rs 1.50 crore) and short levy of Rs 15.24 lakh due to incorrect fixation of recovery price.

Government of Maharashtra vide its Government Resolution (GR) dated 21 February 1998, introduced distribution of *atta* in five kilogram (kg) packets to the ration card holders. Milling of *atta* for Mumbai and Thane area was arranged through twenty private flour mills. The mills were to lift the wheat and supply *atta* to Fair Price Shops. Subsequently, Government decided to discontinue the conversion of wheat to *atta* at the mills. Government vide its GR dated 22 December 1999 permitted the mills to retain the wheat remaining with them (72789.8 quintals).

Scrutiny of records in the Director of Civil Supplies, Mumbai (October 2003) revealed that the rate at which the 18 mills lifted (January to March 1998) wheat from the Public Distribution Scheme (PDS) was Rs 450 per quintal. The open market rate fixed by Government of India was Rs 644 per quintal. The additional amount to be collected from these mills was thus Rs 194 per quintal. However, the Government incorrectly fixed rate of Rs 173 per quintal as the additional amount to be paid by these mills resulted in a benefit of Rs 15.29 lakh on 72789.8 quintals to these mills.

The Food and Civil Supplies Department failed to recover the amounts fully even considering the rate of Rs 173 per quintal. Non-recovery of the differential cost of 72789.8 quintals of wheat from the 12 mills at the rate of Rs 173 per quintal plus cost of 1.33 lakh gunny bags at the rate of Rs 18 per gunny bag resulted in blockage of Government fund amounting to Rs 1.50 crore over a period of five years. Thus, loss on account of interest calculated at the rate of 10 per cent per annum from December 1999 to March 2004 on unrecovered amount worked out to Rs 70.41 lakh.

The total loss to the Government thus worked out to Rs 85.70 lakh (Rs 15.29 + Rs 70.41 lakh) besides, non-recovery of Rs 1.50 crore.

The Government stated (September 2004) that the difference to be recovered was worked out with reference to the rate of Rs 471 per quintal instead of Rs 450 as Rs 21 was the cost towards transportation and handling. It was further stated that out of Rs 1.50 crore, Rs 21.23 lakh has been recovered so far.

The reply regarding incorrect fixation is not acceptable as Rs 21 was payable even if flour had been transported to the PDS outlets. The wheat was made available to them at the PDS rate of Rs 450 per quintal and hence the difference between this and the market rate of Rs 644 per quintal should have been recovered from the mills. To ensure prompt recovery the mills should have been asked to make upfront payment or at least provide bank guarantee in lieu of this. Failure to do so facilitated the mills to default in payment leading to protracted recovery proceedings.

4.2 Wasteful/Infructuous expenditure

IRRIGATION DEPARTMENT

4.2.1 Excess payment to contractor

Incorrect recommendation of a tender item as an extra item by Chief Engineer resulted in excess payment of Rs 2.59 crore to the contractor.

Construction of masonry dam of Wan Project in Buldhana district was awarded (August 1989) to a contractor on item rate contract for Rs 28.14 crore for completion before August 1995. The work was completed (March 2001) at a cost of Rs 75.46 crore. Final bill was paid in January 2003.

Item 12 (b) of the agreement provided for 28248.56 cubic metres (cum) of cement concrete (CC) of strength M-15 (40-MSA) at the rate of Rs 770 per cum. Since sufficient quantity of rubble and sand was not available in specified quarries, the contractor could execute 9310.85 cum of work at tendered rate with extra lead charges for transportation till stipulated date of completion (August 1995). The contractor demanded (July 1995 and January 1996) extra item for balance work on the plea of longer lead for transportation of rubble and sand, financial constraints and change in scope of work. The Chief Engineer (CE), Irrigation Department, Amravati, based on proposal submitted by Executive Engineer (EE) and Superintending Engineer (SE) recommended to the Government (February 1996) for approval of above item as extra item on the plea that withdrawal of work at this stage would lead to calling fresh tenders, payments at current schedule of rates (CSR) and ultimately delay the completion of the project. The Government accepted the proposal (April/July 1996) and sanctioned extra item for balance quantity with

the condition to follow provisions of para 227 of Maharashtra Public Works Manual (Manual).

Scrutiny of the records of EE, Wan Project, Shegaon (October 2002), revealed that contractor was paid Rs 6.02 crore for 22769.28 cum of CC work executed between 1995-96 and 1999-2000 at schedule of rates prevailing during the years of execution as against Rs 3.43 crore payable to the contractor as indicated in the table below:

Sr. No.	Year	Quantity executed (cum)	Rates admissible as per tender (Rupees per cum)	Amount payable (Rupees)	Rate which paid	Amount paid (Rupees)
1	1995-96	1245.05	1230.25 (744.08 + 254.56 + 231.61)	1531723	2217.65	2761085
2	1996-97	5537.70	1245.69 (744.08 + 258.31 + 243.30)	6898258	2366.35	13104136
3	1997-98	4532.69	1301.37 (744.08 + 301.59 + 255.70)	5898707	2538.20	11504873
4	1998-99	1788.41	1308.07 (744.08 + 307.91 + 256.08)	2339365	2548.50	4557762
5	1999-2000	9665.43	1350.01 (744.08 + 337.24 + 268.69)	13048427	2922.80	28250118
Total		22769.28		29716480		60177974

Since there was no change in the basic item of the tender except longer lead for transportation of rubble and sand the extra payment to the contractor should have been restricted to the extent of cost of transportation for extra lead. Sanction of extra item for the tendered item was unwarranted which led to excess payment of Rs 2.59* crore to the contractor.

The Government stated (October 2004) that though the extra item sanctioned was similar to tender item the balance quantity was paid at CSR considering the reasons put forth by CE in his recommendations. The reply was not acceptable as there was no change in basic tender item except increase in lead for transportation of rubble and sand and hence the rate was to be modified to the extent of additional lead. Thus, action of CE in recommending tender item as extra item and Government's approval thereto was not prudent and resulted in excess payment of Rs 2.59 crore to the contractor.

4.2.2 Wasteful expenditure

Wasteful expenditure of Rs 1.24 crore on construction of Warunji Kolhapur Type weir which came under the submergence of Tembhu Lift Irrigation scheme.

Though Government accorded administrative approval (March 1980) to construct a Kolhapur Type (KT) weir across Koyna river at Warunji (Karad) (Warunji weir) at a cost of Rs 14.21 lakh, the work could not be taken up for want of funds.

* Amount payable Rs 2.97 crore + Price escalation and special relief Rs 0.46 crore = Rs 3.43 crore. Excess payment Rs 6.02 crore - Rs 3.43 crore = Rs 2.59 crore.

Scrutiny of records of Maharashtra Krishna Valley Development Corporation (MKVDC), Pune (December 2002) revealed that revised estimates of the work, with additional provision for coffer dam/diversion bund, approach road, wing wall to left side of river, road slabs, etc were technically sanctioned in March 1997 for Rs 1.54 crore and the work was awarded (June 1997) to an agency at 4.75 *per cent* above the estimated cost of Rs 1.41 crore for completion within 12 months.

In the meantime, the work of Tembhu Lift Irrigation Scheme downstream Krishna river with KT weir was awarded in July 1997. However, (October 1997) the Standing Committee of Pumping Machinery of MKVDC, on recommendation of a consultant, approved (October 1997) construction of a barrage in place of proposed KT weir. The submergence survey conducted in February 1997 on the basis of designed storage capacity stated that the full reservoir level (FRL) on Tembhu barrage constructed downstream across Krishna river was at 558.50 meters whereas the FRL of ongoing KT weir at Warunji constructed upstream in Koyna river was 556.80 meters. This resulted in full submergence of Warunji KT weir in the backwater of Tembhu barrage. Though study of submergence of scheme was completed in February 1997 itself and the decision to change the scope of work from KT weir to barrage was taken in October 1997, the Executive Engineer (EE), Tembhu Lift Irrigation Division II, Ogalewadi (Karad) informed the Executive Engineer (EE), Kanher Development Division (KDD), Satara about submergence of the Warunji weir only in April 2000. The construction of Warunji KT weir was stopped (April 2000) and the project was finally cancelled (January 2001) after an expenditure of Rs 1.24 crore including unpaid bills of Rs 3.66 lakh.

Thus, improper planning and inadequate co-ordination between the two project authorities under the same organisation resulted in belated cancellation of the construction of Warunji KT weir rendering the expenditure of Rs 1.24 crore wasteful.

On this being pointed out, the Assistant Superintending Engineer, Sangli Irrigation Circle, Sangli stated (July 2003) that by the time the broad layout of Tembhu Lift Irrigation Project was approved and commenced in October 1997, the work of Warunji KT weir was already in progress.

The EE, KDD, Satara under whose jurisdiction the work falls stated (December 2002) that a proposal for taking up a drinking water supply scheme through Maharashtra Jeevan Pradhikaran (MJP), utilising the Warunji KT weir, was under consideration and hence the expenditure was not wasteful. The reply is not tenable as the EE, MJP works Division, Karad confirmed (July 2004) that no such proposal was received from MKVDC and also Koyna being perennial river, partly constructed KT weir at Warunji was not required.

The matter was referred to the Secretary to the Government in June 2004. Reply has not been received (December 2004).

4.2.3 Wasteful expenditure on construction of canal

Defective construction of horizontal pipe culvert of a canal resulted in wasteful expenditure of Rs 34.77 lakh besides extra cost of Rs 30.39 lakh in construction of another canal.

Work of construction of Nandur Madhameshwar Express Canal (NMEC) was planned (October 1996) by the side of inspection path of existing Godawari Left bank Canal (GLBC) as part of Nandur Madhameshwar Project. Due to land acquisition problems in first 2 kilometres length it was proposed to convert certain portion of the existing GLBC (chainages 400 m to 1830 m) in the NMEC and to construct a new GLBC canal in the same chainages (GLBC-A) at chainage 1435 metre of GLBC-A a horizontal pipe culvert was constructed as it was in a low lying area. Accordingly, work of GLBC-A estimated to cost Rs 57.74 lakh was taken up for execution in the year 1996-97 and completed in September 1998 at a cost of Rs 52.29 lakh except joining of old GLBC (converted into NMEC) with GLBC-A at chainages 400m and 1830 m. Due to non-completion of work of NMEC, GLBC was continued to be used for irrigation till January 2003. GLBC-A was neither tested nor used for irrigation after completion of work in September 1998.

Scrutiny of records (August 2003) maintained by Executive Engineer, Nasik Irrigation Division, Nasik (EE) revealed that after completion of NMEC, the GLBC-A was joined with GLBC at chainage 400 m and 1830 m and was tested by releasing water in January 2003. Heavy leakages through pipe joints of HP culvert were also noticed. Consequently pits on both slopes of Inspection Path were observed during tests conducted in January 2003. The reasons attributed for leakages were uneven settlement of soil beneath the structure. Further, the HP culvert foundation supposed to rest on hard rock at 2.58 m below the ground was actually rested on yellow soil at 3.50 m.

To overcome the problem the Department finally decided (May 2003) to construct another canal GLBC-B, in chainages 1110 m to 1770 m in another alignment and completed (January 2004) at a cost Rs 30.39 lakh. Thus, defective execution of work of GLBC-A necessitated construction of GLBC-B resulting in extra expenditure of Rs 30.39 lakh.

EE accepted the fact and stated (March 2004) that the foundation of HP culvert was to rest on hard rock but during actual execution the foundation was rested on yellow soil which was sufficiently hard to rest foundation. EE further stated that due to soil characteristics there was uneven settlement beneath the structure, which may have resulted in cracks and leakages. The reasons for not considering the possibility of soil characteristics leading to cracks while allowing the culvert to rest on yellow soil (instead of hard rock as initially planned) were however, not furnished. Thus, improper execution of work resulted in wasteful expenditure of Rs 34.77 lakh.

The matter was referred to the Secretary to the Government in July 2004. Reply has not been received (December 2004).

4.2.4 Excess payment to contractor

Loading the tendered items on account of sales tax and insurance in contravention of contractual provision resulted in excess payment of Rs 29.15 lakh to the contractor.

The work of construction of Prakasha Barrage in Nandurbar district was awarded by the Executive Engineer (EE), Medium Project Division No. II, Dhule in April 1999 at 12.4 *per cent* above the estimated cost of Rs 56 crore for completion in 84 calendar months. Clause 38 (3) of the tender, required that the contractor shall if ordered in writing by the EE, also carry out any quantities in excess of 25 *per cent* of tendered quantities on the same condition and in accordance with the specification in the tender at current schedule of rates. Clause 48 of the tender stipulated that the rates to be quoted by the contractor must be inclusive of sales tax on works contracts whereas clause 59 provided for taking out insurance policy to provide adequate insurance for execution of awarded work contract.

Scrutiny of records of EE, Medium Project Division-II, Dhule, revealed (September-2003) that during execution, quantity of seven items increased by more than 25 *per cent* of the tendered quantity. While working out the rates for excess quantity, the division loaded 3.78 *per cent* on the rates on account of sales tax on works contract and insurance. Since the addition of sales tax on works contract and insurance was not covered by any instructions contained in schedule of rates, the payment of Rs 29.15 lakh made to the contractor was incorrect and undue favour to the contractor.

The EE accepted (September 2003) that the element of sales tax on works contracts and insurance charges were not covered by scheduled rates and these elements were not considered in the proposed rate analysis of these items. However, proposed rates were not acceptable to contractor, who went in appeal before Chief Engineer (CE), Tapi Irrigation Development Corporation, Jalgaon and after approval by CE, these elements were added in the rate analysis. Government stated (November 2004) that as expenditure on account of sales tax and insurance for quantities beyond 125 *per cent* was required to be borne by the contractor, the same was loaded during the rate analysis.

The reply was not acceptable, as approval of excess rate beyond the contractual provisions led to undue favour to the contractor.

HOME DEPARTMENT

Maharashtra Maritime Board

4.2.5 Short levy of fees

Non-adherence to the Government notification resulted in short levy of landing and shipping fees of Rs 1.13 crore.

According to the Maharashtra Maritime Board Act, 1996 and rules made thereunder, Government in August 2001 issued a notification revising the fees on goods landed or shipped at minor ports in the State. The rate of landing/shipping fees, *inter alia*, for Ethylene, Liquefied Petroleum Gas (LPG) and Butane in captive jetties was fixed at Rs 50 per metric ton (MT). MT is defined in the notification as 1000 litres for liquids whose density is equal to or less than one gram per cubic centimetre and as 1000 kilograms for liquids with heavier density.

Scrutiny of records (February 2004) of Assistant Port Officer, Ratnagiri revealed that 553745 thousand litres of Ethylene, LPG and Butane whose average density was less than one gram per cubic centimetre was considered as 327924 MT and fees were recovered accordingly (taking 1000 kilograms as MT instead of 1000 litres). This resulted in 225821 thousand litres escaping assessment and consequent short levy of shipping fees of Rs 1.13 crore.

At the instance of Audit, the Assistant Port Officer, Ratnagiri recovered the amount (November 2004).

PUBLIC HEALTH DEPARTMENT

4.2.6 Excess payment on purchase of disposable pricking lancet

Excess payment of Rs 64.22 lakh on purchase of disposable pricking lancets/needles due to non-application of reduced rates.

The Joint Director, Health Services (Malaria and Filariasis) [JDHS (MF)], Pune placed orders (June and September 1999) for supply of 9258500 needles worth Rs 1.77 crore on an agency, who was on the rate contract (RC) with the Government run Grant Medical College (GMC), Mumbai. The supply was to be made within one month of the receipt of confirmed orders. As per the RC, the rate of needles was Rs 190 per 100 pieces effective from October 1995 and extended from time to time. The clause 10 of the RC provided that if the rates were lowered subsequently, the supplies would have to be made at lower rates.

Scrutiny of records (July 2001) of the JDHS (MF), Pune revealed that the supplier delivered only 32,00,000 needles upto October 1999. The balance quantity of 60,58,500 needles costing Rs 1.15 crore were supplied during the

extended period between December 1999 and March 2000, on the ground that the raw material was lying with the department of customs.

In the meantime, based on the negotiated rates received from the agency in May 1999, another department which finalises RC for Medical/Public Health Department *i.e.* Director of Medical Education and Research finalised (March 2000) the rate of Rs 84 per 100 needles applicable to the rate contract for the entire State with the same agency. This came into effect retrospectively from 16 November 1999 till 15 November 2001. Consequently, clause 10 of the RC finalised by GMC, Mumbai in October 1995 and extended from time to time up to June 1999 was attracted on 60,58,500 needles supplied by the agency between 16 November 1999 and March 2000 for which the differential cost works out to Rs 64.22 lakh.

On this being pointed out, the JDHS (MF), Pune stated (October 2004) that the rate contract was finalised by the DMER only in March 2000, whereas the purchase was made prior to that date. A letter for recovery of above amount, however, was also issued to the agency at the instance of Audit (October 2004).

Non-application of reduced rates resulted in avoidable extra expenditure of Rs 64.22 lakh.

The matter was referred to the Secretary to the Government in March 2004. Reply has not been received (December 2004).

URBAN DEVELOPMENT DEPARTMENT

4.2.7 Excess payment to the contractors

Incorrect adoption of rates for three items of the tender resulted in excess payment of Rs 56.45 lakh to the contractors.

For development of Nagpur city, Government released (March 2000) Rs 1 crore as special grant to Nagpur Municipal Corporation (NMC) for Integrated Traffic Junction Development Programme for providing road dividers, improvement of footpaths and erection of signboards. NMC was to contribute equal amount for the purpose. Accordingly, development work of 15 traffic junctions estimated to cost Rs 3.42 crore was awarded (February 2001) to five different contractors. The work was completed between March and November 2002.

Scrutiny of records (October 2003) of NMC revealed that while preparing the estimates and floating the tenders rates of three items of the tender were incorrectly adopted by NMC on higher side resulting in inflating the estimated cost and resultant excess payment of Rs 56.45 lakh to the contractors as indicated in table below:

Item of work	Rate adopted per cum (in Rupees)	As per PWD per cum (in Rupees)	Difference per cum (in Rupees)	Quantity executed (in cum)	Excess payment (in Rupees)
Excavation for road in soft strata	40	23	17	25453.90	432716
Excavation for road in hard strata	89	28	61	6990.00	426390
Disposal of excavated material	142	35.40	106.60	44895.30	4785839
Total					5644945

No justification was, however, available on record for adoption of rates on higher side.

When this was pointed out NMC stated (October 2003) that the matter would be examined and excess payment, if any, would be recovered from the contractors from their ongoing works. No recovery was effected as of December 2004.

The matter was referred to the Secretary to the Government in August 2004. Reply has not been received (December 2004).

4.3 Violation of contractual obligations/undue favour to contractors

CO-OPERATION AND TEXTILE DEPARTMENT

4.3.1 Avoidable loss due to payment of compensation and subsidy

Payment of compensation for uncrushed sugarcane and subsidy on account of sugar recovery loss for prolonged crushing due to import of sugarcane, contrary to the conditions of the licence, resulted in loss of Rs 61.80 lakh.

The Commissioner of Sugar (Development) and Licensing Authority, Pune issued (October 1999) a sugarcane crushing licence for the season 1999-2000 to the Indira Sahakari Sakhar Karkhana Limited (ISSK), Dahitane, district Solapur to crush an estimated 3.74 lakh metric ton (MT) sugarcane from areas under its jurisdiction. The licence valid for the period 21 October 1999 to 18 April 2000 (180 days) stipulated that (i) sugarcane from outside its jurisdiction can be crushed only after obtaining import licence and (ii) the licensee is bound to crush the entire quantity of sugarcane as indicated in the licence or fixed by the licensing authority thereafter.

The Maharashtra Sugar Factories (Reservation of Areas and Regulation of Crushing and Sugarcane Supply) Order, 1984, as amended in 1996 (Order), prohibits import of sugarcane by the factory from outside the State without prior approval of the Commissioner of Sugar. Violation of the Order invited penalty of Rs 250 per MT of sugarcane so brought. Also fine of Rs 100 per

MT will be levied on factories in case they fail to lift and crush allotted sugarcane.

Scrutiny of the records of the Commissioner of Sugar, Pune (October 2003) revealed that violating the conditions of the licence, the ISSK imported 23581.923 MT of sugarcane from Karnataka during 1999-2000 without obtaining import licence from the Commissioner of Sugar, Pune. As a result about 10000 MT of allotted sugarcane covering an area of 191.10 hectare from its jurisdiction was not lifted and crushed by ISSK which necessitated the Government to pay compensation of Rs 38.22 lakh to the farmers at the rate of Rs 20000 per hectare as per Government Resolution of July 2000.

In order to compensate the factories from loss due to lesser realisation of sugar after crushing season is over, the Government grants sugar recovery loss subsidy of Rs 100 to 200 per MT on sugarcane crushed beyond the period of 180 days. Due to prolonged crushing on account of bumper crop and import of sugarcane from Karnataka, Government sanctioned sugar recovery loss subsidy of Rs 119 crore to the ISSK, of which an amount of Rs 23.58 lakh payable on the sugarcane imported from Karnataka at the minimum rate of subsidy of Rs 100 per MT was avoidable.

The Commissioner of Sugar ordered an enquiry against the ISSK (August 2000) for breach of conditions of licence and provisions of the Orders. The Government, however, cancelled the enquiry on the request of the ISSK (September 2000). Justifying the cancellation of order, the Government stated (June 2004) that since sugarcane brought from Karnataka pertained to the members of the ISSK and brought to avoid no cane situation, there was no violation of the condition of the licence.

Reply of the Government however, contained factually incorrect information as there was a bumper crop during 1999-2000 and the crushing season was prolonged, the allotted quota of approximately 10000 MT sugarcane remained uncrushed and there was no possibility of no cane situation.

Thus, the non-crushing of allotted sugarcane due to import of sugarcane from Karnataka without prior permission of the Commissioner of Sugar, contrary to the provisions of orders and conditions of the licence and payment of subsidy on such quantity of import resulted in loss of Rs 61.80 lakh to Government.

FINANCE DEPARTMENT

4.3.2 Irregular payment of insurance claim

Honouring the insurance claim prior to the receipt of premium resulted in irregular payment of Rs 45.32 lakh.

Insurance Act 1938 (the Act) lays down that "no risk to be assumed unless premium is received in advance". Further as per proviso 64 VB(2) of the Act, "in case of risks for which premium can be ascertained in advance, the risks

may be assumed not earlier than the date on which the premium has been paid in cash or by cheque to the insurer".

Scrutiny of the records of the Director of Insurance, Mumbai (April 2004) revealed that Bhimashankar Co-operative Sugar Factory, Ambegaon insured 50,000 bags of sugar kept in open yard, for Rs 6.25 crore, for a premium of Rs 93516 for the period 7 April 2001 to 6 April 2002. Subsequently the insurance was enhanced to cover another 30000 bags of sugar for Rs 3.75 crore on a premium of Rs 53650 for the period 23 April 2001 to 6 April 2002. The factory had not paid the full premium in advance as of 7 April/23 April 2001 as required under proviso 64 VB of the Act.

Though, the factory had not paid full premium, it submitted (May 2001) an insurance claim for Rs 59 lakh towards damage of sugar due to heavy storm and rain. After conducting detailed enquiry and obtaining survey report, claim of Rs 45.32 lakh was admitted and paid in March 2002.

The Director justifying the payment stated (April 2004) that the premium was received on 14 March 2001 in advance and the payment was in order.

The reply is not tenable as, against the premium of Rs 1.47 lakh due as on 7 April 2001/23 April 2001, the factory had paid premium of Rs 0.72 lakh only and the balance premium was paid in October 2001. Thus, issue of policy and endorsement of enhanced coverage without obtaining the premium in advance and payment of insurance claim for an event that occurred prior to the receipt of full premium was irregular and in contravention to the provisions of the Insurance Act.

The matter was referred to the Secretary to the Government in June 2004. Reply has not been received (December 2004).

HOUSING DEPARTMENT

MAHARASHTRA HOUSING AND AREA DEVELOPMENT AUTHORITY

4.3.3 Undue benefit extended to a club

Regularisation of unauthorised construction of Gymkhana/Pavilion club and application of old rates of premium for land resulted in undue benefit of Rs 10.15 crore to a Club.

A plot of land consisting two sub plots ie 'A' (7653 sq mt) and 'B' (9082.50 sq mt) of Maharashtra Housing and Area Development Authority (MHADA) reserved for a play ground, garden and a secondary school cum play ground at Middle Income Group (MIG) housing colony, Bandra (East) was being used by MIG Cricket Club (Club). MHADA, as per Government directives, handed over (1974) plot 'A' to Brihanmumbai Municipal Corporation (BMC) for development as play ground. Consequently, the Club approached BMC for getting the land subleased in its favour. The BMC turned down the request,

but permitted (August 1976) the Club to develop/maintain the playground as a caretaker for a specified period, extended from time to time.

Scrutiny of records of the Mumbai Housing and Area Development Board (Board) revealed (2000-2004) that in 1979 the club approached MHADA for allotment of an adjacent plot 'C' (700 sq mt) which was outside the reserved area, for construction of a sport pavilion. The Board resolved (November 1980) to allot to the Club the said plot subject to their obtaining of a no-objection certificate (NOC) from BMC for construction on the plot. The BMC permitted (July 1981) construction of a temporary shed only on plot 'C', however, the Club unauthorisedly constructed the pavilion building. With the revision of the Development Plan for the ward, the Club secured ex-post facto permission of BMC (April 1991) for construction of a pavilion building and swimming pool. With further additions/extensions the Club constructed a total area of 4002.80 sq mt (953.20 sq mt for commercial purposes and 3049.50 sq mt for non-commercial purposes). On completion of the construction, the Club approached (September 1996) the Board for handing over the plot as per the Board's decision of November 1980.

After discussion of the related issues, MHADA communicated in April 2001 decision to hand over to the Club a total area of 17435.50 sq mt (including constructed area of 4002.80 sq mt and plot 'C') at a cost of Rs 11.33 crore, based on its prevailing pricing policy. The Club made an initial payment of Rs 10 lakh in May 2001 and requested the Board for charging lease premium at concessional rate as the play ground was in their possession for long. While the request of the Club was under consideration, the Club made further payments of Rs 40 lakh between August 2001 and May 2002. Considering the request, MHADA decided (November 2003) to revise* the premium downward for the land used for construction only, based on the cost of land prevailing in 1981 (at the rate of Rs 425 per sq mt) together with development charges updated with interest at 12.5 per cent per annum at Rs 1541 per sq mt for residential area, Rs 3082 per sq mt for commercial area and Rs 134 per sq mt for the area of play ground and slashed the cost from Rs 11.33 crore to Rs 1.18 crore and intimated the Club accordingly. On payment of balance amount of Rs 68 lakh by the Club, the Board executed an Indenture of Lease with the Club in March 2004, with the condition of admitting senior officials of MHADA as service members of the Club.

Since the land was formally allotted to the Club only in April 2001, the application of the rates of premium for the land for construction as prevailing in 1981 merely because MHADA had taken a decision in November 1980 to allot the land to the Club and the land was held by the Club in its possession from 1981 as a caretaker was arbitrary and was an act of undue favour to the Club. Further, the activities of the Club, whose membership charges ranged from Rs 0.30 lakh to Rs 3 lakh, being of commercial nature (with permit

* Lease premium reduced to Rs 94.37 lakh from Rs 8.66 crore and lease rent reduced to Rs 23.87 lakh from Rs 2.67 crore.

room, canteen and swimming pool), application of the concessional rate was unjustified. This downward revision of the cost favoured the Club with a benefit of Rs 10.15 crore. Besides, the public use of the play ground was also defeated by restricting public access to the play ground.

The matter was referred to the Principal Secretary to the Government in July 2004. Reply has not been received (December 2004).

4.3.4 Irregular payment of grants

Irregular payment of grants of Rs 7 crore from Maharashtra Housing and Area Development Authority funds to finance a Government Scheme not contemplated in Maharashtra Housing and Area Development Act.

