

**Report of the Comptroller and  
Auditor General of India**

**on**

**General and Social Sector**

**for the year ended March 2013**

**GOVERNMENT OF MAHARASHTRA  
Report No.4 of the year 2014**



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## P R E F A C E

1. This Report is prepared for submission to the Governor of the State of Maharashtra under Article 151 of the Constitution of India.
2. The audit of expenditure by the Departments of the State Government is conducted under Section 13 of the Comptroller and Auditor General's Duties, Powers and Conditions of Service Act, 1971.
3. This Report presents the results of audit of expenditure of the Government of Maharashtra. The cases mentioned in this Report are those, which came to notice in the course of test audit of accounts during the year 2012-13 as well as those, which had come to notice in earlier years, but could not be dealt with in the previous Reports; matters relating to the period subsequent to 2012-13 have also been included, wherever necessary.
4. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

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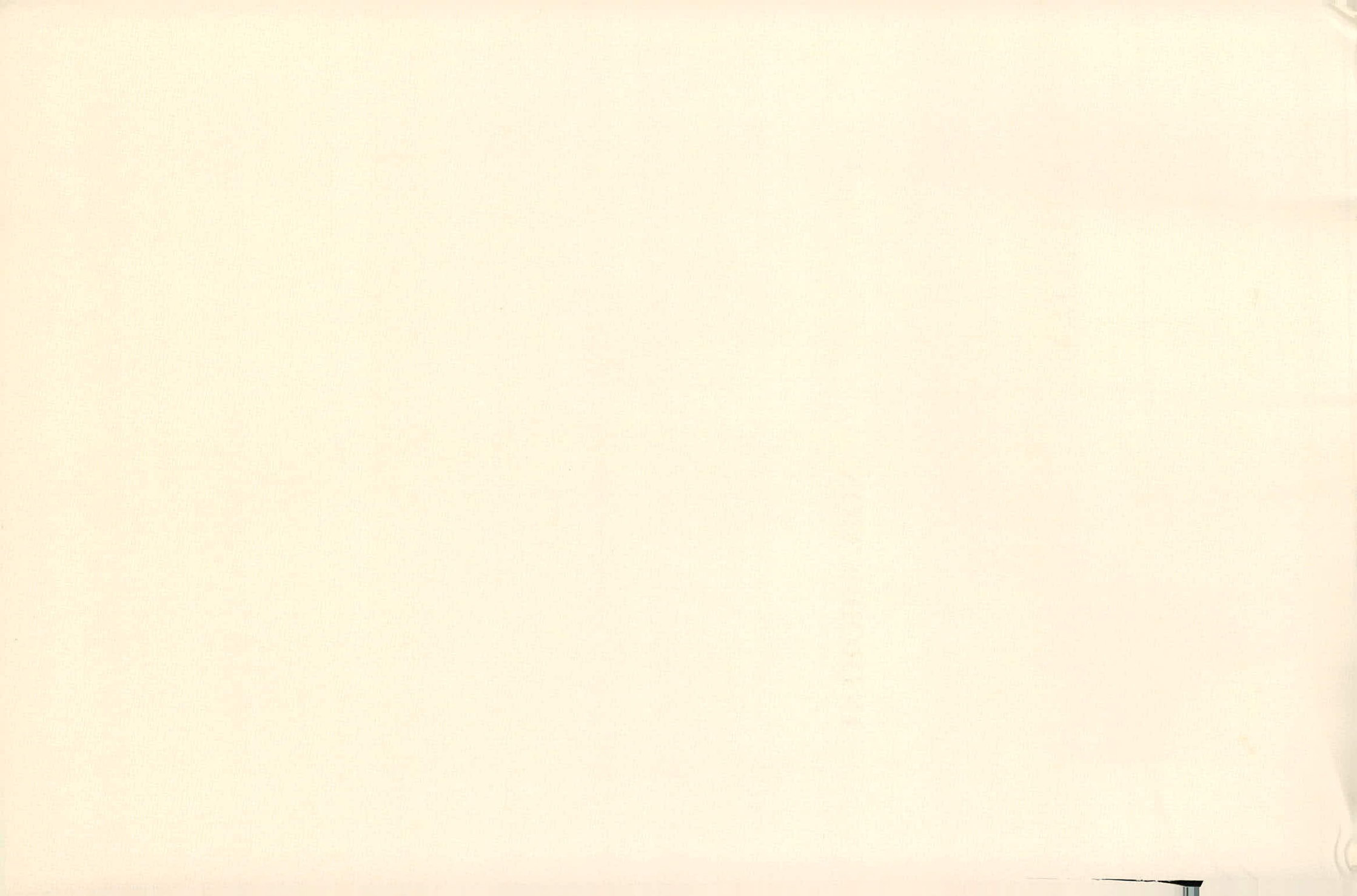
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# **CHAPTER - I**

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## Chapter I : Introduction

### 1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) on Government of Maharashtra relates to matters arising from Performance Audit of selected programmes and activities and Compliance Audit of Government Departments and Autonomous Bodies falling under General and Social Sector.

Compliance Audit refers to examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with. On the other hand, Performance Audit examines whether the objectives of an organization, programme or a scheme have been achieved economically, efficiently and effectively.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved operational efficiency and financial management of the organisations thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies in working of two schemes/projects, one Department and one project of an Autonomous Body, significant audit observations made during the audit of transactions and follow up on previous Audit Reports. Chapter II of this Report contains findings arising out of performance audit of two schemes/projects, Social Justice and Special Assistance Department and one project of an Autonomous Body. Chapter III contains observations on audit of transactions in Government Departments and Autonomous Bodies.

### 1.2 Audited entity profile

The Departments in the General and Social Sector in the State at the Secretariat level, headed by Additional Chief Secretaries/Principal Secretaries/Secretaries and assisted by Directors/Commissioners and subordinate officers and Autonomous Bodies, are audited by the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur.

A summary of the State Government's fiscal operations during 2012-13 *vis-à-vis* the previous year is given in **Table 1**.

Table 1 : Summary of fiscal operations

(₹ in crore)

2011-12	Receipts	2012-13	2011-12	Disbursements	2012-13		
Section-A: Revenue					Non Plan	Plan	Total
121286.14**	Revenue receipts	142947.23	123554.19	Revenue expenditure	114205.90	24530.08	138735.98
87608.46	Tax revenue	103448.58	42852.88	General services	47058.81	606.86	47665.67
8167.70	Non-tax revenue	9984.40	54812.21	Social services	46869.64	15169.33	62038.97
13343.34	Share of Union Taxes/Duties	15191.92	24868.75	Economic services	18944.11	8606.71	27550.82
12166.64	Grants from Government of India	14322.33	1020.35	Grants-in-aid and Contributions	1333.34	147.18	1480.52
Section B: Capital							
455.83	Miscellaneous Capital Receipts	0.00	17879.54	Capital Outlay	2303.38	15094.60	17397.98
558.74	Recoveries of Loans and Advances	862.85	836.28	Loans and Advances disbursed			1415.94
24452.56	Public debt receipts*	21725.12	6458.35	Repayment of Public Debt*			6652.52
1000.00	Appropriation from Contingency fund	725.00	500.00	Appropriation to Contingency fund			875.00
511.20	Contingency Fund	875.00	1000.00	Contingency Fund			734.62
53389.38	Public Account Receipts	47059.63	46962.93	Public Account Disbursements			35511.02
31509.39	Opening Cash Balance	35971.95	35971.95	Closing Cash Balance			48843.72
<b>233163.24</b>	<b>Total</b>	<b>250166.78</b>	<b>233163.24</b>	<b>Total</b>			<b>250166.78</b>

Source: Finance Accounts of the respective years

\* Excluding ways and means advances on two occasions for eight days  
(Receipt: ₹ 391.50 crore and Disbursement: ₹ 391.50 crore)

\*\* Includes ₹ 170.23 crore, the outstanding central loans under Central Plan Schemes and Centrally Sponsored Schemes advanced to State Governments by the Ministries other than Ministry of Finance written off as per the recommendation of the Thirteenth Finance Commission

### 1.3 Authority for audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The C&AG conducts audit of expenditure of the Departments of Government of Maharashtra under Section 13<sup>1</sup> of the C&AG's (DPC) Act. The C&AG is the sole auditor in respect of 10 Autonomous Bodies which are audited under Sections 19(2)<sup>2</sup>, 19(3)<sup>3</sup> and 20(1)<sup>4</sup> of the C&AG's (DPC) Act. In addition, the C&AG also conducts audit

<sup>1</sup> Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance sheets & other subsidiary accounts

<sup>2</sup> Audit of the accounts of Corporations (not being Companies) established by or under law made by the Parliament in accordance with the provisions of the respective legislations

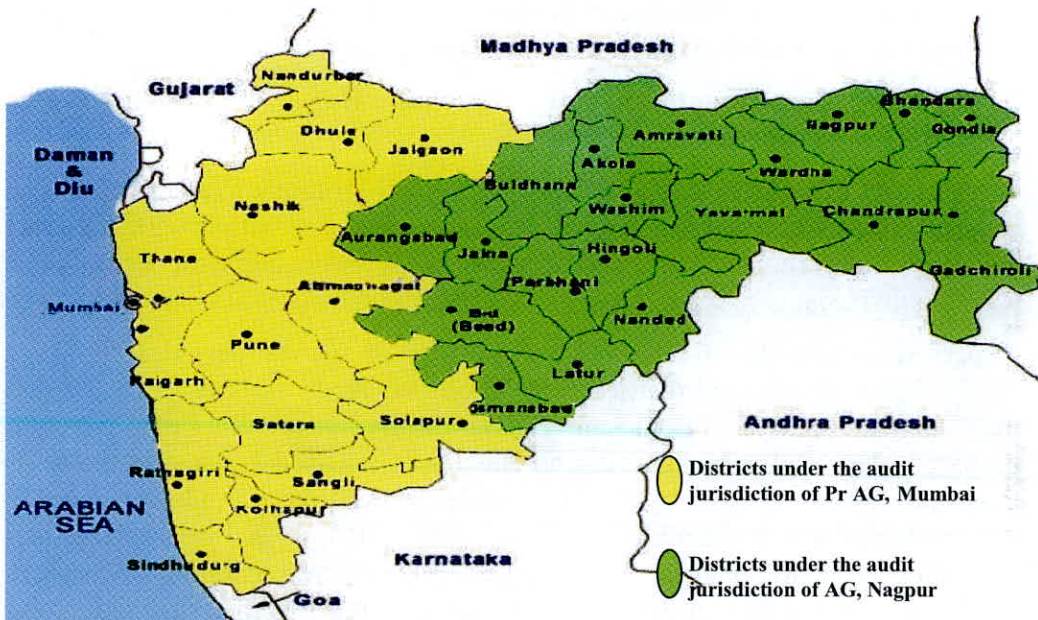
<sup>3</sup> Audit of the accounts of a Corporation established by law made by the Legislature of a State on the request of the Governor, in public interest

<sup>4</sup> Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the C&AG and the Government

of 1,459 other bodies/authorities, under Section 14<sup>5</sup> of the C&AG's (DPC) Act, which are substantially funded by the Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007, issued by the C&AG.

#### 1.4 Organisational structure of the offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur, Maharashtra

Under the directions of the C&AG, the offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur conduct the audit of the various Government Departments and offices/Autonomous Bodies/Institutions under them. While 16 districts from Konkan and Western Maharashtra fall under the audit jurisdiction of the Principal Accountant General (Audit)-I, Mumbai, the remaining 19 districts from Vidarbha and Marathwada are under the audit jurisdiction of the Accountant General (Audit)-II, Nagpur, as shown in the map below.



#### 1.5 Planning and conduct of audit

The audit process starts with the assessment of risk faced by various Departments of the Government, based on expenditure incurred, criticality/complexity of activities, the levels of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. During 2012-13, 3,935 party days were used to carry out audit of 307 units (compliance audit and performance audits) of the various Departments/organisations. The audit plan covered those units/entities which were vulnerable to significant risks as perceived by Audit.

<sup>5</sup> Audit of (i) all receipts and expenditure of a body or authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated Fund of the State in a financial year is not less than ₹ one crore

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the heads of the Departments. The Departments are requested to furnish replies to the audit findings within six weeks of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Audit Reports which are submitted to the Governor under Article 151 of the Constitution of India.

## **1.6 Significant audit observations**

In the past few years, Audit has reported several significant deficiencies in implementation of various programmes/activities through performance audits, as well as on the quality of internal controls in selected Departments. Similarly, the deficiencies noticed during compliance audit of the Government Departments/organisations were also reported upon.

### **1.6.1 Performance audits of programmes/activities/Departments**

The present Report contains four performance audits. The highlights of these performance audits are given in the succeeding paragraphs.

#### **1.6.1.1 Implementation of National Rural Drinking Water Programme**

Government of India launched the National Rural Drinking Water Programme in April 2009 with the objective of providing rural population with adequate and safe water for drinking, cooking and other basic domestic needs on a sustainable basis.

A performance audit of NRDWP was conducted for the period 2009-10 to 2012-13 in nine selected districts and 30 blocks. Audit scrutiny revealed that the village and district water security plans and five-year rolling plan were not prepared. The GoI imposed cuts on the funds released by it due to short-release of matching funds by the State, under- utilisation of funds and delay in submission of annual action plans. As on April 2013, 48 *per cent* of the total habitations did not have access to piped drinking water supply. Measures taken for sustainability of drinking water sources and schemes suffered due to inadequate funding by the GoI. A large number of rural water supply schemes were non-functional due to poor maintenance/non-payment of electricity bills. The water quality monitoring was poor; water samples were not tested for pesticides and toxic/heavy metals. The Integrated Management Information System, the chief mechanism for monitoring the programme, was unreliable.

#### **1.6.1.2 Implementation of Information and Communication Technology Scheme in Secondary and Higher Secondary Schools in Maharashtra**

The Government is implementing the Information and Communication Technology Scheme in secondary and higher secondary schools of Maharashtra on Built, Own, Operate and Transfer model with a view to enhancing the quality of teaching and creating an environment for self-learning. The Scheme is implemented in two phases covering 3,000 schools. Performance audit of the Scheme for the period 2008-09 to 2012-13 revealed delay in commencement of phase-II and procurement of software, deficient infrastructure in computer laboratories, use of pirated software, non-

installation/updation of anti-virus software, shortfall in imparting training to the teachers and laxity in monitoring and supervision of the Scheme.

### **1.6.1.3 Implementation of Mumbai Urban Infrastructure Project**

The Mumbai Metropolitan Region Development Authority initiated a project called Mumbai Urban Infrastructure Project at an estimated cost of ₹ 2,647 crore, with the objective of improving road network for efficient traffic dispersal in Greater Mumbai. The project was approved by GoM in November 2003 for completion by November 2006.

The performance audit of Mumbai Urban Infrastructure Project covering the period 2008-09 to 2012-13 revealed that only 38 out of 157 items of works were taken up for execution as of November 2013 on which an expenditure of ₹ 3,736 crore was incurred which was 41 *per cent* more than the overall sanctioned cost of ₹ 2,647 crore. Works were awarded without availability of clear sites leading to foreclosure of works. The manual provisions and tender conditions were not followed which led to extra expenditure in number of works. There were inadequacies in Project Management Consultancy agreements. Internal controls and monitoring mechanism were lax.

### **1.6.1.4 Audit of Social Justice and Special Assistance Department**

The Social Justice and Special Assistance Department is responsible for ensuring welfare of Scheduled Castes and Nav Boudhhas, Denotified Tribes, Nomadic Tribes, Other Backward Classes, Special Backward Classes, Physically Disabled persons and other weaker sections of the society.

A Performance Audit covering the period from 2008-09 to 2012-13 revealed deficiencies in planning, financial management, implementation of Schemes, procurements etc. There were shortfalls in inspections of Government hostels, aided and ashram schools and arrears in internal audit. Tuition fee were collected from students belonging to Scheduled Castes, Other Backward Classes, Special Backward Classes and Denotified and Nomadic tribes even though they were exempt from payment of such fee. The Department did not formulate any criteria for selection of beneficiaries under Motor Driving Training Scheme. There was a delay of 11 years in formulating the Rules for issuance and verification of caste certificates to the beneficiaries belonging to Scheduled Castes, Other Backward Classes *etc.* Overlapping purchases of LCD TVs and bedding material were observed due to lack of coordination between the Commissioner, Social Welfare and the field units.

## **1.6.2 Compliance audit of Government transactions**

During compliance audit, significant deficiencies were noticed with regard to non-compliance with rules and regulations, expenditure without adequate justification and failure of oversight/governance. The important findings of compliance audit paragraphs included in this Report are indicated below.

### **1.6.2.1 Deficiencies in slum improvement works carried out by Mumbai Slum Improvement Board**

The Government of Maharashtra formed Mumbai Slum Improvement Board (MSIB) in November 1992 with the objective of slum improvement in two districts of Mumbai (Mumbai City and Mumbai Suburban). The MSIB was not complying with the Government directives with regard to allotment of

slum improvement works up to ₹ 15 lakh among Majoor Sahkari Sanstha Maryadit, unemployed engineers and registered contractors. The prescribed system for quality control was not adhered to. There were instances of works executed without proper survey and identification of targeted beneficiaries, irregularities in payment of final bills and execution of inadmissible works. The internal control system in MSIB was also weak.

*(Paragraph 3.1.1)*

#### **1.6.2.2 Non-compliance with rules and regulations**

For sound financial administration and control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This helps in maintaining financial discipline and prevents irregularities, misappropriation and frauds. This report contains instances of non-compliance with rules and regulations shown as under:

- The Maharashtra Housing and Area Development Authority allotted 225 tenements to a Society without capitalizing interest up to the date of actual allotment of tenements, resulting in loss of revenue of ₹ 4.32 crore. Besides, outstanding dues from the Society on account of cost of tenements along with interest totaling ₹ 14.31 crore were not recovered.

*(Paragraph 3.2.1)*

- Lack of robust internal controls in Maharashtra Housing and Area Development Authority resulted in non-recovery of dues of ₹ 3.48 crore from Meera Co-operative Housing Society and Raigad Military School and loss of interest of ₹ 5.04 crore.

*(Paragraph 3.2.2)*

- Irregular allotment of land to a Society at the rates prevailing in 1983 instead of the current market rates of 2009, coupled with non-recovery of premium for change in land use, resulted in loss of revenue of ₹ 85.41 lakh.

*(Paragraph 3.2.3)*

#### **1.6.2.3 Audit against propriety and cases of expenditure without adequate justification**

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money. Audit scrutiny revealed instances of impropriety and extra expenditure of ₹ 14.88 crore shown as under :

- Failure of the Home Department to provide stabiliser, UPS and de-humidifier for the 'Raman Spectrophotometer' purchased at a cost of ₹ 1.09 crore resulted in its breakdown thus, rendering it idle for a prolonged period, besides causing a liability of ₹ 26.90 lakh towards purchase of a new spare parts.

*(Paragraph 3.3.1)*



- Failure to synchronise the procurement of hospital equipment with the civil construction works of new hospital building of Shri Bhausaheb Hire Government Medical College, Dhule led to idling of hospital equipment valuing ₹ 1.03 crore for 40 to 50 months.

(Paragraph 3.3.2)

- Non-deployment of full time permanent manpower at Regional Referral Hospital, Nashik resulted in the Brachytherapy unit purchased at a cost of ₹ 1.12 crore for treatment of patients suffering from cervical cancer remaining idle for 45 months.

(Paragraph 3.3.3)

- School Education and Sports Department failed to utilise the services of surplus teachers against the vacancies, resulting in nugatory expenditure of ₹ 10.34 crore towards payment of salaries.

(Paragraph 3.3.4)

#### **1.6.2.4 Failure of oversight/governance**

The Government has an obligation of improving the quality of life of the people for which it works by fulfilling certain goals in the area of health, education, development and upgradation of infrastructure and public services etc. Audit noticed an instance of lack of administrative oversight as detailed under:

- Failure of the Public Health Department to challenge arbitration awards within prescribed time limit resulted in avoidable payment of interest of ₹ 1.03 crore.

(Paragraph 3.4.1)

### **1.7 Lack of responsiveness of Government to Audit**

#### **1.7.1 Inspection reports outstanding**

Periodical inspections of Government Departments are conducted to test-check their transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with IRs which are issued to the heads of the offices inspected, with copies to the next higher authorities. Half yearly reports of pending IRs are sent to the Secretaries of the concerned Departments to facilitate monitoring of action taken on the audit observations included in these IRs.

As of June 2013, 4,799 IRs (15,861 paragraphs) were outstanding. Year-wise details of IRs and paragraphs outstanding are detailed in **Appendix 1.1**.

#### **1.7.2 Response of Departments to draft paragraphs**

The draft paragraphs and performance audits were forwarded demi-officially to the Secretaries of the concerned Departments between June and October 2013 requesting them to send their responses within six weeks. However, reply to only one out of nine draft paragraphs was received. Except for the performance audits on Implementation of Information and Communication Technology Scheme in Secondary and Higher Secondary Schools in Maharashtra and the Social Justice and Special Assistance Department, Government replies to the Implementation of Mumbai Urban Infrastructure

Project and Implementation of National Rural Drinking Water Programme were not received. All the findings contained in the performance audit reports have been discussed with the Principal Secretaries to the Government of Maharashtra of the concerned Departments.

### **1.7.3 Follow-up on Audit Reports**

According to instructions issued by the Finance Department, Government of Maharashtra in January 2001, 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 three months of presenting the Audit Reports to the State Legislature. The Administrative Departments, however, did not comply with these instructions. The EMs in respect of 48 paragraphs/reviews for the period from 1991-92 to 2011-12 have not yet been received. The position of outstanding EMs in respect of Audit Reports for the years from 2006-07 to 2011-12 is indicated in the **Table 2**.

**Table 2: Status of submission of EMs in respect of Audit Reports (2006-07 to 2011-12)**

<b>Audit Report</b>	<b>Date of tabling the Report</b>	<b>Number of Paragraphs and Reviews</b>	<b>Number of EMs received</b>	<b>Balance</b>
2006-07	25 April 2008	23	21	2
2007-08	12 June 2009	25	23	2
2008-09	23 April 2010	14	13	1
2009-10	21 April 2011 & 23 December 2011	15	12	3
2010-11	17 April 2012	10	1	9
2011-12	18 April 2013	8	-	8
<b>Total</b>		<b>95</b>	<b>70</b>	<b>25</b>

The EMs in respect of 23 paragraphs relating to the period prior to 2006-07 were outstanding. Department-wise details are given in **Appendix 1.2**.

With a view to ensuring accountability of the Executive in respect of all the issues dealt with in the Audit Reports, the Public Accounts Committee (PAC) lays down in each case, the period within which Action Taken Notes (ATNs) on its recommendations should be sent by the Departments.

The PAC discussed 225 paragraphs pertaining to the Audit Reports for the years from 1985-86 to 2009-10 and gave 351 recommendations of which, ATNs were pending on 328 recommendations as indicated in **Table 3**.

Table 3: Position of outstanding ATNs on PAC recommendations

Year of Audit Report	Report Number and year of PAC	Number of PAC recommendations	Number of ATNs awaited on the PAC recommendations
1985-86 to 2001-02	16 <sup>th</sup> , 17 <sup>th</sup> , 19 <sup>th</sup> , 24 <sup>th</sup> , and 28 <sup>th</sup> Report of 1994-95; 1 <sup>st</sup> , 2 <sup>nd</sup> , 4 <sup>th</sup> , 6 <sup>th</sup> and 8 <sup>th</sup> Report of 1995-96; 20 <sup>th</sup> , and 24 <sup>th</sup> Report of 1997-98; 3 <sup>rd</sup> and 6 <sup>th</sup> Report of 2000-01; 9 <sup>th</sup> Report of 2001-02; 13 <sup>th</sup> Report of 2003-04; 8 <sup>th</sup> Report of 2007-08; 13 <sup>th</sup> Report of 2008-09	159	125
2002-03	14 <sup>th</sup> Report of 2008-09	0	11
2003-04	14 <sup>th</sup> Report of 2008-09	3	3
2004-05	14 <sup>th</sup> Report of 2008-09	0	1
2005-06	8 <sup>th</sup> Report of 2010-11	93	90
2006-07	15 <sup>th</sup> Report of 2008-09 9 <sup>th</sup> Report of 2012-13	65	67
2007-08	13 <sup>th</sup> Report of 2012-13	22	22
2008-09	--	0	0
2009-10	12 <sup>th</sup> Report of 2012-13	9	9
2010-11	--	0	0
2011-12	--	0	0
<b>Total</b>		<b>351</b>	<b>328</b>

The Department-wise position of PAC recommendations on which ATNs were awaited is indicated in **Appendix 1.3**.



## CHAPTER - II

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## Chapter II : Performance Audits

### Water Supply and Sanitation Department

#### 2.1 Implementation of National Rural Drinking Water Programme

*Government of India (GoI) launched the National Rural Drinking Water Programme (NRDWP) in April 2009 with the objective of providing rural population with adequate and safe water for drinking, cooking and other basic domestic needs on a sustainable basis.*

*A performance audit of NRDWP was conducted for the period 2009-10 to 2012-13 in 30 blocks in nine selected districts. Audit scrutiny revealed that the village and district water security plans and five-year rolling plan were not prepared. The GoI imposed cuts on the funds released by it due to short-release of matching funds by the State, under- utilisation of funds and delay in submission of annual action plans. As on April 2013, 48 per cent of the total habitations did not have access to piped drinking water supply. Measures taken for sustainability of drinking water sources and Schemes suffered due to inadequate funding by the GoI. A large number of rural water supply schemes were non-functional due to poor maintenance/non-payment of electricity bills. The water quality monitoring was poor; water samples were not tested for pesticides and toxic/heavy metals. The Integrated Management Information System, the chief mechanism for monitoring the programme, was unreliable. The key findings are highlighted below.*

#### Highlights

**NRDWP was implemented in the State without preparation of village and district water security plans and five-year rolling plan. There were delays in approval of annual action plans for the years 2009-10, 2011-12 and 2012-13 by the State Level Scheme Sanctioning Committee.**

*(Paragraph 2.1.6.2)*

**The GoI imposed a cut of ₹ 64.84 crore due to short-release of matching share by the State Government, non-submission of utilization certificates and delay in submission of annual action plans. The State Government utilized ₹ 153.05 crore from funds released under NRDWP on completed Schemes, price variations, extra items, centage charges etc. in violation of programme guidelines.**

*(Paragraph 2.1.6.3)*

**As on March 2013, of the total 1,00,683 habitations in the State, 12,963 habitations (13 per cent) remained uncovered while 48 per cent of the total habitations did not have access to piped water supply.**

*(Paragraph 2.1.6.4)*

**Of the 40,328 completed piped water supply schemes in the State, 5,909 Schemes were non-functional as on March 2013. Of the 5,909 non-functional Schemes, 2,835 Schemes (48 per cent) were non-functional due**

to drying up of source and 1,257 Schemes (21 per cent) due to poor maintenance/non-payment of electricity bills.

(Paragraphs 2.1.6.5 and 2.1.6.6)

Water samples were not tested for pesticides and toxic/heavy metals. In 33 districts, surface water testing of 20,79,472 samples conducted during 2010-13 revealed bacteriological contamination in 3,22,289 samples (15.50 per cent). Only 4,000 field test kits were procured for chemical testing of drinking water sources, against the requirement of 27,924 kits in all the Gram Panchayats.

(Paragraph 2.1.6.7)

The Integrated Management Information System, the chief mechanism for monitoring the programme, was unreliable. There was mismatch in key data as indicated in the IMIS and that maintained by the implementing agencies. The State Government did not conduct any monitoring and evaluation studies to evaluate the implementation of the rural water supply programme.

(Paragraph 2.1.6.8)

### 2.1.1 Introduction

Adequate drinking water is a major problem in rural India. Government of India launched the centrally sponsored Accelerated Rural Water Supply Programme (ARWSP) in 1972-73 to ensure adequate drinking water supply to the rural community and extended technological and financial support to State Governments. The ARWSP was renamed in April 2009 as National Rural Drinking Water Programme (NRDWP).

The prime objective of NRDWP is to provide rural population with adequate and safe water for drinking, cooking and other basic domestic needs on a sustainable basis. The ultimate goal of NRDWP is to provide all rural households with adequate piped safe drinking water supply within the household premises. The NRDWP has five components as under :

**Coverage:** To provide safe and adequate drinking water supply to unserved, partially served and slipped-back<sup>1</sup> habitations. 45 per cent of the total funds allotted by GoI is earmarked for coverage with a matching contribution by the State Government.

**Sustainability:** To encourage the States to achieve drinking water security at the local level;. 20 per cent of the funds allotted by GoI is earmarked for sustainability.

**Water Quality:** To provide potable drinking water to quality affected habitations<sup>2</sup>. 20 per cent of the total funds allotted by GoI is earmarked for water quality with a matching contribution by the State Government.

**Operation and Maintenance (O&M):** To meet expenditure on operation, repair and replacement costs of drinking water supply projects. 10 per cent of

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<sup>1</sup> Habitations which after being provided initially with 40 litres of water per capita per day (lpcd), slipped back subsequently in supply of 40 lpcd due to various reasons such as, drying up of source, non-maintenance of water supply infrastructure, increase in population etc.

<sup>2</sup> A cluster of households



the total funds allotted by GoI is earmarked for O&M with a matching contribution by the State Government.

**Support Activities:** To train Panchayati Raj Institution functionaries and Village Water and Sanitation Committees (VWSCs), research and development in the field of rural water supply and sanitation programme, hardware and software support for Management Information System and Water Quality Monitoring and Surveillance (WQMS) etc. Five per cent of the total funds allotted by GoI is earmarked for this component.

From April 2012, the funds available under NRDWP at the State level for different components were revised to 47 per cent for Coverage, 10 per cent for Sustainability, 20 per cent for Water Quality, 15 per cent for O&M and five per cent for Support Activities. Three per cent<sup>3</sup> of the total funds allocated by GoI was earmarked for a separate component called Water Quality Monitoring and Surveillance (WQMS) with effect from 2011-12.

The Government of Maharashtra (GoM) incurred an expenditure of ₹ 4,618.08 crore on NRDWP during 2009-10 to 2012-13.

### 2.1.2 Organisational set up

The NRDWP is implemented in the State under the overall guidance of the State Water and Sanitation Mission (SWSM) constituted in April 2004 under ‘Swajaldhara<sup>4</sup>’ and is headed by the Chief Secretary to the Government of Maharashtra (GoM). The Principal Secretary, Water Supply and Sanitation Department (WSSD) is the nodal Secretary responsible for all the activities and convening meetings of the SWSM. A State Level Scheme Sanctioning Committee (SLSSC) headed by Principal Secretary, WSSD, formed in July 2006 under ARWSP continued to function under NRDWP for according approval to Annual Action Plan of the State. As per NRDWP guidelines issued (April 2009) by the GoI, each State was to set up a support organisation to deal with support activities<sup>5</sup>. For this purpose, Water and Sanitation Support Organisation (WSSO) was constituted (April 2012) under SWSM. Further, the Maharashtra Jeevan Pradhikaran<sup>6</sup> (MJP) and Ground Water Survey and Development Agency (GSDA) were designated (August 2009) as State Technical Agencies (STA) under the administrative control of WSSD for providing technical support for implementation of various components under NRDWP. At the district level, a District Water and Sanitation Mission (DWSM) was constituted under the supervision, control and guidance of Zilla Parishads (ZPs). The DWSM *inter alia* is responsible for formulation, management and monitoring of projects and progress in achieving drinking water security. Further, the VWSCs were set up in each Gram Panchayat (GP) for planning, designing and implementation of all rural drinking water supply

<sup>3</sup> Prior to April 2012, funds available under Coverage component was reduced from 45 per cent to 42 per cent and three per cent was provided towards Water Quality Monitoring and Surveillance

<sup>4</sup> A Centrally Sponsored Project involving community in the planning, implementation and management of drinking water schemes

<sup>5</sup> Support activities like Information, Education and Communication (IEC); Human Resource Development; Monitoring and Evaluation; Water Quality Monitoring and Surveillance etc.

<sup>6</sup> An autonomous body constituted by GoM for executing water supply schemes

schemes. The VWSCs implements single village Piped Water Supply Scheme (PWSS) with the necessary technical support of the Rural Water Supply (RWS) Division of the ZP while the Regional Rural Water Supply Schemes (RRWSSs) covering more than one village are implemented by the MJP.

### **2.1.3 Audit objectives**

The audit objectives were to assess whether:

- an institutional mechanism existed to ensure effective implementation of the schemes;
- planning was adequate to ensure drinking water supply for all on a sustainable basis and in a time bound manner;
- allotment of funds was adequate and fund management was effective; and
- an adequate and effective mechanism existed at different levels for monitoring and evaluation of the rural water supply programme.

### **2.1.4 Audit criteria**

The audit criteria have been adopted from the following documents:

- Guidelines on ARWSP/NRDWP issued by the GoI;
- Government resolutions issued by the GoM from time to time for implementation of water supply schemes;
- District Schedule of Rates, Bombay Financial Rules, 1959; and
- Zilla Parishad Accounts Code, 1968

### **2.1.5 Scope and methodology of audit**

A performance audit covering the period from 2009-10 to 2012-13 was conducted between March and July 2013. For this purpose, records of WSSD at Mantralaya, Mumbai, WSSO at Navi Mumbai, MJP<sup>7</sup> and GSDA<sup>8</sup> were test-checked. Nine<sup>9</sup> districts from four regions<sup>10</sup> in the State were selected on random sampling so as to ensure that at least two districts from each of the region were selected. Records in the Divisional offices of ZP (Rural Water Supply) were also test-checked in the selected districts. Of the total number of blocks in the nine selected districts, 30 blocks<sup>11</sup> were selected for the purpose of selection of PWSSs in the GPs. From the selected blocks, total 255 PWSSs were selected randomly (subject to maximum of 10 PWSSs from each block) for audit scrutiny.

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<sup>7</sup> 34 out of 62 RRWSSs executed under erstwhile ARWSP and subsequently funded under NRDWP were examined in MJP Divisions of nine test-checked districts

<sup>8</sup> GSDA Headquarters in Pune and Office of Senior Geologist in nine test-checked districts

<sup>9</sup> Ahmednagar, Beed, Buldhana, Gondia, Jalna, Kolhapur, Raigad, Ratnagiri and Nashik

<sup>10</sup> Konkan, Marathwada, Vidarbha and Western Maharashtra

<sup>11</sup> 25 per cent blocks in each district subject to a minimum of two blocks per district

Physical verification of 29 PWSSs was also done jointly with the officials from ZPs. An entry conference was held in July 2013 with the Principal Secretary, WSSD wherein the audit objectives, criteria and the scope and methodology of audit were discussed. An exit conference was held in October 2013 to discuss the audit findings.

## 2.1.6 Audit findings

### 2.1.6.1 Institutional set up

As per NRDWP guidelines (April 2009), SWSM, WSSO, DWSM, VWSC were to be constituted for effective implementation of various components of NRDWP. The deficiencies observed are discussed below:

- The Secretaries of Agriculture and Water Resources Department were not included in the SWSM as envisaged in the guidelines. Further, the functions of SWSM *inter alia* included coordination with various State Government Departments, convergence of water supply and sanitation activities, monitoring and evaluation of physical and financial performance of the schemes, maintaining the accounts for Programme Fund and Support Fund and carrying out the required audits for the accounts. These activities and functions were to be implemented and evaluated through regular meetings. However, only three meetings of SWSM headed by the Chief Secretary were held<sup>12</sup> as against eight meetings during the period 2009-13. In the absence of regular meetings, the issues related to timely preparation of accounts of the programme, conducting chemical testing of water, convergence with other schemes could not be addressed, as discussed in **paragraphs 2.1.6.3, 2.1.6.5 and 2.1.6.7.**
- The SLSSC which was formed (July 2006) under the erstwhile ARWSP, continued to function under NRDWP. The SLSSC was reconstituted only in November 2013. No representative of Ministry of Drinking Water and Sanitation (MDWS) was present in four out of 10 meetings held between August 2009 and April 2013.
- As against the sanctioned strength of 10 posts<sup>13</sup> communicated (August 2010) by GoI, the WSSO was functioning with 15 posts with effect from April 2012. However, the pay and allowances of the five excess staff<sup>14</sup> amounting to ₹ 38.02 lakh for the period 2012-14 (up to December 2013) was met from the support activity funds in contravention of NRDWP guidelines. Further, as per NRDWP guidelines, expenditure on Monitoring and Investigation Units (MIU) under other support activities was to be met by GoM on equal sharing with GoI. Audit noticed that the expenditure on pay and allowances of the MIU staff amounting to ₹ 47.40 lakh for the period 2012-14 (up to December 2013) was met entirely from support activity funds instead of sharing the expenditure.
- Scrutiny of the composition of DWSM in the nine selected districts revealed that its members were only Councilors and Officers of ZPs.

<sup>12</sup> February 2011, September 2011 and September 2012

<sup>13</sup> Director:1, Consultants:6, Accountant:1 and Data Entry Operators:2

<sup>14</sup> Additional Director:1, Sectional Engineer:1, Assistant:1 and Peon:2

However, Members of Parliament, Members of Legislative Assembly/Council and district officers from Education, Health, Water Resources, Agriculture and Women and Child Development Departments were not included in the DWSM as members as envisaged in the NRDWP guidelines. In the absence of members from other Departments, convergence of schemes taken up under NRDWP with other schemes was lacking as discussed in **paragraph 2.1.6.5**. Further, as per NRDWP guidelines, NGOs were to be identified by the DWSM and co-opted into the Mission as members. Scrutiny of the composition of DWSM in the nine selected districts revealed that NGOs were not invited in any of the test-checked districts, except in Beed.

### **2.1.6.2 Planning**

#### **Deficiency in preparation of Action Plans**

As per the NRDWP guidelines, a Village Water Security Plan (VWSP) was to be prepared by each VSWC indicating the demographic, physical features, water sources and other details of the village; available water infrastructure and gaps, proposed works to augment the existing infrastructure and water sources and requirement of funds from rural water supply programmes. Based on all the VWSPs of the districts, a District Water Security Plan (DWSP) was to be prepared by the DWSM. A five year rolling plan was also to be prepared by the State and during each financial year, sub-goals and priorities were to be fixed based on mutual consultations with the Centre in the form of a comprehensive Annual Action Plan (AAP). The AAP was to be approved by the SLSSC and submitted to the GoI (MDWS) by February each year.

Audit observed that VWSP and DWSP and five year rolling plan were not prepared in the State. Without VWSP and five year rolling plan, the AAPs were prepared by the State Government based on the demands raised by the villages/districts for the PWSSs and RRWSSs. In the absence of VWSP/DWSP, the schemes taken up lacked an integrated approach in addressing the rural drinking water security issues. Audit also noticed delays in approval of AAPs by the SLSSC. The AAPs for 2009-10, 2011-12 and 2012-13 were approved by the SLSSC in August 2009, June 2011 and June 2012 respectively. Due to delay in approval of AAPs, the GoI imposed cuts in the funds released to the GoM as discussed in **Paragraph 2.1.6.3**.

### **2.1.6.3 Financial management**

As per NRDWP guidelines, the SWSM was to maintain two accounts namely Programme Fund Account<sup>15</sup> and Support Activities Account in any Public Sector Bank at the State Headquarters. The accounts were required to be audited by a Chartered Accountant within six months of the close of the financial year. Allocation of funds under NRDWP is made by GoI every year in the beginning of the financial year. The first instalment amounting to 50 *per cent* of the allocation under the Programme Fund is released by GoI if the State has drawn the second installment of the previous year. The second instalment under Programme Fund is released on receipt of specific proposal

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<sup>15</sup> Program Fund Account consists of four component *viz.*, Coverage, Water Quality, Sustainability and O&M

from the State, utilization certificates (UCs) for the preceding year, certificate of actual expenditure for the preceding year *etc.*

The component-wise status of release of funds and expenditure incurred by the State under NRDWP during 2009-13 was as under:

**Table 1: Fund released and expenditure incurred during 2009-13 in the State**

(₹ in crore)

Component	Year	2009-10		2010-11		2011-12		2012-13		Total	
		Release	Expenditure	Release	Expenditure	Release	Expenditure	Release	Expenditure	Release	Expenditure
Coverage & Water quality <sup>16</sup>	GoI	451.37	490.64	487.62	468.13	468.23	409.25	586.93	443.30	1994.15	1811.32
	GoM	391.29	329.04	465.42	461.07	575.88	530.02	532.52	505.96	1965.11	1826.09
O & M	GoI	64.48	55.73	69.66	76.22	66.89	48.24	117.39	33.58	318.42	213.77
	GoM	47.95	47.95	57.87	57.87	58.33	52.95	75.03	39.05	239.18	197.82
Total	GoI	515.85	546.37	557.28	544.35	535.12	457.49	704.32	476.88	2312.57	2025.09
	GoM	439.24	376.99	523.29	518.94	634.21	582.97	607.55	545.01	2204.29	2023.91
Sustainability	GoI	128.96	72.30	139.32	150.82	133.78	153.39	78.26	100.46	480.32	476.97
Support	GoI	3.00	6.92	18.33	18.62	27.55	19.52	16.92	21.55	65.80	66.61
WQMS	GoI	0	0	0	0	21.91	11.39	15.42	14.11	37.33	25.50
Total	GoI	131.96	79.22	157.65	169.44	183.24	184.30	110.60	136.12	583.45	569.08
Gross Total		1087.05	1002.58	1238.22	1232.73	1352.57	1224.76	1422.47	1158.01	5100.31	4618.08

Source : Integrated Management Information System

The funds under Support Activities Account is transferred by the SWSM to WSSO while the funds under Programme Fund Account is transferred to the implementing agencies (MJP, GSDA and ZPs) of the districts, based on the approved AAP of the State. The receipts and utilization of funds under NRDWP is entered into the Integrated Management Information System (IMIS) by the SWSM and the districts respectively. In nine test-checked districts, during 2009-13, funds amounting to ₹ 973.96 crore were released for all the components under NRDWP and an expenditure of ₹ 949.37 crore was incurred.

Audit findings on maintenance of accounts, delays in preparation of accounts, non-preparation of statement of expenditure, non-submission of UCs *etc.* are discussed below:

- Two separate accounts (Programme Fund Account and Support Activities Account) were opened in the name of SWSM as late as September 2012, though the programme commenced in the State from 2009-10.
- As per the NRDWP guidelines, the State Government has to match the Programme Fund as per the funding pattern. However, the matching State funds were not credited into the Program Fund Account but given directly to districts by GoM. Further, there was short-release of State share amounting to ₹ 108.28 crore during 2009-10 to 2012-13 under the coverage and water quality and O&M components of NRDWP as indicated in **Table 1**.

<sup>16</sup> In IMIS the release and expenditure for coverage and water quality was shown as one component

- Scrutiny of sanction orders of grants released by GoI revealed that GoI had imposed cuts on the grants on six occasions during 2009-13 due to short-release of matching share by the GoM, late submission of AAPs and unutilized funds of the previous year exceeding more than 10 *per cent*. Though, GoI restored some of the cuts imposed, an amount of ₹ 64.84 crore remained unrestored as of December 2013 (**Appendix 2.1.1**).
- As per NRDWP guidelines, the accounts were to be audited by Chartered Accountant within six months of the close of the financial year. The Annual Statement of Accounts (ASA) for the year 2009-10 and 2010-11 for the Programme Fund Account were audited only in May 2012. The Status of preparation and audit of ASA for the year 2011-12 and 2012-13 were not furnished to Audit by the WSSD.
- In respect of Programme Fund Account, the UC for the year 2011-12 was furnished to GoI by the SWSM belatedly in December 2013 while UC for 2012-13 was not furnished till December 2013. Consequently, no funds were released (December 2013) by GoI against AAP for the year 2013-14 which envisaged coverage of 5,066 habitations at an estimated cost of ₹ 1,629.45 crore.
- For Support activities, ₹ 16.92 crore was released by the GoI as of October 2013 against the allocation of ₹ 51.41 crore for the year 2012-13 and no funds were released against the demand of ₹ 90.48 crore for 2013-14. Reasons for short-release and non-release of funds were not furnished to audit by the WSSD.
- Audit scrutiny revealed that cashbooks were not authenticated/updated in six VWSC in two districts<sup>17</sup> while in two VWSC<sup>18</sup> in these districts, cash books and measurements books were not maintained. Further, 40 cases<sup>19</sup> of misappropriations were detected by the ZPs of six<sup>20</sup> out of nine test-checked districts. Of the 40 cases, FIRs were lodged in 20 cases and the remaining cases were under investigation (December 2013). Non-maintenance of proper records and misappropriations indicated poor financial control.

#### **Inadmissible expenditure met from NRDWP funds**

As per NRDWP guidelines, funds released under NRDWP should not be utilized against cost escalation, tender premium, completed projects, centage charges *etc.* The Finance Department (FD), GoM stipulated (July 2001) that in case the revised cost of the water supply schemes exceeds the original administrative approved amount by 15 *per cent*, prior sanction of the FD was necessary. Scrutiny in audit revealed the following:

- WSSD accorded revised administrative approvals to 124 PWSSs during 2011-13 without obtaining prior sanction of the FD though the revised costs exceeded the original approved costs by 15 *per cent* (₹ 32.68 crore). Further, the orders for revision of sanctions in 124 PWSSs stipulated that

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<sup>17</sup> Beed and Buldhana

<sup>18</sup> Ashti and Murshedpur

<sup>19</sup> Schemes sanctioned during 2004-05 to 2010-11

<sup>20</sup> Ahmednagar, Beed, Kolhapur, Nashik, Raigad and Ratnagiri

the increased costs would be met by GoM from Mahajal<sup>21</sup>, DPDC<sup>22</sup> funds or other State/district level funds. However, the WSSD did not clarify to audit whether the increased costs in these 124 schemes were met from Mahajal/DPDC/district funds or NRDWP funds.

- During implementation of 10 RRWSSs in five<sup>23</sup> out of the nine test-checked districts, an expenditure of ₹ 10.62 crore was incurred from ARWSP/NRDWP funds on account of price variations, extra items, quantity variations in violation of guidelines (**Appendix 2.1.2**).
- Though NRDWP guidelines provided that expenditure should be incurred only on ongoing and new schemes, MJP, Gondia Division disbursed an amount of ₹ 7.52 crore during 2009-13 towards pending bills of contractors on completed RRWSSs<sup>24</sup> (**Appendix 2.1.3**).
- In the RRWSSs implemented by MJP, centage charges<sup>25</sup> at the rate of 17.5 *per cent* amounting to ₹ 81.85 crore were levied on NRDWP funds during 2009-13. Similarly, RWS Divisions of ZPs levied charges at the rate of seven *per cent*<sup>26</sup> amounting to ₹ 20.41 crore on NRDWP funds in six<sup>27</sup> districts during 2009-13. The irregular levy of centage charges resulted in reduction of funds available under NRDWP to that extent.

#### **Non-recovery and short-recovery of popular contribution**

As per NRDWP guidelines, sharing of the capital cost of the schemes was to be decided by the States. The GoM decided (July 2000) that 10 *per cent* of cost of the water supply schemes should be collected from the villagers as popular contribution (PC).

Scrutiny of records revealed that in six RRWSSs, PC amounting to ₹ 4.83 crore was not collected in three<sup>28</sup> out of nine test-checked districts (**Appendix 2.1.4(A)**). Similarly, in 27 out of 255 test-checked PWSSs, PC amounting ₹ 1.95 crore was collected in seven<sup>29</sup> districts against ₹ 4.14 crore to be collected, leading to short recovery of ₹ 2.19 crore (**Appendix 2.1.4(B)**).

#### **Blocking of funds**

The GoM released (March 2009) ₹ one crore to ZP, Beed towards O&M component which was kept in District Central Co-operative Bank, Beed in contravention to the scheme guidelines to keep such funds in the Public Sector Bank. Further, the funds could not be drawn by the ZP as of December 2013 due to financial crisis in the bank since 31 October 2011.

<sup>21</sup> A State sector scheme for rural water supply

<sup>22</sup> District Planning and Development Committee

<sup>23</sup> Ahmednagar, Beed, Buldhana, Kolhapur and Raigad

<sup>24</sup> The schemes were completed between June 2004 and November 2008

<sup>25</sup> Centage charges are loaded in the estimates meant to cover expenditure of implementing agency on establishment, tools, plants *etc.*

<sup>26</sup> Estimate charges (two *per cent*) and Supervision charges (five *per cent*)

<sup>27</sup> Ahmednagar, Beed, Buldhana, Gondia, Jalna and Kolhapur; information from Nashik, Raigad and Ratnagiri districts was awaited

<sup>28</sup> Buldhana, Gondia and Raigad

<sup>29</sup> Ahmednagar, Beed, Buldhana, Gondia, Kolhapur, Nashik and Ratnagiri

### 2.1.6.4 Programme coverage

During 2009-13, funds amounting to ₹ 3,959.26 crore was released by GoI and GoM under the coverage component of NRDWP to provide safe and adequate drinking water supply to unserved, partially served and slipped-back habitations against which, an expenditure of ₹ 3,637.41 crore was incurred till March 2013. Under the coverage component, PWSSs taken up by ZPs and RRWSSs taken up by MJP were funded.