The basic objectives of Maharashtra Housing Area and Development Authority (MHADA) as laid down in MHADA Act, 1976 are to construct and to provide houses at affordable rates to public throughout the State, to undertake repairs and reconstruction of old dilapidated buildings. A programme for enforcing cleanliness in rural areas under the name "Sant Gadge Baba Rural Cleanliness Programme" has been under implementation in the State with effect from 2 October 2000. The Government in Water Supply and Sanitation Department decided (October 2002) to extend its implementation from 14 November 2002 to urban areas also through the urban local authorities[#].

The Chief Minister, in a meeting (September 2002) directed that every year, the Maharashtra Housing and Area Development Authority (MHADA) should make available Rs 10 crore to the Government for this programme. On demand from Government (October 2002) for the payment, MHADA paid (November 2002) Rs 1 crore out of Rs 10 crore to the Water Supply and Sanitation Department. On further demand from Government (November 2002), MHADA communicated (December 2002) its inability on the ground that such payments were not covered under the MHAD Act, 1976. The Chief Minister, in a meeting (March 2003) directed that MHADA, having already paid Rs 1 crore, should pay a further sum of Rs 6 crore for the year and from the next year onwards the expenditure should be met from the budget grants of the concerned departments. Consequently, MHADA, in reversion (March 2003) of its earlier decision made additional payment of Rs 6 crore in April 2003.

The payment by MHADA for the implementation of the Government scheme was not contemplated in the MHAD Act and did not subserve any of its laid down objectives. The financial assistance provided on the insistence of the Government was, therefore irregular and improper which siphoned out MHADA's funds.

The matter was referred to the Principal Secretary to the Government in June 2004. Reply has not been received (December 2004).

[#] Municipal Corporations, Municipal Councils, Municipalities and Nagar Panchayats.

4.3.5 Undue favour extended to an allottee

The decision of MHADA to waive the interest, on the apprehension of a speculative loss of Rs 1.25 crore in lease premium on cancellation of the offer resulted in undue favour of Rs 3.22 crore to an allottee.

Mumbai Housing and Area Development Board (Board) advertised (August 1996), the sale of a commercial plot (2159.90 sq mt) at Charkop, Mumbai. The Board accepted (October 1996) the offer of M/s Sungrace Builders and Developers (being highest) at a lease premium of Rs 3.76 crore (at Rs 19368 per sq mt for built up area of 1943.91 sq mt). The offer of allotment issued (October 1996) stipulated payment of 25 per cent of the lease premium within a month and the balance in three equal instalments of Rs 94.12 lakh each within six months from the payment of the initial instalment. Besides, annual lease rent of Rs 9.41 lakh (at 2.5 per cent of lease premium) and a security deposit of Rs 18.82 lakh being two times the annual lease rent was payable with the initial amount.

The tenderer accepted the terms and conditions of allotment (November 1996) but requested to relax the terms of payment of the initial instalment upto seven months and balance upto three years. The Board rejected the request but did not cancel the offer as per terms of allotment. As a sequel to this, tenderer defaulted in the initial payment and paid Rs 37 lakh as November 1996. Meanwhile, raising an issue (January 1998) regarding the shifting of an existing electrical substation of Bombay Suburban Electric Supply (BSES) located at the front side of the plot, the tenderer tied the balance payment with the shifting of the substation. As the substation was not on the plot, MHADA refused (September/November 1998) to take action on its shifting but did not cancel the allotment. The tenderer, thereafter, approached the Board/MHADA at various levels (March/May 2002) for granting concessions in the rate of lease premium and waiver of interest on the defaulted instalments on the plea of fall in the market rate as compared to the rate quoted in his offer. In the meantime, he paid of Rs 53 lakh in two instalments in July and August 2002.

The Mumbai Board in turn (January 2003), apprehending loss of about Rs 1.25 crore in lease premium in case of cancellation of the offer and retendering, sought approval of MHADA to the waiver of interest accumulated on the defaulted instalments. Though the proposal was not endorsed by the Vice-President and Chief Executive Officer, MHADA decided (March 2003) to waive the interest aggregating Rs 3.22 crore on the balance 75 per cent of the premium for the period from 15 November 1996 to 20 March 2003.

Despite the fact that all the negotiations and considerations were based on the offer letter of October 1996, the Board issued (25 April 2003) an offer letter afresh stipulating the balance payment within nine months from the date of acceptance of offer in three instalments and payment of annual lease rent (Rs 3.76 lakh per annum) at the reduced rate of one per cent of the lease

premium. On acceptance of offer by the tenderer (April 2003) and payment of 25 *per cent* of the premium, the Board executed (July 2003) a lease agreement with the tenderer and handed over the possession of the plot. Against the balance amount of Rs 2.81 crore payable by April 2004, the tenderer had paid Rs 94 lakh.

The decision of the Authority violated the provisions of MHADA (Disposal of Land) Regulations, 1982 which allowed a maximum period of six months for payment of premium and execution of lease agreement and delivery of possession of land on payment of full premium. Further, the decision of MHADA to waive the interest of Rs 3.22 crore on the apprehension of a speculative loss of Rs 1.25 crore was against the provisions of MHADA (Disposal of Land) Regulation which resulted in an undue favour to the defaulting tenderer.

The matter was referred to the Secretary to Government in July 2004. Reply has not been received (December 2004).

4.3.6 Award of contract in violation of laid down procedure

Award of work of redevelopment/reconstruction to the architects/contractors selected by the Members of Legislative Assembly violated the laid down procedure for tendering.

The Government (May 2003) constituted a high power committee for monitoring the utilisation of special grants sanctioned to peoples' representatives (Members of the Legislative Assembly/Council (MLA/MLC)) for improving the basic amenities in the Municipal Corporation/Council areas. The Government following the recommendation of the committee sanctioned (December 2003) a consolidated grant of Rs 4.23 crore being 50 *per cent* of the cost of Rs 8.45 crore estimated for works proposed in the Brihanmumbai Municipal Corporation (BMC) area, the balance (50 *per cent*) was to be sanctioned on utilisation of earlier amount. The special grant sanctioned to MLAs, to be utilised on various works in four assembly constituencies in the city, included repairs to Bombay Improvement Trust (BIT) chawls situated in the assembly constituencies of the Minister for Housing (an MLA) and the President, Maharashtra Housing and Area Development Authority (MHADA) (also MLA). These BIT chawls of the BMC were in dilapidated condition and were under their consideration for redevelopment/reconstruction. At the instance of the Minister for Housing and the President, MHADA (June 2003), Government decided to carry out repairs to these building at an estimated cost of Rs 3 crore through BMC. As desired by the Minister and the President (August 2003), it was decided by the high power committee to entrust the work to the Mumbai Building Repair and Reconstruction Board (Board) of MHADA, though repairs to non-cessed buildings did not fall within their jurisdiction.

The Minister for Housing and the President, MHADA directed (September 2003) the Board to award the work to the architects/contractors selected by

them without inviting tenders. Though the officials of the Board and the Vice-President and Chief Executive Officer/MHADA and the Principal Secretary to Government in Housing Department (February 2004) opposed the proposal on the grounds of violation of the laid down procedure, the MHADA overruled all of them and approved (February 2004) the proposal as a "Special Case". Consequently, the Board awarded (February 2004) three works costing Rs 88.78 lakh and eight works costing Rs 1.65 crore in the constituencies of Minister and the President, MHADA respectively to the architects/contractors named by them.

Though the contracts were awarded at par with schedule of rates, the estimates in respect of several works lacked credibility and reliability in as much as the items/quantities estimated for execution in the contract varied from 100 *per cent* to 2136 *per cent* with those originally estimated for administrative approval. Several of these items and quantities estimated for execution were seen common to all those buildings. It is unlikely that the detailed items requiring repairs in all the buildings were in the same state of defects. BMC granted No Objection Certificate (January 2004) for carrying out repairs to its buildings but made the Board responsible for carrying out necessary rectification work during a defect liability period of seven years and also for providing transit accommodation to the occupants who were to be shifted out of the building at its cost entailing additional financial liability to the Board. The role of the Board as an implementing authority thus, remained relegated to that of a contractor to BMC without any agency charges.

The decision to carry out repairs to buildings marked for redevelopment/reconstruction, the entrustment of the work to MHADA instead of to BMC to which the building belonged and the award of work to architects/contractors selected by the Minister and the President were improper in as much as it did not follow the required laid down procedure and lacked transparency.

The matter was referred to the Principal Secretary to Government in August 2004. Reply has not been received (December 2004).

IRRIGATION DEPARTMENT

4.3.7 Unauthorised aid to contractor

Loading the cost of coffer dam in the tendered items considering three years construction period and again loading the cost for the same period in the increased tendered quantities beyond 125 *per cent* was unwarranted and resulted in providing unauthorised aid of Rs 48.96 lakh to the contractor.

Construction of earthen dam, spillway and guidewall of Lower Tapi Project in Jalgaon district was entrusted (April 1999) to a contractor at 12.96 *per cent* above the estimated cost of Rs 56.92 crore for completion in seven years. As per the agreement, quantities in excess of 125 *per cent* of tendered quantities

were to be paid at the current schedule of rates (CSR). However, payment for increase in de-watering due to change in design was not covered by the agreement.

Scrutiny of the records (June 2002) of the Executive Engineer (EE), Hatnur Canal Division, Chopda and subsequent information collected in June 2003 and March 2004 revealed that the cost of coffer dam* (estimated cost Rs 1.02 crore) was distributed in the item rates of four** items based on the assumption that the work of various components of dam would be completed upto 5 m height above ground level in three years.

During execution, the quantities of various items increased disproportionately. The rates calculated by the division as per CSR were found to be less as compared to the tendered rates. On the request (March 2000) of the contractor to execute the increased work at the tendered rate, the Chief Engineer approved (October 2002) payments for the increased quantities for the period 1999-2004 by loading the cost of coffer dam and de-watering. Since cost of coffer dam to be constructed in first three years (1999-2002) was already included in the tendered items, loading the rates again was thus, unwarranted and resulted in unauthorised aid of Rs 48.96 lakh to the contractor.

On being pointed out, the EE replied that the loading was done since the quantum of coffer dam was directly related to cross sectional areas of various components of dam and the period in which they were to be completed. The reply was not acceptable, as the increase in tendered quantities had no relevance with construction of coffer dam, as there was no change in the design of coffer dam. Also the tendered quantities were already loaded with cost of coffer dam considering construction period of three years and therefore loading the items again while computing rates for first three years was unnecessary. Further, no records of materials actually used were maintained regarding construction of coffer dam and the department merely loaded the items as per the quantity of work to be executed. This resulted in unauthorised aid of Rs 48.96 lakh to the contractor.

The matter was referred to the Secretary to the Government in August 2004. Reply has not been received (December 2004).

4.3.8 Unintended benefit to contractor

Refund of cost of rubble in contravention of the codal provision resulted in unintended benefit of Rs 28.19 lakh to the contractor.

The work of construction of earthen dam of Madan Tank Project in Wardha district from RD 0m to 540m (Work A) was awarded to a contractor for Rs 3.23 crore in March 1997. On the request of the contractor the work of dam from RD 540m to 1290m (Work B) costing Rs 4.95 crore and Madan Pickup

* Temporary structure constructed to divert flow of water during execution.

** Excavation in soft rock, hard rock, colgrout masonry and concreting.

weir (Work 'C') costing Rs 12.20 crore were allotted under the same agreement in July 1998 and October 1999 respectively.

Audit of the Executive Engineer (EE), Minor Irrigation Division, Wardha, revealed (December 2003) that the notified quarry for Work 'C' was 12 km away from work site. The contractor requested (January 2001) the EE to allow him to use rubble free of cost from the excavated material of headwork of Madan dam, which was 22 km away from the Work 'C'. The contractor was ready to bear cost on account of difference in lead charges. EE allowed (January 2001) to use the rubble free of cost. Since cost of rubble was included in the complete item rate in the tender, EE should have deducted the cost while making payment for that item or should have recovered from the running account (RA) bills. However, the EE recovered (August 2001) Rs 28.19 lakh in lumpsum for use of 45038 cum of rubble (upto 48th RA Bill).

Scrutiny further revealed that contractor requested (January 2002) the division to release the recovered amount on the plea that the contract condition provided for free use of rubble and it was putting heavy financial burden. The EE referred (September 2002) the matter to Superintending Engineer (SE), Nagpur Irrigation Circle, Nagpur for guidance. However, EE without waiting for the specific order from the SE, released (January 2003) Rs 28.19 lakh overlooking Divisional Accountant's (DA) objection for such release. The EE did not record any reasons for disagreement with the DA as required under para 4.2.3 of Maharashtra Public Works Account Code (MPWA).

On this being pointed out, the EE stated (May 2004) that use of rubble free of cost was permitted under the provisions of agreement and the recovery was made on wrong presumption. Reply was not tenable as the EE himself had justified the recovery under provisions of MPWA (para 10.3.3) in his reference to SE. Further, the recovery was in tune with the contractor's offer (made voluntarily) to bear this cost. Besides, the cost of rubble was deducted from rate of items of Work 'B' which was executed under the same agreement to which contractor had not objected. Thus, action of EE to refund the cost of rubble in contravention of the codal provision and contradictory to EE's own justification given earlier resulted in unintended benefit of Rs 28.19 lakh to the contractor.

Matter was referred to the Secretary to the Government in July 2004. Reply has not been received (December 2004).

4.3.9 Unintended benefit of reimbursement of central excise duty

Excess reimbursement of excise duty of Rs 24 lakh due to non-adjustment of compounded levy.

Government of India introduced in August 1997 a scheme of compounded levy of central excise duty (Duty) at the rate of Rs 300 per Metric Tonne (MT) based on production capacity of the steel mills for hot re-rolled products of iron and steel which was subsequently substituted in April 2000 by duty at the rate of 16 per cent based on value.

Executive Engineer (EE), Mechanical Store and Development Division, Kalwa, district Thane accepted (October 1999) two contracts from two different suppliers for supply of MS plates, structural steel, MS rounds and Tor steel at Government steel yards. The contract conditions provide for allowance of central excise due in the event of any statutory increase subject to production of documentary evidence.

Test-check of records (December 2000) of EE, Medium Project Division, Nagpur and information collected between January 2001 and June 2002 from seven other divisions revealed that the department while accepting the claim for such statutory increase in central excise duty had, however, reimbursed the claim at 16 *per cent* without considering the element of compounded levy of duty of Rs 300 per MT which was included in the value quoted by the supplier while entering in to the contract.

The department had reimbursed Rs 1.59 crore as against admissible Rs 1.35 crore resulting in excess reimbursement of central excise duty of Rs 24 lakh to the suppliers.

While accepting the fact, Government stated in June 2002 that the claims of the suppliers would be finalised after due verification. However, in October 2004 the Government stated that the claims reimbursed to the contractors at the rate of 16 *per cent* were as per accepted tender condition. Reply was not tenable as the element of compounded levy of duty of Rs 300 per MT, which was included in the value quoted by the supplier while entering into the contract was to be adjusted while admitting the additional claims on account of increase in excise duty. This had resulted in excess reimbursement of excise duty of Rs 24 lakh to the contractors.

4.4 Avoidable/excess/unfruitful expenditure

HIGHER AND TECHNICAL EDUCATION DEPARTMENT

4.4.1 Unfruitful expenditure on staff quarters

Unfruitful expenditure of Rs 1.75 crore due to construction of staff quarters in excess of requirement.

A Committee appointed (April 1986) by the Director of Technical Education, Mumbai for assessment of residential accommodation in 11* Government Polytechnics established between 1980 and 1985, recommended (September 1987) construction of 105 quarters for the employees of each polytechnic assuming an expected staff strength of 180.

Mention was made in paragraph 3.4 of the Report of the Comptroller and Auditor General of India (Civil), Government of Maharashtra for the year ended 31 March 1998 regarding unfruitful expenditure on construction of

* Beed, Brahmrapuri, Gadchiroli, Jalna, Jintur, Malwan, Nashik, Osmanabad, Sakoli, Thane and Washim.

unnecessary staff quarters at Osmanabad. The paragraph was not discussed by Public Accounts Committee.

Scrutiny of records (November 2003) of Principal Government Polytechnic (GP), Malwan revealed that as against 86 sanctioned posts, the Department constructed 101 staff quarters (between June 1992 to November 1999) of various types at a cost of Rs 2.87 crore and handed over (November 1999) the same to the Principal GP, Malwan. The total number of posts filled in (October 2004) was 68 of whom only 38 staff members took possession of the quarters and 63 quarters constructed at a proportionate cost of Rs 1.75 crore were vacant since inception.

On this being pointed out in audit, the Principal, Government Polytechnic, Malwan stated (November 2003) that 24 new posts were sanctioned in January 2003 and 17 lecturers were also appointed on contract basis from October 2003, consequently, the quarters were expected to be occupied in future. The reply is not tenable as; (i) only 38 out of 68 staff members had occupied the quarters as of October 2004, (ii) lecturers appointed on contract basis are not eligible for staff quarters and (iii) of the 24 new posts sanctioned in January 2003 only 8 posts were filled in (September 2004).

The Director of Technical Education replied (October 2004) that the construction of quarters at Malwan were as per recommendations of the Committee and since the campus was seven kilometre away from Malwan city it was absolutely necessary to provide staff quarters.

Even though, construction of quarters was as per recommendation of the Committee, it was executed without ascertaining the actual requirement and without relevance to the posts sanctioned. As a result 63 quarters were unoccupied for a period ranging from four to eight years rendering unfruitful expenditure of Rs 1.75 crore during this period.

The matter was referred to the Principal Secretary to the Government in February 2004. Reply has not been received (December 2004).

HOME DEPARTMENT

4.4.2 Unfruitful expenditure on patrolling launches

Lack of timely and appropriate action to carry out repairs resulted in idling of the launches costing Rs 1.05 crore and consequent unfruitful expenditure of Rs 1.40 crore on pay and allowances of staff.

The Deputy Commissioner of Police (DCP), Motor Transport Section (MTS), Mumbai purchased three fibre-glass high speed launches between February and April 1996 valuing at Rs 1.05 crore to strengthen the harbour patrolling by Mumbai Police. The launches named 'Krishna', 'Godavari and 'Ganga' were manned each by 10 employees.

Scrutiny of records of the Additional Commissioner of Police, South Region, Mumbai (March 2003) and the information collected from DCP, MTS, Mumbai (October 2003) revealed that launches were lying idle from October 1996, December 1996 and October 1997 respectively for want of major repairs to engines and gear boxes for which imported spare parts were required. Mention was also made in paragraph 3.7.8.2 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998 regarding idling of the launch 'Ganga' for want of spare parts.

DCP, MTS, Mumbai stated (October 2003) that though the department carried out some minor repairs* to these launches, they became non-operational between February and October 2002 for want of major repairs yet to be carried out. As such, the three launches could not be put to optimum use for harbour patrolling (March 2004), rendering the expenditure of Rs 1.05 crore largely unfruitful. Besides, average expenditure of Rs 1.40 crore on pay and allowances of staff for idle period also proved unfruitful.

He further stated that all the three launches had been anchored for major repairs, however, for daily maintenance, cleanliness and safety from theft and damage, full complement of staff was deployed on each launch. It was also stated that these launches have completed only seven years and could be utilised for the remaining life span of 13 years if the imported engine/gear boxes are replaced by Indian made engines.

Government stated (November 2004) that grants of Rs 10.95 lakh had been sanctioned (October 2004) for repairs and replacement of the imported engine gear boxes by Indian made engines to get the launches sea worthy.

This action should have been taken much earlier to avoid idling of the launches and resultant unfruitful expenditure on pay and allowances of staff.

4.4.3 Nugatory expenditure

Delay in disposal of condemned vessels resulted in nugatory expenditure of Rs 48.24 lakh on watch and ward and a loss of Rs 3.45 lakh due to their deterioration.

For undertaking dredging and survey operations, Maharashtra Maritime Board (MMB) (erstwhile Chief Ports Officer) assembled between 1961 and 1972 two dredgers (Girna and Shastri), three motor vessels (Tansa, Kundalika, Vaitarna) and a survey launch (Bhagwati) at a cost of Rs 20.69 lakh. The MMB, Mumbai decided (December 1999) to write off all the six dredgers and vessels considering that these had completed their life of 20 years. The upset price of these vessels was fixed (August 2000) at Rs 29.30 lakh on the advice of a consultant.

Scrutiny of records (January 2004) of the Marine Engineer, MMB, Andheri, Mumbai revealed that the MMB decided (May 2001) to convert (September

* In July 2001, December 2001 and February 2002.

2001) two of the six vessels for use in Mandva Jetty at entry and exit points at the cost of Rs 29.94 lakh. The Government framed (April 2002) "Writing off procedure of the crafts under the control of Maharashtra Maritime Board Rules, 2002," and a committee was constituted to dispose of the remaining four vessels and a proposal was submitted to the Government (November 2002).

MMB invited tenders (September 2003) for disposal of the four vessels, however, the offers received were lower than the upset price (Rs 18.90 lakh), consequently, fresh tenders were invited (November 2003). In the meantime, the upset price was got revalued and was fixed at Rs 15.25 lakh (November 2003). The highest offer of Rs 15.45 lakh was accepted by MMB (January 2004).

The department replied (October 2004) that a period of four years was taken to frame the rules and for obtaining the Government approval for the same.

The reply is not tenable because despite the recommendations of the Public Accounts Committee (November 2000) desiring disposal of condemned sailing vessels expeditiously, a period of four years was lost just for framing the rules. Delay in disposal of the vessels resulted in an avoidable expenditure of Rs 48.24 lakh on 21 watch and ward staff. Besides, the upset price of the vessels got reduced due to deterioration to the extent of Rs 3.45 lakh.

IRRIGATION DEPARTMENT

4.4.4 Unproductive expenditure on construction of dam

Remote chances of release of 6.91 thousand million cubic metre of water from Palkhed dam to Narangi dam resulted in wasteful expenditure of Rs 18.22 crore on construction of Narangi dam.

The work of Narangi Medium Project in Aurangabad district to irrigate 1639 hectares (ha) of land was taken up for execution by Executive Engineer (EE), Nandur Madhmeshwar Canal Division, Vaijapur in April 1986 and completed in June 1998 at the cost of Rs 18.22 crore.

Scrutiny of the records (January 2004) maintained by EE revealed that the projected capacity of the dam was 14.66 Thousand Million Cubic Metre (TMC), of this 6.91 TMC (47 per cent) of water was projected to come from overflow of Palkhed dam through its left bank canal (LBC) and 7.75 TMC (53 per cent) of water was projected from the rain catchment area of Narangi dam. Scrutiny further revealed that only 1.32 TMC and 1.00 TMC of water was released from Palkhed dam during the years 1998 to 2003. Though there was average rainfall, no live storage could be achieved in any of the year. Obviously, no irrigation potential was utilised since completion of the project. Expenditure of Rs 18.22 crore incurred on construction of the project thus remained unproductive for over six years.

The EE stated (May 2004) that the average rainfall data belonged to Vaijapur rain gauge station which was situated on lower side of the project and hence the rainfall in catchment area was not sufficient even to fulfill dead storage. Reply confirms that hydrology study was faulty. EE further stated that Palkhed division was requested to release water but they expressed their inability to release it due to reservation of water for irrigation and non-irrigation purpose. However, EE, Palkhed Division, Nasik stated (September 2004) that the maximum carrying capacity of LBC at point 128.5 km from where water is let out in Narangi project was upto 42 cusecs *ie* only 0.09 TMC water can be supplied in a day and therefore for supplying 6.91 TMC water minimum 75 days overflow will be required which never prevailed in rainy season. The replies of the EEs confirm the flawed planning, as a result of which there was hardly any likelihood of receipt of requisite quantity of water in the near future. As a result, the entire expenditure of Rs 18.22 crore proved to be wasteful.

The matter was referred to the Secretary to the Government in August 2004. Reply has not been received (December 2004).

4.4.5 Unproductive expenditure due to defective work

Failure to arrest seepage for nine years rendered expenditure of Rs 2.86 crore on construction of minor irrigation tank unproductive.

Construction of Borgaon Minor Irrigation tank in Washim district to irrigate 255 hectares of land was completed (June 1995) at a cost of Rs 1.86 crore by Executive Engineer (EE), Minor Irrigation Division, Akola (now at Washim).

Audit of EE (February 2000) and further information collected (November 2003) revealed that from the year of storage of water (1995-96) in the dam heavy seepage in the down stream of the reservoir was noticed. The reasons for seepage were stated to be resting of Cut-off-Trench (COT) on permeable rock and inadequate depth. In order to control these seepage Geologist suggested construction of parallel COT on upstream, grouting and allied works. However, seepage could not be controlled though expenditure of Rs 37.02 lakh was incurred during 1996-97 to 1999-2000. No steps were, however, taken by the Department to arrest the seepage in last four years. Audit scrutiny further revealed (June 2004) that the canal work (proposed length 2.34 kms) started in April 1995 was stopped (July 1995) due to these seepages as the downstream land was waterlogged and the landowners refused to part with their land for canal work, demanding control of seepage at the first instance. Thus, though the dam was completed in June 1995, no irrigation potential was created and utilised in the last nine years rendering expenditure of Rs 2.86 crore unproductive.

The EE stated (June 2004) that the canal work would now be taken up for execution since compensation was paid to the landowners. For the inaction to arrest seepage during 2000 to 2004, the EE stated that the work of parallel COT was kept pending as per directions received from the Chief Engineer,

Amravati. EE further stated that the Central Design Organisation, Nasik was directed to suggest measures to control seepage. As a result the expenditure of Rs 2.86 crore remained unproductive for over nine years.

Government stated (November 2004) that unless seepage was controlled no further canal works would be executed.

4.4.6 Unfruitful expenditure due to non-clearance of forest land

Violation of Forests Conservation Act, 1980 by officials resulted in lingering of the project for over 13 years and rendering the expenditure of Rs 1.88 crore unfruitful.

Under the Forests Conservation Act, 1980 (FCA) prior approval of Government of India (GOI) for use of forest land for non-forest purpose is necessary. Rule 4.4 of FCA provides that if the proposed work involves forest as well as non-forest land, work should not be started on non-forest land till the approval of GOI is received for release of forest land.

Construction of Minor Irrigation Project at Nandkhed in Washim district to irrigate 236 hectares of land through 5 kms long Right Bank Canal (RBC) was taken up for execution in February 1986 by the Executive Engineer (EE), Minor Irrigation Division-II, Akola (now Washim). The work of the dam was completed in June 1990 at a total cost of Rs 99 lakh. At the time of gorge filling, the Forest Department (FD) objected the construction work as the initial reach of 1 km of RBC was on forest land (2.12 hectares). As clearance for forest land was not obtained by the Department, the work was stopped in June 1990. The division submitted the proposal to forest authorities (July 1990) for use of forest land for non-forest purpose, which was awaited (April 2004).

Audit scrutiny of the records of the division (January 1998) and further information collected (January 2004), revealed that though Department was aware of the involvement of forest land and non-permission from GOI to use forest land for non-forest purpose the work of construction of canal from 2 km to 5 km was taken up during 1995 to 1998 and completed at a cost of Rs 74 lakh. Similarly, despite knowing that water could not be released through this canal for irrigation, works of land development costing Rs 15 lakh were also carried out by the division during 1996 to 1998. Due to non-execution of work in the initial reach which involved forest land, the constructed canal could not be put to use for irrigation purpose for over six years and no irrigation potential was created from the project even after spending Rs 1.88 crore.

On this being pointed out in Audit, the EE stated in January 1998 that for utilisation of the budgeted provision, the work of canal was executed. The EE further stated in January 2004 that the water is being utilised directly from the reservoir as well as from main *nalla* and nine to 169 hectares of land was irrigated during 1992 to 2003. The EE also stated that disciplinary action was initiated against the erring officials.

The reply was not acceptable as the provisions of FCA were known to the Department and the action was initiated only in April 2000 when the Chief Conservator of Forest, Bhopal cancelled (October 1999) the forest clearance proposal. Action initiated was pending (December 2004). Thus, delay in initiating action against the erring officials had lingered the project for over 14 years and resultant unfruitful expenditure of Rs 1.88 crore on the project.

The matter was referred to the Secretary to the Government in May 2004. Reply has not been received (December 2004).

4.4.7 Unfruitful expenditure due to defective survey

Unfruitful expenditure of Rs 1.46 crore due to not considering the fact of submergence of houses in the survey.