The status of total habitations in the State as well as in the test-checked districts, habitations covered against the targets fixed under the coverage component of NRDWP is indicated in **Table 2**.

**Table 2: Habitations targeted and covered during 2009-13**

Year	Total habitations	Fully covered habitations <sup>30</sup>	Habitations not covered	Habitations targeted for coverage	Habitations covered	Shortfall in achievement (percentage)	Slipped back habitations	Habitations not covered as calculated by Audit (4-6)+8
1	2	3	4	5	6	7	8	9
2009-10	97206	77453	19753	11639	7465	4174(36)	NA	
2010-11	98098	75445	22653	9745	8987	758 (8)	10940	24606 <sup>@</sup>
2011-12	98842	82498	16344	6502	6364	138 (2)	5362	23604
2012-13	100683	87448	13235	5940	4637	1303 (22)	4365	23332
<b>In nine selected districts</b>								
2009-10	35862	28925	6937	4188	2846	1342 (32)	NA	
2010-11	36084	29174	6910	3181	2873	308 (10)	3287	7324 <sup>@</sup>
2011-12	36102	30211	5891	2244	2163	81 (4)	2343	7504
2012-13	36242	31303	4939	2319	1822	497 (22)	1747	7429

Source: IMIS NA: Data not available <sup>@</sup> Closing balance in column 9 will become the opening balance in column 4

The data in the above table revealed the following:

- During 2009-13, the shortfall in achievement of targets for coverage in the State ranged between two *per cent* (2011-12) and 36 *per cent* (2009-10) while in the nine test-checked districts it was between four *per cent* (2011-12) and 32 *per cent* (2009-10).
- As per data available on IMIS, 12,963<sup>31</sup> habitations (13 *per cent*) in the State and 4,864<sup>32</sup> habitations (13 *per cent*) in the nine test-checked districts were not covered as of March 2013. However, calculations done by Audit based on the figures reported in the IMIS revealed that 23,332 habitations (23 *per cent*) in the State and 7,429 habitations (20 *per cent*) in the nine test-checked districts were not covered as of March 2013.
- Further, analysis of 12,963 uncovered habitations in the State revealed that the percentage of uncovered habitations was more than 30 *per cent* in six<sup>33</sup>

<sup>30</sup> Habitations getting basic minimum quantity (40 litres per capita per day) of potable water within a distance of 500 mtrs from the household from either a public or a community source

<sup>31</sup> Habitation not covered (2012-13): 13,235 less habitations covered during 2012-13: 4,637 plus slipped back habitations during 2012-13: 4,365= 12,963

<sup>32</sup> Habitation not covered (2012-13): 4939 less habitations covered during 2012-13: 1,822 plus slipped back habitations during 2012-13: 1,747= 4,864

<sup>33</sup> Hingoli: 44 *per cent*; Buldhana, Akola and Jalagon: 33 *per cent*; Aurangabad: 31 *per cent*; Jalna: 30 *per cent*



out of 33 districts and ranged between 30 *per cent* (Jalna) and 44 *per cent* (Hingoli).

Scrutiny of AAP for the period 2013-14 revealed that there were 4,484 habitations proposed to be covered by the ongoing schemes (PWSSs and RRWSSs) in the State. However, 414 habitations (out of 4,484) in the nine test-checked districts for which schemes were sanctioned prior to 2009-10<sup>34</sup> (more than three years old), were still continuing as of March 2013 (**Appendix 2.1.5**).

In six out of 33 districts, the percentage of habitations not having access to piped water was more than 60 *per cent*<sup>35</sup> and ranged between 66 *per cent* (Thane) and 93 *per cent* (Gadchiroli).

Audit further observed that 47,979 out of 1,00,683 habitations (48 *per cent*) in the State as on April 2013 did not have access to piped water supply though the goal under NRDWP was to provide all rural households with adequate piped drinking water supply within the household premises. Further, of the 631 RRWSSs in the State as on March 2013, 100 RRWSSs were not utilised/functional due to lack of demand from the villagers, non-payment of electricity charges by the operators of the schemes and drying up of the source. As a result, 1,466 villages/habitations remained uncovered.

#### **Non-formation of water grid**

As per NRDWP guidelines, to ensure drinking water security under all circumstance and at all times, it may be required to have an alternate sub-district, district and or State level water supply system in the form of a grid supplying metered bulk water to GPs/village by adopting an appropriate system of pricing. State or district or sub-district level grid could be in the form of major pipelines, canals or any other appropriate system connecting major water bodies/sources.

However, no water grid has been developed in the State. In the absence of water grid, the problem of scarcity of water in the drought prone districts could not be mitigated as discussed in the succeeding paragraph. In the exit conference, the Principal Secretary stated (October 2013) that the MJP would be directed to hire technical persons so that a good grid system is created in Maharashtra.

#### **Coverage in test-checked drought prone districts**

Of the nine test-checked districts, four districts *viz.*, Ahmednagar, Beed Jalna, and Nashik were drought prone. Scrutiny of records in these districts revealed the following:

- 2,392 out of 15,847 habitations (15 *per cent*) in the four districts were not fully covered as on March 2013.
- Of the 15,847 habitations, PWSSs had been executed in 7,560 habitations (48 *per cent*) while the remaining 8,287 habitations were dependent on borewells/dugwells or any other natural source.

<sup>34</sup> Sanction up to 2009-10 has been considered since as per GR dated 10 March 2010 a work has to be completed within three years including planning phase

<sup>35</sup> Gadchiroli: 93 *per cent*; Sangli: 84 *per cent*; Gondia and Thane: 79 *per cent*., Nandurbar: 73 *per cent*; and Thane: 66 *per cent*

- Of 7,560 completed PWSSs in these four districts, 1,005 PWSSs (13 per cent) were non-functional. Of the 1,005 PWSSs, 751 PWSSs were non-functional due to drying up of the water source.
- Six to 14 per cent of the covered habitations in four districts (13,455) slipped back during 2010-11 to 2012-13 due to various reasons<sup>36</sup>. The percentage of slipped back habitations due to drying up of water source ranged between 24 and 84 per cent.
- As of March 2013, 344 habitations<sup>37</sup> proposed to be covered by PWSSs were delayed by more than three years. Test check of implementation of 14 out of 109 PWSSs valuing ₹ 5.61 crore in these four districts revealed delays between 12 to 53 months.
- During the period 2009-12, water was supplied through tankers to four to 12 per cent of the total villages in these four districts. The condition worsened in 2012-13 when 36 per cent villages had to depend on water tankers for drinking water. The details are given below:

**Table 3 : Tanker supply in the selected drought prone districts**

Districts	Beed	Jalna	Ahmednagar	Nashik	Total
Number of villages	1354	955	1596	1933	5838
Year	Villages supplied water through tankers (percentage with respect to number of villages)				
2009-10	134	122	52	240	548 (9)
2010-11	46	35	15	165	261 (4)
2011-12	208	65	261	164	698 (12)
2012-13	518	441	497	662	2118 (36)
Source: Information furnished by WSSD					

The dependence of the drought prone districts on tankers for supply of drinking water reflected lack of prioritisation in completing the schemes. Further, as water grid was not formed in the State, water could not be diverted from surplus areas to scarcity areas.

### **Tackling of water quality affected habitations**

As per NRDWP guidelines, habitations in which the quality of water is beyond the permissible limit set by the Bureau of Indian Standards (BIS) for biological and chemical contaminations were to be designated as Water Quality Affected (WQA) habitations. Such WQA habitations were to be given priority for coverage while planning for new schemes.

The details of WQA habitations identified and tackled during 2009-13 is shown in the table below :

<sup>36</sup> Drying up of source, migration of people, poor water quality, poor O&M, less supply at delivery point and shortage of electricity  
<sup>37</sup> Ahmednagar (130), Beed(130), Jalna (03), and Nashik (81)

Table 4: Status of WQA habitations identified and tackled during 2009-13

Year	WQA Habitations identified	Targeted Habitations	Tackled Habitations	Achievement (per cent)	
				Against targeted habitations	Against total WQA habitations
2009-10	3989	2086	1009	48	25
2010-11	4112	2177	1866	85	45
2011-12	2698	1367	1177	86	44
2012-13	1671	887	579	65	35

Source : IMIS

As could be seen from the table above that though large number of WQA habitations were identified only few were targeted each year and still fewer number were actually provided with alternative source of potable drinking water. By the end of March, 2013, 1,092<sup>38</sup> habitations remained water quality affected.

Audit scrutiny in two out of nine test-checked districts revealed the following:

- ZP Gondia procured 25 ‘hand pumps attached fluoride removal units’ in January 2013 at a total cost of ₹ 62.50 lakh which were lying uninstalled as of July 2013, though the same were to be installed by the contractor within 45 days from the date of issue of supply order (29 November 2012). The reasons for non-installation of the hand pumps were not available on record. A payment of ₹ 40.48 lakh was made to the contractor as of February 2013.
- The Jalgaon (Jamod) and Sangrampur blocks of Buldhana district were drought affected and lying in the salty alluvial<sup>39</sup> track of the Purna river basin. In a review meeting held by the Guardian Minister of Buldhana district in February 2010, it was decided to take up a RRWSS to be implemented by the MJP with surface water as a source for the 140 WQA villages in these two blocks. The technical sanction was accorded belatedly in September 2012 for the RRWSS by the MJP. However, the RWSS was not implemented as of October 2013.

Thus, effective and sustainable efforts in tackling WQA habitations were lacking.

#### Implementation of schemes under coverage component

Scrutiny of records of 255 PWSSs (172 ongoing and 83 completed) executed at an estimated cost of ₹ 291.64 crore in the nine test-checked districts revealed the following:

##### ▪ Inadequacies in preparation of Detailed Project Reports

As per para 15.6 of the NRDWP guidelines, Detailed Project Reports (DPR) of water supply schemes were required to be prepared by the State Rural Water Supply Departments in consultation with the local community. The DPRs were to be prepared by taking into account the existing and projected population of the habitations/villages, schemes already implemented with supporting structural reports or design life of the schemes and the need for the new schemes. The DPRs were to be scrutinized and vetted by the STA.

<sup>38</sup> 1,671 – 579 = 1,092 (refer Table 4 above)

<sup>39</sup> A fine grained fertile soil deposited by water flowing over flood plains or in river beds

Audit scrutiny revealed that DPRs relating to 57 out of 255 PWSSs in five<sup>40</sup> districts were prepared without mentioning details of the existing schemes with supporting test reports, structural reports or design life. Further, DPRs relating to five out of 57 schemes in two districts<sup>41</sup> indicated errors in calculation of the projected population leading to an increase in the estimated cost of these five schemes by ₹ 1.36 crore, against the original estimates of ₹ 4.07 crore. These five schemes were sanctioned between November 2007 and December 2010.

▪ **Works executed without competitive bidding**

The WSSD vide Government Resolution (GR) of March 2010 stipulated that works valuing more than ₹ 50 lakh should be executed by inviting tenders as per the procedure prescribed in the Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968. It was noticed that in five<sup>42</sup> districts, 15 PWSSs with an estimated cost exceeding more than ₹ 50 lakh each totalling ₹ 28.13 crore were undertaken by VWSCs without inviting tenders in contravention of the GR (**Appendix 2.1.6**).

▪ **Acceptance of tenders in excess of estimated cost without Government approval**

As per Maharashtra Zilla Parishads and Panchayat Samitis Accounts Code, 1968, for works estimated to cost between ₹ 20 lakh to ₹ one crore, tenders up to two *per cent* above the estimated cost or ₹ 1 lakh, whichever is more, can be accepted. Further, for works estimated to cost more than ₹ one crore, tenders up to one *per cent* above the estimated cost or ₹ two lakh, whichever is more, can be accepted. For works exceeding the above limits, prior approval of the Government was required before finalization of tenders. In 26 PWSSs in five districts<sup>43</sup> the percentages accepted above the estimated costs ranged between 2.20 *per cent* and 22.45 *per cent* leading to an excess of ₹ 3.60 crore over the estimated cost (**Appendix 2.1.7**). No prior approval of the Government was obtained before finalization of tenders in these 26 schemes.

▪ **Non-inclusion of Clause of one-year maintenance**

As per GR of March 2010, a Clause stating that the contractors should successfully run the PWSSs for one year after its completion, was to be incorporated in the agreements signed with the contractors. However, in 21 out of 255 ongoing PWSSs in five districts,<sup>44</sup> the said Clause was not incorporated in the tenders and thus, did not feature in the agreements signed with the contractors, in violation of Government orders.

▪ **Incomplete schemes**

Of the 255 PWSSs test-checked, 84 PWSSs were completed/functional as on June 2013. Of the remaining 171 incomplete PWSSs, there was time overrun in 28 PWSSs (estimated cost ₹ 45.83 crore) in six<sup>45</sup> districts ranging from

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<sup>40</sup> Buldhana, Jalna, Nashik, Raigad and Ratnagiri

<sup>41</sup> Raigad and Ratnagiri

<sup>42</sup> Ahmednagar, Beed, Buldhana, Jalna and Nashik

<sup>43</sup> Ahmednagar, Kolhapur, Buldhana, Nashik and Ratnagiri.

<sup>44</sup> Beed, Buldhana, Kolhapur, Raigad and Ratnagiri

<sup>45</sup> Ahmednagar, Beed, Jalna, Kolhapur, Nashik and Raigad

seven to 53 months from their scheduled dates of completion due to land disputes, non-availability of funds/construction material, electrification problems *etc.* The expenditure incurred on these 28 PWSSs as on June 2013 was ₹ 18.99 crore (**Appendix 2.1.8**).

▪ **Excess payment to contractors**

In eight out of 38 PWSSs in Buldhana district, payment of ₹ 1.17 crore (**Appendix 2.1.9**) was made by VWSCs to nine contractors during the period October 2008 and May 2013 in excess of the measurements recorded in the Measurement Books (MB).

Four VWSCs agreed (July 2013) to recover the excess amount of ₹ 0.17 crore from the contractors where the works were completed, while the remaining four VWSCs stated (July 2013) that payment of ₹ one crore was made for works which were done but not measured. The replies furnished by the four VWSCs were not acceptable as payment for works done without recording measurements in the MBs violated the provisions of paragraph 177 of the Maharashtra Zilla Parishads and Panchayat Samitis Accounts Code, 1968.

▪ **Irregular appointment of Technical Service Providers**

As per GR (September 2009), services of regular engineers of ZPs or contract Engineers should be utilised for the work of preparation of estimates and supervision of PWSSs. The GR clearly prohibited appointment of Technical Service Providers (TSP) for such works.

Audit scrutiny revealed that 12 VWSCs in three<sup>46</sup> districts appointed 12 TSPs between May 2010 and September 2011 and paid ₹ 1.04 crore to them for preparation of estimates and supervision of 12 PWSSs.

Ten VWSCs stated (July 2013) that due to non-appointment of contract Engineers, the services of TSPs were utilized whereas, two VWSCs did not furnish any specific reply.

The replies of VWSCs are not acceptable in view of GR of September 2009.

▪ **Non-recovery of differential cost**

As per Clause 3(c) of General Conditions of contract, if a contractor fails to execute the work as per schedule or executes inferior quality of work, the Department can withdraw the work and get it completed at his risk and cost.

Test check of 34 out of 62 RRWSSs, which were taken up under the erstwhile ARWSP and continued to be funded under NRDWP, revealed that in eight RRWSSs in three<sup>47</sup> districts, works were awarded (August 1998 to February 2007) to contractors at a total cost of ₹ 21.54 crore. Due to non-execution of works by the contractors, the balance works valuing ₹ 9.20 crore were withdrawn between July 2008 and February 2010 under Clause 3 (c) of the contract and reawarded (February 2009 to May 2011) to other contractors after retendering at a total cost of ₹ 19.52 crore (**Appendix 2.1.10**). However, the differential of ₹ 10.31 crore was pending recovery from the original contractors (January 2014).

<sup>46</sup> Buldhana, Beed and Nashik

<sup>47</sup> Ahmednagar, Nashik and Raigad

The MJP Division Office, Nashik stated (November 2013) that in four works court cases have been filed against two contractors for recovery of ₹ 3.64 crore while in the remaining four works, recovery notices have been issued to the contractors.

### 2.1.6.5 Sustainability of drinking water

As per NRDWP guidelines, sustainability of drinking water sources and schemes is a process that facilitates the existing/new drinking water supply projects to provide safe drinking water in adequate quantity, even during distress periods, through conjunctive use of groundwater, surface water and roof-water harvesting. The main aim of sustainability of drinking water schemes is to ensure that the existing schemes do not slip back from universal access of safe drinking water to the community, throughout the design period of the schemes. An amount of ₹ 480.32 crore was provided by GoI during 2009-13 under the sustainability component against which, an expenditure of ₹ 476.97 crore was incurred till March 2013.

Scrutiny of records in GSDA and RWS Divisions of ZPs, which were responsible for implementation of this component of NRDWP, revealed the following:

#### Target and achievement of sustainability structures

The target and achievement of sustainability structures which include construction of check dams, recharge trench, recharge shaft, rainwater harvesting, hydrofracturing *etc.* and the expenditure incurred thereon for the State as a whole is as indicated below:

**Table 5: Target and achievement under sustainability component during 2009-13**

(₹ in crore)					
Year	Target (in number)	Funds required as per target	Funds received from GoI	Achievement in number (percentage)	Expenditure incurred (₹ in crore)
2009-10	Information not available in IMIS				
2010-11	Information not available in IMIS				
2011-12	7664	249.97	133.78	3473 (45.32)	151.35
2012-13	3759	124.60	78.26	1775 (47.22)	100.45
<b>Total</b>	<b>11423</b>	<b>374.57</b>	<b>212.04</b>	<b>5248 (45.94)</b>	<b>251.80</b>

Source: IMIS

The table above reveals that against 11,423 sustainability structures targeted at an estimated cost of ₹ 374.57 crore during the year 2011-13, the achievement was only 5,248 (45.94 *per cent*) due to receipt of only ₹ 212.04 crore from GoI. This was also due to reduction in allocation under the sustainability component (April 2012) from 20 *per cent* to 10 *per cent* by the GoI. Further, scrutiny of data revealed that of the 40,328 completed PWSSs in the State, 5,909 schemes were non-functional as of March 2013. Of the 5,909 non-functional schemes, 2,835 schemes (47.97 *per cent*) were non-functional due to drying up of source.

As the main reason for non-functioning of PWSSs was drying up of source, sustainability measures were required to be taken up either through enhanced funding by GoM under NRDWP or in convergence with other State sector schemes.

### Non-execution of sustainability works

In four<sup>48</sup> out of the nine test-checked districts, funds amounting to ₹ 37.51 lakh was provided (between May 2006 and February 2012) by GSDA to 12 VWSCs for execution of various sustainability works<sup>49</sup>. Audit observed that 11 VWSCs did not execute the works and seven<sup>50</sup> out of 11 VWSCs refunded ₹ 10.95 lakh after a period ranging between 79 and 558 days from the date of receipt of the funds. The remaining four VWSCs neither executed the works nor refunded ₹ 14.90 lakh<sup>51</sup> to GSDA.

In respect of one work of cement nalla bund (check dam) constructed by Andhera VWSC (Buldhana district), heavy leakages was noticed by GSDA from the check dam. Therefore, GSDA directed (August 2010) the VWSC to take action to plug the leakages. Joint verification (July 2013) of the site by Audit with the Departmental officials however, revealed that the leakages persisted.



Cement nalla bund at Andhera village with heavy leakages

### Inadmissible expenditure under the sustainability component

Scrutiny of records of GSDA in nine test-checked districts revealed that 60 works of desilting of ponds in seven<sup>52</sup> districts were carried out during 2009-13 by incurring an expenditure of ₹ 2.13 crore (**Appendix 2.1.11**) under the sustainability component, instead of executing these work in convergence with Mahatma Gandhi National Rural Employment Guarantee Scheme as stipulated in the NRDWP guidelines.

#### 2.1.6.6 Operation and maintenance of water supply schemes

As per NRDWP guidelines, 10 *per cent* of the total funds allocated by GoI with matching contribution from the State Government is to be earmarked for O&M of water supply projects. NRDWP guidelines further stipulated that expenditure on O&M during the particular year should not exceed 10 *per cent* of the total funds released in the previous year. The PWSSs are to be

<sup>48</sup> Beed, Buldhana, Kolhapur and Ratnagiri

<sup>49</sup> Cement nalla bunding, hydrofracturing, recharge shaft *etc.*

<sup>50</sup> Five VWSCs refunded the entire amount of ₹ 8.90 lakh while two VWSCs refunded only ₹ 2.05 lakh out of ₹ 4.94 lakh

<sup>51</sup> ₹ 37.51 lakh minus ₹ 8.90 lakh minus ₹ 4.94 lakh minus ₹ 8.77 lakh (being cost of one completed work)

<sup>52</sup> Ahmednagar, Beed, Buldhana, Gondia, Kolhapur, Nashik and Raigad

maintained by the GP. In respect of RRWSSs for multi village or bulk water supply schemes, the source, treatment plants, rising mains *etc.* are to be maintained by MJP while the distribution network and other components within the village are to be maintained by the GP. The funds provided under this component including those provided by the Finance Commission are to be deposited in a corpus fund for use by the ZPs for meeting the running, repair and replacement costs of drinking water supply projects. During the period 2009-13, ₹ 557.60 crore was provided by GoI and GoM against which, an expenditure of ₹ 411.59 crore was incurred till March 2013. Scrutiny in audit revealed the following:

- Against the total funds of ₹ 1,087.05 crore released under NRDWP in the year 2009-10 expenditure incurred by GoM on O&M in the succeeding year (2010-11) was ₹ 134.09 crore which exceeded the 10 *per cent* limit by ₹ 25.38 crore.
- Of the 40,328 completed PWSSs in the State, 5,909 PWSSs were not functioning as on March 2013. Of the 5,909 non-functional PWSSs, 1,257 PWSSs (21 *per cent*) were non-functional due to poor maintenance/non-payment of electricity bills. In the nine test-checked districts, 411 out of 2,290 non-functional PWSSs (18 *per cent*) were not functioning due to maintenance/non-payment of electricity bills. Similarly, of the 100 non-functional RRWSSs in the State, 16 were not functioning due to poor maintenance/non-payment of electricity bills.
- Audit compared the number of water connections projected to be provided as per DPRs of 26 test-checked PWSSs in three districts<sup>53</sup> with the number of connections actually provided. The comparison revealed that of the 13,857 water connections projected to be provided via 26 PWSSs, the connections actually provided were only 6,140 indicating huge resource gaps in sustaining the O&M operations.

In two instances, the RRWSSs could not be utilised due to poor O&M, as discussed below:

- The work of Dongar Shevali RRWSS in Buldhana district covering three villages was completed in March 2010 at a cost of ₹ 3.10 crore. The electric connection and the source of this scheme was a sump well of another scheme at Undri covering 17 villages, which was completed in 2001 at the cost of ₹ 8.59 crore. The Undri scheme was closed since August 2006 due to non-payment of electricity charges of ₹ 25 lakh by the ZP. Consequently, Dongar Shevali scheme was lying unused since its completion in March 2010. The ZP, Buldhana forwarded (November 2012) an estimate of ₹ 2.87 crore for renovation of Undri scheme (including payment of pending electricity bill) to the GoM through MJP, approval to which was pending (June 2013). Thus, due to poor O&M, 20 villages intended to be covered through these two schemes were deprived of drinking water despite incurring an expenditure of ₹ 11.69 crore and time lapse of three to seven years.
- In Buldana district, the head works from Jackwell (source) up to the Water Treatment Plant (WTP) of Deulgaon Sakharsha RRWSS (coverage: seven

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<sup>53</sup> Buldhana, Gondia and Jalna



villages; estimated cost: ₹ 4.93 crore) was attached to Lakhanwada RRWSS (coverage: 21 villages; estimated cost: ₹ 8.17 crore). The Deulgaon Sakharsa scheme was completed in March 2011 and water supplied from May 2011. Meanwhile, Lakhanwada RRWSS stopped functioning from July 2011 due to non-payment of water charges by the villagers leading to non-payment of electricity charges by the ZP. Since the source and the WTP was common to both the schemes, the Deulgaon scheme also stopped functioning from July 2011. While the Lakhanwada scheme resumed operations from May 2013, the Deulgaon scheme remained non-operative, as several parts<sup>54</sup> of the water supply infrastructure deteriorated due to prolonged non-supply of water. Approval of the GoM towards the cost of repairs (₹ 11.49 lakh) was awaited (June 2013). Physical verification (July 2013) of the common head works of both the schemes by Audit jointly with the officials of MJP revealed leakages in the pipelines and from the valve of the common Elevated Service Reservoir.



Leakages at the common head works of Lakhanwada/Deulgaon Shakharsa

#### 2.1.6.7 Support activities

Under the Support activity component, GoI provided ₹ 65.80 crore during 2009-13 against which an expenditure of ₹ 66.61 crore was incurred, including the unspent balance of previous years. The funds under this component are provided for creating awareness and training activities, setting up of the district and sub-divisional water quality testing labs, supply of field test kits and training to grass root level workers for simple water quality tests and for providing hardware and software support for IMIS.

#### Water quality testing

NRDWP guidelines envisaged that drinking water sources should be tested at least twice a year for bacteriological contamination and once a year for chemical contamination.

Apart from the district health laboratories carrying out bacteriological and chemical tests, there are 337 mini laboratories in rural hospitals carrying out only bacteriological tests. The Department of Public Health, GoM decided (March and November 2012) to upgrade 138 out of 337 mini laboratories into

<sup>54</sup> PVC pipes and pumping machinery

sub-divisional public health laboratories in order to carry out both bacteriological and chemical tests. Accordingly, an amount of ₹ 14.92 crore was released (March and December 2012) by WSSO to the Director of Health Services, Mumbai (DHS). As of November 2013, 136 out of 138 mini laboratories had been upgraded.

Scrutiny of records of WSSO revealed the following :

- A campaign was conducted for chemical testing of drinking water during 2012-13. In the campaign, of the 2,81,941 drinking water sources (ground water), only 1,72,061 sources (61 *per cent*) were tested for five chemical parameters<sup>55</sup> in district health laboratories which revealed nitrate content beyond the permissible limits in 42,618 sources (25 *per cent*). Excessive fluoride in ground water drinking sources causes incurable diseases like fluorosis. Further, 9,233 sources (five *per cent*) were found contaminated with fluoride content beyond the permissible limits. Audit analysis revealed that in eight districts<sup>56</sup> the contamination for nitrate content was high and ranged between 52 *per cent* (Hingoli and Gadchiroli) and 72 *per cent* (Yavatmal). Further, in eight districts<sup>57</sup>, the fluoride contamination ranged between 11 *per cent* (Nanded) and 20 *per cent* (Chandrapur and Gadchiroli).
- In 33 districts, surface water testing of 20,79,472 samples<sup>58</sup> conducted during 2010-13 revealed bacteriological contamination in 3,22,289 samples (15.50 *per cent*). Audit analysis revealed that in three districts (Aurangabad, Nanded and Parbhani) more than 25 *per cent* of the total samples indicated bacteriological contamination continuously during the period 2010-13.
- Water samples were not tested for pesticides and toxic/heavy metals although the Uniform Protocol on Water Quality Monitoring Order, 2005 issued by the Ministry of Environment and Forest prescribed such testing.
- As per NRDWP guidelines, Field Test Kits (FTK) were to be provided to each GP for chemical testing of drinking water sources. Audit observed that only 4,000 FTKs valuing ₹ 24 lakh were purchased (2012-13) by GSDA, as against the requirement of 27,924 FTKs<sup>59</sup> in the State.

The Principal Secretary stated (October 2013) during exit conference that water samples are now being tested for pesticides and toxic/heavy metals.

### **Training of functionaries**

As per NRDWP guidelines, training of Panchyati Raj Institution (PRI) functionaries<sup>60</sup> and VWSC members is essential for effective management of

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<sup>55</sup> Iron, nitrate, fluoride, pH, total dissolved solids

<sup>56</sup> Yavatmal: 72 *per cent*; Wardha: 66 *per cent*; Chandrapur: 58 *per cent*; Jalgaon: 55 *per cent*; Washim and Aurangabad: 53 *per cent*; and Hingoli and Gadchiroli: 52 *per cent*

<sup>57</sup> Chandrapur and Gadchiroli: 20 *per cent*; Bhandara and Jalgaon: 18 *per cent*; Beed and Osmanabad: 13 *per cent*; Nagpur: 12 *per cent*; and Nanded: 11 *per cent*

<sup>58</sup> 2009-11: 6,78,180 samples; 2011-12: 7,11,213 samples; and 2012-13: 6,90,079 samples

<sup>59</sup> There are 27,924 GPs in the State

<sup>60</sup> Gram Sevaks, members of GPs etc.

water supply schemes. During 2011-13<sup>61</sup> an expenditure of ₹ 5.53 crore was incurred by WSSO on training.

Audit scrutiny revealed that as against 1.03 lakh GPs and VWSC members envisaged to be trained on the role and responsibilities in water and sanitation sector during 2011-13, only 0.63 lakh GPs and VWSC members were trained. In nine test-checked districts, no training was held for PRI functionaries and VWSC members up to 2011-12.

#### 2.1.6.8 Monitoring and evaluation

##### Online monitoring

As per NRDWP guidelines, the Integrated Management Information System (IMIS) will be the chief mechanism for monitoring the Programme. To this end, the officials are required to furnish online all the data and information, as may be prescribed by the Department of Drinking Water Supply, GoI from time to time, in the relevant module of the online IMIS.

Audit scrutiny revealed mismatch in data with regard to estimated costs, expenditure incurred, population expected to be covered as indicated in IMIS and that maintained by the implementing agencies (MJP, GSDA and ZPs) in 41 out of 255 test-checked PWSSs (**Appendix 2.1.12**).

Further, receipts from GoI and GoM as per Annual Statement of Accounts (ASA) and that reported in IMIS also showed discrepancies as indicated in **Table 6** below:

**Table 6 : Data discrepancy as per ASA and IMIS** (₹ in crore)

Year	As per ASA		As per IMIS		Data discrepancy	
	GoI Share	GoM share	GoI share	GoM share	GoI share	GoM share
2009-10	1182.67	403.28	647.81	439.24	534.86	35.96
2010-11	1155.73	588.59	714.93	523.29	440.80	65.30

Source: Annual Statement of Accounts and IMIS

The data maintained on IMIS also showed discrepancies between the opening and the closing balances of the funds under various components of NRDWP during 2009-13 (**Appendix 2.1.13**).

Further, IMIS showed three schools in the State that were not being provided with drinking water facilities whereas, information provided to Audit by two ZPs alone (Ahmednagar and Jalna) indicated that there were 194 schools which did not have drinking water facilities (March 2013).

The amounts released by ZPs to VWSCs towards PWSSs were uploaded in the IMIS as expenditure instead of showing the actual expenditure incurred by VWSCs.

The year-wise status of the ongoing, completed and balance PWSSs and RRWSSs in the State during 2009-10 to 2012-13 obtained from IMIS is shown in **Table 7** below.

<sup>61</sup> WSSO did not have any information of expenditure incurred for training during the year 2008-11 as it was set-up only in 2011-2012

**Table 7: Status of schemes taken up in the State during 2009-13**

Year	Number of schemes				
	Ongoing	New	Total	Completed	Balance
2009-10	8947	268	9215	5190	4025
2010-11	7877	670	8547	6323	2224
2011-12	7439	13818	21257	18451	2806
2012-13	5971	8189	14160	9319	4841
Source- IMIS data as on 02 September 2013					

As may be seen from the table above, the balance number of schemes of previous years do not match with the ongoing schemes of subsequent years.

The above discrepancies indicate unreliability of data maintained on IMIS which is expected to be the key tool for monitoring and evaluation of the programme.

### **Evaluation of the programme**

As per NRDWP guidelines, the State Governments should take up monitoring and evaluation studies on the implementation of the rural water supply programme through reputed organizations/institutions from time to time for which 100 *per cent* financial assistance would be provided by the Centre under support activities fund. Based on the reports of these studies the State Governments should initiate immediate corrective action as a follow up to improve the quality of programme implementation. However, no such evaluation studies were got conducted by the GoM to improve the implementation of the rural water supply programme.

#### **2.1.6.9 Conclusion**

The National Rural Drinking Water Programme in Maharashtra was deficient in planning and implementation. The Village and district water security plans and five year rolling plans were not prepared, as a result, the water supply schemes taken up lacked an integrated approach. Due to short-release of State share, non-submission of utilisation certificates and delay in submission of annual action plans, GoI imposed cut on the funds released under the programme. NRDWP funds were utilised for meeting expenditure on account of price variation, extra items, centage charges, completed schemes in violation of programme guidelines. As on April 2013, 48 *per cent* of the total habitations did not have access to piped water supply. No water grid was developed in the State consequently, the problem of scarcity of water in drought-prone districts could not be mitigated. Deficiencies were noticed in preparation of project reports for the schemes, awarding of works and payments made to contractors. The achievement of targets under the sustainability component of NRDWP was low. A large number of rural water supply schemes were non-functional due to poor maintenance/non-payment of electricity bills. The water quality monitoring for detection of chemicals, pesticides, toxic/heavy metals and bacteriological contamination was poor. Data discrepancies in the Integrated Management Information System and that maintained by the implementing agencies undermined the reliability of the system as a viable tool for monitoring.

**2.1.6.10 Recommendations**

- The institutional set up should be strengthened for effective coordination, implementation and monitoring of the schemes taken up under NRDWP;
- Water security plan at the village and district levels should be prepared to ensure sustainable drinking water supply to the rural population;
- Timely release of State's matching share, submission of utilisation certificates and annual action plans should be ensured to receive full allocation from GoI;
- State Government should conduct monitoring and evaluation studies of the water supply programme for taking corrective action and improving the quality of programme implementation; and
- The integrity of data maintained in the integrated management information system needs to be restored for effective monitoring of programme at various levels.

The matter was referred to the Government in September 2013; their reply was awaited as of January 2014.

## School Education and Sports Department

### **2.2 Implementation of Information and Communication Technology Scheme in Secondary and Higher Secondary Schools in Maharashtra**

*The Government is implementing the Information and Communication Technology Scheme in secondary and higher secondary schools of Maharashtra on Built, Own, Operate and Transfer model with a view to enhancing the quality of teaching and creating an environment for self-learning. The Scheme is implemented in two phases covering 3,000 schools. Performance audit of the Scheme for the period 2008-09 to 2012-13 revealed delay in commencement of phase-II and procurement of software, deficient infrastructure in computer laboratories, use of pirated software, non-installation/updation of anti-virus software, shortfall in imparting training to the teachers and laxity in monitoring and supervision of the Scheme. The key findings are highlighted below.*

#### **Highlights**

**The School Education and Sports Department took nine months to finalise the tendering process and another year to award the contracts leading to delay in commencement of phase-II of the ICT Scheme in 2,500 schools by two academic sessions. After the award of contracts, the initially approved 220 out of 2,500 schools were replaced by another set of schools, without the prior approval of the Ministry Human Resources Development.**

*(Paragraphs 2.2.6.1(a) and 2.2.6.1(b))*

**Multimedia-based computer aided learning software was supplied by the contractors after lapse of first two academic years. The Department procured and supplied the MS-Office software belatedly leading to further delay in commencement of phase-II in all the 2,500 schools by eight months. The School Management software was not activated by the contractors in number of schools thus, not permitting the Department to capture and present school and student data in a meaningful manner.**

*(Paragraphs 2.2.6.1(c) to 2.2.6.1(e))*

**The infrastructure in computer laboratories was deficient. The computers were not connected to the local area network. Internet provided by the contractors was either slow or not-working. In one school in Amravati district, food grains supplied under mid-day meal Scheme were stored in the ICT laboratory due to which, the speakers, microphones, false ceilings etc. were damaged by the rats.**

*(Paragraph 2.2.6.3(a))*

**The operating system software provided by the contractors was pirated. Anti-virus software were either not installed or updated by the contractors. There was delay in appointment of instructors ranging from three to more than 365 days. The instructors did not possess the requisite**

qualification and the prescribed numbers of teachers were not trained by them.

*(Paragraphs 2.2.6.3(b) to 2.2.6.3(d))*

The monitoring and supervision of the Scheme was lax. The State Government did not conduct third party evaluation of the Scheme and no student evaluation examinations were conducted in any of the 2,500 schools of phase-II even after expiry of more than two academic sessions. In some schools, the ICT laboratories were not handed over by the contractors to the school managements after conclusion of phase-I. The State Government was yet to devise a mechanism for post-contract use of ICT laboratories.

*(Paragraph 2.2.6.4)*

### 2.2.1 Introduction

The Ministry of Human Resource Development (MHRD), Government of India (GoI) introduced (December 2004) a Scheme named “Information and Communication Technology (ICT) in Schools”, a Centrally Sponsored Scheme with the following objectives:

- To make all the students of secondary and higher secondary level ICT literate;
- To enable computer-aided teaching and learning for all the subjects in all the classes;
- To develop age and class-appropriate e-content for use in classes;
- To create an environment of self learning;
- To bring about a change in the trend from teacher-centric education to student-centric education by making use of the technical support mechanism; and
- To enhance the quality of teaching and learning through ICT.

In Maharashtra, the Scheme is implemented by the School Education and Sports Department (Department) on Built, Own, Operate and Transfer (BOOT) model in two phases of five years each. In phase-I (April 2008 to March 2013) 500 secondary and higher secondary schools<sup>1</sup> and in phase -II (July 2011 to July 2016) 2,500 secondary and higher secondary schools<sup>1</sup> were covered. The phase-I of ICT Scheme covered class VIII to XII while phase-II covered class V to XII. The phase-I was completed in May 2013.

Under the Scheme, basic infrastructure such as, adequate room with safety, ventilation, electricity and Microsoft (MS) Office software was to be provided by the Department. The supply of the operating system and other related software<sup>2</sup> including installation, commissioning and maintenance of hardware/equipment were to be done by the BOOT contractors. Ten computers with a projector, printer, generator/UPS along with internet connection were also to be provided by the BOOT contractors to each school. Financial arrangement between the Centre and the State for the

<sup>1</sup> Including private aided as well as Government schools

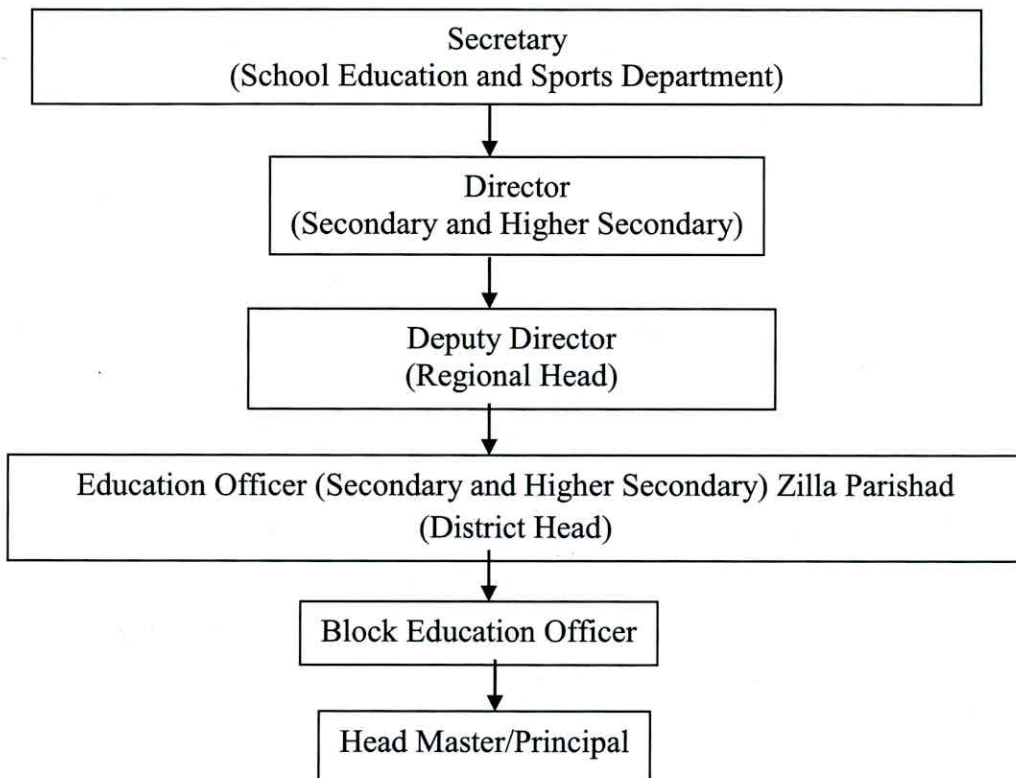
<sup>2</sup> Educational software and anti-virus

implementation of the Scheme is in the ratio of 75:25. The GoI's share is restricted to ₹ five lakh per school for five years or ₹ one lakh per school per year.

The BOOT contractor was to provide one full time instructor to each school for the entire duration of the contract. After completion of contract period of five years, the contractors were to handover the assets in good working condition to the concerned schools.

### **2.2.2 Organisational set up**

The Secretary, School Education and Sports Department, Government of Maharashtra (GoM) is responsible for budgetary control, release of funds and overall administration and implementation of the Scheme through Director of Education, Maharashtra State, Pune. The organizational set up of the Department for implementation of the Scheme is given below:



### **2.2.3 Audit objectives**

The objectives of performance audit were to assess whether:

- the planning process was adequate and effective;
- allotment of funds was adequate and fund management was effective;
- the Scheme was implemented efficiently and effectively; and
- the internal controls and monitoring mechanism were effective.

### **2.2.4 Audit criteria**

The criteria for performance audit were derived from the following documents:



- Guidelines of ICT Scheme issued by GoI from time to time and minutes of meeting of Project Monitoring and Evaluation Group of the MHRD;
- Computer Education Plan of the State Government;
- Contracts executed between GoM and BOOT contractors; and
- Circulars and instructions issued by GoI and GoM from time to time.

### **2.2.5 Scope and methodology of audit**

The ICT Scheme is being implemented in all the eight regions of the State viz., Mumbai, Pune, Nashik, Kolhapur, Aurangabad, Latur, Amravati and Nagpur in two phases covering 3000 schools (phase-I: 500 and phase-II: 2,500). Eight<sup>3</sup> districts (25 per cent from each region) and 233 schools (25 per cent from each selected district) were selected randomly based on simple random sampling without replacement method.

The performance audit was carried out during April to June 2013 and records for the period 2008-09 to 2012-13 in the offices of the Director of Education, Pune, District Education Officer of Zilla Parishads (ZP) of selected districts and 116 out of 233 schools (phase-I: 37 and phase-II: 79) through field visits were examined. The remaining 117 schools (phase-I: six and phase-II: 111) were requested to furnish information in the prescribed questionnaire through post. Audit received information from 89 out of 117 schools (phase-I: two and phase-II: 87). No response was received from the remaining 28 schools as of December 2013.

An entry conference was held on 20 May 2013 with the Additional Chief Secretary, School Education and Sports Department to discuss the audit objectives. The audit findings were discussed in the exit conference held on 17 October 2013 with the Additional Chief Secretary. The Government furnished its reply in October 2013 which has been suitably incorporated at appropriate places.

### **2.2.6 Audit findings**

#### **2.2.6.1 Planning**

##### **(a) Replacement of schools without the approval of MHRD**

As per guidelines issued (December 2004) by the GoI, each State/UT was required to formulate a Computer Education Plan (CEP) indicating the steps already taken and the assistance which they further required. A Project Monitoring and Evaluation Group (PMEG) under the Chairmanship of the Secretary, MHRD was to approve the State CEPs.

The PMEG approved (November 2008) 2,500 secondary and higher secondary schools under phase-II in Maharashtra and MHRD sanctioned and released (February 2010) the first instalment of ₹ 12.5 crore with the condition that in case the State Government desired to make any change in the approved list of schools, the same may be done with prior approval of MHRD. Contracts for

<sup>3</sup> Thane, Ahmednagar, Nashik, Satara, Beed, Nanded, Amravati and Nagpur

phase-II were executed (April 2011) on BOOT model with three contractors<sup>4</sup> for the period July 2011 to July 2016.

Scrutiny of records (June 2013) of the Director of Education, Pune revealed that after award of contracts in April 2011 for phase-II, 220 out of 2,500 schools initially recommended by the GoM and approved by MHRD were replaced by the GoM with another set of 220 schools between August 2011 and January 2012 without prior approval of MHRD, based on contractors' survey reports that indicated lack of infrastructure in the initially selected 220 schools.

Clearly, 220 schools were initially recommended by the GoM to MHRD without conducting an assessment of the availability of infrastructure facilities in those schools. While this was indicative of inadequate planning by the GoM, this also delayed the commencement<sup>5</sup> of ICT laboratories in the 220 replaced schools.

The Government stated (October 2013) that it has full powers to carry out changes in the list of schools already sanctioned by MHRD as per Government Resolution (GR) of 15 April 2010 and thus, the changes made were not required to be referred to MHRD.

The reply is not acceptable, as paragraph 3 of MHRD, GoI sanction of 10 February 2010 clearly stipulated that if the State Government desired to make any changes in the approved list of schools, the same should be done with the prior approval of MHRD.

**(b) Delay in commencement of phase-II of ICT Scheme**

As per sanction accorded by MHRD, GoI (February 2010), phase-II for 2,500 schools was to commence from academic session 2009-2010. However, GoM formed a Steering Committee<sup>6</sup> (SC) and an Implementation Committee<sup>7</sup> (IC) only in February 2009. The tenders for selection of BOOT contractors were invited in July 2009.

Technical bids were opened on 16 October 2009 by the IC. Of the seven bidders, four were found to be qualified and their financial bids were opened on the same day and submitted to the SC for approval. However, the SC directed (29 October 2009) the IC to re-verify the technical bids with the assistance of the State e-Governance Monitoring Team (SEMT)<sup>8</sup>. Accordingly, the IC re-examined (15 January 2010) the technical bids and of the three initially disqualified bidders, two were found to be technically qualified and their financial bids were opened on the same day. Three<sup>4</sup> out of six bidders were finally short-listed for implementation of phase-II which was approved by the GoM in March 2010.

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<sup>4</sup> i) M/s NIIT, Chennai for Nagpur, Amravati and Aurangabad regions (1013 Schools);  
ii) M/s Core Project and Technologies, Mumbai for Mumbai, Pune and Kolhapur regions (947 Schools); and iii) M/s Educomp Solutions, Gurgaon, for Nashik and Latur regions (540 Schools)

<sup>5</sup> ICT laboratories commenced between August 2011 and January 2012 with delays ranging from one to six months

<sup>6</sup> Responsible for taking policy decisions relating to ICT Schemes

<sup>7</sup> Responsible for finalization of tenders, implementation of ICT Scheme, etc.

<sup>8</sup> SEMT was formed by Department of Information and Technology, GoM

Audit scrutiny revealed that one of the unsuccessful bidders (M/s Everonn Education, Chennai) filed (March 2010) a writ petition in the Mumbai High Court against one of the successful bidders (M/s Core Project and Technologies, Mumbai). The stay initially given by the Mumbai High Court in March 2010 was subsequently vacated in April 2010. However, instead of executing the contracts with the successful bidders immediately, the Department took another 12 months and awarded the contracts in April 2011 at a total cost of ₹ 314.50 crore.

The sequence of events indicated that the Department initially took nine months to finalise the tendering process (July 2009 to March 2010) and another year to award the contracts leading to delay in commencement of the Scheme by two academic sessions (2009-10 and 2010-11).

The Government stated (October 2013) that though the stay was vacated in April 2010, it was decided not to implement the Scheme in the midst of the academic session 2010-11 as it was likely to affect the scheduling of the classes as planned by schools and the State Government.

The reply is not acceptable because after the stay was vacated in April 2010 the Government had ample time to implement the Scheme from the academic session 2010-11 which commenced from July 2010.

**(c) Delay in procurement of MS-Office software**

As per contracts concluded for phase-II in April 2011, the contractors were required to establish computer laboratories within 75 days of handing over of the site by the school management. MS-Office software was to be provided by the Department.

Audit observed that an order for supply of software was placed with M/s Microsoft Corporation, Singapore only in January 2012 and the software was received in February 2012. Thus, delay in procurement of the software by the Department resulted in delay in commencement of ICT Scheme in all the 2,500 schools under phase-II by eight months (July 2011 to February 2012).

The Government stated (October 2013) that initially, the BOOT contractors were instructed to load the Open Office software at the factory level in all the computer systems. However, in order to ensure that ICT operations do not get hampered, MS-Office software were procured subsequently and installed in all the systems.

The explanation given by the Government is not acceptable as MS-Office software should have been procured *ab inito* and installed in the systems for ensuring smooth implementation of the ICT Scheme.

**(d) Non-activation of School Management Software**

School Management Software is web based and total menu driven, user friendly, complete suite of software modules that empower one to automate various process of school education management without data redundancy and proper inter module interface.

As per Annexure-I to the scope of contracts (phase-II) signed with BOOT contractors in April 2011, the Department was to provide the software while

the contractors were required to install and maintain<sup>9</sup> it. The Department placed an order (January 2012) for procurement of this software free of cost from M/s Microsoft Corporation, Singapore along with purchase of MS-Office.