To irrigate 253 hectares of land work of construction of earthwork of dam, approach channel, tail channel and waste weir in RD 0 m to 180 m and 180 m to 295 m of storage tank at Brahmanwada in Washim district was awarded between October 1996 and July 1997 to two different contractors at 6.90 *per cent* above estimated cost of Rs 25.68 lakh and 4 *per cent* above estimated cost of Rs 38.72 lakh respectively.

Scrutiny of the records (March 2001) of Executive Engineer (EE), Minor Irrigation Division, Washim revealed that, gorge filling was completed in June 1998 considering Full Tank Level (FTL) of 99.6 metres as per original approval. However, after incurring expenditure of Rs 1.46 crore, the work of waste weir had to be stopped (June 1998) keeping waste weir height at 97.6 metres for the reason that raising the height of waste weir to FTL (99.6 metres), would have submerged the houses of village Brahmanwada which required rehabilitation. The department authorities did not consider the fact of submergence of these houses at the time of initial survey and prior to commencement of the work.

Since targeted irrigation of 253 hectares would only be possible after construction of waste weir at 99.6 metres and also after rehabilitation work, the department submitted (August 2002) a revised estimate of Rs 4.73 crore (inclusive of cost of rehabilitation of Rs 2.86 crore). Thus, due to defective survey by the departmental authorities, expenditure of Rs 1.46 crore incurred on the project so far remained unfruitful.

When the omission was pointed out (March 2001), the EE accepted the fact of defective survey and stated that explanation was called for from the concerned officials. Government stated (November 2004) that departmental enquiry was initiated (August 2002) against the erring officials however, final decision was awaited.

4.4.8 Unfruitful expenditure

Non-co-ordination between Revenue and Forests authorities led to unfruitful expenditure of Rs 48.96 lakh and hampered the rehabilitation work for indefinite time.

A land admeasuring 15.45 hectares was allotted by the Sub Divisional Officer (SDO), Bhandara in May 1995 to Executive Engineer (EE), Gosikhurd Rehabilitation Division, Ambadi for rehabilitation of village Sawaragaon in Bhandara district. Accordingly, work of providing basic amenities (school building, samaj mandir, internal roads, open drains) estimated to cost Rs 51.12 lakh was taken up for execution at a tendered cost of Rs 53.87 lakh between May 1996 and May 1997.

Scrutiny of the records of EE (July 2003) revealed that the work was stopped (December 1997) after incurring expenditure of Rs 37.44 lakh as the work was executed on land belonging to Forest Department (FD). The EE also paid (March and July 1997) Rs 11.52 lakh to EE, Maharashtra State Electricity Board for electrification. Further information collected (April 2004) from SDO, Bhandara and Deputy Conservator of Forest (DCF), Bhandara revealed that the Government of Maharashtra notified the said land as protected forest in the year 1958. However, Revenue Authorities did not carry necessary changes to this effect in the revenue records. DCF was also not aware of fact of the area being notified as protected forest and raised objection only in December 1997 when Government instructed (October 1997) Conservator of Forest (South) Chandrapur to get the forest land registered in revenue records. By the time, the EE had already completed 80 *per cent* of works (school building, samaj mandir, open well and road) at a cost of Rs 48.96 lakh.

The EE stated (July 2003) that the work was executed on the land which was made available by SDO, Bhandara. DCF stated that the said land had no distinct boundary demarcation and therefore the lower level staff could not ascertain the area taken up for rehabilitation work.

Thus, due to non-co-ordination between Revenue and Forest Authorities to effect necessary changes in the records led to unfruitful expenditure of Rs 48.96 lakh besides hampering the rehabilitation work for indefinite period.

The matter was referred to the Secretary to the Government in July 2004. Reply has not been received (December 2004).

4.4.9 Unproductive expenditure

Failure of Executive Engineer in not entering into annual maintenance contract before expiry of warranty period resulted in unproductive expenditure of Rs 33.51 lakh on purchase of computerised flood control system.

Shahanoor Project in Amravati district, completed in March 1994 at a cost of Rs 48.49 crore, had gated spillway on left flank. The four radial gates could be

operated alternately, either manually or mechanically or through electricity. With this system, it was not possible to decide quantum of discharge of water from time to time. Therefore, automation of operation of these radial gates was technically approved by Superintending Engineer (SE), Upper Wardha Project Circle, Amravati at Rs 15.70 lakh in March 1995. Accordingly, work of providing technology for remote operation of spillway gates of the project by using microprocessor was undertaken for execution by Executive Engineer (EE), Shahanoor Project Division in July 1995 and was completed at a cost of Rs 33.51 lakh in March 1997. The system was taken over by the EE, Amravati Irrigation Division (AID) under the administrative control of SE, Akola Irrigation Circle, Akola for irrigation management purpose.

Scrutiny of the records of EE, AID, Amravati (October 2002) revealed that the system was neither in operation nor was maintained after expiry of warranty period (April 1998) and the Division also did not find it necessary to get the system repaired (till May 2000) and put it into operation. When proposal for Rs 2.53 lakh on this account was sent by EE to the SE, Akola (May 2000), the latter not only rejected the proposal but also questioned the propriety of undertaking the installation of such a costly system. Therefore, no further attempts were made to repair the system and the system was lying idle since last six years. Considering availability of three other alternative systems to operate the gates, chances of putting into use this computerised system in future are also bleak. Thus, expenditure of Rs 33.51 lakh turned out to be unproductive.

On this being pointed out, the EE stated (May 2004) that the system was installed on experimental basis. Reply of the EE is not tenable, as nothing was available on the initial records to establish that system was on experimental basis. Further, even if the installation as stated by EE was on experimental basis, justification for neither acquiring technical competence to maintain and repair the system within the warranty period nor entering into Annual Maintenance Contract (AMC) after warranty period was furnished.

The Government stated (October 2004) that field officers had now decided to modify the system and go to in for AMC.

PUBLIC WORKS DEPARTMENT

4.4.10 Avoidable expenditure due to overlapping of work

Excess expenditure of Rs 50.78 lakh due to overlapping of the work in the same stretch of road.

The work of improvement to riding quality of road from km 478/0 to km 515/0 (selected stretches 10 km) on Nagpur-Raipur section of NH-6 (work 'A') was technically approved by the Government of India, Ministry of Surface Transport (MOST), New Delhi in October 1999. The work was

awarded (February 2000) to a contractor at 22.56 per cent below the estimated cost of Rs 98.14 lakh with a defect liability period of two years. Although stipulated period for completion was twelve months from the commencement of work, the contractor completed the work within a period of five and a half months (July 2000) at a cost of Rs 1.20 crore.

Scrutiny of the record (March 2001) of the Executive Engineer (EE), National Highway Division No. 14, Nagpur revealed that while the finalisation of tender for work 'A' was under process, the Department included (January 2000) road length from Km 503/0 to 514/0 (work 'B') for implementation under Special Repairs (SR) programme during 2000-01. The work 'B' was technically approved (March 2000) and awarded to the same contractor at 20.56 per cent below the estimated cost of Rs 1.46 crore in August 2000 (ie in next month after completion of work 'A'). The work 'B' was completed in June 2001 at a cost of Rs 1.35 crore.

Audit noticed that item of providing and laying bituminous macadam (BM) and providing, laying and consolidation of semi-dense bituminous carpet (SDBC) was provided in a patch of four kms (km 505 to km 508) in both the works. So, there was overlapping of execution of the same item in this patch. As the department was aware of the inclusion of this patch of the road under work 'A', the execution of BM and SDBC under SR programme was unwarranted and resulted in avoidable expenditure of Rs 36.93 lakh as under:

Over-lapping in Km	Detail of item	Work of Improvement (work 'A')			Work of Special Repairs (work 'B')		
		Executed Quantity (in cum)	Tendered rate (in Rupees)	Cost of work done (Rupees in lakh)	Executed quantity (in cum)	Tendered rate (in Rupees)	Cost of work done (Rupees in lakh)
505 to 508	BM 50 mm with 3.25 per cent bitumen	1556.157	1358.84	21.15	1523.486	1430.28	21.79
	SDBC 25 mm with 4.5 per cent bitumen	726.97	2016.92	14.66	695.554	2176.10	15.14
	Total			35.81			36.93

On this being pointed out, the Government stated (July 2004) that this road is passing through the waterlogged area and due to inadequate embankment, the water from sub grade under capillary action comes to the road surface and causes damages to the road surface in every monsoon.

Reply was not acceptable, as the work 'B' was awarded in August 2000 where as defect liability period of work 'A' was upto June 2002. Hence for any damage to the road due to water logging could have been got repaired at the cost of contractor invoking defect liability clause. Thus, decision of the Department to provide for execution of work in the same stretch resulted in overlapping of work and avoidable expenditure of Rs 36.93 lakh.

Further, the division had developed (February 2001) paved shoulders in the patch from km 505 to 508 by incurring an expenditure of Rs 29.71 lakh to match the carriage way developed through work 'A'. However, due to

execution of work 'B' there was difference in the levels, which had to be matched by the division by entering into four contracts. The work was completed in December 2001 at a cost of Rs 13.85 lakh. Thus, execution of work 'B' had further resulted in additional expenditure of Rs 13.85 lakh on the paved shoulders.

On this being pointed out, the EE stated (May 2002) that Superintending Engineer, Ministry of Road Transport and Highways during his visit had directed to match the paved shoulders with the road surface to prevent accidents. The reply indicates overlapping of work necessitating further additional expenditure of Rs 13.85 lakh.

MEDICAL EDUCATION AND DRUGS DEPARTMENT

4.4.11 Avoidable excess payment towards water charges

Extra payment of water charges of Rs 5.61 crore to Nagpur Municipal Corporation due to non-replacement of faulty meters.

According to provisions contained in Rule 8 (a) of the city of Nagpur Corporation Act, 1948, the consumer shall be responsible for safety of the meter and shall be responsible for theft, damage by fire or accident or otherwise. Rule 15 of the said Act as amended from time to time also provides that if the meter is found out of order and not registering the measurement correctly or is under repairs, the consumer shall be penalised by computing the water consumption at two to three times of the previous highest monthly consumption till the meter is replaced.

Scrutiny of the records (October 2003) of Government Medical College and Hospital, Nagpur (GMCH) revealed that out of the four meters installed by Nagpur Municipal Corporation (NMC), Nagpur for water supply to GMCH, two meters went out of order in the year 1991 and 1995. The GMCH had not taken any action till July 2001 either to repair or replace the faulty meters on the plea that it was the responsibility of NMC and continued to pay water charges at penal rates. The faulty meters were finally replaced in September 2002 and December 2002. By the time GMCH had paid Rs 9.01 crore to NMC between January 1997 and June 2002 as against admissible payment of Rs 3.40 crore resulting in excess payment of Rs 5.61 crore to NMC as a penalty.

Thus, the failure of GMCH to take cognizance of excess billing of water charges for over six years and inaction for prompt replacement of meters indicates the casual approach of the authorities concerned. Fixing of responsibility in this case is called for.

The matter was referred to the Secretary to the Government in May 2004. Reply has not been received (December 2004).

4.4.12 Avoidable expenditure

Avoidable expenditure and consequential notional loss of Rs 94.16 lakh due to higher billing of water supplied for domestic purpose in the absence of separate water meter.

The JJ Hospital is a teaching hospital under the Medical Education and Drugs Department. The hospital complex comprises of Grant Medical College, Nurses Training College, hospital proper with office premises/wards/laboratories and attached quarters/hostels.

Scrutiny of records of the JJ Hospital (July 2004) revealed that the water supply to the entire complex is made by the Brihanmumbai Municipal Corporation (BMC) through a single meter and charges were levied at the higher rate applicable to hospitals from time to time. Major portion of the water supplied to the hospital complex is used for domestic purpose by the inmates of quarters/hostels as well for educational purpose for which water charges are lower than the hospital rates.

In the absence of any data regarding consumption of water by the Grant Medical College/Nurses Training College, the water consumed for educational purpose could not be quantified. On the basis of number of persons occupying the quarters/hostel and considering consumption of 90 litres of water per day per person as per the norms of BMC, the average consumption of water per month for domestic purpose works out to 13405538 litres (approximately). Considering the differential rates of water charges leviable for hospitals and domestic purpose, avoidable expenditure on this account for the period from April 1996 to December 2003 and consequential loss to Government works out to Rs 94.16 lakh.

The matter was referred to the Principal Secretary to the Government in August 2004. Reply has not been received (December 2004).

WATER SUPPLY AND SANITATION DEPARTMENT

MAHARASHTRA JEEVAN PRADHIKARAN

4.4.13 Unfruitful expenditure

Insufficient planning, poor implementation of Government policies and failure in improving Information Technology awareness resulted in non-utilisation of computer hardware and software costing Rs 1.22 crore.

The Computerisation in Maharashtra Jeevan Pradhikaran (MJP) funded under the Rajiv Gandhi National Drinking Water Mission (RGNDWM) was taken up in March 1999. MJP purchased (May 1999) 106 copies of AUTOCAD MAP software (a proprietary software of M/s Autodesk Inc, Bangalore) costing Rs 1.08 crore from M/s Zenith Computers Limited for computerisation of

project designs/drawings. Hardware such as plotters, digitizers, servers, PCs, printers and networking equipments costing Rs 4.96 crore were also purchased from M/s Zenith Computers Limited (March 1999).

Audit observed (May 2004) that 33 copies of the AUTOCAD MAP software costing Rs 33.66 lakh, 15 plotters costing Rs 42.45 lakh, 19 digitizers costing Rs 5.29 lakh and 19 Servers costing Rs 40.28 lakh were lying unutilised. This was due to fact that the authorisation code of the AUTOCAD MAP software was made available to the MJP units only for an initial period of 30 days. The permanent authorisation code was not obtained by the MJP, as a result of which the software could not function and consequently the plotters and digitizers could not be utilised.

Thus, poor and uncoordinated planning, failure in improving the awareness, understanding and resolving issues related to IT resulted in non-utilisation (for more than five years) of computer hardware and software costing Rs 1.22 crore.

The matter was referred to the Secretary to Government in August 2004. Reply has not been received (December 2004).

4.5 Idle investment/idle establishment/blockage of funds

HOUSING DEPARTMENT

MAHARASHTRA HOUSING AND AREA DEVELOPMENT AUTHORITY

4.5.1 Irregular allotment of tenements

Allotment of tenements to co-operative housing societies without ensuring their capacity to pay the cost of tenements resulted in blocking up of funds of Rs 14.85 crore and loss of revenue of Rs 3.09 crore due to grant of subsidy to them.

Maharashtra Housing and Area Development Authority (MHADA) constructed 1760 tenements at Pratiksha Nagar, Sion under the Slum Rehabilitation Scheme (SRS). The SRS provided for allotment of tenements to the slum dwellers free of cost whose land was acquired under the SRS and sale component offered to general public by advertising.

Scrutiny of the records (May 2003) of MHADA revealed that three* proposed societies of members of backward class community were allotted the tenements out of free sale component under SRS as under:

* Bipin Smruti Co-operative Housing Society (BSCHS), Baba Ramdeoiji Co-operative Housing Society (BRCHS) and Kumkum Co-operative Housing Society (KCHS).

Society	Date of application	Date of offer of allotment	Building No./No. of tenements [#]	Total cost (Rupees in lakh) [#]	Date of handing over possession	Payment received (Rupees in lakh)	Balance amount recoverable (Rupees in lakh)	Monthly rent (Rupees)
BSCHS	December 1999	May/June 2001	6/89(78)	386.08	30 June 2001	81.75	304.33 29.26(rent)	1200
BSCHS	June 2001	June 2001	1/95(80)	400.79	7 June 2001	97.25	303.54 29.99(rent)	1200
BRCHS	27 June 2001	28 June 2001	7/88(69)	478.28 (350.80)	20 August 2001	72.85	277.95 24.71(rent)	1200
BRCHS	27 June 2001	28 June 2001	8/95(81)	540.36 (446.03)	19 September 2001 8 November 2001	99.30	346.73 30.96(rent)	1200
KCHS	3 July 2001	6 July 2001	3A/95(81)	540.36 (354.50)	4 August 2001 7 August 2001	232.25	122.25 15.54(rent)	1200
Total			462(389)	2345.87 (1938.20)		583.40	1354.80 130.46 (rent)	

Scrutiny of the records revealed that the Mumbai Housing and Area Development Board (Board), a unit of MHADA, based on the request of BSCHS offered to allot (March 2000) building No. 6 consisting of 96 tenements to the society on immediate payment of initial deposit of Rs 1 lakh per tenement towards the cost of the flat (Rs 5.64 lakh) and balance within three months. The BSCHS, however, did not pay the initial deposit as required therefore, the Board as per orders of the Vice-President and Chief Executive Officer/MHADA (VP/A) kept the building reserved by granting extension (May/June 2001) till initial deposit of Rs 40.20 lakh was received and allotted 89 tenements out of 96 to them. Since BSCHS could not arrange for finance the VP/A after obtaining an undertaking from the society to make full payment by 14 August 2001 allowed the society to occupy (60 tenements in May 2001 and 29 in June 2001) the tenements temporarily for three months on a rental basis of Rs 1200 per month and deposit of Rs 20000 per tenement. It was further seen that though the BSCHS had not paid for the tenements for the building No. 6, on their request (June 2001) to allot another building, the Board allotted building No. 1 consisting of 95 tenements and allowed the society to occupy the building on rental basis upto September 2001 (deadline for making full payment). However, society failed to pay.

In the meantime other two societies (BRCHS and KCHS) also approached the Board in June and July 2001 for allotment of buildings and they had to be allotted tenements as shown in the table on the same condition as to BSCHS.

Due to weak financial condition, the societies could not pay the Board as per schedule. As sequel to this, the VP/A granted extensions for payment, from time to time upto December 2002 but the societies failed to pay the balance

[#] The figures in bracket show the upto date position of tenements in possession of the societies and their cost, after subsequent vacation/surrender. The balance shown is with reference to the upto date position

cost and the monthly rent. Consequently, on 13 January 2003, MHADA issued notices of cancellation of allotment to all the three societies, upon which, members of BSCHS and BRCHS filed a writ petition (February 2003) in the Bombay High Court to stall the eviction proceedings by MHADA with a prayer for granting discount in the sale price.

In the mean time, KCHS requested MHADA, (January 2003) for reduction in sale price. Considering the request of the KCHS MHADA decided (20 February 2003) to offer to the societies subsidy of Rs 67500 (equal to 50 per cent of the amount of expected subsidy of Rs 1.35 lakh per tenement from Government) and directed the societies to make the balance payment within 90 days. The Court also turned down (April 2003) societies' prayer for further discount in the sale price and directed the societies' to pay the balance cost after considering the subsidy of Rs 67,500 per tenement offered by MHADA, within 90 days, (which was further extended by its order of 6 February 2004 to six months) and to pay the arrears of rent from September 2001 to February 2004 within one month and continue to pay rent regularly every month till the entire balance cost was paid.

The balance cost payable as on February 2004 in respect of the 462 tenements after adjusting the subsidy (Rs 67,500) per tenement offered by MHADA aggregated to Rs 13.55 crore and the accumulated arrears of rent to Rs 1.30 crore. Though the period of six months stipulated by the court was over MHADA was yet to receive the balance cost and rent, except from KCHS.

Thus, irregular allotment and handing over possession of tenements, flouting prescribed procedure and without assessing the capability of the Societies to pay, culminated in litigation and blocking up MHADA's funds of Rs 14.85 crore for about three years. Besides, *suo motu* decision of MHADA to grant 50 per cent of the subsidy made a further dent in its revenue by a sum of Rs 3.09 crore.

The matter was referred to the Principal Secretary to the Government in June 2004. Reply has not been received (December 2004).

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

4.5.2 Idle investment

Idle investment of Rs 2.42 crore due to non-completion of office building for want of funds possibility of deterioration of uncapped piles costing Rs 1.41 crore and cost escalation of Rs 5.92 crore due to time overrun.

The Government purchased 2175 square metre of land at Bandra Kurla Complex at a cost of Rs 2.42 crore in 1988 for construction of office building for the Commissioner of Labour, Maharashtra, Mumbai which was functioning from the rented premises.

The Government administratively approved (October 1992) construction of the proposed building for Rs 2.78 crore. As the land fell under the Coastal

Regulation Zone, the department could obtain the 'No Objection Certificate' from the Brihanmumbai Municipal Corporation only in February 1997 after much correspondence. Since the administrative approval lapsed by that time, revised estimates for Rs 4.60 crore were submitted to the Government in December 1997 and were approved in May 1998.

Scrutiny of the records of the Commissioner of Labour, Mumbai (April 2004) revealed that the work was initially executed by the Executive Engineer, North Mumbai Division of Public Works Department, Andheri. After an expenditure of Rs 3.23 lakh on land levelling and compound wall, the work was then entrusted to Executive Engineer (EE), Agriculture Construction Division, Aarey Colony, Mumbai as deposit work. The division awarded (April 2000) the pile foundation work of the building at tendered cost of Rs 1.18 crore to an agency with the stipulated period of completion as 10 months.

As seen from the progress report (February 2004), the work was stopped (July 2002) for want of funds after completion of 84 out of 111 piles, at a cost of Rs 1.41 crore. Since the work was not completed upto pile cap, the EE reported (August 2003) to the Commissioner of Labour that the exposed metal parts may deteriorate and would adversely affect the strength of the pile foundation. Though the Government released Rs 45 lakh in two instalments till December 2003, the agency refused to restart the work unless the total funds of Rs 85.10 lakh required to complete the remaining 27 piles were released in lump sum. The cost of the work in the meanwhile increased to Rs 8.70 crore due to delay in commencement of work and slow progress of work for which another revised estimates were submitted to Government in February 2001 for which approval is awaited (October 2004).

The Government in Labour Department while confirming the facts stated (October 2004) that the funds could not be released due to financial constraints faced by the Government.

Thus, inordinate delay in commencement of work and non-provision of adequate funds by the Government from time to time led to blockage of Rs 2.42 crore spent on purchase of land for over a period of sixteen years, cost escalation of Rs 5.92 crore and possibility of deterioration of uncapped piles constructed at a cost of Rs 1.41 crore. In addition, the Government has to incur recurring expenditure of Rs 6.72 lakh per annum towards rent for the existing premises.

IRRIGATION DEPARTMENT
MAHARASHTRA KRISHNA VALLEY DEVELOPMENT CORPORATION
4.5.3 Idle investment on Lift Irrigation Schemes
Idle investment due to non-completion of Lift Irrigation Schemes.

The Takari Lift Irrigation Schemes (LIS) estimated to cost Rs 82.43 crore with the projected irrigation potential of 36615 hectares of land was started in 1984-85. The scope of scheme was enhanced (March 1986) by taking up another scheme namely Mhaisal LIS and both the schemes together had an estimated cost of Rs 187.90 crore with a total projected irrigation potential of 68908 hectares of land. Both the schemes were projected to be completed by June 1994.

Due to non-provision of funds by Government the schemes could not be completed as scheduled (June 1994). Subsequently the Government formed (April 1996) the Maharashtra Krishna Valley Development Corporation (MKVDC) to complete the projects in the Krishna river basin expeditiously. Till then, though Irrigation Department had spent Rs 225.35 crore on head works and canal works, the schemes were not completed. The MKVDC in May 1997 revised the schemes considering additional coverage approved by the Government from time to time at the cost of Rs 1321.12 crore with projected irrigation potential of 106020 hectares of land. The schemes were revised by the MKVDC again in January 2004 at the cost of Rs 1982.81 crore with enhanced irrigation potential of 109127 hectares of land as per demand of the people and their representatives.

Scrutiny of the records of the Krishna Koyna Lift Irrigation Project Circle, Sangli (May 2003) and information obtained (August 2004) revealed that expenditure of Rs 881.63 crore was incurred on the schemes till July 2004. It was further observed that the head works were completed to the extent of 71 *per cent*, canal work 32 *per cent* and the stages I and II (out of IV stages) of Takari LIS and stages I, II and III (out of VI stages) of Mhaisal LIS were commissioned in June 2000 and March 1999 respectively creating indirect irrigation potential of 1599 hectares of land. However, due to non-construction of distribution network the MKVDC could not provide any direct irrigation facilities to the farmers despite incurring an expenditure of Rs 881.63 crore and part commissioning of the schemes.

While attributing the delay in execution of the schemes to paucity of funds, the MKVDC stated (June 2004) that if sufficient funds are made available, the project could be completed by 2008.

Thus, taking up of major irrigation schemes and enhancement of scope of the schemes time and again without ascertaining the availability of fund, no

tangible benefits could be achieved for the investment of Rs 881.63 crore even after 20 years of its commencement. Further, there was cost overrun of Rs 843.64 crore, which is directly attributed to delays.

The matter was referred to the Principal Secretary to the Government in May 2004. Reply has not been received (October 2004).

4.5.4 Blocking of funds

Blocking of funds of Rs 52.41 lakh and cost escalation of Rs 29.71 lakh due to delay in execution of Kolhapur Type Weir at Walunj, Ahmednagar.

To irrigate 213 hectares of land, the Government administratively approved (June 1992) construction of Kolhapur Type (KT) Weir at Walunj at the cost of Rs 31.46 lakh. The work order was issued (January 1994) to an agency at the tendered cost of Rs 21.17 lakh (4.60 per cent below the estimated cost of Rs 22.19 lakh) with stipulated period of completion as 18 months.

Scrutiny of records (January 2001) of Superintending Engineer, Pune Irrigation Circle, Pune revealed that the agency stopped the work (July 1996) due to shortage of cement. Since the department could not supply cement, it withdrew (October 1996) the work from the agency under clause 15(i)* of the agreement after incurring an expenditure of Rs 43.88 lakh. In order to complete the scheme, the circle office submitted (June 1997) revised estimates to the Command Area Development Authority (CADA), Ahmednagar. This was not processed by that office till its closure in November 1998. The estimates were later processed in Pune Irrigation Circle, Pune and submitted (September 1999) to Maharashtra Krishna Valley Development Corporation (MKVDC), Pune, who sanctioned (October 2000) revised estimates for Rs 98.98 lakh to irrigate 311.50 hectares of land. The work order was issued (November 2000) with stipulated period of completion as eight months (July 2001). However, due to paucity of funds, the work was stopped (June 2002), after incurring an expenditure of Rs 8.53 lakh (paid upto March 2004).

Non-supply of cement by the department due to scarcity, increase in quantum of works# necessitating revision of estimate, subsequent delays in finalisation of revised estimates and paucity of funds resulted in non-completion of the scheme thereby blocking of funds of Rs 52.41 lakh incurred on the scheme for two to eight years. Besides, beneficiaries were deprived of the benefits of the scheme. There was also cost escalation of 44 per cent at Rs 29.71 lakh based on revised estimates due to adoption of revised district schedule of rates.

* If at any time after the execution of the contract documents the Engineer desires for any reason that whole or part of work should not be carried out at all, he shall give a notice in writing to the contractor and contractor shall on receipt of the same stop the work wholly or in part, without any compensation.

Excavation in soft strata, excavation in hard strata and uncoursed rubble in cement mortar for foundation

Government stated (September 2004) that (a) due to transfer of work from one office to another, there was delay in finalisation of revised estimates and (b) according to MKVDC circular of January 2002 wherever expenditure incurred is less than 50 per cent, such scheme should be stopped and no further liability should be created. Therefore work was stopped in June 2002.

The reply is not tenable as the total expenditure incurred on the work was more than 50 per cent of the revised estimated cost.

MEDICAL EDUCATION AND DRUGS DEPARTMENT

4.5.5 Idle investment

Idle investment of Rs 50.69 crore on construction of a hospital building and non-recovery of lease rent of Rs 2.70 crore in respect of shops leased out.

Scrutiny of records in the Gokuldas Tejpal (GT) hospital, Mumbai revealed (November 2003) that an agreement between Government and a private builder was executed (October 1985) wherein it was agreed to complete the construction of hospital building by March 1987. Agreement further provided for recovery of lease rent in respect of shops constructed in the hospital complex. However, no lease agreement in respect of these shops was executed and lease rent amounting to Rs 2.70 crore (approximately) for sale of 477 shops was not recovered (December 2003). It was noticed that the builder structurally completed the hospital building (January 1996) and obtained permission for water connection and occupation certificate from the Brihanmumbai Municipal Corporation (January 1996). As some residual works were not completed, the Public Works Department (PWD) did not take over the building.