Audit observed that in 71 out of 166 schools<sup>10</sup>, the software was not activated by the BOOT contractors and hence, could not be used in the schools. Consequently, the Department was not able to capture and present school and student data in a meaningful manner by integrating admission management, student billing, student attendance, student report card, staff appraisal, store management *etc.* into one integrated easy-to-use application.

The Government accepted (October 2013) the audit observation.

**(e) Delay in supply of Computer Aided Learning Software**

As per Clause 4.3 of the contracts concluded by the Department with BOOT contractors (April 2011) for phase-II, the contractors were required to supply Multimedia based Computer Aided Learning (CAL) Software for Class V to XII as per approved syllabus for various subjects. The software was to be technically evaluated by a Committee appointed by the Director of Education, Pune at no extra cost to the contractors.

Audit scrutiny revealed that the contractors purchased the CAL software between June 2011 and January 2012 and the Director of School Education constituted a technical Committee in January 2012. The Committee submitted (June 2012) its report to the Department, indicating various errors in the software. Finally, error free CAL software was supplied to the schools only in June 2013 by which time two academic sessions (2011-12 and 2012-13) had already gone by.

The Government stated (October 2013) that the errors in the software were minor in nature which were subsequently corrected and installed in the systems and thus, did not affect adversely e-learning.

The reply furnished by the Government is not acceptable as error free software was made available in all the phase-II schools only after loss of two academic sessions.

**(f) Delay in implementation of phase-III**

Even though the PMEG recommended (May 2011) coverage of 5,000 schools under phase-III from 2011-12 for a period five years, tenders were invited in March 2012 and finalised in March 2013. Phase-III was yet to commence (December 2013).

**2.2.6.2 Financial management**

The project cost of phase-I (2008-2013) for 500 schools was ₹ 42 crore while for 2,500 schools under phase-II (2011-2016) it was ₹ 314.50 crore. The details of total budget provision and total expenditure incurred on ICT Scheme during 2007-14 for phase-I, II and III was as under:

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<sup>9</sup> The term 'maintenance' relates to online/offline telephonic activation, online updates or other technical support for the entire BOOT period of five years

<sup>10</sup> 79 schools through field visits and 87 schools through questionnaire

**Table 1: Total budget provision and total expenditure incurred during 2007-14 for phase-I and II**  
(₹ in crore)

Year	Total Requirement			Budget Provision			Actual allotment	Actual expenditure incurred	Percentage of actual	
	Phase I	Phase II	Total	Central Share (75 per cent)	State Share (25 per cent)	Total			allotment to total requirement of funds	expenditure to budget provision
2007-08	0.00	0.00	0.00	0.00	14.00	14.00	4.2	4.2	0.00	30.00
2008-09	9.87	0.00	9.87	35.00	2.00	37.00	1.7	1.7	17.22	4.59
2009-10	7.56	0.00	7.56	24.00	1.23	25.23	9.95	9.95	131.61	39.44
2010-11	7.56	0.00	7.56	59.00	18.40	77.40	5.36	5.36	70.90	6.93
2011-12	7.56	82.00	89.56	60.00	12.75	72.75	23.55	23.55	26.29	32.37
2012-13	7.56	56.61	64.17	80.00	21.33	101.33	56.65	56.65	88.28	55.90
2013-14	1.89	56.61	58.50	339.00	113.00	452.00 <sup>ss</sup>	71.48	71.48	122.19	--
<b>Total</b>	<b>42.00</b>	<b>195.22</b>	<b>237.22</b>	<b>597.00</b>	<b>182.71</b>	<b>779.71</b>	<b>172.89</b>	<b>172.89</b>		
Source	Requirement worked out as per contract conditions for phase-I, II and III			Civil budget estimates of School Education and Sports Department (Demand No.E-2) of respective years			Figures provided by the Department			
<b>ss</b> Rs. 452.00 crore includes the budget provision for phase III covering 5000 schools										

As could be seen from the table above that against the requirement of ₹ 237.22 crore, the Department allotted only ₹ 172.89 crore (72.88 per cent) during 2007-08 to 2013-14. Further, the percentage of actual allotment to total requirement of funds was more during 2009-10 (131.61 per cent) and 2013-14 (122.19 per cent) while during 2008-09, 2010-11, 2011-12 and 2012-13 it was less and ranged between 17.22 and 88.28 per cent. During 2007-08 to 2012-13, the percentage of actual expenditure to total budget provision ranged between 4.59 and 55.90 per cent.

### 2.2.6.3 Implementation of the Scheme

Audit observations based on scrutiny of information obtained from 205<sup>11</sup> schools with regard to implementation of the ICT Scheme are detailed below.

#### (a) Deficient infrastructure in computer laboratories

As per Clause 6.2 of contracts for phase-I and II, the contractors were to provide and maintain computers, printers, projectors, UPS, Generators, furniture, fans, tube lights etc. in good working condition during the period of contract.

#### Stolen hardware/equipment not replaced by contractors

As per Clause 13 of contracts of phase-I and II, the contractors were to insure all the equipment at their cost against theft, burglary, fire and natural calamities for their full value and submit the insurance documents to the Director of Education and the Headmasters (HM) or Principals of the concerned Schools.

In 113 schools, insurance documents were not submitted by the contractors to the HM/Principals of the schools.

Further, in 16 schools, hardware/equipment<sup>12</sup> were stolen between September 2008 and May 2013. The contractors replaced the stolen equipment only in six schools. In the remaining 10 schools, equipment as detailed in **Appendix 2.2.1** were not replaced by the contractors.

<sup>11</sup> 116 schools (phase-I: 37, phase-II: 79) through field visits and 89 schools (phase-I: two, phase-II: 87) through questionnaire

<sup>12</sup> LCD monitors, key boards, mouse, CPU, Web Camera etc.

The Government (October 2013) stated that all the hardware/equipment had since been replaced by contractors in 10 schools.

However, supporting documents furnished by the Government along with the reply did not contain the details of the replaced equipment in six out of 10 schools.

#### **Slow/ non-working internet**

As per contract conditions (phase-I and II), internet connection of at least 256 kbps, wherever available, was to be provided by the contractors.

In 52 schools (phase-I: 14 and phase-II: 38), the HMs/Principals expressed dissatisfaction over the internet facility provided in view of either slow speed or non-working of the internet. In 53 schools (phase-I: 5 and phase-II: 48), the internet connection was deactivated due to non-payment of internet charges by the contractors. In another seven schools of phase-II, internet connection was provided only in March 2013 although the ICT laboratories in these seven schools were commissioned in September 2011.

The Government (October 2013) stated that the contractors have supplied 3G data cards and the internet connectivity was good.

The Government furnished the confirmation reports on satisfactory working of internet connections only in 24 out of 52 schools. Regarding deactivation of internet connections in 53 schools, documentary evidence for restoration of connections was provided for 15 schools. No reply was furnished by the Government for delay in providing internet connectivity in seven schools of phase-II.

#### **Computers were not connected to network**

As per contract conditions (phase-I and II), a 16 port switch networking (Local Area Network) was to be provided by the contractors.

Audit observed that in 14 schools (phase-I: 4 and phase-II: 10), although 16 port switch was provided by the contractors, these were not connected to LAN. Hence, the projector and the printer in these 14 schools had to be attached to only one computer.

The Government stated (October 2013) that the contractors have since re-instated the LAN connections in all the 14 schools. However, it furnished compliance reports in respect of only eight out of 14 schools.

#### **Computers provided without speakers**

In 27 phase-II schools (20 from Nagpur, five from Satara and two from Amravati), the computers and multimedia projectors were provided without speakers.

The Government stated (October 2013) that as per terms of tender, the contractors were not supposed to supply the speakers. However, considering the students' interest, the contractors had since supplied the speakers in all the 27 schools.

Speakers are an essential part of ICT mode of education. The exclusion of speakers from the BOOT contracts showed inadequate planning in framing the

contract conditions. Further the Government did not furnish the details of supply of speakers in seven out of 27 schools.

#### **Damaged false ceilings in ICT laboratories**

As per terms and conditions of contracts (phase-I and II), false ceilings were to be provided by the BOOT contractors in the ICT laboratories.

In two<sup>13</sup> schools, the false ceilings were found damaged.



**Damaged ceiling at ZP High School, Mukrambad, Nanded**

In respect of ZP High School, Mukrambad, Nanded, the Government stated (October 2013) that due to heavy rains during school vacations, the ceiling got damaged which had since been repaired.

#### **Deteriorated condition of ICT laboratories**

Audit observed that in Rashtrapita Mahatma Gandhi Vidyalaya, Susarda, Dharni, District Amravati food grains supplied under Mid-day Meal Scheme were stored in ICT laboratory due to which the speakers/microphones, false ceilings *etc.* were damaged by the rats. This indicated lack of awareness among the Principal/HM with regard to safety and protection of ICT assets.



**Food grains stored in ICT laboratory at Rashtrapita Mahatma Gandhi Vidyalaya**

The Government accepted (October 2013) the audit observations and stated that food grains had since been shifted to another location.

#### **Non-maintenance of log books for recording downtime of computers**

As per Clause 11.1 of contracts of phase-I and II, contractors were required to maintain log books for recording downtime of the computers and other accessories and submit the same to HMs/Principals every week.

In 64 schools (phase-I: 21 and phase-II: 43), log books were not maintained.

<sup>13</sup> 1) ZP High School, Mukrambad, Nanded; and 2) B.B.Jadhao High School, Vasai, Thane

The Government stated (October 2013) that the log books have been updated in the respective schools.

The reply is not acceptable as the log books were not at all maintained during the currency of contracts and therefore, the question of updation of log books does not arise. Further, the log books cannot be updated from retrospective effect.

**(b) Deficiencies in provision of software**

**Use of pirated operating system**

As per the terms and conditions of contracts<sup>14</sup> concluded with BOOT contractors for phase-I and II, licensed operating system software (Windows XP and Linux for phase-I and Windows 7 for phase-II) were to be provided by the contractors.

Audit observed that in four<sup>15</sup> schools (phase-I: one and phase-II: three), the operating system software provided by the contractors were not the licensed version.

The Government stated (October 2013) that necessary action has now been taken to ensure that schools do not use pirated operating system.

The reply is not acceptable as use of pirated operating system by the contractors in the ICT Scheme violated the contract conditions and also pointed to absence of oversight mechanism in the Department.

**Non-activation of MS-Office software and use of pirated software**

The Department procured (February 2012) 25,000 licenses (10 licenses for each school of phase-II) of MS-Office 2010 Pro Plus (64 bit) software at a cost of ₹ 3.38 crore and distributed to the contractors of phase-II for installation.

As per procedure prescribed for the installation of MS-Office software by the Microsoft Company, the licences should be registered with the Company through permanent product key. After registration, any updates and support to the software are provided by the company to the authorised users of the software.

Audit observed that in four<sup>16</sup> phase-II schools, pirated version of MS-Office software was in use. Further, in another two<sup>17</sup> phase-II schools, although the software was installed, it was not activated.

The Government stated (October 2013) that necessary action has now been taken to ensure that schools do not use pirated MS-Office software.

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<sup>14</sup> Annexure 1A of Technical Specifications of operating system software appended with phase-I and II contracts

<sup>15</sup> 1. V.K. Lakhani High School Madhyamik Vidyalaya, Thane 2. Shastri Hindi High School, Virar, Vasai Dist Thane. 3. New English School, Boregaon, Wai Dist Satara 4. Bawadhan High School, Bawadhan Wai, Dist Satara

<sup>16</sup> 1) B.B.Jadhav High School, Vasai, Thane; 2) Shastri Hindi High School, Virar, Thane; 3) New English School, Mahimangad, Satara; and 4) Raja Bhagwantrao High School, Aundh, Satara

<sup>17</sup> 1) New English School, Boregaon, Wai, Satara; and 2) Bawadhan High School, Bawadhan, Wai, Satara



The reply clearly shows the failure of the Department to enforce the legally binding services that were expected to be provided by the BOOT contractors.

**Non-installation/non-updating of anti-virus software**

As per terms and conditions of contracts<sup>18</sup> (phase-I and II), the contractors were required to provide and maintain anti-virus with updates for the entire period of contract.

Audit observed that in 27 schools (phase-I: 13 and phase-II: 14), anti-virus software was not installed and in 64 schools (phase-I: 7 and phase-II: 57), the software was not updated by the contractors.

The Government stated (October 2013) that due to summer vacations in the schools, regular patches could not be updated earlier.

The reply is not acceptable as it was the sole responsibility of the contractors to maintain and update the anti-virus software. Further, the Government did not furnish any explanation for non-installation of anti-virus software in 27 schools.

**(c) Inadequacies in appointment of instructors and imparting of training to teachers**

**Lower qualification of instructors**

As per terms and conditions of contracts<sup>19</sup> (phase-I and II), one full time instructor (faculty) was to be deployed by the contractors at each school having minimum qualification of basic graduation with post graduation diploma in Computer Applications/DOEACC 'A' level/BCA or higher from reputed institutions.

Audit observed that in 98 schools (phase-I: 23 and phase-II: 75), the qualifications possessed by the instructors were lower<sup>20</sup> than that mentioned in the contract conditions, resulting in dilution of training quality.

The Government stated (October 2013) that phase-I project was completed in May 2013 and most of the faculty were out of city for further employment. The BOOT contractors would provide the proof of qualifications possessed by the faculty within 30 days, which was awaited in audit.

**Shortfalls in imparting training to teachers**

As per Clauses 8.1 and 8.3 of contracts (phase-I and II), the role of the instructor was to provide computer education to the students and impart training to at least five schools teachers including the HMs/Headmistresses of the schools (per year) in computer aided learning and computer education.

In 12 phase-II schools, the prescribed number of teachers was not imparted training.

<sup>18</sup> Annexure 1A of Technical Specifications of operating system software appended with phase-I and II contracts and Annexure 1 to the Scope of Contract- Paragraph No. 17 appended with phase-II contract

<sup>19</sup> Annexure 1 to the Scope of Contract; Paragraph 2 of phase-I and II contracts

<sup>20</sup> The instructors were not even basic graduates and possessed other qualifications such as, Diploma in Computer Applications, Maharashtra State-Certification in Information Technology (MS-CIT) – an online examination which can be taken by any 10<sup>th</sup> passed student

The Government stated (October 2013) that the contractors had imparted training to the teachers in all 12 schools but, furnished documentary evidence in respect of only two out of 12 schools.

**Delay in appointment of instructors**

The BOOT contracts (phases-I and II) concluded by the Department do not specify the time frame within which the instructors were to be appointed. Audit observed that in 40 schools (phase-I: 5 and phase-II: 35), the instructors were appointed after a delay ranging from three days to more than 365 days, after the establishment of computer laboratories. The details are indicated below:

**Table 2: Delay in appointment of instructors**

<b>Delay (in months)</b>	<b>No. of schools involved</b>
Up to 1	14
1-2	5
2-3	5
3-4	2
4-5	6
5-6	0
6 -12	6
More than 12	2

The Government stated (October 2013) that the phase-I project was closed in May 2013. The faculty appointment orders would be provided by the contractors within 15 days, which was awaited (December 2013).

**(d) Other violations of contract conditions**

**Non-availing of benefits of ICT Scheme during vacations**

As per paragraph 4.4 of GR dated 15 April 2010, it was binding on the contractors/vendors to allow use of computer laboratories by the students during Diwali and summer vacations. This GR was an integral part of phase-II contract signed in April 2011 and therefore, expected to be followed scrupulously by the contractors.

Audit observed that in 49 phase-II schools, the HMs/Principals were not aware of this condition of contract and thus, the computer laboratories of these 49 schools could not be utilised by the students during Diwali/summer vacations.

The Government stated (October 2013) that as per the contract condition, the laboratory may be used in vacations by the local population but not by the students.

The Government's reply is not tenable in view of GR dated 15 April 2010 which was an integral part of the contract.

**Non-maintenance of student attendance registers**

As per Clause 11.1 of contracts (phase-I and II), the contractors were required to maintain a separate attendance register for each class/section for recording attendance of the students.

Physical verification by audit in 35 schools (phase-I: 12 and phase-II: 23) revealed that student attendance registers were not maintained by the contractors. In the absence of attendance registers, the exact number of students who had actually attended ICT classes was not verifiable.

The Government stated (October 2013) that student attendance was being recorded in separate printed format and the relevant records were maintained in school ICT laboratories.

The contention of the Government could not be verified as no documentary evidence was furnished to audit in this regard.

#### **2.2.6.4 Monitoring and evaluation**

##### **(a) Non-inspection of equipment installed**

As per Clause 5.3 of phase-I and II contracts, the contractors were required to provide to the Department a list of the equipment, computer hardware and software along with each equipment's specifications/serial number/license number *etc.* (wherever applicable), upon their installation and commissioning in each school. The contractors were also required to provide the same list to each school. The Department, through its authorised representatives, was to inspect the equipment to ensure total quality compliance by the contractors.

Audit scrutiny revealed that no such inspections were carried out by the Department or through its authorised representatives in any of the 3,000 schools (500 of phase-I and 2,500 of phase-II).

The Government acknowledged the audit observation and stated (October 2013) that the Director of Education, Pune is planning to conduct third party evaluation very shortly.

##### **(b) Non-supervision by Education Officer**

During the presentation given by the Department in the entry conference held on 20 May 2013, it was pointed out that at the district level, the Education Officer (ZP) was responsible for monitoring the implementation of the ICT Scheme.

However, during performance audit of ICT Scheme, in 111 schools (phase-I: 24 and phase-II: 87), no inspections were found to have been carried out by the District Education Officers.

The Government stated (October 2013) that no separate inspection was mandatory by the District Education Officer. Routine inspections are sufficient to monitor the Scheme.

The Government's reply is not in harmony with that stated in the presentation made in May 2013.

##### **(c) Non-evaluation of the Scheme through an independent agency**

The Scheme guidelines of GoI (December 2004) lay down that the States should explore the possibility of getting the Scheme evaluated through an independent agency. The objectives of such evaluation were to study and evaluate the:

- impact made on students' achievement;

- impact made on teacher capacities and practices; and
- overall model of implementation of the Scheme.

In a meeting held in May 2011, the PMEG observed that the State Government has not got the ICT Scheme evaluated and therefore, it was suggested that the Government should get a third party evaluation done immediately. However, no such evaluation was carried out as of October 2013.

The Government accepted (October 2013) the audit observation and stated that a third party evaluation would be conducted shortly.

**(d) Capacity building of school heads**

The head of the schools were responsible for the school level implementation of the Scheme.

In 121 schools (phase-I: 25 and phase-II: 96), the HMs/Principals stated that no training /guidelines on implementation of the Scheme were given to them by the Department. Thus, they were not aware of the contract conditions or well equipped to implement the Scheme.

The Government stated (October 2013) that guidelines of the Scheme was given to all the HMs of the schools. The contractors had also guided the HMs from time to time about the Scheme.

The reply furnished by the Government lacks conviction because, if the heads of the schools had been adequately trained and informed of the contract conditions timely, the deficiencies in the implementation of the Scheme as pointed out in **paragraph 2.2.6.3** could have been avoided.

**(e) Handling of ICT assets and equipment after contract period**

As per Clause 9.1 of phase-I contract signed in February 2008, at end of the contract period, the computer laboratories including software and hardware were to be handed over by the contractors to the school managements in good working condition. To an audit observation as to how the Department was going to manage the IT assets and other equipment after the contract period of five years was over, the Director of Education, Pune opined in June 2013 that no decision has been taken so far with regard to use of ICT laboratories after termination of phase-I contract.

Test check of records in 17 schools of phase-I revealed that no instructions were received by the school management from the higher authorities with regard to use of ICT laboratories<sup>21</sup> post-contract, which also confirmed the opinion expressed by the Director of Education in June 2013. In addition, in 12 schools of phase-I, the laboratories were not handed over by the contractors to the school managements even after the expiry of the contract period.

The Government stated (October 2013) that it has circulated the handing over formats to all the schools in June 2013 and the duly filled in formats have since been received from all the schools duly countersigned by the District

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<sup>21</sup> Maintenance of computer hardware, stationery and consumables, fuel charges for generators, telephone charges for internet connections, electricity charges for operating the ICT laboratories *etc.*

Education Officers. However, audit observed that the formats did not contain any instructions for the school managements as to how the ICT assets and equipment were to be used and maintained post-contract.

**(f) Non-conducting of evaluation examinations**

As per Clause 7.1 of contract of phase-II, payment at six *per cent* per year of the total contract value (30 *per cent* for five years) was to be made to the contractors based on the performance of the students in an annual examination in computer subject to be conducted by the Director of Education, Pune as detailed in **Table 3**.

**Table 3: Norms for performance based payment**

Sr. No.	Percentage of students passed	Payment to be released
1.	70 to 100	100 <i>per cent</i>
2.	60 to 70	75 <i>per cent</i>
3.	50 to 60	50 <i>per cent</i>
4.	40 to 50	25 <i>per cent</i>
5.	Less than 40	0 <i>per cent</i>

Audit scrutiny revealed that even after expiry of more than two academic sessions<sup>22</sup> during which the contractors imparted training to students in 2,500 phase-II schools, no evaluation examinations were conducted in any of the schools as the mechanism for conducting the examination was not devised by the Director of Education. Audit further observed that an amount of ₹ 37.74 crore payable to the contractors based on the performance of the students in annual examinations in the first two years of the Scheme was initially withheld by the Department. However, ₹ 35.79 crore was subsequently released (September 2013) by the Department to the contractors, after it was realised that the accountability for not holding the examinations lay with it and the contractors were not to be blamed for the situation.

The Government accepted (October 2013) the facts and stated that necessary steps for conducting the evaluation examinations for the third year (2013-14) in all the 2,500 schools were being taken.

Thus, due to non-conducting of evaluation examinations, the BOOT contractors were unduly benefited to the extent of ₹ 35.79 crore.

**(g) Lack of internal mechanism for overseeing the implementation of the Scheme**

As per the revised guidelines of GoI (February 2011), the main parameters for monitoring would include timely installation of requisite hardware, power supply, supply of specified software, engagement of teaching and administrative staff, teachers training, extent of use of e-content developed *etc.* The State Government was thus, expected to have an internal mechanism for overseeing the implementation of the Scheme through a monitoring Committee constituted for the purpose. The State Government was also expected to undertake a monitoring mapping at each level *i.e.* School, District and State level.

<sup>22</sup> 2011-12 and 2012-13, up to December 2013

Audit observed that there was no internal mechanism in place for overseeing the implementation of the Scheme by the Department. The Director of Education, Pune informed audit in October 2013 that each BOOT contractor has formed a three level monitoring mechanism which included a project manager (at school level), district manager (at district level) and zonal manager (at zonal level) to oversee the implementation of the Scheme. The Department, it appeared, was relying on the BOOT contractors for monitoring of the Scheme instead of having its own mechanism. The Director of Education also confirmed that no meetings were held at the Regional level by the Deputy Director of Education in connection with the implementation of ICT Scheme (phase-II). Only periodic updates were obtained from the respective District Education Officers for the general meetings.

### **2.2.7 Conclusion**

The implementation of ICT Scheme in the secondary and higher secondary schools of Maharashtra was deficient. The planning for 2,500 phase-II schools was poor leading to delay in commencement of the Scheme by two academic sessions (2009-10 and 2010-11). The Department procured the MS-Office software belatedly which further pushed the commencement of phase-II by eight months. The School Management software was not activated by the contractors in number of schools thus, not permitting the Department to capture and present school and student data in a meaningful manner. There was delay in supply of error-free multimedia based computer aided learning software. The infrastructure in computer laboratories was deficient. The computers were not connected to the local area network. Internet provided by the contractors was either slow or not-working. There were instances of stolen hardware/equipment from the schools. In one school, food grains supplied under mid-day meal Scheme were stored in the ICT laboratory due to which, the speakers, microphones, false ceilings *etc.* were damaged by the rats. The operating system software provided by the contractors was not the licensed version. Anti-virus software was either not installed or updated by the contractors. There was delay in appointment of instructors ranging from three to more than 365 days. The instructors did not possess the requisite qualification and the prescribed numbers of teachers were not trained by them. The monitoring and evaluation of the Scheme was lax. The State Government did not conduct third party evaluation of the Scheme and no student evaluation examinations were conducted in any of the 2,500 schools even after expiry of more than two academic sessions. In some schools, the ICT laboratories were not handed over by the contractors to the school managements after conclusion of phase-I. The State Government was yet to devise a mechanism for post-contract use of ICT laboratories.

### **2.2.8 Recommendations**

The Government may:

- ensure that the contractors fulfil their obligations timely and as per terms and conditions of the contracts;
- conduct student evaluation examinations for phase-II of the ICT Scheme at the earliest;
- devise a suitable policy for effective management and use of ICT laboratories of phase-I; and
- strengthen its monitoring and evaluation mechanism.