PWD took the possession of the building (March 2000) and handed it over to the Public Health Department on the same day. As per the valuation of PWD, the cost of the land and building constructed thereon was Rs 50.51 crore. In the meanwhile, it was proposed (May 1998) to start a super speciality hospital in the building with private participation and World Bank aid and an agreement for formation of Joint Venture Company was entered into with M/s Wockhardt Company (May 2001). An expenditure of Rs 17.92 lakh was incurred (March 2004) on feasibility study, security of the building and study tour abroad. However, the Joint Venture Company could not materialise due to adverse recommendation of the Standing Committee attached to the Public Health and Medical Education Department as the gains by Government in relation with the investment in the project seemed unsatisfactory.

Failure to take timely action to put the hospital building to use resulted in idle investment of Rs 50.69 crore and deprived the people of the State of a well equipped hospital for over eight years. Besides, lease rent amounting to Rs 2.70 crore remained unrealised.

**RURAL DEVELOPMENT AND WATER CONSERVATION
DEPARTMENT**

4.5.6 Idle investment on minor irrigation tank

Inaction on the part of department to take corrective measures to prevent depletion of water had resulted in idle investment of Rs 71.88 lakh and deprival of intended irrigation benefit for over eight years.

Work of Minor Irrigation Tank at Sawangi in Amravati District to irrigate 89 hectares of land was taken up (April 1995) for execution by Executive Engineer (EE), Minor Irrigation (Local Sector) Division, Amravati as deposit work. The work was completed at a cost of Rs 52.48 lakh in April 1996.

Scrutiny of records (August 2003) of EE revealed that no irrigation was possible from the project since its completion as the stored water got depleted every year below lower sill level prior to Rabi season. However, neither action was taken to ascertain the reasons for seepage nor any remedial measures were carried out to arrest it. This had resulted in idle expenditure of Rs 71.88 lakh (Rs 52.48 lakh on dam and Rs 19.40 lakh on allied work).

While accepting the fact EE stated (November 2003) that percolation of water may be through submergence area. He further stated that the matter was referred (February 2002) to Senior Geologist for investigation and suggestion of remedial measures, but the report was awaited (December 2004).

Thus, inaction on the part of the division to take corrective measure to ascertain the reasons for seepage and prevent depletion of water had resulted in idle expenditure of Rs 71.88 lakh and deprival of intended irrigation benefit for over eight years.

The matter was referred to the Secretary to the Government in August 2004. Reply has not been received (December 2004).

**SOCIAL JUSTICE, CULTURAL AFFAIRS AND SPECIAL
ASSISTANCE DEPARTMENT**

4.5.7 Blocking of funds

Non-completion of the buildings under the "Matoshree Vridhashram Yojana" resulted in blocking of Rs 35 lakh for over four years.

The Government resolved (November 1995) to implement the "Matoshree Vridhashram Yojana" for housing about 100 aged people in each district. The scheme was to be implemented through Non-Government Organisation (NGOs) who were to be provided with land admeasuring upto five acres on lease for 30 years at nominal rent of rupee one per year and Rs 50 lakh towards construction of the buildings by the Government.

Scrutiny of the records of the Divisional Social Welfare Officer, Navi Mumbai (April 2002) and information obtained from the Special District Social Welfare Officer, Mumbai Suburban (July 2004) revealed that the Government allotted 12.5 acres of land at Gorai, Taluka Borivali (May 1997) on lease for 30 years at a nominal rent of rupee one per year as against the prescribed five acres of land to Vasant Smruti (an NGO) for setting up a *Vridhashram*.

Government also released grant of Rs 35 lakh between March 1999 and March 2000 for construction of the buildings. According to instructions issued by the Government in December 2001, the incomplete work of *Vridhashram* was to be got completed by 31 March 2002. Though two buildings were physically completed, works related to doors, windows, water supply and painting were still pending. Similarly, works upto slab stage only were completed in respect of other two buildings. The NGO had neither furnished the utilisation certificate nor approached the department for further grants despite written requests from the Department (July 2004) and several personal visits of the officials to NGO. Further, a show cause notice was also issued (June 2004) to NGO. However, there was no response from the NGO.

Thus, in spite of allotment of land at nominal rent and release of construction grant of Rs 35 lakh, the NGO had neither completed the building nor commenced the *Vridhashram* resulting in blocking of funds for over four years, besides non-achievement of the objective of housing the aged people.

The matter was referred to the Principal Secretary to the Government in August 2004. Reply has not been received (December 2004).

4.5.8 Denial of social security to the old age people

Failure of the Collector to encash a cheque of Rs 30.06 lakh has resulted in denial of benefits to 5012 beneficiaries under National Old Age Pension Scheme for over six years.

With a view to provide financial assistance to the destitute old age males/females of 65 years and above, Government of India (GOI) in August 1995 launched a 100 per cent centrally sponsored National Old Age Pension Scheme (NOAPS). The financial assistance of Rs 75 per month was payable to the beneficiaries in the form of pension. The district collector (DC) was responsible for monitoring, efficient implementation and arranging payments to the beneficiaries under the scheme.

Scrutiny of records of Project Director (PD), District Rural Development Agency (DRDA), Bhandara (April 2002) and information collected from the DC, Bhandara and Gondia (May 2004) revealed that under NOAPS, GOI telegraphically released (March 1998) second instalment of Rs 30.06 lakh for the year 1997-98. The amount was to be credited to the account of Collector, Bhandara being maintained by State Bank of India's Bhandara Branch. However, the amount was credited to the account of PD, DRDA, Bhandara. The PD, Bhandara after correspondence (April/June 1998) with GOI transferred (August 1998) Rs 30.06 lakh by issue of a cheque in favour of the

DC, Bhandara. Though DC Bhandara acknowledged the cheque in September 1998, the amount remained unutilised with DRDA, Bhandara. This has resulted in denial of contemplated benefits to 5012 beneficiaries and blocking of funds for over six years.

On this being pointed out the DC, Gondia stated (May 2004) that the cheque issued by DRDA was not received by the Collectorate and no correspondence in this matter was made by the PD, DRDA, Bhandara.

The reply of the Collector was not acceptable as Collector, Bhandara was required to ensure payment of pension and to furnish the utilisation certificate for second instalment for the year 1997-98. Thus, failure on the part of the DC to obtain and encash the cheque for 1997-98 resulted in denial of contemplated benefits of the NOAPS to 5012 destitute beneficiaries for years and also blocking of Government funds to that extent.

The matter was referred to the Secretary to the Government in August 2004. Reply has not been received (December 2004).

TRIBAL DEVELOPMENT DEPARTMENT

4.5.9 Idling of funds

Failure to provide land for construction of buildings for Ekalavya Residential Schools led to idling of funds of Rs 1.84 crore lying with the Maharashtra Tribal Public School Society.

The Government of Maharashtra (GOM) was to receive from GOI an amount of Rs 10 crore for construction of four* Model Residential Schools for tribal students (renamed "Ekalavya Residential Schools") in the State at Rs 2.5 crore per school. Government of India (GOI) released (1997-98) Rs 4 crore and remaining amount of Rs 6 crore was to be released subject to submission of satisfactory physical and financial progress report, utilisation certificate of the amount already released and on submission of information as required in the proforma attached to GOI letter of January 2002.. As per GOI norms, a minimum of 10 hectares of land required for construction of school buildings was to be provided by the State Government free of cost.

Scrutiny of records of the Tribal Development Commissionerate, Nashik (January 2004), revealed that the GOM released Rs 37.04 lakh (August 2000) and Rs 3.63 crore (May 2002) to the Commissioner of Tribal Development. These funds were kept in a bank in the name of Maharashtra Tribal Public School Society, established for running the schools. Construction of buildings had however, not commenced for want of land. All the four schools were functioning in rented premises (November 2000) and expenditure of Rs 28.76 lakh and Rs 1.87 crore respectively has been incurred on rent and establishment (April 2004).

* Ekalavya Residential school at Bordi (Thane), Mundegaon (District Nashik), Chikaladhara (District Amaravati) and Khairi-Parsoda (District Nagpur)

Thus, due to failure on the part of the State Government to make the land available for construction of the school buildings, funds to the extent of Rs 1.84 crore were lying idle for more than five years, besides Government could not avail of additional grant of Rs 6 crore.

The Government in Tribal Development Department stated (May 2004) that the Maharashtra Tribal Public School Society was trying its best to acquire land for construction of buildings for the schools. The Society was allotted land for school at Chikhaldara, however due to litigation, the construction could not be started. It was further stated that possession of land for school at Khairi-Parsoda was being taken over. However, the fact remains that the Government was unable to acquire and provide the required land for the purpose despite availability of government machinery and a well defined law for the purpose of acquisition of land in public interest.

URBAN DEVELOPMENT DEPARTMENT

4.5.10 Idle investment and loss of interest

Improper monitoring of investments resulted in idle investment of Rs 1 crore and loss of interest of Rs 19.50 lakh.

The Nagpur Improvement Trust (NIT) Act, 1936 provides for investment of surplus money not required for immediate expenditure in specified securities.

Scrutiny of records (November 2003) of NIT revealed that NIT had invested Rs 1 crore in 16.5 *per cent* interest bearing redeemable bonds of Indian Railway Finance Corporation (IRFC). The Bonds were to be redeemed after 7 years. The bonds were allotted to NIT on 21 May 1996 and were to mature on 21 May 2003. The interest on the bonds was to be paid in January and July every year. In January 2001, the IRFC issued public notice and circular for premature redemption of these bonds on 21 May 2001. No interest was payable after this date.

Scrutiny further revealed that NIT submitted the bonds for redemption on scheduled date of maturity (21 May 2003) instead of prematured date (21 May 2001) for redemption. IRFC refunded Rs 1 crore in August 2003, without any interest beyond the premature date of redemption. This resulted in keeping the amount for two years with IRFC without any returns on the investment. Thus, failure of NIT to monitor this investment properly led to idle investment of Rs 1 crore and loss of interest of Rs 19.50 lakh for two years.

NIT stated (November 2003) that they did not receive any communication for early redemption either through IRFC or through public notice. NIT further stated that the bonds were submitted in May 2003 on the presumption of getting the interest for two years in one lump. The reply was not tenable as failure of NIT for further investment after redemption resulted in idle investment of Rs 1 crore and loss of interest of Rs 19.50 lakh.

The matter was referred to the Secretary to the Government in August 2004. Reply has not been received (December 2004).

4.6 Regulatory issues and other points of interest

FINANCE DEPARTMENT

4.6.1 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 2003 pertaining to 26 departments disclosed that 22335 paragraphs relating to 8425 IRs were outstanding at the end of June 2004. Yearwise position of the outstanding IRs and paragraphs are detailed in the **Appendix XXXI**.

➤ **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 2003-04, only five* out of the 26 departments convened 14 meetings of the Audit Committee. Out of 5383 paras outstanding against these five departments, 1993 paras were discussed in the meetings, of which, 1101 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, General Administration, Irrigation, Public Health, 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 1997-98 to 2002-03 is as follows:

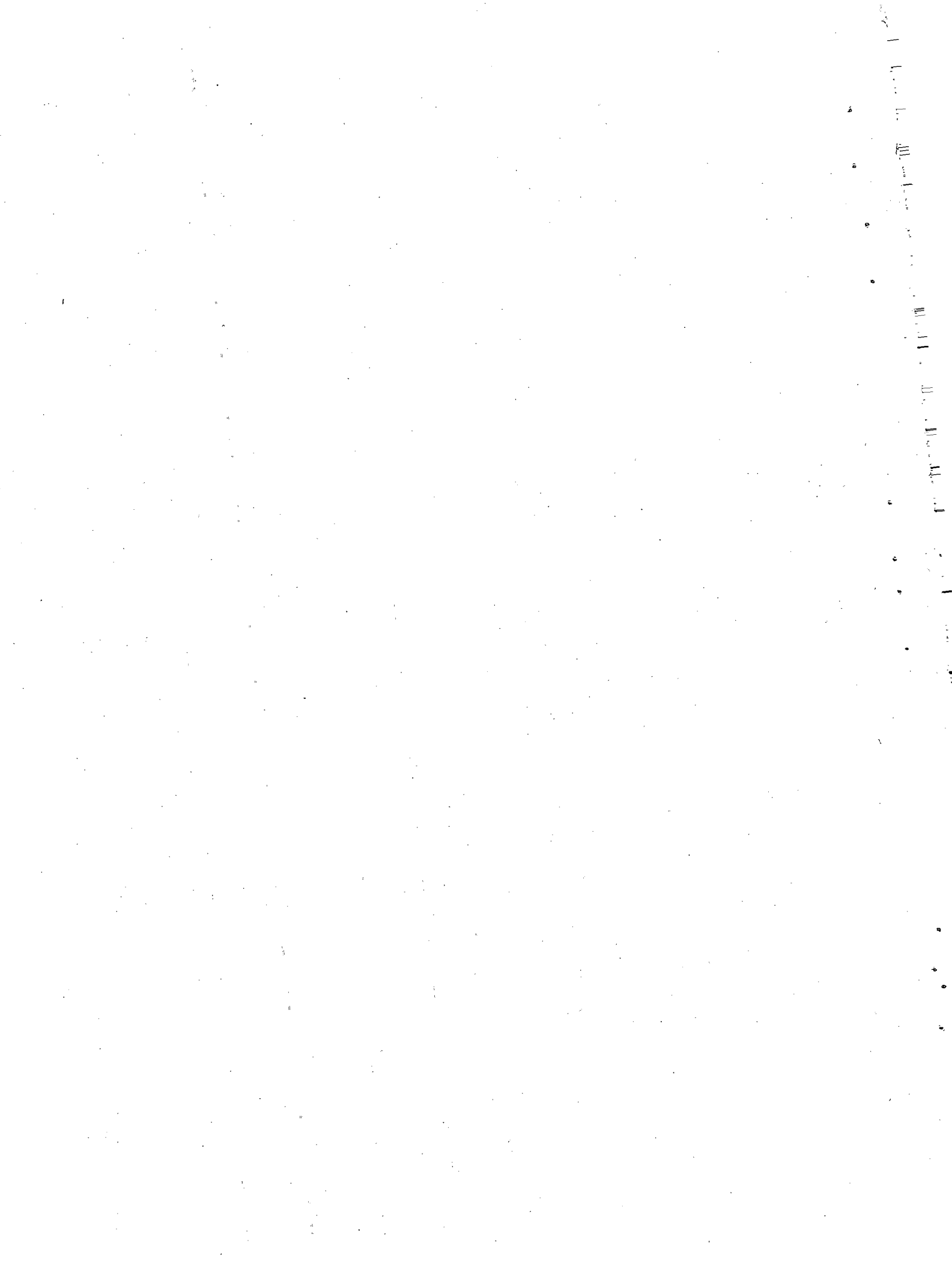
Audit Report	Date of tabling the Report	Number of Paragraphs/ Reviews	Number of EMs received	Balance
1997-98	20 December 1999	59/10	52/8	7/2
1998-99	30 November 2000	39/8	31/6	8/2
1999-2000	14 December 2001	49/6	35/6	14/0
2000-01	29 April 2002	36/7	22/6	14/1
2001-02	22 July 2003	50/1	20/1	30/0
2002-03	8 July 2004	42/6	--	42/6
Total		275/38	160/27	115/11

In addition to the above, EMs in respect of 62 paras relating to the period prior to 1996-97 were also outstanding. Department-wise details are given in **Appendix XXXII**.

➤ 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 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 1993-94	591	93	498	62	496
1994-95	65	22	43	21	43
1995-96	61	19	42	18	42
1996-97	73	14	59	13	57
1997-98	72	4	68	3	68
1998-99	47	--	47	--	47
1999-2000	55	10	45	10	45
2000-01	43	--	43	--	43
2001-02	51	--	51	--	51
2002-03	48	--	48	--	48
Total	1106	162	944	127	940



CHAPTER-V

Page

INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENT	161 to 171
--	-------------------

CONFIDENTIAL

INTERNAL SECURITY - COMMUNISM IN
GOVERNMENT DEPARTMENT

CHAPTER V

INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENT

AGRICULTURE, ANIMAL HUSBANDRY, DAIRY DEVELOPMENT AND FISHERIES DEPARTMENT

5.1 Evaluation of internal control mechanism and internal audit system in Agriculture department

Highlights

Internal control system is an integral process by which an organisation governs its activities to effectively achieve its objectives. An Internal Control system and strict adherence to statutes, codes and manuals minimise the risk of errors and irregularities and helps to protect resources against loss due to waste, abuse and mismanagement. Evaluation of the internal controls and internal audit system in Agriculture Department revealed the weakness of the internal controls in the department, non-compliance with rules, manuals and codes in the areas of budget preparation, expenditure control, cash management and an ineffective internal audit system.

In contravention of financial rules to draw funds for immediate use only, Rs 20.10 crore were parked with Maharashtra Agro Industries Development Corporation during 2000-2004 for utilisation in subsequent years.

(Paragraph 5.1.5)

Grants of Rs 846.51 crore paid to Agriculture Universities remained unassessed. Unspent grants of Rs 67.26 lakh were not recovered from Panjabrao Deshmukh Krishi Vidyapeeth. Grants of Rs 11.66 crore were paid to Vasant Rao Naik State Agriculture Extension Management Training Institute, Nagpur without prescribing terms and conditions.

(Paragraphs 5.1.6, 5.1.7 and 5.1.8)

The Commissionerate drew funds on abstract contingent bills on the basis of incorrect certificate regarding submission of detailed contingent bills. As of March 2004 detailed contingent bills amounting to Rs 4.84 crore were not submitted to the Accountant General (A&E).

(Paragraph 5.1.13)

Inspection of subordinate offices was not conducted by the authorities regularly.

(Paragraph 5.1.16)

No separate Internal Audit Wing was in existence and there was huge pendency in internal audit paragraphs. Pendency in compliance to the audit paragraphs indicates non-rectification of the defects and omissions pointed out by Audit.

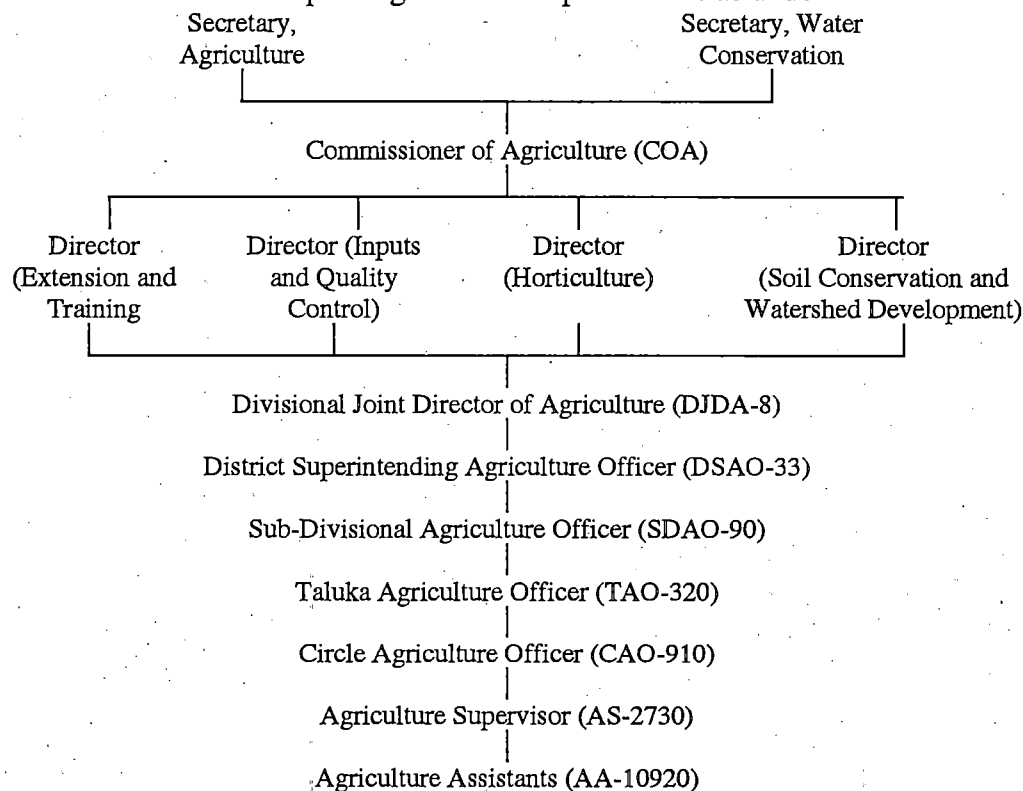
(Paragraphs 5.1.19 and 5.1.21)

5.1.1 Introduction

Internal control is a management tool used to provide reasonable assurance that management's objectives of reliability in financial reporting, effectiveness and efficiency of operations and compliance with the applicable rules and regulations are achieved. It also ensures that financial interests and resources are safeguarded and reliable information is available to the administration, entity which examines the level of compliance to the rules and procedures of the department and provides assurance to the management on the adequacy or otherwise of the existing internal controls.

5.1.2 Organisational set-up

The administrative set up of Agriculture Department is as under:



5.1.3 Audit objectives

Audit objectives were to examine whether the existing mechanism for internal control provides reasonable assurance to the executive with regard to achievement of the department's objectives through:

- Financial controls,
- Operational controls,
- Manpower control,
- Compliance with the applicable rules and regulations,
- System of Internal Audit.

5.1.4 Audit coverage

The records (pertaining to 2000-2004) such as calendar of returns, budget control registers, cash book, demand draft register, register of pending paragraphs, position of staff sanctioned *vis-a-vis* men in position and records relating to supervisory checks exercised in respect of Commissioner of Agriculture (COA), five* DJDAs, seven[†] DSAOs, six[‡] Sub-Divisional Agriculture Officers (SDAOs) and 14[§] Taluka Agriculture Officers (TAOs) were test-checked between April and August 2004. The results of the test-check on adequacy of internal control systems are discussed in the succeeding paragraphs.

Financial controls

The financial controls exercised by the department were deficient. Grants-in-aid were paid to State Agriculture Universities (SAUs) without assessment of utilisation of grants already paid, as brought out below:

Besides, Government moneys were drawn at the end of financial year, though not required for immediate disbursement and the same were either retained in the form of demand drafts or parked with Maharashtra Agro-Industries Development Corporation (MAIDC).

5.1.5 Parking of funds with MAIDC

Although financial provisions do not permit drawal of funds at the fag end of the financial year to avoid lapse of budget grant, the COA drew Rs 21.20 crore and deposited Rs 20.10 crore with MAIDC during the year 2000-2004 since it was the nodal agency for the agribusiness scheme and utilised the funds in

Rs 20.10 crore were parked with MAIDC during 2000-2004 for utilisation during subsequent years

* Kolhapur, Latur, Nagpur, Nashik and Pune.

† Akola, Beed, Kolhapur, Latur, Nagpur, Nashik and Pune.

‡ Beed, Kolhapur, Latur, Nagpur, Nashik and Pune.

§ Ajara, Akola, Balapur, Baramati, Beed, Karveer at Kolhapur; Kaij, Kalmeshwar, Katol, Latur, Niphad, Purandhar at Saswad, Renapur, Sinner.

subsequent years. The funds pertaining to schemes other than agribusiness were also drawn and deposited with the MAIDC at the fag end of March every year.

Action of the COA was contrary to the financial provisions. This resulted in parking of huge funds with the MAIDC, and inflated the actual expenditure reported to the GOI under work plan schemes. The details of drawal and parking of funds with MAIDC are indicated in **Appendix XXXIII**.

5.1.6 Non-assessment of grants

Grants of Rs 846.51 crore paid to Agriculture Universities remained unassessed

Grants for research and educational activities were paid to the State Agriculture Universities according to the formula approved by the Government (October 1995).

The Maharashtra Council for Agriculture Education and Research, (MCAER), Pune, an apex body created for co-ordinating the working of the SAUs was to assess the grants given during April and May every year and submit an assessment report to the Government by 30 June to enable them to adjust the excess payment/unspent balances, if any, from the grants payable subsequently. Though grants of Rs 846.51 crore were paid during 2000-2004 to the four State Agriculture Universities, MCAER, Pune did not assess the grants. As a result, necessary adjustment could not be carried out by the Government while releasing the grants. The MCAER, Pune attributed the failure to non-availability of staff.

5.1.7 Non-refund of unspent balances

Unspent grants of Rs 67.26 lakh was not recovered from PDKV, Akola

Scrutiny revealed that funds released to Dr. Panjabrao Deshmukh Krishi Vidyapeeth (PDKV), Akola for conducting training and implementation of various agriculture related programmes were not properly monitored. As a result, grants of Rs 67.26 lakh pertaining to the years 1998-2004 remained unspent with the university.

5.1.8 Release of grant-in-aid to Vasant Rao Naik State Agriculture Extension Management Training Institute, Nagpur

Grant-in-aid of Rs 11.66 crore released to VANAMATI, Nagpur without prescribing terms and conditions

In order to impart training to the officers/officials involved in agriculture development works, the Vasant Rao Naik State Agriculture Extension Management Training Institute (VANAMATI), Nagpur (an autonomous body) was declared as an apex body and seven* regional training institutes were affiliated to it (July 1998). The COA was nominated to carry on the affairs of the institute. Government released recurring grants for meeting the expenditure on training, pay and allowances of staff and contingencies and non-recurring grants for construction of buildings.

* Mahatma Phule Krishi Vidyapeeth, Rahuri; Dr.PDKV, Akola; Marathwada Krishi Vidyapeeth, Parbhani and, Dr. Balasaheb Sawant Konkan Krishi Vidyapeeth, Dapoli.

* Amravati, Aurangabad, Daund, Khopoli, Kolhapur, Nagpur and Nashik.

During 2000-2004, the Government released funds of Rs 11.66 crore. Of this, only Rs 2.50 crore were utilised and the balance amount meant for strengthening of training institute was lying with VANAMATI. It was noticed that Government did not prescribe any terms and conditions for utilisation of the grants-in-aid and continued to release grants without ensuring utilisation of moneys already released.

Audit also observed that the institute was registered under Societies Registration Act, 1860 but the annual accounts were not prepared and got certified from the statutory auditor.

Expenditure control - Cash management

Scrutiny of the cash book maintained by the COA and other test-checked offices revealed retention of cash in the form of demand drafts, non-adjustment of temporary advances etc. as discussed below:

5.1.9 Deficient maintenance of cash book

Though the cash book was required to be written and closed daily, four offices² did not close it daily and the cash books for the months of March 2004 to July 2004 were completed at the instance of audit conducted during April to July 2004. The monthly surprise verification of cash balances was not carried out in respect of all the offices visited.

5.1.10 Retention of cash in the form of demand drafts

The COA drew amounts of subsidy and grant-in-aid payable to the Maharashtra State Seeds Corporation Limited (MSSCL), Akola, MAIDC, Maharashtra State Seed Certification Agency (MSSCA) and VANAMATI, Nagpur and amount payable to the suppliers. The amount so drawn was converted into demand drafts (DDs) and the DDs were shown as disbursed in the cash book. It was noticed that the DDs for Rs 53.79 lakh drawn during August 2002 to October 2003 were delivered after three to nine months from the date of disbursement shown in the cash book and 18 DDs amounting to Rs 3.51 lakh were pending at the end of September 2004 due to non-receipt of release orders from the concerned branches of the COA.

5.1.11 Non-maintenance of demand draft register

Demand Drafts (DDs)/cheques were received from the MAIDC, the COA, the DJDA for disbursement of subsidy to the beneficiaries. The register for recording the dates of receipt and delivery of DDs/cheques was not maintained by the DSAO, SDAO and TAO. As a result, the position of DDs lying undisbursed with them could not be ascertained. It was noticed (April 2004) that a DD of Rs 10 lakh payable to M/s Pradeep Chordia was lying with DSAO, Pune since March 2002. It was also noticed that cheques worth Rs 8.30 crore issued by the MAIDC during 2000-2004 and routed through

² DJDA, Kolhapur, SDAO, Latur and Nashik, TAO, Niphad.