## Urban Development Department

### Mumbai Metropolitan Region Development Authority

#### 2.3 Implementation of Mumbai Urban Infrastructure Project

*The Mumbai Metropolitan Region Development Authority (MMRDA) initiated a project called Mumbai Urban Infrastructure Project (MUIP) at an estimated cost of ₹2,647 crore, with the objective of improving road network for efficient traffic dispersal in Greater Mumbai. The project was approved by GoM in November 2003 for completion by November 2006. The performance audit of MUIP covering the period 2008-09 to 2012-13 revealed that only 38 out of 157 items of works were taken up for execution as of November 2013 on which an expenditure of ₹3,736 crore was incurred which was 41 per cent more than the overall sanctioned cost of ₹2,647 crore. Works were awarded without availability of clear sites leading to foreclosure of works. The manual provisions and tender conditions were not followed which led to extra expenditure in number of works. There were inadequacies in Project Management Consultancy agreements. Internal controls and monitoring mechanism were lax. The key findings are highlighted below.*

#### Highlights

**The Mumbai Urban Infrastructure Project approved by the GoM at an estimated cost of ₹2647 crore for completion by November 2006 was beset with time and cost overruns. Of the 157 items of works planned to be completed at an estimated cost of ₹2,647 crore by November 2006, only 38 items of works were taken up, incurring an expenditure of ₹3,736 crore by the end of November 2013. The remaining 119 items of works were abandoned by MMRDA.**

*(Paragraph 2.3.6.1)*

**The execution of contracts was deficient. In seven test-checked contracts valuing ₹1,029.63 crore, additional works of ₹94.05 crore were awarded to the original contractors without inviting tenders in violation of Maharashtra Public Works manual. In two cases, the works were foreclosed after incurring an expenditure of ₹19.50 crore, due to non-availability of clear sites.**

*(Paragraph 2.3.6.5)*

**The agreements signed with the consultants were open-ended. In the absence of any cap on their fee, the fee payable to them tended to increase with the increase in the project cost. Despite appointment of consultants, excess quantities ranging from 25 per cent to 1,05,657 per cent were executed in eight test-checked contracts due to change in dimension of foundations/piers and additional scope, modification of road profile to protect utilities, incorrect approximations and assumptions made while carrying out initial surveys etc.**

*(Paragraph 2.3.6.7)*

**The internal controls and the monitoring mechanism were weak. The measurements were not recorded periodically by the consultants and the MMRDA and the measurement books did not indicate the dates of**

measurements and the progressive quantities of works executed. The prescribed number of measurements recorded by the consultants was also not test-checked by the Engineers. No monthly meetings were held during 2008-13 to review the progress of projects.

(Paragraph 2.3.6.9)

### 2.3.1 Introduction

Mumbai Metropolitan Region Development Authority (MMRDA) was established in January 1975 by the Government of Maharashtra (GoM) under the MMRDA Act, 1974 as an apex body for planning and co-ordination of development activities in Mumbai Metropolitan Region<sup>1</sup>. MMRDA functions under the administrative control of the Urban Development Department (UDD), GoM. MMRDA initiated a project called Mumbai Urban Infrastructure Project (MUIP) at an estimated cost of ₹ 2,647 crore with the objective of improving the road network for efficient traffic dispersal in Greater Mumbai. The MUIP was approved by the GoM in November 2003. To achieve the objectives, the items of works to be undertaken for implementation of MUIP was categorised into three priorities i.e. Priority I, II and III to be completed within three years i.e. up to November 2006. The works under Priority II and III were to be taken up only on completion of works of the preceding Priority.

The main objectives envisaged to be achieved under MUIP were to:

- provide major North-South road links in suburbs including a Mass Rapid Transit connectivity; strengthen/augment the East-West connectivity in the suburbs; provide efficient/fast public transport corridors.
- facilitate safe and convenient movement for pedestrians (Subways/foot over bridges/footpaths) including Station Area Traffic Improvement Schemes.
- provide high capacity uninterrupted connectivity to airport, SEEPZ<sup>2</sup>, MIDC<sup>3</sup> areas and remove railway level crossings in Mumbai.

The MMRDA also decided (December 2007) to undertake projects for efficient traffic dispersal in the Municipal Corporations of Thane, Navi Mumbai, Kalyan-Dombivali, Mira-Bhayandar Municipal Corporations and Municipal Councils of Panvel, Vasai-Virar under extended MUIP at an estimated cost of ₹ 1,493.26 crore.

### 2.3.2 Organizational set up

The overall supervision and control of all the activities vests with MMRDA which consists of 17 members with the Minister for Urban Development, GoM as its chairman. The Executive Committee of MMRDA consists of nine members with Chief Secretary to GoM as its Chairman and is responsible for planning and implementation of projects of MMRDA. The Metropolitan Commissioner heads the MMRDA.

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<sup>1</sup> Includes Municipal Corporation of Greater Mumbai, Thane, Kalyan-Dombivali, Navi Mumbai, Ulhasnagar, Bhiwandi-Nizampur, Vasai-Virar and Mira-Bhayandar; Municipal Councils of Ambarnath, Kulagaon-Badlapur, Matheran, Karjat, Panvel, Khopoli, Pen, Uran and Alibaug along with more than 1,000 villages in Thane and Raigad districts

<sup>2</sup> Santacruz Electronics Export Processing Zone

<sup>3</sup> Maharashtra Industrial Development Corporation



### 2.3.3 Audit objectives

The audit objectives were to assess whether:

- planning for development/creation of infrastructure was done effectively;
- sound financial management was in existence;
- works were executed efficiently, effectively and economically; and
- inspection and monitoring of works were effective.

### 2.3.4 Audit criteria

The audit criteria have been derived from the following documents:

- Mumbai Metropolitan Region Development Authority Act, 1974;
- Maharashtra Public Works Manual;
- Maharashtra Public Works Accounts Code; and
- Government Resolutions (GRs) and circulars issued by GoM from time to time.

### 2.3.5 Audit scope and methodology

The Performance Audit of MUIP was conducted between March and July 2013 covering the period 2008-09 to 2012-13. For this purpose, records at MMRDA were examined. Besides, 27 out of 115 contracts<sup>4</sup> (23 per cent) awarded under MUIP and 10 out of 31 contracts (32 per cent) awarded under extended MUIP were selected for audit using stratified sampling method<sup>5</sup>. The audit objectives and audit criteria adopted for performance audit were discussed with the Metropolitan Commissioner, MMRDA in the entry conference held on 20 May 2013. Audit findings and conclusion were discussed in the exit conference held on 30 October 2013. All the recommendations were discussed in the exit conference and accepted by the Metropolitan Commissioner.

### 2.3.6 Audit findings

#### 2.3.6.1 Planning for the project

Planning is an integral part of project implementation. Sound planning is necessary to ensure that a project is executed and completed effectively, efficiently and economically. Though MMRDA prepared (June 2003) the Master Plan<sup>6</sup> of MUIP with a timeline of three years for completion of the Projects, the execution remained largely incomplete as discussed below.

<sup>4</sup> Contracts awarded upto November 2011

<sup>5</sup> Based on the value of tender, the contracts were stratified as follows (i) above ₹ 100 crore (100 per cent check); (ii) between ₹50 and ₹ 100 crore (67 per cent check); (iii) between ₹ 25 and 50 crore (19 per cent check); and (iv) less than ₹ 25 crore (18 per cent check)

<sup>6</sup> The Master Plan *inter alia* envisaged review of the adequacy/deficiency of the existing road networks; establish technical, financial and economic feasibility on each Scheme; prioritisation of the feasible Schemes and fixing time frame; recommend funding options and the implementation programme

### Non-adherence to Master Plan

The GoM approved (November 2003) the Master Plan of MUIP at an estimated cost of ₹ 2,647 crore<sup>7</sup> which involved execution of 157 items of works<sup>8</sup>. The works were to be taken up in the Island City of Mumbai and its Eastern and Western suburbs within the jurisdiction of Municipal Corporation of Greater Mumbai (MCGM) as per the fixed priorities.

Though the works under MUIP were to be completed within three years (November 2006), only 38<sup>9</sup> out of 157 items of works (24.20 *per cent*) as envisaged in the Master Plan were undertaken by MMRDA. In financial terms, against the estimated cost of ₹ 2,647 crore for 157 items of works, works valuing ₹ 1,552.96 crore were taken up for 38 items of works, indicating a deficit of 41 *per cent*. Whereas, the actual expenditure incurred on 38 items of works as of November 2013 was ₹ 3,735.76 crore (**Table 2**). The remaining 119 items of works were not taken up by MMRDA even after a lapse of more than seven years (December 2006 to January 2014). Further analysis revealed that only 37 out of 101 items of works (36.63 *per cent*) were taken up under Priority I while one out of 29 items of works (3.45 *per cent*) was undertaken under Priority II. No works were taken up under Priority III.

While only 11 *per cent* of works<sup>10</sup> under MUIP were completed as of November 2006, the MMRDA, on the demand of local representatives, decided (December 2007) to take up another project called 'extended MUIP' at Thane, Navi Mumbai, Kalyan-Dombivali, Mira-Bhayandar Municipal Corporations and Panvel, Vasai-Virar Municipal Councils falling outside the jurisdiction of MCGM at an estimated cost of ₹ 1,493.26 crore. The extended MUIP envisaged 31 works which included construction of flyovers, subways, widening of roads *etc.* The extended MUIP commenced from January 2009 and the MMRDA used its own funds for the execution of the works. An expenditure of ₹ 945.49 crore had been incurred till November 2013 under extended MUIP.

Metropolitan Commissioner in the exit conference stated (October 2013) that the MUIP *per se* was not a project but loosely tied bundle of works and only a small percentage of works have been completed. The MCGM under whose jurisdiction the works were to be executed, did not release its share of ₹ 300 crore and instead, took up and completed 49 works. As a result, the target of MMRDA under MUIP was reduced to that extent. The Principal Secretary, Urban Development Department further added that with the passage of time the priorities shifted from roads and bridges to public transport like metro corridors and rail corridors and accordingly, a conscious decision was taken by the MMRDA to not take up the remaining MUIP works which were thought to be localised and related to the Urban Local Bodies (ULB).

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<sup>7</sup> Priority I: ₹ 1,980 crore (Island City: 26 works, Western suburbs: 23 works, Eastern: 52 works; Total 101 works); Priority II: ₹ 497 crore (Island City: 8 works, Western suburbs: 10 works, Eastern: 11 works; Total 29 works); and Priority III: ₹ 170 crore (Island City: one work, Western suburbs: 19 works, Eastern: 7 works; Total 27 works)

<sup>8</sup> 157 items of works translates into 267 structures

<sup>9</sup> 38 items of works translates into 64 structures

<sup>10</sup> Of the total 115 work orders placed (for 38 items of works comprising 64 targetted structures), only 13 works were completed as of November 2006

The reply of Metropolitan Commissioner/Principal Secretary is not acceptable as even after spending ₹ 3,735.76 crore on merely 38 items of works as of November 2013 (against the original estimates of ₹ 2,647 crore for 157 items of works) and then abandoning the whole project midway, on the plea of shifting of priorities, clearly indicated flaws in the planing for the MUIP. The contention of Metropolitan Commissioner that the MCGM had completed 49 works is not acceptable because these works were not included in the Master Plan of MUIP. Further, Audit noticed that no proposal to treat MUIP as complete was forwarded to GoM for ratification. Further verification by Audit revealed that 10 other works valuing ₹ 34.41 crore were undertaken by MMRDA between January 2009 and April 2011 within the jurisdiction of MCGM (the ULB for Mumbai and Greater Mumbai) which nulifies the contention of the Metropolitan Commissioner that the MMRDA was not mandated to take up localised works related to ULBs.

### 2.3.6.2 Financial management

The funding pattern approved by the GoM in November 2003 for MUIP is shown in Table 1.

**Table 1: Approved and actual funding pattern** (₹ in crore)

Particulars	Number of targetted structures	Name of agencies and funds contribution					Total
		MMRDA	GoM	MCGM	GoI	Megacity <sup>11</sup>	
Funds sharing as approved by GoM with reference to approved cost of ₹ 2647 crore	267 (for 157 items of works)	1247.00 (47)	500.00 (19)	300.00 (11)	100.00 (4)	500.00 (19)	2647.00 (100)
Funds actually contributed and expended up to November 2013 with reference to approved share	64 (for 38 items of works)	3162.52 (254)	113.40 (23)	00.00 (00.00)	51.68 (52)	408.16 (82)	3735.76 (141)

Source: Government Resolution of November 2003 and information furnished by MMRDA; Figures in bracket indicate percentage

The table above indicates that against 47 per cent contribution envisaged to be made by MMRDA, the funds actually contributed and expended by MMRDA was 254 per cent of its initially approved contribution. Further, the MCGM did not contribute its share of ₹ 300 crore for the project but executed 49 regular works<sup>12</sup>, as also admitted by the Principal Secretary. The MMRDA did not avail of other funding options such as, auctioning of commercial space under flyovers, levy of toll, cess on buildings, contribution from end beneficiaries like Mumbai Port Trust, levy of betterment charges under Section 26 of MMRDA Act, 1974 etc. as envisaged under the Master Plan.

<sup>11</sup> Megacity Scheme was launched by GoI in 8<sup>th</sup> Five year Plan and was applicable for five metropolitan cities of India. The funds for the Scheme in Mumbai were channelized through MMRDA and project related finance was provided for urban infrastructure. The Scheme was discontinued in 11<sup>th</sup> Five Year Plan

<sup>12</sup> 49 works included - concretisation of existing roads and laying of paver blocks on the roads and footpaths, which were executed in three Divions (Eastern suburbs, Western suburbs and City) but not mentioned in the Master Plan of MUIP; an expenditure of ₹ 761.13 crore was incurred by MCGM on these 49 works

During exit conference, the Principal Secretary stated (October 2013) that though there was a provision of betterment charge in the MMRDA Act it was not easy to implement. Steps are being taken to simplify the process and link it to the sale of property. The Metropolitan Commissioner stated that auctioning of commercial space under flyovers could not be done due to High Court orders and other security restrictions imposed by the Police and levy of toll was not feasible to implement within the city limits.

### 2.3.6.3 Implementation of project

#### Targets and achievements

The physical and financial status of works taken up under MUIP as on November 2013 is shown in **Table 2**.

**Table 2: Physical and financial status of works taken up under MUIP**

(₹ in crore)

Priority	Total items of works	Cost	Items of works actually taken up	Estimated cost of works taken up	Expenditure on works taken up
Priority I	101	1,980.00	37	1,501.96	3,443.60
Priority II	29	497.40	1	51.00	292.16
Priority III	27	170.18	Nil	Nil	Nil
<b>Total</b>	<b>157</b>	<b>2,647.58</b>	<b>38</b>	<b>1,552.96</b>	<b>3,735.76</b>

Source: Master plan and information furnished by MMRDA

As could be seen from the **Table 2** above, against the estimated cost of ₹ 2,647 crore envisaged for the completion of 157 items of works, the actual expenditure incurred was ₹ 3,735.76 crore (November 2013) in respect of merely 38 items of works (initial estimated cost : ₹ 1,552.96 crore). **Table 2** also reveals that MMRDA did not take up the remaining 119 items of works (75.80 per cent ) valuing ₹ 1,094.62 crore.

The component-wise break up of works targeted, taken up and shortfalls under MUIP is given in **Table 3**.

**Table 3: Component-wise works targeted, taken up and shortfall under MUIP**

Components	Number of targeted structures	Number of structures taken up	Shortfall	Shortfall percentage
Number of Development Plan Roads (Length in km)	134 (462.28)	18 (155)	116 (307.28)	86.57 (66.47)
Number of Elevated Roads	10	2	8	80.00
Number of Flyovers	41	13	28	68.29
Number of Rail Over Bridges	16	2	14	87.50
Number of Vehicular Subways	10	5	5	50.00
Number. of Pedestrian Subways/Foot Over bridges	56	24	32	57.14
<b>Total</b>	<b>267</b>	<b>64</b>	<b>203</b>	<b>76.03</b>

Source: Master plan and information furnished by MMRDA

As seen from **Table 3**, there was significant shortfall in taking up development plan roads, elevated roads, flyovers, Rail Over Bridges (ROB) and Pedestrian subways/Foot Over Bridges (FOB).

The shortfalls are discussed as under:

- For Mumbai city and suburbs, MMRDA was to prepare a traffic dispersal model for efficient mobility and connectivity. However, no such model was prepared as of January 2014.

- Construction of efficient and fast public transport corridors, bus priority lanes and bus corridors for improving productivity of BEST buses, bus terminals and depots with integrated facilities especially in potential corridors<sup>13</sup>, were not taken up.
- Construction of Station Area Traffic Improvement System (SATIS) for improving access roads to suburban railway stations and providing rapid and efficient traffic dispersal system was not taken up.



Traffic congestion at Dadar Station



Traffic congestion at Kurla Station

- The MUIP envisaged removal of traffic congestion at important junctions<sup>14</sup> by constructing flyovers and widening of roads. However, due to non-execution of works in these important junctions the traffic congestion problem remained unresolved as evident from the photographs below.



Traffic congestion at Tardeo Haji Ali road



Traffic congestion at Nana Chowk

- Under MUIP, 16 ROBs were proposed to be constructed to eliminate rail crossings. However, only two ROBs at Milan sub-way and Dahisar were constructed in the Western suburbs.
- A six lane Eastern Freeway road connecting Prince of Wales Museum to Anik Junction was to be constructed. However, only four lanes were constructed.

<sup>13</sup> Eastern Express Highway, Western Express Highway, Western Relief Road, Lal Bahadur Shastri Road, Swami Vivekanand Road, Anik Panjarpole Link Road, V.N. Purav Marg, Andheri Ghatkopar Link Road, Aarey Colony Road, Dr. E. Moses Road, Senapati Bapat Marg, Baburao Jagtap Road, N.M. Joshi Road

<sup>14</sup> Nana Chowk, Keshavrao Khade Marg from Haji Ali to Mahalaxmi railway station (via Tardeo), Sardar Vallabhbhai Patel Marg (Nal Bazar to Opera House), Sane Guruji Marg at Jacob Circle (Saat Rasta), Dr. E. Moses Road (Worli Naka to Mahalaxmi railway station)

#### 2.3.6.4 Time and cost overruns

For execution of 38 items of works under MUIP and 31 works under extended MUIP, 146 contracts (115 + 31) were awarded between March 2004 and November 2011 at a total cost of ₹ 3,201 crore of which, 37 contracts (27 under MUIP and 10 under extended MUIP) valuing ₹ 2,517.22 crore were examined in audit. Of the 146 contracts, 113 works were completed between 2006-07 and 2011-12 and 33 works were ongoing as of November 2013.

There was cost overrun of ₹ 1,016.01 crore in 90 out of 146 contracts (62 per cent) while the cost overrun in 25 out of 37 test-checked contracts (68 per cent) was ₹ 693.96 crore up to November 2013. The time overrun in 29 out of 37 test-checked contracts ranged between two and 79 months. In 27 out of 29 test-checked contracts, there was time overrun due to delay in acquisition of land/encroachments (six cases), shifting of utilities (two cases), rehabilitation of project affected persons (two cases), change in original design (13 cases) and other reasons (four cases). A case in point is the construction of Anik-Panjarpole Link Road which is discussed below:

The work of construction of *Anik-Panjarpole Link Road in Eastern suburbs* was awarded (April 2004) to a contractor at a cost of ₹ 148.03 crore to be completed by April 2007. However, due to delays in acquisition of land and rehabilitation of project affected persons (PAPs), works valuing ₹ 9.19 crore was completed up to April 2007. The physical progress of work was 91.56 per cent and an expenditure of ₹ 263.42 crore was incurred up to November 2013. The delay of 79 months up to November 2013 also resulted in cost overrun of ₹ 115.39 crore.

#### 2.3.6.5 Deficiencies in execution of contracts

MMRDA did not formulate any Code or Manual for regulating the execution of works through contractors nor did it adopt the Maharashtra Public Works (MPW) Manual formulated by GoM. The deficiencies noticed in the execution of contracts are discussed below:

##### Awarding of works without inviting tender

As per paragraph 200 of MPW Manual, tenders should be invited publicly for all works to be given on contract except extra items for which tenders have originally been invited publicly and which are required to be executed while the original work is in progress and which are inseparable from the original contract and cannot be conveniently done by a different agency.

Audit scrutiny revealed that in seven test-checked contracts valuing ₹ 1,029.63 crore, additional works of ₹ 94.05 crore were awarded to the original contractors without inviting tenders in violation of MPW manual (**Appendix 2.3.1**). Two test-checked cases (Sl. No.1 and 7 of **Appendix 2.3.1**) are discussed below.

- The work of construction of *Eastern Freeway section from Panjarpole to Chembur Mankurd Link road (Chainage 0/000 to 2/500 km)* was awarded (August 2009) to a contractor at a cost of ₹ 168.02 crore to be completed in 18 months (February 2011). However, in September 2011, additional works of elevated road from tunnel end to Panjarpole junction (4/500 to 5/000 km) and service and slip road were awarded to the same contractor at an additional cost of ₹ 44.80 crore without inviting tenders. The Superintending Engineer (SE), MMRDA stated (June 2013) that had

separate tenders been invited for a small length of 500 metres, offers could have been on the higher side and also the bidders would have to be provided with separate land for casting yard which would have delayed the execution. The reply is not acceptable in view of the provisions contained in the MPW Manual. Further, the contention of the SE of higher rates if fresh tendering had been done is a mere assumption without any supporting data.

- The work of *Improvement of Vasai-Sativali-Kaman Road (Package III)* was awarded (August 2009) to a contractor at a cost of ₹ 31.39 crore to be completed in 18 months (February 2011). Subsequently, based on the instructions of the Chief Engineer, MMRDA the work of construction of a minor bridge on this road, in consonance with the Development Plan for avoiding traffic jams, was awarded (January 2011) to the same contractor at a cost of ₹ 1.27 crore as extra item, indicating defective estimation for the work.

#### **Avoidable expenditure due to change in design**

In three of the 37 test-checked contracts, it was observed that the designs were changed by the MMRDA during execution of works resulting in extra expenditure as discussed below.

- In the work of construction of *Eastern Freeway section from Panjarpole to Chembur Mankhurd Link road* as discussed above, the elevated freeway was initially planned to be connected with the existing ROB at first level at Govandi. At the time of finalising the General Arrangement Drawings (GAD) and after checking the condition of the existing Govandi ROB, it was decided to take the elevated freeway at the second level over the Govandi ROB. Accordingly, the revised proposal was submitted to MCGM and railway authorities for approval. In December 2010, MMRDA decided to execute the work as per the original design as approvals from railways and MCGM was not forthcoming. Consequently, five piers already constructed in accordance with the revised design had to be cut in order to match the revised vertical profile, for which an expenditure of ₹ 1.02 crore was incurred. In addition, foundation ramp 3, 4 and 5 which were already cast at a cost of ₹ 1.89 crore were rendered redundant as the Bharat Petroleum Company Limited (BPCL) high pressure gas pipeline was found running parallelly, resulting in wasteful expenditure of ₹ 1.89 crore. The Project Management Consultant (PMC) who was paid an amount of ₹ 32.36 lakh (July and September 2010) for survey and preparation of GAD failed to point out the alignment of BPCL gas line.
- The work of construction of *Flyover at Amar Mahal Junction on Eastern Express Highway (EEH)* was awarded (June 2009) at an estimated cost of ₹ 59.51 crore to be completed by June 2011. However, before awarding the contract, MMRDA did not obtain No Objection Certificate (NOC) from the Public Works Department (PWD) who was responsible for the maintenance of the EEH. However, after receipt of NOC from the PWD, the alignment of flyover had to be shifted to ensure that three lanes of the road were available for traffic movement. The change in alignment also necessitated construction of two span of the flyover using structural steel

instead of pre-stressed concrete, resulting in an extra expenditure of ₹ 8.73 crore.

- The MMRDA awarded (July 2009) the work of construction of *Flyover at Kapurbavdi junction to Maharashtra State Road Development Corporation* on deposit basis. However, the alignment of the flyover had to be shifted by 20 metre as it was overlapping the alignment of the proposed monorail project in Thane-Bhiwandi-Badlapur corridor. Due to change in alignment/design an expenditure of ₹ 3.80 crore on construction of storm water drain and ₹ 1.21 crore on shifting of utilities had to be incurred. Audit further observed while the work order for construction of flyover was placed in July 2009, the feasibility study of the monorail project already stood conducted in January 2009. Thus, by not taking into account the feasibility report of the monorail project before awarding the flyover project, the MMRDA incurred an avoidable expenditure of ₹ 5.01 crore.