DSAO, SDAO, TAO towards additional subsidy for drip and sprinklers were not presented to the banks for encashment by the beneficiaries. Of these cheques, Rs 58.18 lakh pertained to March 2003. This indicated that a large number of DDs/cheques were either not delivered or disbursed late to the beneficiaries.

5.1.12 Non-adjustment of temporary advances

Temporary advances granted to the officials for meeting emergent expenses like petrol, oil and lubricants were not adjusted within a reasonable time or even before granting second and subsequent advances. As a result, advances of Rs 27.80 lakh remained outstanding as of February 2004. Out of this advances Rs 8.27 lakh pertained to the period 1999-2003. Abnormal delays in adjustment of temporary advances indicated poor monitoring and possible misutilisation of funds.

5.1.13 Non-submission of detailed contingent bills

As per the Financial Rules and Government orders of July 2000, detailed contingent bills are to be submitted within a month from the date of drawal of abstract contingent (AC) bills. Contrary to these, detailed contingent (DC) bills for Rs 4.84 crore drawn on 261 AC bills during 1999-2004, were not submitted by the COA, as of July 2004. Scrutiny revealed that Drawing and Disbursing Officer furnished an incorrect certificate to the effect that DC bills in respect of all AC bills drawn earlier had been furnished while presenting the AC bill for payment, though the DC bills were not in fact submitted. The AC bill register was not maintained in the prescribed format.

It was seen that the temporary advances were paid out of the funds drawn on AC bills and remained unadjusted due to delay in adjustment of the temporary advances by the officials.

Organisational control

Scrutiny revealed that organizational controls were deficient due to lack of records relating to checks exercised by field officers, lack of system of verification of assets created out of Government assistance and insufficient inspection of subordinate offices.

5.1.14 No evidence of exercising prescribed checks

To ensure that implementation of the schemes by the field offices as per guidelines, annual percentage checks were to be exercised by field officers at all levels as prescribed*.

* 2 per cent by DJDA; 3 per cent by DSAO; 10 per cent by SDAO; 5 per cent by ADO, ZP; 20 per cent by TAO; 50 per cent by CAO/AO and 100 per cent by AS. For the drip and sprinkler, 5 each in each district every month by DJDA and DSAO; 10 per cent by SDAO; 25 per cent by TAO and 100 per cent by Circle Agriculture Officer/Agriculture Officer and Agriculture Supervisor.

Detailed Contingent bills amounting to Rs 4.84 crore were not submitted to the AG (A&E) as of July 2004

Scrutiny revealed that except in the cases of soil conservation works, records relating to the checks actually exercised by the officer were not maintained.

The DJDA, Nagpur stated that due to shortage of manpower (in all cadres) in the region, the required checks could not be exercised by the field officers. The COA did not furnish (July 2004) the information regarding the prescribed checks actually exercised by the field officers. This indicated that the field officers did not furnish any report on the prescribed checks conducted or otherwise. Shortfall, if any, in exercising the checks might affect the quality of works/expenditure.

5.1.15 Follow up of utilisation of grants given to beneficiaries

Government granted financial assistance of Rs 21.20 crore during 2000-2004 to the beneficiaries under agribusiness support scheme for creating infrastructure facilities like food processing units, rice processing units, market information centres (MICs) and onion sheds. This infrastructure created was expected to be used atleast for a period of five years by the beneficiary concerned who was also required to submit periodical reports. An undertaking to refund Government assistance in case of non-use/misuse of the infrastructure, atleast for five years, was to be obtained from the beneficiaries.

It was revealed that the department had neither evolved any system of verification of continuous use nor obtained the progress reports regularly.

The DSAOs and TAOs stated that during field visits (April to August 2004), utility of the infrastructure was verified. However, in the absence of any directives, periodical reports of utility were not prepared and submitted to the higher authorities. It was noticed that facilities like MICs were not functional since inception, and no effective action was taken for making them functional.

5.1.16 Inspection of the subordinate offices

In order to step up standard of efficiency of the sub ordinate offices, administrative inspection should be conducted periodically.

Administrative inspection of the offices of eight DJDAs and one district office was to be conducted annually at the Commissionerate level. Inspection of the District, Sub Division and Taluka Agriculture offices was to be conducted by the DJDA, DSAOs SDAOs and TAOs. However, the number of offices actually inspected were not monitored by the COA. As such arrears in inspection could not be ascertained. Scrutiny of records of the five divisions revealed that inspections of nine offices and six offices of Kolhapur and Nagpur respectively were not conducted by the respective DJDAs during the period 2000-2004. Information was not furnished by DJDA, Nashik and Pune. Administrative inspection of the subordinate offices was not conducted by the DSAOs Kolhapur, Nashik, Latur, Akola and information was not available in respect of Pune and Nagpur. Non-conducting of inspections of subordinate might adversely affect the efficiency in working.

5.1.17 Vigilance Squad

For speedy disposal of the public complaints alleging misappropriation of Government funds and other irregularities like misappropriation of subsidy for drip and sprinkler set and distribution of seeds a 12 member vigilance squad including one Deputy Director was created in July 1998. It was, however, revealed that out of 257 cases received during 1998-2004, 186 cases were disposed off and 71 cases were pending as of March 2004. Of the pending cases, 41 were more than three years old.

The department attributed (May 2004) the slow progress to inadequate staff at field level and delay in getting replies. It was further stated that to ensure speedy clearance, the nodal officers at regional levels have been appointed and their work is being reviewed periodically.

Manpower management

5.1.18 Non-implementation of recommendations of expert committee

Government implemented (July 1998) one window delivery system from July 1998 for agriculture related activities by merging three separate Directorates functioning in the State

Even after introduction of the system, anomalies in deployment of staff were noticed. To review the present staffing pattern, a private expert committee was appointed (April 2000). The expert committee recommended (September 2000) adequate provision of computer facilities and online data transfer between different offices and save considerable manpower.

In pursuance of these recommendations, the Government decided (February 2001) to transfer thirty seven schemes to ZPs and to surrender 5425 posts. However, the new staffing pattern has not been implemented (August 2004).

Effectiveness of Internal Audit

Internal Audit is responsible for examining and evaluating the level of compliance to the departmental rules and procedures, and provides assurance to senior management on the adequacy of the risk management and internal control framework of the department.

5.1.19 No separate Internal Audit Wing

There was no separate IAW in the COA. The Assistant Director of Accounts, (under the Director of Horticulture) was responsible for conducting internal audit of Divisional Joint Directors of Agriculture (DJDA). Accounts Officers in the offices of the DJDA and District Superintending Agriculture Offices (DSAO) were responsible for conducting internal audit of 33 district offices, 539 subdivisions and Taluka Agriculture Offices respectively.

No separate Internal Audit Wing was in existence and there was huge pendency in internal audit paragraphs

5.1.20 No Internal Audit Manual

There was no manual of Internal Audit or Auditing Standards prescribing the principles and practices, which the Internal Auditor was required to follow. The audit of expenditure was conducted with reference to prescribed financial rules and account code.

5.1.21 Arrears in Internal Audit

The IAW was required to prepare an annual audit plan before the commencement of the financial year for conducting audits during the year. The IAW functioning under the COA, DJDA and DSAO did not prepare an annual audit programme during 2000-2004. Evidently, there was no planned effort to cover offices under their jurisdiction on a periodical basis.

There were huge arrears in conducting internal audit and settlement of pending audit objections as of March 2004. The pendency of internal audit paras ranged from one year to eight years as indicated below. The internal audit of DSAOs and other offices was pending since the introduction of one window system in 1998-99.

Number of audit years in arrears

	COA	DJDA	DSAO	Total
Number of offices to be audited*	8	36	539	583
Number of audit years in arrears*	34	193	2763	2990

Number of internal audit paragraphs pending settlement

Period of pendency	Commissionerate IAW wing	DJDAs wing	DSAOs wing	Total
More than five to eight years	--	7134	36429	43563
More than four years	100	99	1852	2051
More than three years	67	58	120	245
More than two years	308	-	34	342
More than one year	137	66	6550	6753
Total	612	7357	44985	52954

The register of outstanding paragraphs was not maintained at COA, DJDA or DSAO levels. Obviously compliances of the outstanding audit observations were not followed up.

The internal audit in respect of DSAO, Kolhapur for the period from July 1998 to March 2000 was conducted during December 2003 and the report was issued only at the instance of audit in April 2004.

The COA stated (July 2004) that no separate IAWs existed in the department. The internal audit was an additional work assigned to the Assistant Director of Accounts at COA level and Accounts Officer at DJDA and DSAO levels and

* Information as furnished by the Department.

due to shortage of manpower, timely action could not be taken for completion of internal audit and settlement of audit paragraphs.

5.1.22 Non-response to Audit

Pendency in compliance to the audit paragraphs

As per orders, all Executives, the Heads of offices and the higher authorities are required to comply with the observations contained in the Inspection Reports and rectify the defects and omissions promptly and report their compliances to the Accountant General.

The position of the inspection reports and paras issued by the Principal Accountant General (Audit) upto 31 December 2003 and not settled upto June 2004 by the department due to non-compliance was as under:

Year	Agriculture Department	
	Number of Inspection reports pending	Number of paragraphs pending
Upto 1998-99	168	216
1999-2000	18	31
2000-01	37	62
2001-02	90	140
2002-03	84	176
2003-04	74	321
Total	471	946

5.1.23 Conclusion

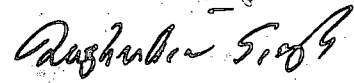
There were weaknesses in the internal control mechanism, which failed to provide the necessary assurances to the executive. As a result, expenditure exceeded the budget grants and funds were kept outside Government account and temporary advances remained unadjusted for long period. Due to delay in assessment of grants-in-aid paid to State Agriculture Universities, the excess grants if any, could not be adjusted. Internal auditing standards have not been prescribed by the Government. There was no separate Inter Audit Wing.

5.1.24 Recommendations

- Government should ensure close monitoring of funds given to various corporations and autonomous bodies for ensuring utilisation of funds provided under various schemes and for getting refund of unspent balances promptly.
- Government should ensure that long outstanding temporary advances in Commissioner of Agriculture's office which are given to officials for meeting office expenses since non adjustment could lead to misutilisation of funds.
- Government should consider setting up a system for periodic check on utilization of the infrastructure and submission of reports regarding assets created from its financial assistance under the agribusiness support scheme.

- Streamlining the internal audit set up to avoid persistent financial irregularities.

The matter was referred to Secretary to Government in September 2004. No reply has been received (December 2004).



(RAGHUBIR SINGH)

Principal Accountant General (Audit)-I,
Maharashtra

Mumbai,

The 19 3 JUN 2005

Countersigned

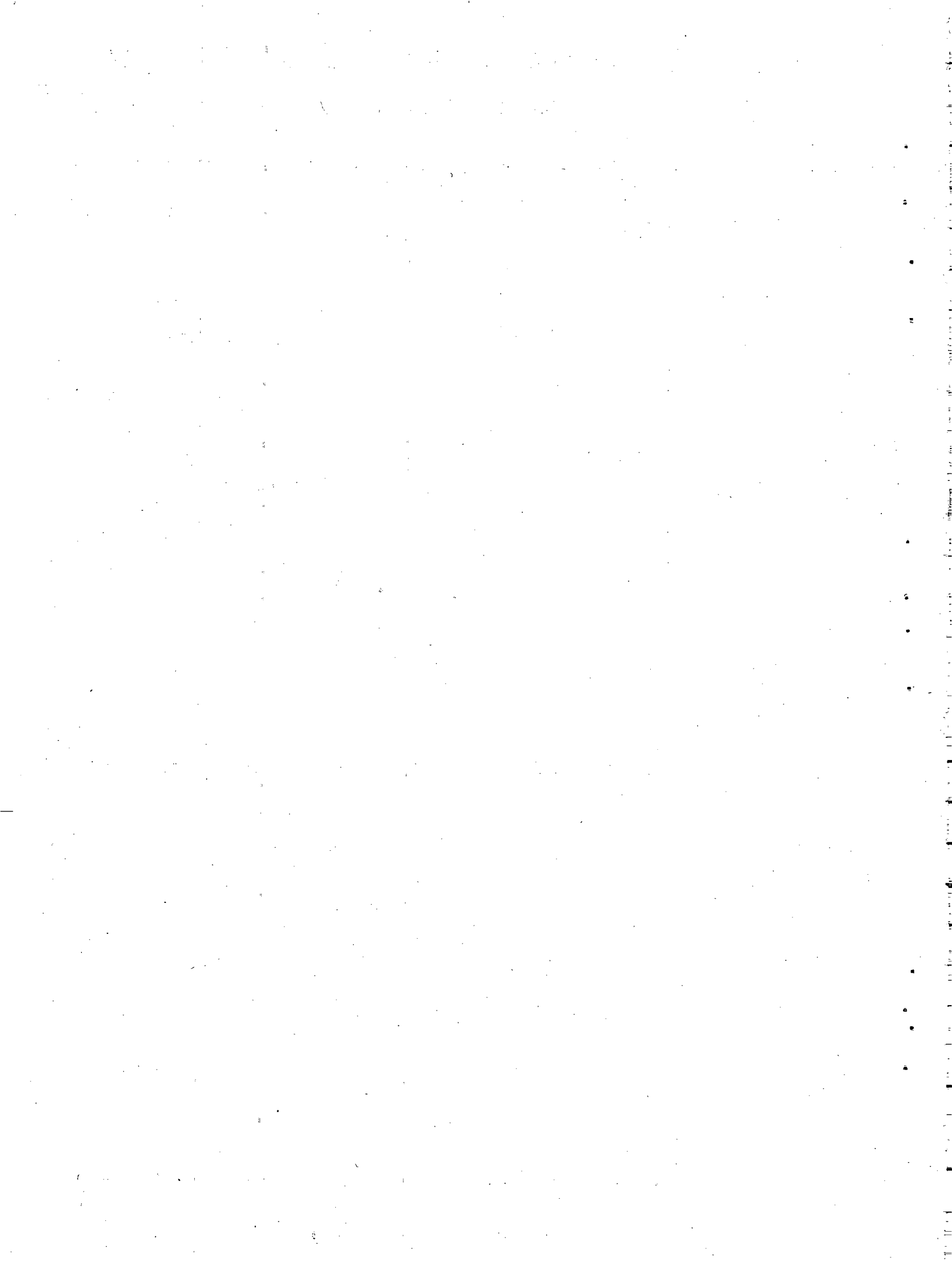


(VIJAYENDRA N. KAUL)

Comptroller and Auditor General of India

New Delhi,

The 23 JUN 2005



APPENDICES

APPENDICES

APPENDIX I
(Reference: Paragraph 1.4, Page 5)

Summarised financial position of the Government of Maharashtra as on 31 March 2004

As on 31.03.2003	LIABILITIES		(Rupees in crore) As on 31.03.2004
17150.66	Internal Debt		52119.09
7433.41	Market Loans bearing interest	14679.54	
25.45	Market Loans not bearing interest	25.59	
564.83	Loans from LIC	2354.16	
9126.97	Loans from other institutions	35059.80	
--	Ways and Means Advances/Overdrafts from Reserve Bank of India	--	
36903.95	Loans and Advances from Central Government		16063.46
347.73	Pre 1984-85 Loans	268.09	
27650.43	Non-Plan Loans	6241.74	
8734.43	Loans for State Plan Schemes	9382.97	
11.73	Loans for Central Plan Schemes	10.91	
147.13	Loans for Centrally Sponsored Plan Schemes	159.75	
12.50	Ways and Means Advances	--	
113.15	Contingency Fund		102.50
7201.40	Small Savings, Provident funds etc		7688.84
9273.39	Deposits		10352.18
15269.77	Reserve Funds		18180.30
3999.30	Suspense and Miscellaneous Balances		2611.68
--	Remittances		1068.51
89911.62	TOTAL		108186.56
As on 31.03.2003	ASSETS		As on 31.03.2004
43849.91	Gross Capital Outlay on Fixed Assets		52219.83
13605.01	Investments in shares of Companies, Corporations etc	19790.89	
30244.90	Other Capital Outlay	32428.94	
9693.37	Loans and Advances		10942.43
3233.77	Loans for Power Projects	4261.40	
5966.28	Other Development Loans	6099.95	
493.32	Loans to Government servants	581.08	
13.51	Advances		12.67
656.45	Remittance Balances		--
1435.20	Cash		2438.94
6.74	Cash in Treasuries	4.29	
(-74.17)	Deposits with Reserve Bank	(-262.59)	
(-60.40)	Local remittances	(-58.64)	
5.20	Departmental Cash Balance	5.88	
0.42	Permanent Advances	0.43	
967.05	Cash Balance Investments	1765.04	
590.36	Investment of earmarked balances	984.53	
34263.18	Deficit on Government Accounts		42572.69
9371.25	(i) Revenue Deficit of the Current Year	8309.54	
0.03	(ii) Pro forma correction	--	
--	(iii) Other adjustments	(-0.03)	
24891.90	Accumulated deficit upto 31 March 2003		34263.18
89911.62	TOTAL		108186.56

* Higher rounding.

Audit Report (Civil) for the year ended 31 March 2004

APPENDIX II										
(Reference: Paragraph 1.4, Page 5)										
Abstract of Receipts and Disbursements for the year 2003-04										
(Rupees in crore)				(Rupees in crore)						
Receipts				Disbursements						
2002-03			2003-04	2002-03			Non-Plan	Plan	Total	2003-04
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Section-A : Revenue										
31103.05	I.	Revenue receipts	34370.52	40474.30	I.	Revenue expenditure	39135.36	3544.70	42680.06*	42680.06*
22799.46		Tax revenue	25162.16	17946.81		General services	19782.77	37.31	19820.08	
				14217.83		Social services	13678.62	2311.70	15990.32	
4517.47		Non-tax revenue	3548.94	8937.10		Education, Sports, Art and Culture	9176.90	255.40	9432.30	
				1655.66		Health and Family Welfare	1384.42	383.53	1767.95	
2279.96		State's share of Union Taxes	3389.49	1480.17		Water Supply, Sanitation, Housing and Urban Development	1025.15	868.72	1893.87	
				19.13		Information and Broadcasting	19.82	--	19.82	
376.17		Non-Plan grants	638.62	831.19		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	680.51	399.78	1080.29	
				189.22		Labour and labour Welfare	185.15	9.00*	194.15*	
547.93		Grants for State Plan Scheme	797.32	1078.83		Social Welfare and Nutrition	1176.67*	393.99	1570.66	
				26.53		Others	30.00	1.28	31.28	
582.06		Grants for Central and Centrally sponsored Plan Schemes	833.99	7635.77		Economic Services	4689.76	1193.24	5883.00	
				2651.23		Agriculture and Allied Activities	2305.45	80.38	2385.83	
				905.08		Rural Development	1431.52	633.87	2065.39	
				52.56		Special Areas Programmes	0.17	51.14	51.31*	
				1811.19		Irrigation and Flood control	265.41	91.41*	356.82	
				758.70		Energy	292.45	60.34	352.79	
				226.18		Industry and Minerals	98.40*	102.33	200.73	
				997.34		Transport	225.30	37.09*	262.39	
				7.11		Science, Technology and Environment	0.01	14.50	14.51	
				226.38		General Economic Services	71.05	122.18*	193.23	
				673.89		Grants-in-aid and Contributions	984.21	2.45	986.66	

† Higher rounding
* Lower rounding

APPENDIX II (Contd.)											
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
9371.25	II.	Revenue deficit carried over to Section B		8309.54	--	II.	Revenue Surplus carried over to Section B			--	
Section B											
697.70	III.	Opening Cash balance including Permanent Advances and Cash Balance Investment		1435.20	--	III.	Opening Overdraft from RBI			--	
--	IV.	Miscellaneous Capital receipts	--		3683.68	IV.	Capital Outlay	4464.06	3735.08	8199.14	8199.14
					39.38		General Services	15.46	33.17	48.63	
					159.28		Social Services	(-)1.09	283.65	282.56	
					4.32 ⁺		Education, Sports, Art and Culture	--	8.68	8.68	
					96.08		Health and Family Welfare	--	157.16	157.16	
					15.36		Water Supply, Sanitation, Housing and Urban Development	0.02 ⁺	14.22	14.24	
					21.90		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	--	70.08	70.08	
					2.23		Social Welfare and Nutrition	(-)1.11 ⁺	2.86	1.75	
					19.39		Others	--	30.65	30.65	
					3485.02		Economic Services	4449.69 ⁺	3418.26	7867.95	
					149.68		Agriculture and Allied Activities	178.84	242.85	421.69	
					2513.80		Irrigation and Flood Control	4144.51	1957.79	6102.30	
					291.10		Energy	0.01 ⁺	297.18 ⁺	297.19	
					5.78		Industry and Minerals	--	8.51	8.51	
					522.06		Transport	121.29	911.92	1033.21	
					2.54		General Economic Services	5.04	(-)0.04	5.00	
					0.06		Science Technology and Environment	--	0.05	0.05	
469.16	V.	Recoveries of Loans and Advances-		482.16	1704.08	V.	Loans and Advances disbursed-				1901.99
0.32		From Power Projects	22.87		179.64		For Power Projects			1050.50	
80.03		From Government Servants	92.76		147.97		To Government Servants			180.52	
388.81		From others	366.53		1376.47		To Others			670.97	
--	VI.	Revenue surplus brought down		--	9371.25	VI.	Revenue deficit brought down				8309.54

* Lower rounding

+ Higher rounding

Audit Report (Civil) for the year ended 31 March 2004

APPENDIX II (Contd.)										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
9758.42	VII.	Public debt receipts		22381.11	1355.31	VII.	Repayment of Public Debt-			8253.17
--		External debt	--	--	--		External debt			--
8796.64		Internal debt other than ways and means Advances and Overdraft	21128.70		233.22		Internal debt other than Ways and Means Advances and Overdraft		410.92	
+		Net transactions under Ways and Means Advances including Overdraft	A		+		Net transactions under Ways and Means Advances including Overdraft		A	
961.78		Loans and Advances from Central Government	1252.41		1122.09		Repayment of Loans and Advances to Central Government		7842.25	
450.00	VIII.	Appropriation from Contingency Fund		850.00	450.00	VIII.	Appropriation to Contingency Fund			850.00
465.80	IX.	Contingency Fund		886.85	486.85	IX.	Contingency Fund			897.50
44867.16	X.	Public Account receipts		24452.02	38221.87	X.	Public Account disbursements-			19637.06
1405.75		Small Savings and Provident Funds	1713.78		1347.74		Small Savings and Provident Funds		1226.33	
4438.67*		Reserve funds	5440.55		2211.78		Reserve Funds		2530.03	
26510.62		Suspense and Miscellaneous	1460.96		23401.53		Suspense and Miscellaneous		2848.56	
7286.77		Remittances	10227.24		6937.24		Remittances		8502.28	
5225.35		Deposits and Advances	5609.49		4323.58		Deposits and Advances		4529.86	
--	XI.	Closing Overdraft from Reserve Bank of India		--	1435.20	XI.	Cash Balance at end-			2438.94
					6.74		-Cash in Treasuries		4.29	
--	XII.	Inter State Settlement		--	(-60.40)*		-Local Remittances		(-58.64)	
					(-74.17)		-Deposits with Reserve Bank		(-262.59)	
					5.20		-Departmental Cash Balance		5.88	
					0.42		-Permanent Advances		0.43	
					967.05		-Cash Balance Investment		1765.04	
					590.36		-Investment of earmarked balances		984.53	
56708.24		Total		50487.34	56708.24		Total			50487.34

* Higher rounding

Lower rounding

APPENDIX III (Reference: Paragraph 1.4; Page 5)			
Sources and Application of funds			
			(Rupees in crore)
2002-03	Sources		2003-04
31103.05	1	Revenue receipts	34370.52
469.16	2	Recoveries of Loans and Advances	482.16
8403.11	3	Increase in Public debt other than overdraft	14127.94
6645.29	4	Net receipts from Public account	4814.94
58.01		Increase in Small Savings and Provident Funds	487.44
901.78		Increase in Deposits and Advances	1079.63
2226.89		Increase in Reserve funds	2910.53
349.53		Net effect of Remittances	1724.96
3109.08		Net effect of Suspense and Miscellaneous transactions	(-)1387.62
--	5	Adjustment closed to Government Accounts	0.03
--	6	Decrease in closing cash balance	--
46620.61		Total	53795.59
Application			
40474.30	1	Revenue expenditure	42680.07
3683.68	2	Capital expenditure	8199.14
1704.08	3	Lending for development and other purposes	1901.99
21.05	4	Net effect of contingency fund transactions	10.65
737.50	5	Increase in closing cash balance	1003.74
46620.61		Total	53795.59

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 4590.31 lakh (credit) between the figures reflected in the accounts and that intimated by the RBI under "Deposit with Reserve Bank". The difference is under reconciliation (September 2004).

APPENDIX IV
(Reference : Paragraph 1.4; Page 5)

Time series data on State Government Finances

(Rupees in crore)

(1)	1999-2000 (2)	2000-01 (3)	2001-02 (4)	2002-03 (5)	2003-04 (6)
Part A. Receipts					
1. Revenue Receipts	25269.47	29566.92	30092.95	31103.05	34370.52
(i) Tax Revenue	17264.95(68)	19726.94(67)	21287.64(71)	22799.46(73)	25162.16(73)
Taxes on Agricultural Income	0.12(00)	--	0.16(00)	--	--
Taxes on Sales, Trade, etc	10509.02(61)	12196.39(62)	12131.38(57)	13488.34(59)	15325.95(61)
State Excise	1875.68(11)	1779.51(09)	1787.26(08)	1938.68(9)	2324.42(9)
Taxes on Vehicles	708.30(04)	785.84(04)	947.79(04)	941.23(4)	1205.97(5)
Stamps and Registration fees	1939.83(11)	2200.92(11)	2442.67(12)	2823.11(12)	3354.06(13)
Land Revenue	177.87(01)	214.72(01)	260.46(01)	386.41(2)	360.49(2)
Other Taxes	2054.13(12)	2549.56(13)	3717.92(18)	3221.69(14)	2591.27(10)
(ii) Non-tax Revenue	3936.87(16)	5596.26 ¹ (19)	4655.08(15)	4517.47(15)	3548.94(10)
(iii) State's share of Union taxes and duties	2608.67(10)	2781.01(09)	2468.76(08)	2279.96(7)	3389.49(10)
(iv) Grants-in-aid from GOI	1458.98(06)	1462.71(05)	1681.47(06)	1506.16(5)	2269.93(7)
2. Miscellaneous Capital Receipts	--	--	--	--	--
3. Total revenue and Non-debt capital receipts (1 + 2)	25269.47	29566.92	30092.95	31103.05	34370.52
4. Recoveries of Loans and Advances	250.90	2595.20	298.09	469.16	482.16
5. Public Debt Receipts	6058.04	6744.15	8671.33	9758.42	22381.11
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1154.80	1342.76	2334.73	8796.64	21128.70
Net transactions under Ways and Means Advances and Overdraft	--	--	--	--	--
Loans and Advances from Government of India ⁵	4903.24	5401.39	6336.60	961.78	1252.41
6. Appropriation from Contingency Fund	1000.00	700.00	600.00	450.00	850.00
7. Inter State settlement	--	--	--	--	--
8. Total receipts in the Consolidated Fund (3+4+5+6+7)	32578.41	39606.27	39662.37	41780.63	58083.79
9. Contingency Fund Receipts	1772.94	367.29	305.45	465.80	886.85
10. Public Accounts receipts	37749.44	38318.68	42368.85	44867.16	24452.02
11. Total receipts of the State (8+9+10)	72100.79	78292.24	82336.67	87113.59	83422.66
Part B. Expenditure/Disbursement					
12. Revenue expenditure (Per cent of 15)	29538.22(79)	37400.95¹(91)	38281.52(93)	40474.30(88)	42680.06¹(81)
Plan	2840.56(10)	2921.20 ¹ (08)	2881.03(08)	3244.41(8)	3544.70(8)
Non-Plan	26697.66(90)	34479.75(92)	35400.49(92)	37229.89(92)	39135.36(92)
General Services (incl. Interests payments)	12538.73(42)	14702.13(39)	17730.54(46)	17946.81(44)	19820.08(46)
Social Services	11181.28(38)	14350.71(38)	14136.81(37)	14217.83(35)	15990.32(38)
Economic Services	5257.72(18)	7655.86(21)	5875.71(16)	7635.77(19)	5883.00(14)
Grants-in-aid and Contribution	560.49(02)	692.25(02)	538.46(01)	673.89(2)	986.66(2)
13. Capital Expenditure (% of 15)	3761.32(10)	4463.01(11)	2947.88(07)	3683.68(8)	8199.14(15)
Plan	2637.86(70)	3688.30(83)	1475.39(50)	1645.08(45)	3735.08(46)
Non-Plan	1123.46(30)	774.71(17)	1472.49(50)	2038.60(55)	4464.06(54)
General Services	74.78(02)	45.95(01)	38.15(01)	39.38(1)	48.63(1)
Social Services	181.14(05)	120.46(03)	133.11(05)	159.28(4)	282.56(3)
Economic Services	3505.40(93)	4296.60(96)	2776.62(94)	3485.02(95)	7867.95(96)

* Higher rounding

¹ Lower rounding

⁵ Includes Ways and Means Advances from GOI

APPENDIX IV (Concl.)					
(1)	(2)	(3)	(4)	(5)	(6)
14. Disbursement of Loans and Advances (Per cent of 15)	3926.98(11)	(-726.04(-2))	59.39(00)	1704.08(4)	1901.99(4)
15. Total (12+13+14)	37226.52	41137.92	41288.79	45862.06	52781.19
16. Repayments of Public Debt	1017.09	1070.27	1190.80	1355.31	8253.17
Internal Debt (excluding Ways and Means Advances and Overdrafts)	199.48	209.60	229.89	233.22	410.92
Net transactions under Ways and Means Advances and Overdrafts	--	--	--	--	--
Loans and Advances from Government of India [§]	817.61	860.67	960.91	1122.09	7842.25
17. Appropriation to Contingency Fund	1700.00	350.00	250.00	450.00	850.00
18. Total disbursement out of Consolidated Fund (15+16+17)	39943.61	42558.19	42729.59	47667.37	61884.36
19. Contingency Fund disbursements	1017.29	755.45	615.80	486.85	897.50
20. Public Account disbursements	32925.27	34538.09	39760.53	38221.87	19637.06
21. Total disbursement by the State (18+19+20)	73886.17	77851.73	83105.92	86376.09	82418.92
Part C. Deficits					
22. Revenue Deficit(-)/Surplus (+) (1-12)	(-4268.75)	(-7834.03)	(-8188.57)	(-9371.25)	(-8309.54)
23. Fiscal Deficit (3+4-15)	11706.15	8975.80	10897.75	14289.85	17928.51
24. Primary Deficit (23-25)	6822.56	3751.26	4468.67	7160.10	9593.03
Part D. Other data					
25. Interest Payments (included in revenue expenditure)	4883.59	5224.54	6429.08	7129.75	8335.48
26. Arrears of Revenue (Percentage of Tax and non-tax Revenue Receipts)	6511.54(31)	7953.69(31)	5140.68(20)	5879.01(22)	6866.45(24)
27. Financial Assistance to local bodies etc	9471.59	7300.59	10980.14	5258.55	24794.44 [#]
28. Ways and Means Advances/Overdraft availed (days)	19	244	107/76	171/154	168/39
29. Interest on WMA/Overdraft	--	12.18	41.03	42.88	34.12
30. Gross State Domestic Product (GSDP)	240224	258272 ^c	271406	295191 ^c	330466 ^d
31. Outstanding Debt (year end)	32497.09	38170.97	45651.50	54054.61	68182.55
32. Outstanding guarantees (year end)^A	1079.79	2924.81	1534.96	2453.50	70125.72
33. Maximum amount guaranteed (year end)	29214.78	35540.20	33974.20	37521.19	82228.45
34. Number of incomplete projects	68	95	117	133	146
35. Capital blocked in incomplete projects	1705.95	2850.12	3258.16	3829.26	4224.89

Note: Figures in brackets represent percentages (rounded) to total of each subheading

[§] Includes Ways and Means Advances from GOI

[#] Figure is under reconciliation

^c Based on Economic Survey of Maharashtra.

^d Provisional

^A As per Finance Accounts of respective year

APPENDIX V
(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	Rate of Growth of the parameter GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of the parameter (X) 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.

APPENDIX VI (Reference: Paragraph 1.7.5; Page 14)			
Statement showing departmentwise breakup of outstanding Utilisation Certificates (Grants)			
Sr. No.	Department	Number of certificates	Amount (Rupees in crore)
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	7676	501.84
2	Co-operation and Textiles	1684	68.38
3	Employment and Self-employment	12	0.06
4	Environment	2	4.89
5	Finance	144	31.30
6	Food, Civil Supplies and Consumer Protection	3	0.01
7	General Administration	200	6.26
8	Higher and Technical Education	582	52.99
9	Home	95	3.13
10	Housing	2	0.24
11	Industries, Energy and Labour	174	292.14
12	Irrigation	91	17.06
13	Law and Judiciary	198	0.80
14	Medical Education and Drugs	120	25.42
15	Planning	4897	762.45
16	Public Health	2588	265.62
17	Public Works	164	34.55
18	Revenue and Forests	2555	168.92
19	Rural Development and Water Conservation	2417	752.39
20	School Education	3992	1238.29
21	Social Justice, Cultural Affairs and Special Assistance	26150	684.75
22	Trade and Commerce	11	0.93
23	Tribal Development	745	100.76
24	Urban Development	577	536.10
25	Water Supply and Sanitation	1444	1316.46
26	Women and Child Welfare	1172	190.51
	Total	57695	7056.25
Departmentwise break up of outstanding Utilisation certificates (Loans)			
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	42	41.30
2	Co-operation and Textiles	404	15.38
3	Housing	32	0.54
4	Industries, Energy and Labour	1704	54.29
5	Public Health	6	0.41
6	Revenue and Forests	487	358.19
7	Rural Development and Water Conservation	59	2.48
8	Tribal Development	221	54.88
9	Urban Development	385	24.50
	Total	3340	551.97
	Grand total (Grants + Loans)	61035	7608.22

APPENDIX VII
(Reference: Paragraph 1.7.6, Page 14)

Statement showing department-wise break up of non-submission of accounts

Year(s) for which information was awaited	Name of Department
1998-99 to 2003-04	Agriculture, Animal Husbandry, Dairy Development and Fisheries
1997-98 to 2003-04	Co-operation and Textiles
1993-94 to 1995-96, 1997-98 to 1998-99 and 2000-01 to 2003-04	Environment
1999-2000 to 2003-04	Finance
1994-95 to 1995-96 and 1998-99 to 2003-04	Food, Civil Supplies and Consumer Protection
2000-01 to 2003-04	General Administration
1993-94 to 2003-04	Higher and Technical Education
1993-94 to 2003-04	Home
1999-2000 to 2003-04	Housing
1999-2000 to 2003-04	Industries, Energy and Labour
1998-99 to 2003-04	Irrigation
1999-2000 to 2003-04	Law and Judiciary
2002-03 to 2003-04	Maharashtra Legislature Secretariat
1994-95 to 2001-02	Medical Education and Drugs
1997-98 and 1999-2000 to 2003-04	Planning
1994-95 to 2003-04	Public Health
1993-94 to 1995-96 and 1997-98 to 2003-04	Public Works
1991-92 to 1993-94, 1996-97 to 1997-98 and 2000-01 to 2003-04	Revenue and Forests
1991-92 to 1995-96 and 1998-99 to 2003-04	Rural Development and Water Conservation
1996-97 to 2003-04	School Education
1999-2000 to 2003-04	Social Justice, Cultural Affairs and Special Assistance
1991-92 to 1996-97 and 1998-99 to 2003-04	Tribal Development
1998-99 to 2003-04	Urban Development
1993-94 to 2003-04	Women and Child Welfare

APPENDIX VIII

(Reference: Paragraph: 177; 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	1-4-2003 to 31-3-2008	2001-02	1999-2000	1998-99 (16-12-2003)	2001-02 Delay due to finalisation and adoption of accounts	One year delay for 2002-03
2	Maharashtra State Khadi and Village Industries Board, Mumbai	1-4-2002 to 31-3-2007	2003-04	2002-03	2001-02 (2-6-2004)	2003-04 Adopted accounts were received in first week of September 2004	Delay for about two months
3	Maharashtra Jeevan Pradhikaran, Mumbai	1-4-2002 to 31-3-2007	2002-03	2001-02	2000-01 (24-7-2003)	2002-03 Adopted accounts were received in first week of January 2004	Delay for about six months
4	Mumbai Metropolitan Region Development Authority, Mumbai	1-4-2004 to 31-3-2009	2002-03	2002-03	No provision for placement	2002-03 Adopted accounts were received in first week of September 2003	Delay for about three months
5	Maharashtra State Commission for Women, Mumbai	1-4-2003 to 31-3-2008	2001-02 and 2002-03	2000-01	--	2001-02 and 2002-03 Delay due to finalisation and adoption of accounts	Two years delay for 2001-02 and one year delay for 2002-03
6	Maharashtra Maritime Board, Mumbai	1-4-2001 to 31-3-2006	2002-03	2001-02	--	2002-03 Adopted accounts were received in second week of July 2004	Delay for about 12 and half months

APPENDIX VIII (Concl'd.)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
7	Maharashtra Krishna Valley Development Corporation, Pune	1-4-2001 to 31-3-2006	2002-03	2001-02	1996-97 to 1999-2000 (8-4-2003)	2002-03 Accounts were adopted in January 2004 and received in March 2004	Delay for about nine months
8	Konkan Irrigation Development Corporation, Thane	1-4-2003 to 31-3-2008	2002-03	2001-02	2001-02 (25-5-2004)	2002-03 Accounts were adopted in January 2004 and received in first week of February 2004	Delay for about seven months
9	Vidharbha Irrigation Development Corporation, Nagpur	1-4-2002 to 31-2-2007	2000-01	Not issued	Not applicable	Accounts for the period 2001-02 was submitted and approved by the governing body on 30-6-2004 certification Audit proposed in the fourth quarter of 2004-05. Accounts pending approval from governing bodies 2002-03, 2003-04	Delay ranged between one and two years
10	Tapi Irrigation Development Corporation, Jalgaon	1-4-2003 to 31-3-2008	2001-02	2000-01	Not placed before Legislature	Accounts pending approval from governing bodies 2002-03, 2003-04	Delay ranged between one and two years
11	Godavari Marathwada Irrigation Development Corporation, Aurangabad	1-4-2004 to 31-3-2009	2001-02	2000-01	Not placed before Legislature	Accounts pending approval from governing bodies 2002-03, 2003-04	Delay ranged between one and two years

APPENDIX IX

(Reference: Paragraph 1.7.8; Page 14)

Statement showing cases of misappropriation reported upto March 2004 and pending finalisation as on 30 September 2004

Sr. No.	Name of Department	Reported upto March 2000		Reported during 2000-01		Reported during 2001-02		Reported during 2002-03		Reported during 2003-04		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	62	41.34	3	3.68	-	-	1	0.20	-	-	66	45.22
2	Finance	6	111.37	1	13.89	-	-	-	-	-	-	7	125.26
3	Food, Civil Supplies and Consumer Protection	12	28.93	-	-	-	-	1	3.05	-	-	13	31.98
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	19	13.10	1	7.60	-	-	-	-	-	-	20	20.70
8	Irrigation	2	1.04	1	2.07	-	-	-	-	-	-	3	3.11

APPENDIX IX (Contd.)													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
(Rupees in lakh)													
9	Law and Judiciary	2	1.21	1	5.51	2	0.37	-	-	-	-	5	7.09
10	Medical Education and Drugs	3	7.17	-	-	-	-	-	-	-	-	3	7.17
11	Public Health	14	10.49	1	2.31	4	11.11	2	27.82	-	-	21	51.73
12	Public Works	1	1.08	-	-	-	-	-	-	-	-	1	1.08
13	Revenue and Forests	113	26.10	1	3.19	1	0.08	-	-	-	-	115	29.37
14	Rural Development and Water Conservation	18	200.79	-	-	-	-	-	-	-	-	18	200.79
15	School Education	2	2.56	-	-	-	-	-	-	-	-	2	2.56
16	Social Justice, Cultural Affairs and Special Assistance Department	8	84.64	-	-	-	-	-	-	-	-	8	84.64
TOTAL		268	532.97	9	38.25	7	11.56	5	60.72	-	-	289	643.50
<i>ie Rs 6.43 crore</i>													

APPENDIX X

(Reference: Paragraph 1.7.9; Page 14)

Write off of losses, etc.

Sr. No.	Department	Losses, Irrecoverable revenues, advances etc. written-off	
		Number of cases	Amount (Rupees in lakhs)
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	3	16237.99
2	Co-operation and Textiles	1	0.46
3	Food, Civil Supplies and Consumer Protection	360	11.11
4	Irrigation	1	0.54
5	Public Health	12	2.25
6	Public Works	2	0.23
7	Revenue and Forests	2	1.59
8	Rural Development and Water Conservation	1	0.09
	Total	382	16254.26 i.e. 162.54 crore

APPENDIX XI

(Reference: Paragraph 1.8.3; Page 16)

Departmentally managed Commercial and Quasi-Commercial Undertakings whose Pro forma Accounts are in arrears for more than one year

	Arrears since	No. of accounts	Remarks
Agriculture, Animal Husbandry, Dairy Development And Fisheries Department			
Milk Scheme			
Paragrass Production Scheme, Mumbai	2003-04	1	First accounts awaited.
Unit Scheme, Mumbai	2003-04	1	
Electricity Scheme, Mumbai	2003-04	1	
Cattle Feed Scheme, Mumbai	2003-04	1	
Water Works Scheme, Mumbai	2003-04	1	
Dairy Project, Dapchari	2003-04	1	
Government Milk Scheme, Gondia	2003-04	1	
Government Milk Scheme, Parbhani	2003-04	1	
Government Milk Scheme, Latur	1999-2000	5	Since inception
Government Milk Scheme, Amravati	2003-04	1	
Others			
Land Development by Bulldozer Scheme, Amravati	1996-97	8	
Land Development by Bulldozer Scheme, Aurangabad	1998-99	6	
Land Development by Bulldozer Scheme, Pune	1994-95	10	
Land Development by Bulldozer Scheme, Nagpur	2000-01	4	
Revenue and Forests Department			
Allapali and Pendigundam Forest Ranges of Forest Divisions including Saw Mills and Timber Depot	1985-86	18	

APPENDIX XII
(Reference: Paragraph 1.8.3, 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	43	Government Milk Scheme			
Mumbai Region						
1			Greater Mumbai Milk Scheme, Worli	2003-04	(-) 0.16	Accumulated loss has eroded the capital
2			Mother dairy, Kurla	2003-04	23.36	
3			Aarey Milk Scheme, Goregaon	2003-04	28.93	
4			Milk Transport Service, Worli	2003-04	4.05	
5			Paragrass Production Scheme, Mumbai	2002-03	34.58	
6			Unit Scheme, Mumbai	2002-03	34.85	
7			Electricity Scheme, Mumbai	2002-03	14.07	
8			Cattle Feed Scheme, Mumbai	2002-03	3.73	
9			Water Works Scheme, Mumbai	2002-03	14.45	
10			Dairy Project, Dapchari	2002-03	7.07	
11			Government Milk Scheme, Chiplun	2003-04	7.85	
12			Government Milk Scheme, Mahad	2003-04	4.47	
13			Government Milk Scheme, Ratnagiri	2003-04	6.05	
14			Government Milk Scheme, Khopoli	2003-04	3.89	

APPENDIX XII (Contd.)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
15			Government Milk Scheme, Kankavali	2003-04	7.99	
16			Government Milk Chilling Centre, Saralgaon	2003-04	0.79	
17			Cattle Breeding and Rearing Farm Palghar	2003-04	1.08	
18			Government Milk Distribution Depot, Gove, Bhiwandi	2003-04	2.98	
Pune Region						
19			Government Milk Scheme, Pune	2003-04	53.44	
20			Government Milk Scheme, Solapur	2003-04	12.92	
21			Government Milk Scheme, Miraj	2003-04	114.40	
22			Government Milk Scheme, Mahabaleshwar	2003-04	3.16	
23			Government Milk Scheme, Satara	2003-04	10.80	
Nagpur Region						
24			Government Milk Scheme, Nagpur	2003-04	13.16	
25			Government Milk Scheme, Wardha	2003-04	3.85	
26			Government Milk Scheme, Chandrapur	2003-04	1.75	
27			Government Milk Scheme, Gondia	2002-03	13.13	
Aurangabad Region						
28			Government Milk Scheme, Aurangabad	2003-04	4.79	
29			Government Milk Scheme, Udgir	2003-04	14.71	
30			Government Milk Scheme, Beed	2003-04	35.91	
31			Government Milk Scheme, Nanded	2003-04	7.48	
32			Government Milk Scheme, Bhoom	2003-04	7.99	

APPENDIX XII (Contd.)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
33			Government Milk Scheme, Parbhani	2002-03	2.13	
34			Government Milk Scheme, Latur	First account awaited	Awaited	
Nashik Region						
35.			Government Milk Scheme, Nashik	2003-04	3.03	
36.			Government Milk Scheme, Dhule	2003-04	3.86	
37.			Government Milk Scheme, Chalisgaon	2003-04	2.49	
38.			Government Milk Scheme, Ahmednagar	2003-04	79.42	
39.			Government Milk Scheme, Wani	2003-04	1.00	
Amaravati Region						
40			Government Milk Scheme, Amaravati	2002-03	2.60	
41			Government Milk Scheme, Akola	2003-04	92.60	
42			Government Milk Scheme, Nandura	2003-04	1.27	
43			Government Milk Scheme, Yavatmal	2003-04	9.17	
(B)	Agriculture, Animal Husbandry, Dairy Development and Fisheries	4	Land Development by Bulldozers Scheme			
44			Land Development by Bulldozers Scheme, Pune	2001-02	4.00	
45			Land Development by Bulldozers Scheme, Aurangabad	1998-99	21.93	
46			Land Development by Bulldozers Scheme, Amravati	1995-96	0.01	
47			Land Development by Bulldozers Scheme, Nagpur	1999-2000	2.18	

APPENDIX XII (Contd.)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
48	FOOD, CIVIL SUPPLIES AND CONSUMER PROTECTION DEPARTMENT	2	Procurement Distribution and Price Control Scheme (Mumbai and Thane Rationing Areas)	2002-03	(-) 57.40	
49			Public Distribution and Price Control Scheme of Mofussil	2002-03	(-) 0.50	
50	REVENUE AND FORESTS DEPARTMENT	2	Allapalli and Pedigundam Forest Ranges of Forest Divisions including Saw Mills and Timber Depot	1985-86	N.A.	

APPENDIX XIII
(Reference: Paragraph 1.8.3, Page 16)

SUMMARISED FINANCIAL STATEMENT OF DEPARTMENTALLY MANAGED COMMERCIAL QUASI-COMMERCIAL UNDERTAKINGS

Sl. No.	Particulars of undertaking	Year of commencement of activities	Period of accounts	Government capital (Mean capital)	Block assets of 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)											
AGRICULTURE, ANIMAL HUSBANDRY, DAIRY DEVELOPMENT AND FISHERIES DEPARTMENT											
A 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	Paragrass Production Scheme, Mumbai	1950	2002-03	387.02	125.84	0.71	307.22	(-) 363.37	370.31	(+) 6.98	-
6	Unit Scheme, Mumbai	1950	2002-03	781.31	568.32	26.29	424.92	(-) 202.21	376.15	(+) 173.94	-
7	Electricity Scheme, Mumbai	1950	2002-03	426.34	15.99	3.65	601.07	(-) 229.01	147.14	(-) 81.87	-
8	Cattle Feed Scheme, Mumbai	1950	2002-03	36.91	15.82	0.36	112.26	(+) 73.76	37.96	111.72	303

APPENDIX XIII (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
9	Water Works Scheme, Mumbai	1950	2002-03	815.45	156.08	2.58	185.76	(-) 327.06	141.49	(-) 185.57	-
10	Dairy Project, Dapchari	1960	2002-03	1468.98	613.62	21.42	75.33	(-) 633.25	111.28	(-) 521.97	-
11	Government Milk Scheme, Chiplun	1964	2003-04	346.60	77.84	3.98	263.74	(-) 204.38	56.31	(-) 148.07	-
12	Government Milk Scheme, Mahad	1966	2003-04	345.41	94.56	6.23	57.92	(-) 346.31	31.63	(-) 314.68	-
13	Government Milk Scheme, Ratnagiri	1966	2003-04	417.12	182.46	5.98	129.75	(-) 135.39	43.80	(-) 91.59	-
14	Government Milk Scheme, Khopoli	1966	2003-04	334.97	185.04	13.06	1187.14	(-) 110.28	27.65	(-) 82.63	-
15	Government Milk Scheme, Kankavali	1967	2003-04	629.79	289.49	16.53	215.94	(-) 234.56	66.13	(-) 168.43	-
16	Government Milk Chilling Centre, Saralgaon	1979	2003-04	69.45	17.07	1.10	22.93	(-) 22.77	7.29	(-) 15.48	-
17	Cattle Breeding and Rearing Farm Palghar	1979	2003-04	187.93	66.31	1.56	715.32	(-) 76.66	26.86	(-) 49.80	-
18	Government Milk Distribution Depot, Gove, Bhiwandi	1987	2003-04	317.33	34.87	1.99	662.80	(-) 70.40	33.32	(-) 37.08	-
Pune Region											
19	Government Milk Scheme, Pune	1950	2003-04	7513.54	435.83	28.59	6342.48	(-)1265.83	735.42	(-) 530.41	-
20	Government Milk Scheme, Solapur	1960	2003-04	762.30	73.75	6.19	548.50	(-) 337.89	76.57	(-) 261.32	-

APPENDIX XIII (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
21	Government Milk Scheme, Miraj	1961	2003-04	8383.80	489.42	25.01	1280.86	(-)1282.42	964.61	(-)317.81	-
22	Government Milk Scheme, Mahabaleshwar	1962	2003-04	447.76	49.91	1.98	332.41	(-)88.52	46.86	(-)41.66	-
23	Government Milk Scheme, Satara	1979	2003-04	1675.58	327.10	10.60	1082.69	(-)395.56	173.13	(-)222.43	-
Nagpur Region											
24	Government Milk Scheme, Nagpur	1958	2003-04	1216.97	179.12	25.70	2371.06	(-)840.63	127.78	(-)712.85	-
25	Government Milk Scheme, Wardha	1976	2003-04	387.02	43.23	2.01	121.50	(-)158.67	40.37	(-)118.30	-
26	Government Milk Scheme, Chandrapur	1979	2003-04	194.93	157.23	12.42	1166.01	(-)149.69	2.36	(-)147.32	-
27	Government Milk Scheme, Gondia	1979	2002-03	1030.05	72.94	3.88	1792.35	(-)229.64	102.44	(-)127.20	-
Aurangabad Region											
28	Government Milk Scheme, Aurangabad	1962	2003-04	1290.67	251.85	7.99	734.63	(-)356.81	9.94	(-)346.87	-
29	Government Milk Scheme, Udgir	1971	2003-04	3837.89	657.52	31.81	636.54	(-)1475.68	207.43	(-)1268.25	-
30	Government Milk Scheme, Beed	1978	2003-04	4442.02	583.43	16.02	2801.32	(-)726.67	425.41	(-) 307.26	-
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	2003-04	1131.41	162.44	4.18	1392.95	(-)357.30	99.66	(-) 257.64	-

APPENDIX XIII (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
33	Government Milk Scheme, Parbhani	1979	2002-2003	497.94	78.91	2.83	253.59	(-)285.36	27.38	(-)257.98	-
34	Government Milk Scheme, Latur	1999	First Proforma Accounts not submitted so far								
Nashik Region											
35	Government Milk Scheme, Nashik	1960	2003-04	823.19	79.75	5.43	508.54	(-)315.54	86.43	(-)227.11	-
36	Government Milk Scheme, Dhule	1962	2003-04	3268.82	339.01	17.58	815.52	(-)790.47	378.07	(-)412.40	-
37	Government Milk Scheme, Chalisgaon	1969	2003-04	237.67	6.72	0.77	257.72	(-)81.96	20.47	(-)61.49	-
38	Government Milk Scheme, Ahmednagar	1969	2003-04	10813.55	422.23	22.27	6407.70	(-)1470.54	1160.47	(-)310.07	-
39	Government Milk Scheme, Wani	1978	2003-04	90.64	13.94	0.26	182.52	(-)57.09	9.45	(-)47.64	-
Amaravati Region											
40	Government Milk Scheme, Amaravati	1962	2002-03	449.53	180.52	5.79	503.85	(-)233.00	38.37	(-)194.63	-
41	Government Milk Scheme, Akola	1962	2003-04	2804.54	599.23	26.44	631.52	(-)1098.70	848.51	(-)250.19	-
42	Government Milk Scheme, Yavatmal	2000	2003-04	792.91	263.86	12.79	254.90	(-)206.11	86.12	(-)119.99	-
43	Government Milk Scheme, Nandura	1978	2003-04	455.53	77.57	10.28	120.10	(-)228.41	28.46	(-)199.95	-

APPENDIX XIII (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
B Land Development by Bulldozers Scheme											
44	Land Development by Bulldozers Scheme, Pune	1944	1994-95	144.26	77.47	4.52	46.75	(-) 72.83	18.75	(-) 54.08	-
45	Land Development by Bulldozers Scheme, Aurangabad	1960	1998-99	32.99	1.05	---	2.02	(-) 23.42	4.78	(-) 18.64	-
46	Land Development by Bulldozers Scheme, Amravati	1965	1995-96	2.82	0.41	---	1.80	(-) 4.46	0.40	(-) 4.06	-
47	Land Development by Bulldozers Scheme, Nagpur	1966	1999-00	2.17	0.23	---	1.81	0.21	0.32	0.53	-
FOOD, CIVIL SUPPLIES AND CONSUMER PROTECTION DEPARTMENT											
48	Procurement Distribution and Price Control Scheme (Mumbai) and Thane Area	1959	2002-2003	43633.04	145.15	84.50	12966.48	(-) 5740.96	4799.63	--	-
49	Public Distribution and Price Control Scheme of Mofussil	1957	2002-2003	9518.49	644.81	763.89	82752.70	(-) 49.73	1046.37	-	-
REVENUE AND FORESTS DEPARTMENT											
50	Allapalli and Pedigundam Forest Ranges of Forest Divisions including Saw Mills and Timber Depot	1926	1985-86	1857.85	15.57	9.27	826.24	(+) 383.32	170.74	(+) 554.06	29.82

APPENDIX XIV

(Reference: Paragraph 2.3.1; Page 28)

Statement of various grant/appropriation 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-5-Jails (Revenue-Voted)	111.37	24.98	22
2	B-7-Economic Services (Revenue-Voted)	138.04	118.13	86
3	B-9-Capital Expenditure on Economic Services (Capital-Voted)	172.72	48.79	28
4	B-10-Loans for Housing (Loans and Advances-Voted)	41.20	13.51	33
5	C-4-Secretariat and Other General Services (Revenue-Voted)	88.75	66.17	75
6	C-10-Capital Expenditure on Economic Services (Capital-Voted)	21.82	12.55	58
7	D-2-Agriculture Services (Revenue-Voted)	850.85	215.21	25
8	D-4-Dairy Development (Revenue-Voted)	1113.49	239.86	22
9	D-8-Capital Expenditure on Animal Husbandry (Capital-Voted)	42.80	32.78	77
10	E-1-Interest Payments (Revenue-Charged)	410.30	143.71	35
11	F-2-Urban Development and Other Administrative Services (Revenue-Voted)	1161.57	462.50	40
12	G-1-Sales Tax Administration (Revenue-Voted)	159.43	35.59	22
13	G-2-Other Fiscal and Miscellaneous Services (Revenue-Voted)	3649.65	3007.08	82
14	G-4-Secretariat and Other General Services (Revenue-Voted)	256.76	249.25	97
15	G-6-Pensions and Other Retirement Benefits (Revenue-Charged)	84.84	19.83	23
16	G-9-Loans to Government Servants, etc. (Loans and Advances-Voted)	225.81	45.29	20
17	H-8-Capital Expenditure on Public Works and Administrative and Functional Buildings (Capital-Voted)	94.96	23.95	25
18	H-9-Capital Outlay on Removal of Regional Imbalance (Capital-Voted)	229.62	98.49	43
19	K-1-Other Administrative Services (Revenue-Charged)	194.00	84.67	44