#### **Foreclosure of works due to non-availability of clear site/non-removal of encroachments**

As per Paragraph 251 of the MPW manual, no work should commence on land which has not been duly made over by the responsible civil officer. The roads constructed by the MMRDA are required to be handed over to the MCGM/PWD for further maintenance. Audit however, observed that the manual provisions were not followed as revealed in two cases discussed below.

##### **▪ Widening of Andheri-Kurla Link Road**

The work order for *Widening and construction of Andheri-Kurla Link Road (AKLR) on the Sakinaka, Jari Mari Road and Kale marg stretch* was awarded (March 2004) to a joint venture company at a cost of ₹ 14.93 crore with stipulated date of completion of 12 months. The total length of AKLR was 4.83 km. The alignment of AKLR was passing through thickly populated area and 1,383 structures existed at the time of awarding the work. However, without removing these structures, MMRDA issued the work order. Consequently, after incurring an expenditure of ₹ 3.87 crore, the work was foreclosed in December 2005. The MMRDA could not furnish the related documents (work order, tender, running account bills, payments made to PMC, measurement books etc.) to Audit stating that the records were being searched. However, till December 2013 the records were not produced to Audit.



**Traffic congestion at Andheri Kurla Road**

The MMRDA reawarded the work (December 2006) to another joint venture company at an estimated cost of ₹ 24.45 crore for completion within 15



months (March 2008). However, after completion of only 500 metres of the Jari Mari stretch admeasuring 1.45 km till January 2008 and incurring an expenditure of ₹ 10.74 crore, the work was foreclosed as the existing structures continued to hinder the work. The incomplete work was handed over to the MCGM in March 2008.

▪ **Widening of Main Link Road at Oshiwara**

The work of road *Widening of the Main Link Road (MLR) at Gilbert Hill-I, Oshiwara* was awarded (June 2008) to a joint venture company at a cost of ₹ 7.06 crore to be completed by June 2009. The company was unable to execute the work due to non-availability of clear site and the work was foreclosed in June 2009. A payment of ₹ 72.57 lakh was made to the company on account of pavement works (₹ 53 lakh), drainage works (₹ nine lakh), excavation and dismantling of structures on roadways (₹ nine lakh) etc.



Narrow lane at Gilber Hill II, Oshiwara

Similarly, the *Road widening work of MLR at Gilbert Hill-II, Oshiwara* awarded (June 2008) to the same company at a cost of ₹ 7.13 crore was foreclosed after incurring an expenditure of ₹ 4.16 crore<sup>15</sup>, due to non-removal of encroachments by MMRDA from the site. The incomplete work was handed over to the MCGM in August 2009.

Thus, the decision of MMRDA to undertake the road improvement works were not backed by sound strategy of removal of all the hinderances before award of works, leading to their foreclosure after incurring an expenditure of ₹ 19.50 crore.

**Inadequacies in preparation of estimates**

As per Paragraph 140 (2) of MPW Manual, estimates should be prepared in sufficient detail to ensure that the responsible officer has given proper consideration to the requirements of the work. Audit noticed inadequacies in preparation of estimates in two out of 37 test-checked contracts resulting in time and cost overruns as discussed below.

- *Construction of Anik Panjarpole Link Road* was awarded (April 2005) at a cost of ₹ 148.03 crore. Subsequent to award of work, an expenditure of ₹ 23.21 crore was incurred on construction of compound wall, drains, water tank, toilet, religious structures etc. during 2009-13 as extra items. Incorrect preparation of estimates resulted in an extra expenditure of ₹ 7.64 crore, being the difference between the rates at which the extra items were awarded and the SoR<sup>16</sup> at the time of award of work.

<sup>15</sup> Pavement works (₹ 2.88 crore); drainage works (₹ 54 lakh); general items (₹ 32 lakh); excavation (₹ 15 lakh) etc.

<sup>16</sup> Schedule of Rates

- The work of *Providing mastic asphalt wearing course on Eastern Express Highway (Package 11)* was awarded (February 2007) to a contractor at a cost of ₹ 7.76 crore. The work was foreclosed (May 2008) after partial execution (expenditure incurred: ₹ 1.72 crore) due to several road skidding accidents caused by application of mastic asphalt. Subsequently, the entire work was re-sanctioned (March 2009) as an extra item and got re-executed through another contractor by using bituminous concrete at a cost of ₹ 4.83 crore. Thus, awarding of the initial contract without assessing the potential danger of mastic asphalt resulted in wasteful expenditure of ₹ 1.72 crore.

#### **2.3.6.6 Irregular payments to contractors**

##### **Inadmissible payment of price escalation**

The PWD vide GR of 16 May 2005 revised the price escalation formula included in the tender document. As per the revised formula, price escalation was payable only on labour, material, petrol, oil and lubricant, bitumen, high yield steel deformed and mild steel, cement and cast iron and ductile iron pipes. Audit observed that in 10 out of 37 test-checked contracts awarded after May 2005, price escalation of ₹ 2.52 crore (**Appendix 2.3.2**) was paid to contractors for plant and machinery, spares and structural steel components, which was inadmissible.

The Chief Engineer, MMRDA stated (June 2013) that the escalation clause for all the components including plant and machinery was provided in the tenders as a regular practice. It added that had the formula been changed bidders would have quoted higher. The reply is not acceptable as price escalation was allowed on items that were not included in the GR.

Further, for the work of *Design and construction of flyovers of Bharatmata Cinema, Lalbaug Junction on Dr. Babasaheb Ambedkar Road under package II*, Audit observed that the contractor was allowed escalation on ₹ 11.73 crore instead of ₹ 8.10 crore being the net amount arrived at after recovery of ₹ 3.63 crore on account of reduced depth in pile foundation. This led to an excess payment of price escalation amounting to ₹ 77.98 lakh as detailed in **Appendix 2.3.3**.

##### **Payments made in violation of tender provisions**

In two out of 37 test-checked contracts, the MMRDA made an irregular payment of ₹ 1.91 crore to the contractors in violation of tender provisions. The cases are discussed below.

- Work of *Construction of ROB across Western Railway Tracks between Dahisar and Mira Road* was inclusive of the rates for launching of girders as per the schedule rate of item stipulated in the tender. However, the contractor was sanctioned (July 2010) an extra amount of ₹ 1.06 crore on account of hiring of hydraulic cranes for placing the girders which was irregular.
- For the *Work of Eastern Freeway Section from Panjarpole to Chembur Mankhurd Link Road*, the contractor was paid ₹ 84.83 lakh as extra item for deploying traffic wardens for regulating the traffic, though the tender conditions clearly stipulated that no separate payment towards traffic diversion/direction measures would be payable. The PMC appointed for

the project also failed to point out the inadmissibility of the payment. The SE, MMRDA stated (June 2013) that provision of traffic wardens were made as per directions of Traffic Police.

#### **Payment made without obtaining completion certificate/ payment vouchers**

Public utilities like electric cables, electric poles, water pipelines, sewer lines *etc.* which are required to be shifted/relocated needs to be done by the contractor under the supervision of the owner of such utilities. Payments made by the contractors to the utility owners was reimburseable by MMRDA on production of payment receipt and a certificate of completion from the owners of such utilities. Audit scrutiny revealed that in the work of *Widening of Shilphata-Mahape road, Navi Mumbai* the contractor was reimbursed ₹ 48 lakh on account of supervision charges paid to MSEDCL<sup>17</sup> for shifting of electrical lines. However, the completion certificate from MSEDCL and payment voucher in token of supervision charges having been paid by the contractor were not available on record.

#### **Avoidable expenditure on encasing of pipeline**

The MMRDA awarded (January 2008) the work of *Designing and construction of flyover on Dr. Babasaheb Ambedkar Road in Package-I* on lump sum basis to a joint venture company at a cost of ₹ 111.90 crore to be completed by September 2009.

Though the company was informed by the MCGM during site visits about the existence of underground water pipelines through the alignment of flyover, the company did not take necessary precaution while drilling at site for pile foundation, causing damage to the water pipelines. Consequently, MMRDA had to pay ₹ 20 crore to the company for encasing<sup>18</sup> of pipelines. MMRDA however, did not recover the cost of encasing from the company for its failure to take precautionary action during pile foundation work.

#### **Short-recovery of Value Added Tax**

As per Circular of GoM of March 2008, Value Added Tax (VAT) at the rate of two *per cent* and four *per cent* is to be recovered from registered contractors/societies and un-registered contractors/societies respectively in all cases where the cost of works is more than ₹ five lakh.

Scrutiny of test-checked contracts revealed that VAT at the rate of two *per cent* instead of four *per cent* was recovered from two unregistered contractors resulting in short-recovery of ₹ 2.21 crore as shown in **Table 4**.

**Table 4: Short recovery of VAT** (₹ in crore)

Name of work	Date of award of work	Expenditure incurred	RA Bill No. (Date)	Short-recovery
Construction of seven FOBs along the Eastern Express Highway	02 June 2008	12.79	Up to 10 <sup>th</sup> (June 2011)	0.26
Flyover at Kapurbavdi Junction	24 July 2009	97.38	Up to 21 <sup>st</sup> (December 2012)	1.95
<b>Total</b>		<b>110.17</b>		<b>2.21</b>

<sup>17</sup> Maharashtra State Electricity Distribution Company Limited

<sup>18</sup> Provision of suitable reinforced cement concreting at relevant points affected by pile foundation in order to avoid any damage to underground pipelines

Non-deduction of VAT at the applicable rates also indicated weak internal controls in MMRDA.

### **2.3.6.7 Inadequacies in Project Management Consultancy**

The MMRDA appointed 12 Project Management Consultants (PMC) in 37 test-checked contracts for the works executed under MUIP and extended MUIP. As per Terms of References (ToR) of the agreements, the PMCs *inter alia* were responsible for following:

- Preparation of tender documents, evaluation of offers, certification of bills of contractors;
- Carry out detailed topographical surveys and geo-technical investigations, detailed designs for preparation of estimates;
- Ensure high quality construction in full compliance with the engineering designs, technical specifications and contract documents within the stipulated period; and
- Preparation of Cadastral Maps<sup>19</sup> for precisely identifying lands and any structures which are affected by the projects so as to enable preparation of land acquisition proposals.

Audit observed that the lowest offers of the PMCs, which were invariably quoted as a percentage of the tendered costs, were accepted without any cap. Consequently, whenever the works got delayed due to change in designs, delays in acquisition of land, non-availability of clear sites due to encroachments, utility shifting, non-clearance of structures at sites, rehabilitation of PAPs *etc.* the PMCs stood to gain on account of increase in the cost of works. During exit conference, the Principal Secretary accepted the audit observation.

It is also pertinent to mention that the MMRDA had 113 Engineers/technical persons in position as against the sanctioned strength of 71. Despite excess deployment of technical persons, consultancy fee amounting to ₹ 117.28 crore was paid to 23 PMCs during the period 2004-05 to 2013-14 (November 2013) in 79 contracts, which lacked justification.

Further, the purpose of appointment of PMCs was also not served as discussed in the succeeding paragraphs.

### **Improper survey and preparation of estimates by PMCs**

As per the ToR of the agreements, the PMCs should carry out proper site surveys for preparation of estimates. A proper survey and estimation prevent wide variations and excess expenditure during execution of works.

Audit scrutiny revealed that despite appointment of PMCs, excess quantities ranging from 25 *per cent* to 1,05,657 *per cent* were executed in eight out of 37 test-checked contracts (**Appendix 2.3.4**) due to change in dimension of foundations/piers and additional scope, modification of road profile to protect utilities, incorrect approximations and assumptions made while carrying out initial surveys *etc.* The execution of excess quantities in effect, resulted in payment of higher consultancy fee to the PMCs.

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<sup>19</sup> It depicts the area, title, legal status and taxation jurisdiction of the land

The SE, MMRDA stated (June 2013) that in the work of *Eastern Freeway Section from Panjarpole to Chembur Mankhurd Link Road* (Sr. No. 2 of **Appendix 2.3.4**), the increase in quantity was due to changes in design *i.e.* instead of circular piers rectangular section was adopted to give it a aesthetic look and adoption of safe bearing capacity of 500 ton per sqm for foundation design. The reply confirms lack of proper survey before execution of work.

#### Excess payment made during extended period of consultancy

The MMRDA entered into an agreement (September 2009) with M/s STUP Consultants (PMC) for the work of *Eastern Freeway Section Panjarpole to Chembur Mankhurd Link Road*. Consultancy fee of ₹ 2.61 crore (1.604 per cent of total estimated cost of the project) was payable to the PMC in phases as per details indicated in the **Table 5** {(B) refers}.

Audit scrutiny revealed that the PMC was granted extension of 29 months for which an excess payment of ₹ 79.46 lakh was made by the MMRDA, in contravention of the PMC agreement as detailed in the **Table 5** {(C) refers}.

**Table 5: Excess payment made to PMC for extended period**

Total estimated cost of the road project: ₹ 16,261.00 lakh (A)			
Schedule of payment of PMC (B)			
1.	Total Fee payable to PMC - 1.604 per cent of (A)	₹ 260.83 lakh	
2.	Design fee (30 per cent of Sr. No. 1)	₹ 78.25 lakh	
3.	PMC fee for supervision period (70 per cent of Sr. No. 1)	₹ 182.57 lakh	
4.	Fees towards manpower deployment (70 per cent of Sr. No. 3)	₹ 127.80 lakh	
5.	Fee payable towards progress related components (30 per cent of Sr. No. 3)	₹ 54.77 lakh	
Calculation for payment to PMC for extended period (C)			
6.	Extension granted to PMC (June 2011 to October 2013)	29 months	
7.	Construction period allowed to the contractor including variation of two months (as per PMC agreement)	20 months	
8.	Payment admitted by MMRDA for extended period of 29 months granted to PMC	₹ 182.57 lakh ÷ 20 months (worked out on PMC fee for supervision period; Sr. No. 3)	₹ 9.13 lakh per month
9.	Payment admissible to PMC for extended period of 29 months as per Audit	₹ 127.80 lakh ÷ 20 months (worked out on fee towards manpower deployment; Sr. No. 4)	₹ 6.39 lakh per month
10.	Difference (Sr. No. 8 minus Sr. No. 9)		₹ 2.74 lakh per month
11.	Excess payment made by MMRDA (Sr. No. 10 x 29 months)		₹ 79.46 lakh

The SE, MMRDA stated (June 2013) that as per the PMC agreement signed in September 2009, payment for the extended period of 29 months was to be made on the supervision fee of the PMC, without further bifurcating it into manpower deployment and progress related components. The reply is not acceptable as the payment during the extended period was for deployment of manpower and therefore, as per the PMC agreement, payments for the extended period were to be made on actual man months, and the progress related components, which was part of the total supervision fee, was not be reckoned.

### 2.3.6.8 Irregular allotment of transit tenements

The road widening work of Main Link Road in the Gilbert Hill area at Oshiwara taken up (June 2008) by MMRDA was passing through a plot<sup>20</sup> occupied by the slum dwellers. The PMC identified 450 out of 797 slum dwellers that were expected to be affected by the road widening work.

Audit observed that the Slum Rehabilitation Authority (SRA) initiated (August 2007) a Scheme on the same plot for rehabilitation of the existing slum dwellers who had formed a Society namely Sarvadharmiya Sahakari Gruhanirman Sanstha (Society). The developer of the SRA Scheme viz. Grace Property India Private Limited (Developer) requested (October 2007) MMRDA for allotment of 450 tenements in the Resettlement and Rehabilitation (R&R) buildings owned by MMRDA and agreed to pay the rent, water and electricity charges *etc.* The MMRDA agreed to provide 300 tenements to the Developer on rent to accommodate PAPs for a period of two years or till the completion of the SRA Scheme, whichever was earlier. A tripartite agreement to this effect was signed (February 2008) between the MMRDA, the Developer and the Society for allotment of 300 transit tenements to the PAPs in R & R building of MMRDA.

Audit scrutiny revealed the following:

- The SRA Scheme for rehabilitation of the slum dwellers affected by the widening of the Main Link Road at Oshiwara was not initiated by the Developer as of January 2014. However, 329 PAPs (instead of 300 PAPs initially agreed upon) continued to occupy the transit tenements of the MMRDA from February 2008 to January 2014, even as the validity of allotment expired way back in February 2010.
- As mentioned in **paragraph 2.3.6.5**, the road widening works of Main Link Road in the Gilbert Hill area at Oshiwara were foreclosed in June and August 2009 due to non-availability of clear site and encroachments. Further, the SRA Scheme also never took off. The sequence of events therefore, raises doubts over the credentials of the 329 PAPs who were occupying the transit tenements of the MMRDA since February 2008.
- The Developer/329 PAPs occupying the transit tenements did not pay to MMRDA rent, electricity and water charges *etc.* for the entire duration of occupation from February 2008 till January 2014.

### 2.3.6.9 Internal controls and monitoring

An effective internal control system provides a reasonable assurance on overall management process and shows the extent of monitoring of operations carried out by an organization. The internal control mechanism and monitoring in the MMRDA was weak as discussed below.

#### Maintenance of measurement books

As per Appendix 24 of MPW Manual, payments to contractors, pieceworkers, suppliers, departmental labours should be made only after ascertaining the quantity and quality of works done.

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<sup>20</sup> CTS No 208 (part), 211 (part), 212, 215 and 224 (part)

In respect of contracts awarded by the MMRDA, measurements for the works executed were to be recorded by the PMCs. Scrutiny of records of 37 test-checked contracts revealed that measurement books (MB) were not maintained in the proforma prescribed under MPW manual both by the PMCs and the MMRDA. The measurements were neither recorded periodically in the MBs by the PMCs and the MMRDA nor did the MBs indicate the dates of measurements and the progressive quantities of works executed.

The MMRDA in November 2007 stipulated that SE, Executive Engineer and Deputy Engineer should test-check five *per cent*, 10 *per cent* and 25 *per cent* of the measurements recorded by PMCs. However, in 24 out of 37 test-checked contracts, the prescribed test-checks were not conducted by the Engineers.

### **Monitoring of progress of MUIP works**

The Metropolitan Commissioner, MMRDA issued (March 2004) instructions that a meeting should be held by the Engineering Division and the Transport and Communication Division of MMRDA in the first week of every month under the Chairmanship of the Metropolitan Commissioner, to review the progress of projects. In addition, quarterly physical and financial progress reports on implementation of MUIP works were required to be submitted to the Executive Committee of the MMRDA.

Audit observed that that no meetings were held during the period 2008-13 under the Chairmanship of the Metropolitan Commissioner. Further, quarterly physical and financial progress reports were also not submitted to the Executive Committee of the MMRDA.

### **2.3.7 Conclusion**

The objectives of the Mumbai Urban Infrastructure Project for planning and execution of infrastructure development works in the Mumbai Metropolitan Region remained largely unachieved. Only 38 out of 157 items of works were taken up for execution on which an expenditure of ₹ 3,736 crore was incurred which was 41 *per cent* more than the overall sanctioned cost of ₹ 2,647 crore. Implementation of works suffered due to non-availability of clear sites, delay in rehabilitation of project affected persons, non-removal of encroachments/structures, delay in utility shifting, changes in designs after approval of works *etc.* leading to foreclosure of works and time and cost overruns. A number of works were awarded without inviting tenders and payments were made to the contractors in violation of tender provisions. In the absence of any cap, the remuneration paid to the Project Management Consultants increased significantly with the increase in the project costs. The monitoring and internal control mechanism were weak.

### **2.3.8 Recommendations**

- As MMRDA has decided not to take up the remaining MUIP works, MMRDA/Government should review the Master Plan and draw up a strategy to address the infrastructure issues identified at the time of launching of MUIP;
- The MMRDA should award the works only after availability of clear and unencumbered sites so as to avoid delays and cost overruns;

- The MMRDA should secure its financial interests while hiring the services of Project Management Consultants; and
- The MMRDA should ensure that works are executed strictly as per the tender conditions and the provisions of Maharashtra Public Works Manual are complied with.

The matter was referred to the Government in September 2013; their reply was awaited as of January 2014.



## Social Justice and Special Assistance Department

### 2.4 Audit of Social Justice and Special Assistance Department

*The Social Justice and Special Assistance Department is responsible for ensuring welfare of Scheduled Castes and Nav Boudhhas, Denotified Tribes, Nomadic Tribes, Other Backward Classes, Special Backward Classes, Physically Disabled persons and other weaker sections of the society.*

*A Performance Audit covering the period from 2008-09 to 2012-13 revealed deficiencies in planning, financial management, implementation of Schemes, procurements etc. There were shortfalls in inspections of Government hostels, aided and ashram schools and arrears in internal audit. Tuition fee were collected from students belonging to Scheduled Castes, Other Backward Classes, Special Backward Classes and Denotified and Nomadic tribes even though they were exempt from payment of such fee. The Department did not formulate any criteria for selection of beneficiaries under Motor Driving Training Scheme. There was a delay of 11 years in formulating the Rules for issuance and verification of caste certificates to the beneficiaries belonging to Scheduled Castes, Other Backward Classes etc. Overlapping purchases of LCD TVs and bedding material were observed due to lack of coordination between the Commissioner, Social Welfare and the field units. Some of the major findings are highlighted below.*

#### Highlights

**Shortfall in inspections of Government hostels, aided schools and ashram schools to be conducted by the seven Regional Deputy Commissioners in the State ranged from 9.09 per cent to 100 per cent during 2008-13. Arrears in internal audit in six out of the seven regions in the State ranged from 14.44 per cent to 100 per cent during 2008-13.**

*(Paragraphs 2.4.7.1 and 2.4.7.3)*

**During 2008-10, two Drawing and Disbursing Officers in the Commissionerate drew ₹ 808.83 crore at the end of the respective financial years though not required for immediate disbursement.**

*(Paragraph 2.4.8.2)*

**In violation of Government orders, in seven of the nine test-checked districts, educational institutions collected (2008-13) tuition fee of ₹ 15.67 crore from 64,440 students belonging to Scheduled Castes, Other Backward Classes, Special Backward Classes and Denotified and Nomadic tribes though these students were exempt from payment of fee.**

*(Paragraph 2.4.9.1)*

**The Department did not formulate any criteria for selection of beneficiaries under Motor Driving Training Scheme. In nine test-checked districts, of the 2,667 licences issued to beneficiaries 1,827 licences (68.50 per cent) were of non-transport category which would be useful only for driving personal vehicles thereby reducing the scope of employment.**

*(Paragraph 2.4.9.2)*

In eight out of the nine test-checked districts, the Department purchased (2004-13) 3,663.94 acres of land under Karmavir Dadasaheb Gaikwad Sablikaran and Swabhiman Yojana of which 3,522.33 acres was distributed to 1,087 beneficiaries. However, the details of actual utilisation of land distributed under the Scheme were not available on record.

(Paragraph 2.4.9.3)

There was a delay of 11 years in formulating the Rules for issuance and verification of caste certificates to the beneficiaries belonging to Scheduled Castes, Denotified Tribes, Nomadic Tribes, Other Backward Classes *etc.* As of October 2013, there were 18,313 cases pending for more than six months relating to verification of caste certificates.

(Paragraph 2.4.9.5)

Due to lack of coordination between the Commissioner, Social Welfare and the field units, instance of overlapping purchases of LCD TVs and bedding material were observed. In two of the nine test-checked districts, micro nutrients worth ₹ 21.56 lakh expired due to non-distribution to the beneficiaries before the expiry date. Though nameplates for display on houses constructed under Ramai Gharkul Yojna were not installed payment of ₹ 11.11 crore was made for this purpose, which was irregular.

(Paragraph 2.4.10)

#### 2.4.1 Introduction

The Social Justice and Special Assistance Department (Department) is responsible for promoting social, education, economic interests of the weaker sections and in particular, welfare of Scheduled Castes and Nav Baudhas (SC), Denotified Tribes (DTs), Nomadic Tribes (NTs), Other Backward Classes (OBCs), Special Backward Classes (SBCs) and Physically Disabled persons in the society and protecting them from social injustice and all forms of exploitation. Monitoring of various Government of India (GoI) and Government of Maharashtra (GoM) programmes for the educational and economic benefits implemented through the district administration, establishment and maintenance of Government hostels for SCs, verification of caste certificates issued by the competent authorities *etc.* are some of the important functions of the Department. As per Census 2011, the SC population in the State was 1.32 crore *i.e.* 11.81 *per cent* of the total population. The population of DTs and NTs was estimated by the Department at 82.67 lakh while the population of OBCs has been estimated at 3.38 crore<sup>1</sup> as per the 2001 Census. The Department ensures compliances to four<sup>2</sup> Acts in the State.