APPENDIX XIV (Contd.)				
(1)	(2)	(3)	(4)	(5)
20	K-1A-Interest Payments (Revenue-Charged)	216.45	173.16	80
21	K-4-Energy (Revenue-Voted)	1022.96	713.74	70
22	K-5-Industries (Revenue-Voted)	494.39	340.11	69
23	K-8-Capital Expenditure on Industries (Capital-Voted)	51.43	32.95	64
24	L-1-Interest Payments (Revenue-Charged)	505.98	134.76	27
25	L-5-Compensation and Assignments (Revenue-Voted)	396.03	124.11	31
26	L-7-Capital Expenditure on Rural Development (Capital-Voted)	155.96	60.68	39
27	L-9-Miscellaneous Loans (Loans and Advances-Voted)	965.10	409.55	42
28	M-1-Food (Revenue-Voted)	246.68	60.69	25
29	N-1-Secretariat and other social Services (Revenue-Voted)	54.50	30.13	55
30	N-2-Sports and Youth Services (Revenue-Voted)	75.06	26.03	35
31	N-5-Capital Expenditure on Social Services (Capital-Voted)	56.39	23.42	42
32	O-1-District Administration (Revenue-Voted)	40.00	34.43	86
33	O-2-Rural Employment (Revenue-Charged)	1512.09	444.14	29
34	O-3-Other Rural Development Programmes (Revenue-Voted)	374.22	94.86	25
35	O-6-Secretariat and Other Economic Services (Revenue-Voted)	154.21	37.70	24
36	Q-3-Housing (Revenue-Voted)	307.44	101.78	33
37	T-4-Revenue Expenditure on Tribal Area Development Sub-Plan (Revenue-Voted)	416.11	120.33	29
38	T-5-Capital Expenditure on Tribal Area Development Sub-Plan (Capital-Voted)	170.82	38.06	22
39	T-7-Loans for Tribal Area Development Sub-Plan (Loans-Voted)	10.78	10.56	98
40	U-3-Ecology and Environment (Revenue-Voted)	24.22	15.44	64
41	V-1-Interest Payments (Revenue-Charged)	101.88	50.00	49

APPENDIX XIV (Concl.)				
(1)	(2)	(3)	(4)	(5)
42	V-2-Co-operation (Revenue-Voted)	314.62	73.87	23
43	V-03-Capital Expenditure on Social Services (Capital-Voted)	246.17	139.31	57
44	V-4-Capital Expenditure on Social Services and Economic Services (Capital-Voted)	808.11	297.01	37
45	V-5-Internal Debt (Capital-Charged)	96.97	93.99	97
46	Y-2-Water Supply and Sanitation (Revenue-Voted)	1247.73	320.82	26
47	Y-6-Capital Expenditure on Economic and Social Services (Capital-Voted)	111.34	25.26	23
48	ZA-1-Secretariat and Other Social Services (Revenue-Voted)	39.82	17.82	45
49	ZC-1-Parliament/State/Union Territory Legislatures (Revenue-Voted)	48.88	10.86	22

APPENDIX XV

(Reference: Paragraph 2.3.3, Page 28)

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)
Grants - Revenue					
1	C-3	Interest Payments	--	267	267
2	E-2	General Education	81,68,72,81,000	82,48,11,84,846	79,39,03,846
3	H-3	Housing	1,18,46,28,000	1,24,47,61,295	6,01,33,295
4	I-1	Irrigation, Power and Other Economic Services	2,28,67,59,000	2,45,38,74,725	16,71,15,725
5	M-2	Secretariat and Other Economic Services	11,75,11,000	12,23,75,365	48,64,365
6	O-2	Rural Employment	10,50,01,27,000	10,53,63,56,024	3,62,29,024
7	O-7	Census, Survey and Statistics	11,15,97,000	11,27,44,606	11,47,606
8	Q-2	Administrative Services	19,79,000	22,36,575	2,57,575
9	W-4	Art and Culture	1,82,09,04,000	1,87,04,53,730	4,95,49,730
10	Y-3	Minor Irrigation	9,57,50,000	9,93,56,311	36,06,311
Capital/Loans and Advances					
11	K-9	Capital Expenditure on Energy	1,61,05,76,000	10,50,50,03,000	8,89,44,27,000
		Total Grants	99,41,71,12,000	1,09,42,83,46,744	10,01,12,34,744
Appropriation - Revenue					
12	D-1	Interest Payments	19,47,23,000	19,86,04,904	38,81,904
13	D-4	Dairy Development	3,20,20,000	4,16,10,610	95,90,610
14	H-05	Roads and Bridges	15,00,000	97,00,000	82,00,000
15	I-1	Irrigation, Power and Other Economic Services	11,47,25,000	11,50,10,000	2,85,000
16	N-4	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	75,000	1,65,976	90,976
17	Q-1	Interest Payments	24,43,65,000	25,88,29,165	1,44,64,165
18	T-1	Interest Payments	1,37,27,000	1,84,76,922	47,49,922
19	U-1	Interest Payments	1,23,65,000	1,24,83,258	1,18,258
20	W-1	Interest Payments	36,58,38,000	40,02,48,573	3,44,10,573
21	Z-C1	Parliament/State/Union Territory Legislatures	34,32,000	55,13,344	20,81,344
Capital/Loans and Advances					
22	C-9	Capital Expenditure on Other Administrative and Social Services	10,00,000	58,48,848	48,48,848
23	C-10	Capital Expenditure on Economic Services	--	2,83,617	2,83,617
24	F-5	Capital Expenditure on Social Services	10,90,000	5,67,53,732	5,56,63,732
25	V-4	Capital Expenditure on Social Services and Economic Services	1,07,47,90,000	1,07,72,89,629	24,99,629
26	Y-6	Capital Expenditure on Economic and Social Services	12,00,000	12,39,476	39,476
		Total Appropriation	2,06,08,50,000	2,20,20,58,054	14,12,08,054
		Grand total	1,01,47,79,62,000	1,11,63,04,04,798	10,15,24,42,798
		Grand total (Rupees in crore)	10147.80	11163.04	1015.24

APPENDIX XVI
(Reference: Paragraph 2.3.5; Page 28)

Statement of various grants/appropriations where supplementary provision proved unnecessary
(Rupees in crore)

Sr. No.	Number and name of the grant/ appropriation	Original provision	Supplementary provision	Total grant/ appropriation	Actual Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I GRANTS						
1	A-1 Governor and Council of Ministers	12.12	1.74	13.86	11.23	2.63
2	A-5 Social Services	62.17	0.87	63.04	55.77	7.27
3	B-3 Transport Administration	234.36	2.95	237.31	231.91	5.40
4	B-4 Secretariat and Other General Services	14.28	0.33	14.61	11.78	2.83
5	B-5 Jails	94.53	16.84	111.37	86.38	24.99
6	B-7 Economic Services	104.52	33.52	138.04	19.91	118.13
7	B-9 Capital Expenditure on Economic Services	170.39	2.33	172.72	123.93	48.79
8	C-1 Revenue and District Administration	404.21	13.36	417.57	377.97	39.60
9	C-4 Secretariat and Other General Services	53.24	35.51	88.75	22.58	66.17
10	C-5 Other Social Services	8.16	0.89	9.05	6.80	2.25
11	C-10 Capital Expenditure on Economic Services	15.78	6.04	21.82	9.27	12.55
12	D-2 Agriculture Services	679.43	171.42	850.85	635.64	215.21
13	D-3 Animal Husbandry	182.32	3.05	185.37	172.55	12.82
14	D-4 Dairy Development	1113.49	0.00	1113.49	873.63	239.86
15	D-5 Fisheries	21.81	3.90	25.71	21.59	4.12
16	D-8 Capital Expenditure on Animal Husbandry	18.34	24.46	42.80	10.02	32.78
17	D-10 Capital Expenditure on Fisheries	27.07	0.07	27.14	19.35	7.79
18	E-3 Secretariat and Other Social Services	26.52	3.70	30.22	25.67	4.55
19	G-1 Sales Tax Administration	158.14	1.28	159.42	123.84	35.58
20	G-2 Other Fiscal and Miscellaneous Services	3646.75	2.90	3649.65	642.57	3007.08
21	G-4 Secretariat and Other General Services	256.76	0.00	256.76	7.51	249.25
22	G-5 Treasury and Accounts Administration	68.34	2.65	70.99	68.10	2.89
23	H-6 Public Works and Administrative and Functional Buildings	770.62	0.25	770.87	721.68	49.19
24	H-9 Capital Outlay on Removal of Regional Imbalance	167.74	61.88	229.62	131.13	98.49
25	I-2 Secretariat-Economic Services	4.58	0.48	5.06	2.94	2.12
26	K-3 Labour and Employment	39.93	8.51	48.44	38.76	9.68

APPENDIX XVI (Contd.)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
27	K-4	Energy	716.68	306.28	1022.96	309.22	713.74
28	L-2	District Administration	582.44	7.69	590.13	539.82	50.31
29	M-1	Food	197.41	49.27	246.68	185.99	60.69
30	N-1	Secretariat and Other Social Services	53.91	0.59	54.50	24.37	30.13
31	N-2	Sports and Youth Services	72.49	2.57	75.06	49.03	26.03
32	N-5	Capital Expenditure on Social Services	48.44	7.95	56.39	32.97	23.42
33	O-1	District Administration	30.00	10.00	40.00	5.57	34.43
34	O-4	Hill Areas	46.96	3.28	50.24	45.27	4.97
35	O-6	Secretariat and Other Economic Services	130.31	23.90	154.21	116.51	37.70
36	Q-3	Housing	305.45	1.99	307.44	205.66	101.78
37	R-1	Medical and Public Health	1390.57	9.11	1399.68	1262.02	137.66
38	T-2	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	387.49	0.66	388.15	354.57	33.58
39	T-6	Capital Expenditure on Removal of Regional Imbalance	6.01	0.50	6.51	3.42	3.09
40	U-3	Ecology and Environment	24.15	0.07	24.22	8.78	15.44
41	V-3	Capital Expenditure on Social Services	177.48	68.69	246.17	106.86	139.31
42	V-4	Capital Expenditure on Social Services and Economic Services	789.45	18.66	808.11	511.10	297.01
43	X-1	Social Security and Nutrition	603.98	75.53	679.51	550.35	129.16
44	Y-2	Water Supply and Sanitation	1062.84	184.89	1247.73	926.91	320.82
45	ZC-1	Parliament/State/Union Territory Legislatures	39.70	9.18	48.88	38.01	10.87
		Total	15021.36	1179.74	16201.10	9728.94	6472.16
II APPROPRIATIONS							
46	A-4	Secretariat and Miscellaneous General Services	0.01	0.14	0.15	0.01	0.14
47	B-1	Police Administration	0.41	0.10	0.51	0.26	0.25
48	B-3	Transport Administration	722.63	0.12	722.75	598.75	124.00
49	C-1	Revenue and District Administration	146.03	0.12	146.15	131.50	14.65
50	C-4	Secretariat and Other General Services	18.34	0.01	18.35	16.89	1.46
51	G-7	Social Security and Welfare	0.01	0.01	0.02	0.00	0.02
52	H-6	Public Works and Administrative and Functional Buildings	1.66	0.00	1.66	1.65	0.01

Audit Report (Civil) for the year ended 31 March 2004

APPENDIX XVI (Concl.)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
53	K-1 Other Administrative Services	193.92	0.08	194.00	109.33	84.67
54	O-2 Rural Employment	1134.63	377.46	1512.09	1067.96	444.13
55	R-1 Medical and Public Health	0.10	0.09	0.19	0.08	0.11
56	V-1 Interest Payments	85.42	16.46	101.88	51.88	50.00
	Total	2303.16	394.59	2697.75	1978.31	719.44
	Grand total	17324.52	1574.33	18898.85	11707.25	7191.60

APPENDIX XVII

(Reference: Paragraph 2.3.6, Page 28)

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	Expendi- ture	Saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I GRANTS							
1	A-2	Elections	22.64	26.88	49.52	39.77	9.75
2	A-4	Secretariat and Miscellaneous General Services	67.75	15.90	83.65	68.33	15.32
3	A-6	Information and Publicity	19.08	5.50	24.58	19.78	4.80
4	B-1	Police Administration	1943.23	161.62	2104.85	1951.31	153.54
5	C-2	Stamps and Registration	44.92	15.32	60.24	48.34	11.90
6	C-6	Natural Calamities	363.53	352.56	716.09	672.23	43.86
7	C-7	Forest	273.02	44.58	317.60	297.08	20.52
8	C-9	Capital Expenditure on Other Administrative and Social Services	3.56	3.00	6.56	4.21	2.35
9	F-2	Urban Development and Other Administrative Services	579.60	581.97	1161.57	699.07	462.50
10	F-3	Secretariat and Other Social Services	5.88	5.26	11.14	7.69	3.45
11	G-6	Pensions and Other Retirement Benefits	2515.37	183.15	2698.52	2572.52	126.00
12	G-7	Social Security and Welfare	26.69	3.66	30.35	28.82	1.53
13	H-5	Roads and Bridges	1158.16	121.51	1279.67	1184.84	94.83
14	H-7	Capital Expenditure on Social Services and Economic Services	472.35	423.78	896.13	777.42	118.71
15	H-8	Capital Expenditure on Public Works and Administrative and Functional Buildings	50.31	44.64	94.95	71.01	23.94
16	I-1A	Natural Calamities	0.00	6.70	6.70	4.73	1.97
17	I-3	Capital Expenditure on Irrigation	1977.25	5748.80	7726.05	6389.86	1336.19
18	J-1	Administration of Justice	224.71	20.53	245.24	225.07	20.17
19	K-5	Industries	66.35	428.04	494.39	154.28	340.11
20	K-8	Capital Expenditure on Industries	1.08	50.35	51.43	18.48	32.95
21	L-3	Rural Development Programmes	571.30	310.10	881.40	833.46	47.94
22	L-5	Compensation and Assignments	147.58	248.45	396.03	271.92	124.11
23	L-6	Revenue Expenditure on Removal of Regional Imbalance	13.16	9.02	22.18	19.93	2.25

APPENDIX XVII (Concl.)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
24	L-7	Capital Expenditure on Rural Development	80.68	75.28	155.96	95.28	60.68
25	L-8	Capital Expenditure on Removal of Regional Imbalance	86.78	3.92	90.70	89.69	1.01
26	N-3	Art and Culture	27.49	10.99	38.48	33.14	5.34
27	N-4	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1032.17	378.43	1410.60	1140.68	269.92
28	O-3	Other Rural Development Programmes	276.94	97.28	374.22	279.36	94.86
29	O-8	Capital Expenditure on Economic Services	1.79	12.20	13.99	5.36	8.63
30	R-3	Capital Expenditure on Social Services	130.16	22.78	152.94	130.23	22.71
31	S-1	Medical and Public Health	434.65	43.47	478.12	473.74	4.38
32	T-4	Revenue Expenditure on Tribal Area Development Sub-Plan	247.77	168.34	416.11	295.78	120.33
33	T-5	Capital Expenditure on Tribal Area Development Sub-Plan	67.82	103.00	170.82	132.76	38.06
34	V-2	Co-operation	124.87	189.75	314.62	240.75	73.87
35	W-2	General Education	840.68	41.56	882.24	868.21	14.03
36	W-3	Technical Education	247.69	26.26	273.95	267.42	6.53
37	W-6	Revenue Expenditure on Removal of Regional Imbalance	1.20	4.93	6.13	4.11	2.02
		Total	14148.21	9989.51	24137.72	20416.66	3721.06
II APPROPRIATIONS							
38	G-1	Sales Tax Administration	1086.79	2058.96	3145.75	2781.71	364.04
39	G-6	Pensions and Other Retirement Benefits	6.00	78.85	84.85	65.01	19.84
40	G-8	Public Debt and Inter-State Settlement	14783.07	3632.56	18415.63	17460.09	955.54
41	J-1	Administration of Justice	46.05	16.82	62.87	58.72	4.15
42	K-1A	Interest Payments	0.00	216.45	216.45	43.29	173.16
43	L-1	Interest Payments	193.58	312.40	505.98	371.22	134.76
44	L-5	Compensation And Assignments	8.23	137.21	145.44	144.13	1.31
		Total	16123.72	6453.25	22576.97	20924.17	1652.80
		Grand Total	30271.93	16442.76	46714.69	41340.83	5373.86
		Total (i) Supplementary grants/appropriation			16442.76		
		Total (ii) Saving			5373.86		
		(iii) Actual requirements (i) - (ii)			11068.90		

APPENDIX XVIII

(Reference: Paragraph 2.3.7 Page 29)

Statement of various grant/appropriation 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	Supple-mentary	Total Grant/ Approp-riation	Actual Expen-diture	Excess
I. Grants						
1	E-2 General Education	7454.58	714.15	8168.73	8248.12	79.39
2	H-3 Housing	118.44	0.02	118.46	124.47	6.01
3	I-01 Irrigation, Power and other Economic Services	214.79	13.89	228.68	245.39	16.71
4	K-09 Capital Expenditure on Energy	33.58	127.48	161.06	1050.50	889.44
5	O-02 Rural Employment	475.34	574.67	1050.01	1053.63	3.62
6	W-04 Art and Culture	164.87	17.22	182.09	187.05	4.96
	Total	8461.60	1447.43	9909.03	10909.16	1000.13
II. Appropriations						
7	W-01 Interest Payments	31.10	5.48	36.58	40.02	3.44
	Total	31.10	5.48	36.58	40.02	3.44
	Grant Total	8492.70	1452.91	9945.61	10949.18	1003.57

APPENDIX XIX
(Reference: Paragraph 2.3.8; Page 29)

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-1	Governor and Council of Ministers	2013.108(00)(01)	(-) 0.99	(+) 1.98
2	B-3	Transport Administration	2041.797(00)(02)	(+) 65.91	(-) 69.18
3	B-7	Economic Services	3452.101(02)(19)	(-) 3.68	(+) 1.30
4	C-1	Revenue and District Administration	2053.093(01)	(-) 3.16	(+) 2.52
5	C-1	Revenue and District Administration	2053.094(01)	(-) 6.56	(+) 1.35
6	C-7	Forest	2406.101(03)(01)&(11)(01)	(-) 2.34	(+) 1.62
7	C-7	Forest	2406.110(00)(01)&(00)(02)	(-) 0.44	(+) 1.88
8	D-2	Agriculture Services	2401.001(00)(03)	(-) 83.09	(+) 2.68
9	D-3	Animal Husbandry	2403.101(08)(06)	(+) 1.04	(-) 1.34
10	D-4	Dairy Development	2404.102(01)(01)	(+) 9.68	(-) 6.96
11	D-4	Dairy Development	2404.102(03)(01)	(+) 1.57	(-) 1.34
12	D-4	Dairy Development	2404.201(01)	(+) 71.30	(-) 70.68
13	D-4	Dairy Development	2404.210(01)	(+) 3.88	(-) 3.80
14	D-4	Dairy Development	2404.223(01)	(+) 1.82	(-) 1.74
15	D-4	Dairy Development	2404.223(02)	(+) 5.90	(-) 1.60
16	E-1	Interest Payments	2049.104(02)(03)	(+) 21.15	(-) 10.51
17	E-2	General Education	2202.109(00)(01)	(-) 0.45	(+) 6.75
18	F-2	Urban Development and Other Administrative Services	2217.191(00)(39)	(-) 31.88	(+) 63.16
19	G-2	Other Fiscal and Miscellaneous Services	2075.103(00)(01)	(-) 324.09	(+) 1.32
20	G-6	Pensions and Other Retirement Benefits	2071.101(00)(03)	(+) 0.49	(-) 22.87
21	G-8	Public Debt and Inter State Settlement	6003.110(00)(01)	(-) 3702.86	(+) 24.23
22	H-5	Roads and Bridges	3054.010(00)(01)	(-) 1.39	(+) 1.13
23	H-5	Roads and Bridges	3054.010(00)(02)	(+) 6.03	(-) 1.72
24	H-5	Roads and Bridges	3054.190(00)(01)797	(+) 129.86	(-) 31.29
25	H-5	Roads and Bridges	3054.800(02)(01)	(-) 0.33	(+) 1.73
26	H-6	Public Works and Administrative and Functional Buildings	2059.001(51)(01)	(+) 2.87	(-) 6.27
27	H-6	Public Works and Administrative and Functional Buildings	2059.001(53)(01)	(-) 0.14	(+) 3.76
28	H-6	Public Works and Administrative and Functional Buildings	2059.001	(-) 1.33	(+) 7.65

APPENDIX XIX (Contd.)					
(1)	(2)	(3)	(4)	(5)	(6)
29	H-7	Capital Expenditure on Social Services and Economic Services	5054.800	(-) 5.36	(+) 1.54
30	I-1	Irrigation, Power and Other Economic Services	2702.001(03)	(-) 0.94	(+) 2.85
31	I-1	Irrigation, Power and Other Economic Services	2701.001(05)	(+) 0.93	(-) 2.02
32	I-3	Capital Expenditure on Irrigation	4701(01)(02)	(+) 0.84	(-) 1.01
33	I-3	Capital Expenditure on Irrigation	4701.190(01)(01)	(-) 44.37	(+) 31.74
34	I-3	Capital Expenditure on Irrigation	4701.190(01)(03)	(-) 4.59	(+) 1.50
35	I-3	Capital Expenditure on Irrigation	4701.190(01)(04)	(-) 9.85	(+) 2.96
36	I-3	Capital Expenditure on Irrigation	4701.190(01)(05)	(-) 19.49	(+) 1.37
37	I-3	Capital Expenditure on Irrigation	4702.800(03)	(-) 1.00	(+) 2.19
38	I-3	Capital Expenditure on Irrigation	4701.190(01)(02)	(-) 16.33	(+) 553.07
39	L-3	Rural Development Programmes	2702.191(02)(01)	(+) 3.31	(-) 6.96
40	L-3	Rural Development Programmes	2515.800(01)(06)	(-) 0.17	(+) 2.46
41	L-7	Capital Expenditure on Rural Development	4402.102(01)(07)	(-) 50.00	(+) 25.10
42	L-7	Capital Expenditure on Rural Development	4702.800(06)(01)	(+) 7.21	(-) 3.48
43	N-4	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	2225.277(09)(02)	(-) 0.16	(+) 3.55
44	N-4	Welfare of Scheduled Castes, Scheduled Tribes and Other backward Classes	2225.277(02)(07)	(-) 2.00	(+) 3.28
45	Q-3	Housing	2216.800(01)(01)	(-) 3.56	(+) 3.87
46	R-1	Medical and Public Health	2210.110(06)(23)	(-) 17.09	(+) 3.96
47	R-1	Medical and Public Health	2210.101(01)(05)	(-) 20.33	(+) 2.81
48	R-1	Medical and Public Health	2210.110(06)(25)	(+) 1.05	(-) 1.50
49	R-1	Public Health Department	2210.110(04)(01)	(-) 3.45	(+) 1.58
50	R-1	Medical and Public Health	2211.001(01)(02)	(-) 1.55	(+) 1.06

Audit Report (Civil) for the year ended 31 March 2004

APPENDIX XIX (Contd.)					
(1)	(2)	(3)	(4)	(5)	(6)
51	R-1	Medical and Public Health	2210.110(01)(01)&(06)(01)	(+) 11.33	(-) 2.32
52	R-1	Medical and Public Health	2210.001(01)(06)	(+) 16.91	(-) 6.05
53	R-1	Medical and Public Health	2211.103(01)(01)	(-) 5.00	(+) 15.39
54	R-3	Capital Expenditure on Social Services	4210.110(01)(02)	(-) 128.70	(+) 105.98
55	T-5	Capital Expenditure on Tribal Area Development Sub Plan	4225.796.277(02)(01)	(-) 6.09	(+) 1.05
56	T-5	Capital Expenditure on Tribal Area Development Sub Plan	4702.800(00)(01)	(+) 2.74	(-) 2.15
57	T-5	Capital Expenditure on Tribal Area Development Sub Plan	5054.796.04(00)(01)	(-) 0.26	(+) 1.74
58	V-2	Co-operation	2425.108(03)(04)	(+) 7.92	(-) 8.92
59	V-3	Capital Expenditure on Social Services	4425.108(03)(02)	(-) 17.95	(+) 10.00
60	X-1	Social Security and Nutrition	2235.103(03)(01)	(-) 3.65	(+) 1.05
61	X-1	Social Security and Nutrition	2236.101(04)(02)	(-) 5.41	(+) 1.03

APPENDIX XX		
<i>(Reference: Paragraph 2.3.9; Page 29)</i>		
Statement of various grant/appropriation in which savings occurred but no part of which had been surrendered		
(Rupees in crore)		
Sr. No.	Number and name of grant/appropriation	Savings
1	B-01 Police Administration	0.24
2	B-05 Jails	24.98
3	D-11 Internal Debt of the State Government	0.06
4	G-06 Pensions and Other Retirement Benefits	125.99
5	G-06 Pensions and Other Retirement Benefits	19.83
6	G-07 Social Security and Welfare	0.02
7	I-03 Capital Expenditure on Irrigation	0.04
8	K-01 Other Administrative Services	0.01
9	K-01 Other Administrative Services	84.67
10	K-05 Industries	0.94
11	K-06 Secretariat-Economic Services	0.48
12	L-05 Compensation and Assignments	1.31
13	L-06 Revenue Expenditure on Removal of Regional Imbalance	2.25
14	Q-05 Internal Debt	0.89
15	R-01 Medical and Public Health	0.11
	Total	261.82

APPENDIX XXI
(Reference: Paragraph 2.3.9, Page 29)

Details of saving of Rs 1 crore and above not surrendered

(Rupees in crore)

Sr. No.	Number and name of grant/appropriation	Saving	Surrender	Saving which remained to be surrendered
(1)	(2)	(3)	(4)	(5)
1	B-1 Police Administration	153.54	6.95	146.59
2	B-3 Transport Administration	5.39	2.50	2.89
3	B-3 Transport Administration	124.01	54.83	69.18
4	B-7 Economic Services	118.13	85.06	33.07
5	B-9 Capital Expenditure on Economic Services	48.79	47.71	1.08
6	B-10 Loans for Housing	13.51	6.87	6.64
7	C-1 Revenue and District Administration	14.66	0.02	14.64
8	D-2 Agriculture Services	215.21	159.06	56.15
9	D-3 Animal Husbandry	12.82	4.62	8.20
10	D-4 Dairy Development	239.86	135.85	104.01
11	D-8 Capital Expenditure on Animal Husbandry	32.78	31.67	1.11
12	D-10 Capital Expenditure on Fisheries	7.80	4.16	3.64
13	E-1 Interest Payments	143.71	47.64	96.07
14	E-3 Secretariat and Other Social Services	4.54	3.27	1.27
15	F-3 Secretariat and Other Social Services	3.45	1.68	1.77
16	F-4 Compensation and Assignments	28.34	23.84	4.50
17	G-1 Sales Tax Administration	364.04	52.97	311.07
18	G-2 Other Fiscal and Miscellaneous Services	3007.08	2988.27	18.81
19	G-3 Interest Payments and Debt Services	153.47	34.41	119.06
20	G-9 Loans to Government Servants, etc.	45.29	17.93	27.36
21	H-5 Roads and Bridges	94.83	49.20	45.63
22	H-6 Public Works and Administrative and Functional Buildings	49.19	26.24	22.95
23	H-9 Capital Outlay on Removal of Regional Imbalance	98.49	97.11	1.38
24	I-2 Secretariat-Economic Services	2.13	0.19	1.94
25	I-3 Capital Expenditure on Irrigation	1336.19	1314.58	21.61
26	J-1 Administration of Justice	4.16	2.80	1.36
27	K-1A Interest Payments	173.16	43.30	129.86
28	K-2 Stationery and Printing	7.37	5.63	1.74
29	K-3 Labour And Employment	9.68	2.23	7.45
30	K-4 Energy	713.74	0.25	713.49

APPENDIX XXI (Concl'd.)					
(1)	(2)	(3)	(4)	(5)	
31	K-5	Industries	340.11	4.58	335.53
32	L-1	Interest Payments	134.76	48.40	86.36
33	L-2	District Administration	50.31	45.68	4.63
34	L-3	Rural Development Programmes	47.94	40.10	7.84
35	L-5	Compensation and Assignments	124.11	29.99	94.12
36	L-8	Capital Expenditure on Removal of Regional Imbalance	1.00	0.00	1.00
37	L-9	Miscellaneous Loans	409.55	402.09	7.46
38	N-1	Secretariat and Other Social Services	30.13	27.76	2.37
39	N-4	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	269.92	214.79	55.13
40	O-2	Rural Employment	444.14	2.25	441.89
41	O-3	Other Rural Development Programmes	94.86	11.08	83.78
42	O-4	Hill Areas	4.97	1.48	3.49
43	O-6	Secretariat and Other Economic Services	37.70	32.55	5.15
44	R-1	Medical and Public Health	137.66	125.02	12.64
45	T-4	Revenue Expenditure on Tribal Area Development Sub-Plan	120.33	51.78	68.55
46	T-5	Capital Expenditure on Tribal Area Development Sub-Plan	38.06	32.67	5.39
47	V-2	Co-operation	73.87	63.71	10.16
48	V-4	Capital Expenditure on Social Services and Economic Services	297.01	219.89	77.12
49	W-2	General Education	14.03	6.36	7.67
50	Y-2	Water Supply and Sanitation	320.82	316.08	4.74
51	ZC-1	Parliament/State/Union Territory Legislatures	10.86	4.90	5.96
		Total	10227.50	6932.00	3295.50

APPENDIX XXII
(Reference: Paragraph 2.3.10; Page 29)

Cases of surrender of funds in excess of Rs 10 crore on 30 and 31 March 2004
(Rupees in crore)

Sr. No.	Grant No.	Major Head	Amount of surrender
(1)	(2)	(3)	(4)
1	B-3	2041 Taxes on Vehicles	55.59
2	B-7	3051 Ports and Light Houses	12.88
3	B-7	3452 Tourism	72.16
4	B-9	5055 Capital Outlay on Road Transport	47.71
5	C-6	2245 Relief on account of Natural calamities	46.26
6	D-2	2401 Crop Husbandry	157.39
7	D-8	6403 Loans for Animal Husbandry	24.17
8	F-2	2217 Urban Development	534.50
9	F-4	3604 Compensation and Assignments to Local Bodies and Panchayati Raj Institutions.	23.85
10	G-1	2040 Taxes on Sales, Trade etc	32.73
11	G-4	2070 Other Administrative Services	249.06
12	J-1	2014 Administration of Justice	22.59
13	L-3	2501 Special Programmes for Rural Development	26.26
14	L-5	3604 Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	19.84
15	L-7	4402 Capital Outlay on Soil and Water Conservation	50.00
16	L-9	7615 Miscellaneous Loans	206.13
17	M-1	2408 Food Storage and Warehousing	61.62
18	M-3	4408 Capital Outlay on Food Storage and Warehousing	1238.82
19	N-1	2216 Housing	27.20
20	N-2	2204 Sports and Youth Services	26.21
21	N-4	2225 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	184.76
22	N-4	2235 Social Security and Welfare	30.03
23	N-5	4225 Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	17.94
24	O-3	2515 Other Rural Development Programmes	11.08
25	O-6	3451 Secretariat Economic Services	32.60
26	Q-3	2216 Housing	105.65
27	R-1	2210 Medical and Public Health	62.87
28	R-1	2211 Family Welfare	32.62
29	R-3	4210 Capital Outlay on Medical and Public Health	128.70

APPENDIX XXII (Contd.)				
(1)	(2)	(3)		(4)
30	S-1	2210	Medical and Public Health	12.81
31	T-4	2225	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	36.65
32	T-5	4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	26.00
33	U-3	3435	Ecology and Environment	15.44
34	V-1	2049	Interest Payments	50.00
35	V-2	2425	Co-operation	25.08
36	V-3	4425	Capital Outlay on Co-operation	62.24
37	V-3	4851	Capital Outlay on Village and Small Industries	12.57
38	V-4	6425	Loans for Co-operation	19.25
39	V-4	6851	Loans for Village and Small Industries	33.09
40	W-3	2203	Technical Education	14.73
41	X-1	2235	Social Security and Welfare	30.51
42	X-1	2236	Nutrition	105.51
43	Y-2	2215	Water Supply and Sanitation	316.08
44	Y-6	6215	Loans for Water Supply and Sanitation	86.40
45	ZA-1	2230	Labour and Employment	18.61
			TOTAL	4406.19

APPENDIX XXIII					
(Reference: Paragraph 2.3.11; Page 29)					
Details of surrender in excess of actual savings in the grants/appropriations involving substantial amounts					
(Rupees in crore)					
Sr. No.	Number and name of grant/appropriation			Amount surrendered	Actual savings
1	A-1	Governor and Council of Ministers		4.84	2.63
2	A-3	Public Service Commission		0.72	0.69
3	A-5	Social Services		11.09	7.27
4	B-2	State Excise Duties		2.87	0.71
5	B-4	Secretariat and Other General Services		2.87	2.83
6	C-1	Revenue and District Administration		42.28	39.60
7	C-2	Stamps and Registration		13.91	11.90
8	C-5	Other Social Services		2.78	2.26
9	C-6	Natural Calamities		45.56	43.87
10	C-6	Natural Calamities		0.69	0.67
11	C-7	Forest		26.29	20.51
12	C-10	Capital Expenditure on Economic Services		12.63	12.55
13	C-11	Internal Debt of the State Government		0.10	0.08
14	D-9	Capital Expenditure on Dairy Development		1.19	1.06
15	F-1	Interest Payments		0.41	0.39
16	F-2	Urban Development and Other Administrative Services		536.22	462.50
17	G-5	Treasury and Accounts Administration		2.90	2.89
18	G-8	Public Debt and Inter State Settlement		3702.86	955.54
19	H-8	Capital Expenditure on Public Works and Administrative and Functional Buildings		24.47	23.95
20	J-2	Secretariat and Other Social and Economic Services		0.37	0.27
21	L-7	Capital Expenditure on Rural Development		80.92	60.68
22	M-1	Food		61.61	60.69
23	M-3	Capital Expenditure on Food		1238.82	106.08
24	N-2	Sports and Youth Services		26.21	26.03
25	N-3	Art and Culture		5.39	5.34
26	O-1	District Administration		34.44	34.43
27	Q-3	Housing		105.88	101.78
28	R-3	Capital Expenditure on Social Services		128.70	22.71
29	S-1	Medical and Public Health		12.80	4.39
30	V-3	Capital Expenditure on Social Services		148.32	139.31
31	W-3	Technical Education		14.73	6.53
32	X-1	Social Security and Nutrition		136.33	129.16
33	X-2	Secretariat Social Services		0.04	0.03
34	Y-5	Compensation and Assignments		2.96	2.95
35	Y-6	Capital Expenditure on Economic and Social Services		88.02	25.26
36	ZA-1	Secretariat and Other Social Services		18.74	17.82
		Total		6538.96	2335.36

APPENDIX XXIV			
(Reference: Paragraph 2.4, Page 29)			
Statement showing unreconciled expenditure			
Sr. No.	Department	Expenditure for 2003-04 not reconciled (Rupees in crore)	Grant and Major Head
(1)	(2)	(3)	(4)
1	General Administration	0.55	A-1 2015
2	-do-	7.41	A-4 2059
3	-do-	0.10	A-5 2216
4	-do-	29.87	A-5 2251
5	-do-	3.91	A-6 2220
6	Home	427.75	B-1 2055
7	-do-	8.54	B-2 2039
8	-do-	0.35	B-3 3056
9	-do-	226.15	B-6 2217
10	-do-	0.6	B-9 5075
11	Revenue and Forests	5.75	C-1 2029
12	-do-	1.00	C-1 2053
13	-do-	0.04	C-6 2245
14	-do-	0.57	C-7 2415
15	-do-	15.06	C-8 2401
16	Agriculture, Animal Husbandry, Dairy Development and Fisheries	186.63	D-5 2404
17	-do-	0.17	D-9 4404
18	School Education	621.00	E-2 2202
19	Finance	1.17	G-1 2020
20	-do-	1.28	G-1 2040
21	-do-	100.54	G-9 7610
22	Public Works	25.66	H-6 2203
23	-do-	17.19	H-6 2210
24	Industries, Energy and Labour	0.44	K-4 2810
25	Rural Development and Water Conservation	0.71	L-3 2551
26	Public Health	0.67	R-1 2211
27	Women and Child Development	4.57	X-1 2236
28	Water Supply and Sanitation	748.76	Y-2 2215
	Total	2436.44	

APPENDIX XXV

(Reference: Paragraph 2.5.1: Page 30)

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-9 Capital Expenditure on Other Administrative and Social Services (Capital - Charged)	0.10	0.58	0.48 (485)
2	D-4 Dairy Development (Revenue - Charged)	3.20	4.16	0.96 (30)
3	F-5 Capital Expenditure on Social Services (Capital - Charged)	0.11	5.68	5.57 (5107)
4	H-5 Roads and Bridges (Revenue - Charged)	0.15	0.97	0.82 (547)
5	K-9 Capital Expenditure on Energy (Capital - Voted)	161.06	1050.50	889.44 (552)
6	T-1 Interest Payments (Revenue - Charged)	1.37	1.85	0.48 (35)
	Total	165.99	1063.74	897.75

APPENDIX XXVI
(Reference: Paragraph 2.5.2; Page 30)

Statement of cases where expenditure was incurred without any provision of funds
(Rupees in crore)

Sr. No.	Grant No.	Head of Account	Expenditure
REVENUE AND FORESTS DEPARTMENT			
1	C-1	2070 - 800 (00)(02)	0.06
2	C-6	2245 - 101 (02)(01)	0.05
3	C-7	2406 - 101 (10)(02)	0.25
4	C-7	2406 - 800 (01)(06)	0.03
5	C-9	4235 - 200 (00)(01)	0.54
URBAN DEVELOPMENT DEPARTMENT			
6	F-2	2217 - 191 (00)(40)	1.89
FINANCE DEPARTMENT			
7	G-6	2071 - 101 (00)(01)	3.04
PUBLIC WORKS DEPARTMENT			
8	H-5	3054 - 800 (03)(02)	0.97
IRRIGATION DEPARTMENT			
9	I-3	4711 - 190 (01)(03)	0.14
RURAL DEVELOPMENT AND WATER CONSERVATION DEPARTMENT			
10	L-3	2702 - 799 (0)(03)	0.06
SOCIAL JUSTICE, CULTURAL AFFAIRS AND SPECIAL ASSISTANCE DEPARTMENT			
11	N-4	2235 - 104 (08)(07)	8.65
12	N-4	2235 - 104 (08)(08)	3.37
PUBLIC HEALTH DEPARTMENT			
13	R-1	2210 - 200 (01)(01)	1.47
TRIBAL DEVELOPMENT DEPARTMENT			
14	T-4	2236 - 101 (01)(02)	0.05
15	T-5	4225 - 277 (02)(03)	0.09
ENVIRONMENT DEPARTMENT			
16	U-2	2251 - 090 (02)	0.01
HIGHER AND TECHNICAL EDUCATION DEPARTMENT			
17	W-1	2049 - 104 (00)(01)	3.51
WOMEN AND CHILD DEVELOPMENT DEPARTMENT			
18	X-1	2235 - 102-111 (06)(01)	0.36
19	X-1	2235 - 102 (07)(01)	0.01
20	X-1	2235 - 102 (08)(01)	0.01
21	X-1	2235 - 800 (01)(01)	0.02
22	X-1	2236 - 101 (1)(ii)	0.01
		Total	24.59

APPENDIX XXVII

(Reference: Paragraph 2.6: Page 30)

Cases of drawal from Contingency Fund where the expenditure was not such as could not have been foreseen

Sr. No.	Sanction No. and Date	Department/Grant No./Major Head	Purpose for which drawn	Amount sanctioned (Rupees in crore)
1	CNF/11.03/21/Bud-9 dated 12.6.2003	Irrigation I-3 4701	Payment towards principal amount of debt securities (Bond) of Vidharbha Irrigation Development Corporation/Konkan Development Corporation/Tapi Irrigation Development Corporation	197.19
2	CNF/11.03/30/Bud-9 dated 27.6.2003	Irrigation I-3 4701	Payment towards principal amount (Bond) of Maharashtra Krishna Valley Corporation	302.82
3	CNF/11.03/31/Bud-9 dated 27.06.2003	Irrigation I-3 4701	Payment towards principal amount (Bond) of Maharashtra Krishna Valley Corporation	30.14
4	CNF/11.03/32/Bud-9 dated 1.7.2003	Irrigation I-3 4701	Payment of salaries to share capital contribution to (i) Maharashtra Krishna Valley Development Corporation (ii) Vidharbha Irrigation Development Corporation (iii) Tapi Irrigation Development Corporation (iv) Godavari Marathawada Irrigation Development Corporation	19.47
5	CNF/11.03/64/Bud-5 dated 20.09.2003	Social Justice, Cultural Affairs, and Special Assistance N-4 2225	Savitribai Phule Scholarship to Scheduled Castes Girls	6.60
6	CNF/11.03/78/Bud-5 dated 24.10.2003	Women and Child Welfare X-1 2236	Bhaubeej Bhet to Anganwadi workers under Integrated Child Development Services	4.49
7	CNF/11.03/86/Bud-9 dated 29.10.2003	Irrigation I-3 4701	Payment towards pending bills of works to contractor of Dudhganga Projects under Maharashtra Krishna Valley Development Corporation	1.60
8	CNF/11.03/96/Bud-4 dated 18.11.2003	Revenue and Forest C-10 4801	Payment towards pending bills of rehabilitation work of Koyna Hydroelectric Projects, Phase-I and II	0.55
9	CNF/11.03/103/Bud-6 dated 14.11.2003	School Education E-2 2202	Bhaubeej Bhet to the Balwadi Sevikas working in the Balwadis attached to Zilla Parishads Primary Schools	0.50
10	CNF/11.04/125/Bud-13 dated 20.02.2004	General Administration A-6A 3053	Non-plan expenditure in connection with acquisition of land for Latur airstrip and rent of airstrip	0.21
			Total	563.57

Appendix XXVIII (Reference : Paragraph 3.3.17; Page 67)					
Appendix showing equipments procured but awaiting installation/ commissioning					
Names of equipment	No. of hospitals	Quantity	Total cost (Rupees in lakh)	Dates of delivery	Remarks
300 mA, X-ray Machines	9	9	25.16	Nov 2003 to April 2004	Rooms not constructed as per AERB norms. Three machines commissioned during February to June 2004. Clearance from AERB not received to put them to use.
100 mA, X-ray Machines	20	24	51.48	March 2003 to November 2003	Six machines commissioned up to February 2004. Clearance from AERB not received to put them to use.
Four Body Mortuary Cabinets	14	14	20.73	February 2003 to August 2003	Two commissioned in June 2004 and rooms required alterations as they did not conform to the specifications.
Two Body Mortuary Cabinets	28	28	25.92	January 2003 to December 2003	Two commissioned in June 2004 and sites in six hospitals only ready.
Dental Lab	12	12	19.73	January 2003 to October 2003	Five were stated to have been installed but report on their utilisation is awaited. Non-supply of consumables, construction work in progress, electrical and plumbing works to be done.
Dental Unit with Chair	5	7	9.94	January 2003 to October 2003	Electrical/plumbing work not done
Central Monitor Station	9	9	6.35	July 2003 to November 2003	Five installed in May/June 2004. Report on utilisation awaited. Work station to be procured.
DG Set 15 KVA	18	18	24.80	October 2002 to August 2003	Parts damaged in some cases. Electric connection not provided and in some cases supply made before ensuring availability of room.
-do- 30KVA	4	4	10.20	-do-	-do-
-do- 62.5 KVA	4	4	14.24	October 2003	-do-
AC Machines	37	238*	39.63	March 2003 to August 2003	In some cases sufficient number of windows not provided and in some cases construction of building was not completed. 13 ACs were installed during June 2004.
Water Coolers	22	73	22.30	July 2003 to December 2003	For want of electrical and plumbing work. In some cases construction was not completed. 42 Water Coolers were installed in June 2004. Report on their utilisation is awaited.
Autoclave HP (Horizontal)	7	13	17.01	September 2002 to April 2004	Four installed in June 2004 but report on their utilisation is awaited.
Defibrillator	8	22	14.35	November 2003 to April 2004	Construction work not completed. Installation under progress.
Operation Table (Ordinary)	4	10	1.76	March 2003	Substandard supply of which 4 were repaired.
Total			303.60		

* On revision of norms, 124 ACs supplied to hospitals were found to be surplus. The management ordered (March 2004) shifting of surplus ACs to other needy hospitals at a cost of Rs 99200. Report on actual shifting and their commissioning was awaited (July 2004).

APPENDIX XXIX

(Reference: Paragraph 3.5.16; Page 95)

District wise extra expenditure on Training under USEP

(Rupees in lakh)

Sr. No.	Name of District	Period	Number of Beneficiaries	Expenditure admissible (Rupees)	Expenditure actually incurred (Rupees)	Excess expenditure (Rupees)
1.	Thane	1997-98 to 2003-04	5828	57.13	105.83	48.20
2.	Satara	- do -	2037	20.17	39.48	19.31
3.	Ratnagiri	- do -	572	5.66	11.43	5.77
4.	Nasik	1998-99 to 2003-04	7452	74.37	134.92	60.55
5.	Jalgaon	1997-98 to 2002-03	4808	42.15	69.79	27.64
6.	Latur	2002-03	324	2.14	6.48	4.34
7.	Buldana	1997-98 to 2003-04	1068	9.93	17.85	7.92
8.	Beed	1998-99 to 2003-04	1679	15.15	27.35	12.20
9.	Mumbai	1998-99 to 2002-03	2534	25.09	49.20	24.11
Total			26302	251.79	462.33	210.54

i.e. Rs 2.11 Crore

APPENDIX XXX

(Reference: Paragraph 3.5.21; Page 96)

Works executed in private layout from SJSRY fund

(Rupees in lakh)

Sr. No.	Name of District/ULB	No. of works	Name of Society/Private layout/Owner of land/Survey No.	Date of Admn. Approval	Estimated cost (Rupees)	Date of completion	Total Expenditure (Rupees)
1.	Nasik/Manmad	01	Shri Prakash Gawali	30.12.99	3.28	19.4.2000	1.10
2.	- do -	01	HUDCO	30.12.99	1.37	29.6.2000	1.61
3.	- do -	01	Co-op. Society	30.12.99	5.40	31.3.2001	5.59
4.	- do -	01	Shri Md. Shabbir	30.12.99	2.14	27.04.2000	2.14
5.	- do -	01	Shri Ajit & Habib Pathan	8.5.2001	4.89	22.3.2002	4.53
6.	- do -	01	Smt. Padmawati Dattrak & Shri G.L. Kapade	8.5.2001	1.95	29.1.2002	1.49
7.	- do -	01	Shri Darode	8.5.2001	8.29	22.3.2002	8.91
8.	- do -	01	Shri Laxmanrao Shinde	21.1.2003	6.82	2.2004	6.53
9.	Buldana/Chikhali	07	Vaidya Layout	20.4.2002	5.40	Incomplete	3.74
10.	Jalgaon/Sawada	01	Gat No.694	1.3.2001	4.22	19.10.2001	4.73
11.	Nasik/Malegaon	13 (i)	29, 26, 27, 48/1 & 48/1B	30.6.2001	1.96	30.3.2002	1.47
		(ii)	298/B, 353/1B2	- do -	1.53	30.3.2002	1.60
		(iii)	133	- do -	4.92	-	4.18
		(iv)	194/1-2	- do -	2.82	21.7.2002	2.61
		(v)	Shri Kashinath Chaudhary	- do -	4.01	-	4.19
		(vi)	Camp Ward I	8/2001	15.83	15.8.2002	14.86
		(vii)	Ward No.23	8/2001	1.82	30.3.2002	2.43
		(viii)	107/1	- do -	5.44	-	5.03
		(ix)	108	6/2001	4.57	-	4.42
		(x)	109/4	- do -	0.81	-	0.22
		(xi)	173/1-2	- do -	1.35	-	1.35
		(xii)	171/2	- do -	2.79	-	2.27
		(xiii)	148	- do -	3.72	-	3.53
12.	Satara/ Wai	01	SarangHousing Society No.2	11/2003	2.31	31.3.2004	2.31
13.	Solapur/Barshi	14	Shri Nagne Plot, Hagre Plot, Vani Plot, Patil Plot, Tukaram Shinde, Barangule Plot, Deshmukh, Waikule Plot, Netke, Balaji Colony	30.3.2001	17.95	12/2001	17.95
	Total	44					108.79 ie 1.09 crore

APPENDIX XXXI

(Reference: Paragraph 4.6.1 ; Page 158)

Statement showing outstanding Inspection Reports and Paragraphs issued upto December 2003 but outstanding as on June 2004

Sr. No.	Name of the Department	Upto 1998-99		1999-2000		2000-01		2001-02		2002-03		2003-04		Total	
		IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	241	311	52	95	68	124	124	201	115	259	115	392	715	1382
2	Co-operation and Textiles	149	235	31	60	56	112	108	213	94	259	49	126	487	1005
3	Employment and Self-Employment	1	2	1	4	1	1	1	2	0	0	2	3	6	12
4	Environment	0	0	0	0	0	0	1	1	0	0	0	0	1	1
5	Finance	8	12	4	4	0	0	6	8	9	14	8	20	35	58
6	Food, Civil Supplies and Consumer Protection	3	3	0	0	0	0	3	6	0	0	0	0	6	9
7	General Administration	11	14	4	4	7	10	9	28	15	32	11	39	57	127
8	Higher and Technical Education	370	565	144	257	97	218	89	260	119	221	101	235	920	1756
9	Home	137	228	43	84	55	135	63	158	56	250	49	182	403	1037
10	Housing	16	27	1	1	3	6	5	8	3	5	1	6	29	53
11	Industries, Energy and Labour	20	26	10	22	11	15	21	47	11	43	27	67	100	220
12	Irrigation	387	1042	78	238	63	251	115	498	109	488	76	423	828	2940
13	Law and Judiciary	8	10	5	6	10	14	14	19	26	46	19	38	82	133
14	Maharashtra Legislature Secretariat	0	0	0	0	0	0	1	1	1	6	0	0	2	7
15	Medical Education and Drugs	67	106	20	35	27	82	16	59	24	73	23	108	177	463
16	Planning	0	0	1	1	0	0	0	0	5	6	1	1	7	8
17	Public Health	105	129	40	58	43	81	62	119	94	219	89	265	433	871
18	Public Works	145	264	72	187	84	256	70	269	93	478	83	496	547	1950
19	Revenue and Forests	503	957	143	348	191	564	170	535	195	698	200	780	1402	3882
20	Rural Development and Water Conservation	602	1179	149	416	121	426	113	419	151	803	234	1514	1370	4757
21	School Education	13	22	4	8	15	33	13	28	18	32	24	56	87	179
22	Social Justice, Cultural Affairs and Special Assistance	67	120	36	59	46	79	64	146	84	203	30	79	327	686
23	Tribal Development	17	25	11	24	8	12	27	45	45	116	12	36	120	258
24	Urban Development	9	12	2	4	3	10	4	6	4	20	8	21	30	73
25	Water Supply and Sanitation	0	0	5	9	7	10	15	30	10	24	5	31	42	104
26	Women and Child Welfare	10	11	11	12	17	32	46	72	85	136	43	101	212	364
	Total	2889	5300	867	1936	933	2471	1160	3178	1366	4431	1210	5019	8425	22335

APPENDIX XXXII

(Reference: Paragraph 4.6.1; 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 1996- 97	1997- 98	1998- 99	1999- 2000	2000- 01	2001- 02	2002- 03	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Agriculture, Animal Husbandry, Dairy Development and Fisheries	5	-	1	3	-	4	6	19
2.	Co-operation and Textiles	1	-	-	1	1	1	-	4
3.	Finance	-	-	-	-	-	-	2	2
4.	Food, Civil Supplies and Consumer Protection	1	-	1	-	-	-	-	2
5.	General Administration	-	1	-	-	-	2	1	4
6.	Home	-	-	-	-	1	2	-	3
7.	Housing	11	3	3	-	1	4	8	30
8.	Higher and Technical Education	-	-	-	-	-	1	-	1
9.	Industry Energy and Labour	-	-	-	-	1	1	-	2
10.	Irrigation	2	1	2	2	1	2	6	16
11.	Medical Education & Drugs	-	-	1	3	-	1	3	8
12.	Planning	2	-	-	-	-	-	-	2
13.	Public Health	4	-	-	2	2	2	3	13
14.	Public Works	-	-	-	-	2	2	2	6
15.	Revenue and Forests	6	2	-	1	1	-	3	13
16.	Rural Development and Water Conservation	19	-	1	-	-	2	4	26
17.	Social Justice, Cultural Affairs and Special Assistance	5	-	-	1	-	3	-	9
18.	Tribal Development	-	-	-	1	-	-	-	1
19.	Urban Development	4	-	-	-	-	1	3	8
20.	Water Supply and Sanitation	-	-	-	-	5	3	5	13
21.	Women and Child Welfare	2	2	1	-	-	-	1	6
	Total	62	09	10	14	15	31	47	188

APPENDIX XXXIII

(Reference: Paragraph 5.1.5:Page 164)

Details of drawal and parking of funds with Maharashtra Agro Industries Development Corporation

Name of scheme/ Purpose	Opening Balance (Rupees)	Amount drawn (Rupees)	Total amount available (2+3)	Month of drawal	Month of deposit	Amount deposited	Amount and period of utilisation	Unspent balance if any (4-9)	Amount refunded (Date)	Closing Balance (10-11)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Agri business 2000-01		279.25	279.25	March 2001	April 2002	279.25	Nil	279.25	189.00 (March 2002)	90.25	Carried forward to subsequent years
2001-02	90.25	325.00	415.25	November 2001	December 2001	325.00	81.15	334.10	--	334.10	Carried forward to subsequent years
2002-03	334.10	159.00	493.10	September 2002	September 2002	159.00	476.47 (upto 3/03)	16.63	--	16.63	Carried forward to subsequent years
2003-04	16.63	305.00	321.63	August 2003		305.00	309.32 (upto 3/04)	12.31	Nil	12.31	Carried forward for subsequent years
Establishment of food park		10.00	10.00	March 2002		--	--	10.00	Nil	10.00	Amount lying in the form of DD with DSAO,Pune till
Establishment of delinting plant		100.00	100.00	March 2004		--	--	100.00	Nil	100.00	Amount converted into DD in favour of MSSC, Akola but DD not delivered
Establishment of Virtual University		150.00	150.00	March 2004	April 2004	150.00	2.49 (upto June 2004)	147.51	Nil	147.51	Nil
Establishment of Residue Testing Laboratory at Nagpur		99.50	99.50	March 2001	April 2001	99.50	99.36 (upto March 2002)	0.14	Nil	0.14	Nil
Supply of small tractors		149.40 149.40 49.80 219.10	567.70	January 1999 March 1999 March 2000 March 2000	February 1999 April 1999 April 2000 April 2000	567.70	567.70 (upto May 2004)	Nil	Nil		Nil
Balance & integrated use of fertilizer		125.00	125.00	March 2000	September 2002	125.00	25.00	100.00	50.00 (January 2002)	50.00	Rs 50 lakh were lying with Commissionerate in form of DD till date.
Total	440.98	2120.45	2561.43			2010.45	1561.49	999.94	239.00	760.94	