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<sup>1</sup> 35 *per cent* of the population in the State as per 2001 Census

<sup>2</sup> (i) The Scheduled Castes and the Scheduled Tribes(Prevention of Atrocities) Act, 1989; (ii) The Persons with disabilities (Equal opportunities Protection of Rights and Full Participation) Act, 1995; (iii) Maharashtra Scheduled Castes, Scheduled Tribes, Denotified Tribes (Vimukta Jatis) Nomadic Tribes, Other Backward Classes and Special Backward Category (Regulation of Issuance and Verification of) Caste Certificates Act, 2000; and (iv) Maintenance of Parents & Senior Citizen Act, 2007

#### 2.4.2 Organisational set up

The Secretary, Social Justice and Special Assistance Department is the Chief Controlling Officer (CCO) and the Head of the Department. The Commissioner, Social Welfare, Pune is responsible for the implementation of Schemes for the welfare of SCs. The Director (DT, NT, OBCs and SBCs) is in-charge for implementation of welfare Schemes for the benefit of DTs, NTs, OBCs and SBCs and the Commissioner, Social Welfare, Pune, is in-charge for implementation of welfare Schemes for the physically disabled persons. The Secretary is assisted by seven Regional Deputy Commissioners (RDCs) for monitoring the functions of the Department at the regional level, the Assistant Commissioners (AC) at the district level and District Social Welfare Officers (DSWO) at the Zilla Parishad (ZP) level for implementation of various Schemes.

#### 2.4.3 Audit objectives

The audit objectives were to assess whether:

- effective planning was done by the Department for achieving its objectives;
- the Schemes were implemented economically, effectively and efficiently;
- provision of funds was adequate, financial management was in adherence to the financial rules, budgetary procedure and the financial reporting system were sound;
- effective monitoring system and the internal controls existed; and
- human resources were adequate and utilised optimally to fulfill the departmental mandate.

#### 2.4.4 Audit criteria

Appropriate criteria have been derived from the following documents:

- Rules, notification, guidelines and instructions issued by the GoM and GoI from time to time;
- Maharashtra Budget Manual, 1965;
- Maharashtra Treasury Rules, 1968;
- Bombay Financial Rules, 1959; and
- Maharashtra Contingent Expenditure Rules, 1965

#### 2.4.5 Audit scope and methodology

The performance audit of Social Justice and Special Assistance Department was conducted during April 2013 to August 2013 and records for the period 2008-13 were test-checked. For this purpose, nine<sup>3</sup> districts were selected randomly ensuring selection of at least one district from each of the seven regions<sup>4</sup> in the State, to assess the status of implementation of major Schemes and compliance to two out of the four Acts. Besides, the offices of the Secretary, Social Justice and Special Assistance Department; Commissioner,

<sup>3</sup> Amravati, Aurangabad, Kolhapur, Latur, Mumbai City, Nagpur, Nashik, Pune and Solapur

<sup>4</sup> Amravati, Aurangabad, Latur, Mumbai, Nagpur, Nashik and Pune

Social Welfare, Pune; Director (DTs, NTs, OBCs and SBCs); six out of seven RDCs (except Mumbai city); nine ACs; 47 out of 138 Wardens/House Masters of Government Hostels and six Caste Verification Committees were selected for audit. A list of test-checked Schemes and Acts is given in **Appendix 2.4.1**. Further, the findings of joint physical verification of Government hostels and beneficiary interviews<sup>5</sup>, conducted in the presence of departmental officials are also incorporated at appropriate places in the Report.

Audit objectives, audit criteria and the scope of audit were discussed with the Secretary in an entry conference held on 21 May 2013. Further, the audit findings were also discussed with the Secretary during an exit conference held on 20 November 2013. The Government replies to the audit observations received in November 2013 have also been incorporated at appropriate places in the Report.

## **Audit Findings**

### **Institutional weaknesses**

A defined mandate covering the areas of activities with objectives and goals supported by planning based on reliable inputs, internal control and monitoring mechanism are essential requirements for successful functioning of any Department. The weaknesses noticed in audit are discussed in the succeeding paragraphs.

#### **2.4.6 Planning**

##### **2.4.6.1 Deficiency in planning for construction of residential schools**

The GoM decided (June 2006) to construct 100 residential schools for SC students in the first phase out of 353 such schools to be constructed in the State. The Department accorded (February 2007) administrative approval of ₹ 442 crore (₹ 4.42 crore per school). The GoM decided to give preference to blocks having literacy below 55 *per cent* and less facilities in the form of hostels. The list of 100 schools was finalized by a Committee headed by Chief Secretary. The Commissioner and 10 ACs<sup>6</sup> disbursed (March 2007 to April 2012) ₹ 571.17 crore to the Public Works Department (PWD) for construction of schools. It was observed in audit that:

- The State had 99 blocks where literacy rate was below 55 *per cent*, of which only 35 blocks were selected for establishment of residential schools in first phase.
- 24 out of 100 schools were sanctioned in areas where literacy rate was more than 55 *per cent*.
- The location of 15 out of 100 schools had to be changed due to non-availability of land. In two out of these 15 schools, land was not available even in the changed location and therefore work did not commence (August 2013) in these schools.

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<sup>5</sup> 34 beneficiaries under Motor Driving Training

<sup>6</sup> Ratnagiri, Sangli, Nandurbar, Dhule, Solapur, Nashik, Ahmednagar, Sindhudurg, Pune and Kolhapur

- Only 63 out of 100 schools could be completed by PWD and were handed over by March 2013

The Government stated (November 2013) that land was available at 99 places for the first phase and construction has now been completed at 76 places and the objectives of the Scheme would be achieved soon.

#### 2.4.6.2 Poor planning for procurements

The Department procures stationery, blankets, utility items such as water heaters, inverters, bio-metric systems *etc.* under various Schemes for the benefit of the students. For this purpose, proper planning for ascertaining actual requirement with reference to the existing number of beneficiaries, identification of space for installation of utilities *etc.* was to be done. Further, a centralised and coordinated procurement system was to be in place to avoid excessive and overlapping purchases.

However, it was observed that the Department purchased items such as television sets, inverters, blankets, bed sheets, *etc.* without assessing the actual requirements as a result, items procured were lying unused in the field units of the Department. The Commissioner, Social Welfare, purchased items without ensuring that similar items were not purchased at the regional and district levels. Audit observations on irregularities in purchases are discussed in **paragraph 2.4.10** of the report.

#### 2.4.7 Monitoring

As per the targets fixed (November 2004 and September 2008) by the Department, 10 *per cent* of the Government and aided hostels and ashram schools for DTs, NTs run by NGOs were to be inspected by the RDCs every year while the ACs were required to inspect all the hostels and residential schools in the districts each year. Weaknesses noticed during audit are discussed below.

##### 2.4.7.1 Shortfalls in inspections

The shortfalls in conducting inspections by RDCs and ACs in the test-checked districts were as detailed below:

- In respect of aided hostels there was a shortfall in inspections by RDCs in all regions ranging from 9.09 *per cent* in Aurangabad to 100 *per cent* in Mumbai, Amravati and Nashik during 2011-13 (**Appendix 2.4.2**).
- There was a shortfall of 100 *per cent* and 7.69 *per cent* in conducting inspections of Government hostels by the AC, Solapur (2010-13) and the AC, Nashik (2011-12) respectively. In case of AC, Aurangabad there was shortfall of 68.42 *per cent* in conducting inspection of ashram schools (**Appendix 2.4.3**). The Government stated (November 2013) that instructions have been issued and efforts were being made to achieve the targets fully in the year 2013-14.
- GoM decided (December 1996) to establish district-level Inspection Committees<sup>7</sup> to oversee the working of the hostels and give directions

<sup>7</sup> Members of Inspection Committee consisted of Education Officer, Zilla Parishad, Executive Engineer, PWD, District Health Officer; and two non-government officials recommended by Guardian Minister

for improving the working of the hostels. However, it was noticed that Inspection Committees under the Chairmanship of the district Collector were not formed in Pune, and Latur districts while formation of Inspection Committee was in progress in Nagpur district.

#### **2.4.7.2 Non-submission of returns to CCO**

The ACs and the DSWOs were required to submit monthly returns to the RDCs on maintenance of hostels, residential schools, ashram schools, implementation of various welfare Schemes and Acts by the Department. Consolidated reports prepared on the basis of information received from the field units were required to be submitted by the Commissioner, Social Welfare to the CCO. It was observed that the monthly reports detailing the status of maintenance of hostels, residential schools, ashram school, implementation of the Schemes and the compliance to the Acts were not being submitted to the CCO.

The Government while accepting (November 2013 and January 2014) the facts stated that the requisite returns would be obtained from the field offices.

#### **2.4.7.3 Internal controls**

An effective internal control system gives reasonable assurance on overall management process and shows the extent of monitoring of operations carried out by an organization. Review of the internal control system in the Department disclosed deficiencies in maintenance of financial records and internal audit arrangements.

##### **▪ Maintenance of cashbooks**

##### **Non-reconciliation of cash books with bank accounts**

Scrutiny of cash books maintained by 45<sup>8</sup> DDOs revealed that there were differences between cash books and bank pass books to the extent of ₹ 108.54 crore (**Appendix 2.4.4**) as of March 2013. However, reconciliation of cash book balances with balances as per bank pass books was not done.

The Government stated (November 2013) that reconciliation was done in Latur district and instructions have been issued to the officers concerned to reconcile the differences.

##### **Monthly verification of cash balances**

As per Rule 98 (2) (iv) of Maharashtra Treasury Rules, 1968, at the end of each month, the head of the office should verify the closing cash balance in the cash book with dated signature and record the balance in words and figures.

In Kolhapur, Solapur and Pune districts, the ACs did not verify the closing cash balance at the end of each month during the entire period covered by audit.

The Government while accepting (November 2013) the facts stated that necessary instructions have been issued to all the DDOs in this regard.

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<sup>8</sup> Nine ACs, 23 Government hostels for boys and 13 Government hostel for girls

### ▪ Response to Inspection Reports

There were 750 paragraphs in respect of 297 Inspection Reports issued by the Principal Accountant General (Audit)-I and Accountant General (Audit)-II up to 31 December 2012 which were outstanding with the Department as on 30 June 2013.

### ▪ Internal Audit

In terms of Government Resolution (GR) issued in February 2006 and April 2010, an Internal Audit Wing (IAW) was constituted in all the seven regional offices with 34 posts. As per norms fixed (January 2007) by the Commissioner, Social Welfare, the IAW was to audit at least 15 units (hostels, residential schools and ACs' offices) per month under jurisdiction of each RDC.

It was observed that in six regions viz., Amravati, Aurangabad, Latur, Nagpur, Pune and Nashik there was shortfall in internal audit ranging from 14.44 to 100 per cent during 2008-13. Further, as of April 2013, compliances were not submitted to 3,281 out of 3,584 audit paragraphs issued by the IAWs.

The Government stated (November 2013) that the shortfall in conducting internal audit was due to shortage of staff.

## Compliance with the Acts, Rules, Regulations, Orders, Manuals etc.

### 2.4.8 Fund Management

#### 2.4.8.1 Allocation of funds and budget management

A synopsis of budget provisions and expenditure<sup>9</sup> incurred by the Department during 2008-13 for welfare of SCs and OBCs is given in Table 1.

Table 1: Budget and expenditure of SJSA Department (₹ in crore)

Year	Original Grant	Supplementary Grant	Final Modified Grant	Expenditure	Savings	Savings percentage
2008-09	2062.25	832.19	2894.44	2871.79	22.65	0.78
2009-10	1543.86	1855.75	3399.61	3276.59	123.02	3.62
2010-11	3023.94	652.58	3676.52	3630.99	45.53	1.24
2011-12	3874.52	-2.31	3872.21	3810.15	62.06	1.60
2012-13	4597.93	43.5	4641.43	4634.26	7.17	0.15
<b>Total</b>	<b>15102.5</b>	<b>3381.71</b>	<b>18484.21</b>	<b>18223.78</b>	<b>260.43</b>	<b>1.41</b>

Source: Appropriation Accounts

It was observed in audit that:

- In 2008-09 the Department incurred expenditure of ₹ 3.29 crore without any budget provision for implementation of Scheme of Motor Driving Training. Further, there was saving of ₹ 2.77 crore in the Scheme of Opening and Maintenance of Government hostels.
- In 2010-11 an amount of ₹ 14.64 crore was drawn on 31 March 2011 for providing biometric systems in the Government hostels, residential schools, ashram schools and aided institutions of which, ₹ 2.97 crore was lying with the Commissioner, Social Welfare (October 2013).

<sup>9</sup> Major Heads 2216, 2225, 4225 and 6225

- In 2011-12 ₹ 400 crore each was provided for urban and rural area low cost housing Scheme (Ramai Gharkul Yojana) for SC beneficiaries against which, ₹ 109 crore was surrendered in March 2012.

#### 2.4.8.2 Unnecessary drawal of funds at the end of the financial year

As per Rule 57 of the Bombay Financial Rules, 1959 money should not be drawn from the treasury unless it is required for immediate payment. It is not permissible to draw advances from the treasury either for the execution of works, the completion of which is likely to take considerable time or to prevent the lapse of appropriations.

Scrutiny of records revealed that the DDOs in the office of the Commissioner, Social Welfare, Pune drew ₹ 808.83 crore during 2008-10 though not required for immediate use as indicated in **Table 2**.

**Table 2: Details of funds drawn at the end of the financial year**

Sr. No.	Name of the DDO	Date of drawal	Amount (₹ in crore)	Remarks
1	Accounts Officer (Loan)	31 March 2009	175.60	Funds drawn for implementation of low cost housing Scheme in rural areas were disbursed to implementing District Rural Development Agencies (DRDAs) in October 2010. Nine DRDAs <sup>10</sup> returned ₹ 99.21 crore to the Commissioner between March 2011 and March 2012 as there were no eligible beneficiaries. The Government confirmed (November 2013) the facts.
		31 March 2010	305.81	
		31 March 2009	117.36	Funds drawn for implementation of low cost housing Scheme in urban areas were disbursed to the implementing agencies in October 2010. However, funds amounting to ₹ 28.10 crore were returned by Mumbai Metropolitan Region Development Authority (March 2011).
		31 March 2010	202.05	
2	Assistant Commissioner, Pune	March 2010	8.01	Funds drawn for the implementation of post matric scholarship Scheme for SCs and OBCs were retained in DDO's bank account and finally credited (December 2011) into Government account. The Government stated (November 2013) that instructions were given to all the ACs regarding payment of fee under the Scheme to the beneficiaries.
<b>Total</b>			<b>808.83</b>	

Source: Data obtained from the Department

In four out of five financial years, the Commissioner, Social Welfare, drew ₹ 400.53 crore for implementation of Scheme of grant of long term loan and Share Capital to Co-operative Societies of SCs of which, ₹ 17.49 crore was lying with the Commissioner for the period ranging from nine months to four years. Drawal of funds at the end of the financial year was not only unjustified, it also violated the provisions contained in the Bombay Financial Rules, 1959.

The Government stated (November 2013) that the DDO disbursed the amounts as per the Government directives. However, the funds could not be utilized in absence of the eligible beneficiaries, non-execution of agreements with Co-

<sup>10</sup> Ratnagiri: ₹ 5 crore (March 2011); Solapur: ₹ 36.22 crore (December 2011); Thane: ₹ 0.01 crore (May 2011); Latur: ₹ 13.17 crore (February 2012); Pune: ₹ 8.41 crore (May 2011); Satara: ₹ 15.71 crore (February 2012); Dhule: ₹ 5.26 crore (March 2012); Aurangabad ₹ 9 crore (March 2012); and Buldhana: ₹ 6.43 crore (May 2011)



operative Societies *etc.* The reply indicated deficient planning that resulted in funds remaining unutilized.

### 2.4.8.3 Pendency in submission of utilization certificates

As of January 2014, 8,712 utilisation certificates (UCs) for grants aggregating ₹ 2,510.93 crore were pending since 2001-02, which indicated lack of monitoring by the Department in submission of UCs by the grantees. Non-submission of UCs in time also increases the possibility of mis-utilisation of the grants.

## 2.4.9 Service delivery

The Department has been implementing various individual benefit Schemes for the upliftment of SCs, DTs *etc.* and is responsible for implementation of four Acts. Audit observations on the status of implementation of the test-checked Schemes and Acts are discussed in the succeeding paragraphs.

### 2.4.9.1 Implementation of Post Matric Scholarship Scheme

The Post Matric Scholarship Scheme (PMS) is one of the main Schemes being implemented by the Department. Under the Scheme, there is a well defined system for award of Scholarship as laid down in the GR of November 2003. The system became online in July 2010 wherein, the application of the student is processed by the College and checked by the AC of the district, online. Tuition and examination fee are released through Electronic Clearance System<sup>11</sup> (ECS) to the college and maintenance allowance is released directly to the students' account. Weaknesses noticed in the implementation of PMS Scheme are discussed below.

#### Disbursement of scholarships through ECS

In seven<sup>12</sup> out of nine test-checked districts (2010-13), it was observed that ₹ 21.81 crore (₹ 8.21 crore pertaining to students and ₹ 13.60 crore pertaining to colleges) could not be credited to the bank accounts of 38,165 students and colleges due to invalid bank account number, closed bank account, mismatch of names *etc.* Failure of the Department to take prompt action to ascertain the correct details of the beneficiaries and the colleges deprived the beneficiaries of the timely benefits under the Scheme.

The Government stated (November 2013) that of the ₹ 21.81 crore lying in the banks, ₹ 1.59 crore had since been disbursed as of October 2013 and efforts were being made to disburse the balance scholarships.

#### Irregular collection of fee from the students

As per item 1(B) of Appendix 2 to GR of November 2003, any type of fee *i.e.* tuition fee/term fee/enrolment fee/registration fee/library fee/magazine fee/medical examination fee and such other mandatory fee payable by the students to the Institutions or University/Board was not to be recovered from the SC, OBC, SBC and DT/NT category students.

Scrutiny of records revealed that in seven out of nine test-checked districts, tuition fee amounting to ₹ 15.67 crore pertaining to the period 2008-13 was

<sup>11</sup> A system of on-line transfer of funds through a designated bank

<sup>12</sup> Amravati, Aurangabad, Kolhapur, Nagpur, Nashik, Pune and Solapur

collected from 64,440 students belonging to SC, OBC, SBC and DT/NT categories, which was not reimbursed by the Department to the Institutions or University/Board. Thus, the Government orders were violated and students of weaker section of society were put to financial hardship.

The Government stated (November 2013) that necessary instructions had been issued to the Principals of the colleges. The Government added that the possibility of reimbursing the examination fee directly to the students was being explored.

### Irregular payment of scholarship

As per the GR (July 2008), scholarship including maintenance allowance, tuition fee, examination fee and other fee should not be sanctioned for students who are admitted through institutional level quota<sup>13</sup>.

It was observed that in five colleges in three out of nine test-checked districts (Latur, Pune and Solapur), an amount of ₹ 9.46 lakh was disbursed irregularly to 27 students who were admitted through institutional level quota.

Government stated (November 2013) that an amount of ₹ 8.77 lakh had been recovered by the three ACs and agreed to review similar cases.

### 2.4.9.2 Implementation of Motor Driving Training Scheme

GoM introduced (July 1995) 'Motor Driving Training Scheme' for the benefit of unemployed youth belonging to the SC category for their social and economic upliftment. It was envisaged that transport licences issued to the beneficiaries would enable them to improve chances of getting employment in Government/Semi-Government/Public Sector Undertakings.

The Department awarded<sup>14</sup> (February 2008) contract to M/s Ramesh Motor Driving School, Jalgaon (RMDS) for providing motor driving training to the beneficiaries for an initial period of five years. The contract period was extended (March 2013) for two years *i.e.* up to February 2015. The rates payable to RMDS for providing training to the beneficiaries including boarding and lodging are given in **Table 3**.

**Table 3 : Type of training to be provided, rates and duration of the course**

Type of training to be provided	Rate per course	Duration
Light Motor Vehicle (LMV)	₹ 3,520	40 days
Heavy Motor Vehicle (HMV)	₹ 4,100	40 days
Conductor	₹ 1,465	8 days

The Department vide GR of July 2009 modified the condition of agreement by stipulating payment of stipend of ₹ 300 (LMV and HMV training) and ₹ 150 (conductor training) per beneficiary per course by RMDS not availing of lodging and boarding facility. The Scheme was extended (July 2009) to DTs, NTs, OBCs and SBCs. The Department spent ₹ 145.36 crore<sup>15</sup> on providing

<sup>13</sup> The admissions given without adopting central admission procedure and students admitted through institutional level quota are not eligible for scholarship

<sup>14</sup> The GoM issued a GR in February 2008 specifying the terms and conditions of the contract awarded to M/s Ramesh Motor Driving School, Jalgaon

<sup>15</sup> ₹ 87.32 crore (SC) and ₹ 58.04 crore (DT/NT/OBC and SBC)

motor driving and conductor training during 2008-09 to 2012-13. Audit observed the following:

- Though the contract with RMDS was inclusive of boarding and lodging, the Department did not determine the cost of boarding and lodging separately. The Department did not review the rates or invite fresh tenders excluding the elements of boarding and lodging but extended the contract with RMDS up to 2014-15 at the same rates. It is pertinent to mention that the Industrial Training Institutes (ITI) was providing motor driving course at ₹ 3,080 per person for LMV and HMV, excluding boarding and lodging.
- Interview of 28 out of 34 candidates conducted in the presence of departmental officials revealed that RMDS neither provided lodging and boarding facilities nor did it pay any stipend to the beneficiaries.
- As per Central Motor Vehicle Rule, 1989, training for 21 days was to be provided, but the contract with RMDS specified training for 40 days. However, 28 out of 34 candidates interviewed stated that training was given for only 20 to 30 days.
- As per Central Motor Vehicle Act, 1988, only transport category license holder is allowed to drive public transport vehicle. In nine test-checked districts, out of 2,667 licences issued to beneficiaries, 1,827 licences (68.50 per cent) were of non-transport category which would be useful only for driving their own vehicles thereby reducing the scope of employment substantially.
- There were no criteria for selection of beneficiaries other than minimum educational qualification and age. As a result, in the nine test-checked districts, 120 driving licences were issued to professionals and highly qualified persons such as, doctors, engineers, lawyers *etc.* and 207 driving licences were issued to the beneficiaries in the age group of 40 to 60 years.
- Licences were also issued before commencement of training or during training period and licences for two wheelers were also issued.
- The Department did not devise any mechanism for ascertaining the number of beneficiaries who actually benefitted under the Scheme by securing suitable employment.

The Government while accepting the facts stated (November 2013) that the GR of February 2008 stipulating the terms and conditions of the contract with RMDS would be amended.

#### **2.4.9.3 Implementation of Karmaveer Dadasaheb Gaikwad Sabalakaran and Swabhiman Yojana**

The landless SC labourers below poverty line have to depend on the Employment Guarantee Scheme (EGS) or on the private land owners for their wages to make a living. Hence, to increase their source of income permanently and improve their standard of living, GoM introduced (June 2004) Karmaveer Dadasaheb Gaikwad Sablikaran and Swabhiman Yojana (Scheme), which envisaged distribution of land to landless SCs. Under this Scheme, either two acres of irrigated land or four acres of rain fed land was to be distributed to SC

landless beneficiaries (including deserted women and widows) who were Below Poverty Line (BPL). As per the Scheme guidelines, 50 per cent of the cost of land was to be borne by the Government and the balance cost was to be provided as interest free loan. The loan amount was to be recovered in 10 equal annual instalments from the third year of allotment of land.

The Commissioner, Social Welfare was to maintain accounts of loans and subsidies disbursed while the AC of each district was to maintain the records of actual utilisation of the land. A Committee under the chairmanship of Collector consisting of four members<sup>16</sup> and the AC as a Member Secretary selects beneficiaries on lottery system. During the period 2004-13, non-irrigated land of 13,985.89 acres and irrigated land of 3,171.91 acres was purchased by the Department at a cost of ₹ 116.93 crore. Of this, 13,069.82 acres and 3,149.56 acres of non-irrigated and irrigated land was distributed to 3,477 and 1,528 beneficiaries respectively. Audit observed the following:

- In eight<sup>17</sup> out of nine test-checked districts, the records showing the purchase and distribution of land to beneficiaries, the amount recoverable towards loans disbursed and the utilisation of land was not maintained. In the absence of proper records, the impact of the Scheme, amount of loan outstanding and recoveries made could not be assessed in audit.
- In these eight districts, the Department purchased (2004-13) 3,663.94 acres of land valuing ₹ 27.17 crore of which, 3,522.33 acres of land was distributed to 1,087 beneficiaries and 141.61 acres of land remained undistributed.

The Government stated (November 2013) that Commissioner, Social Welfare, had issued instructions (October 2013) to the ACs to maintain the requisite records of land distribution, utilisation and recovery of loans from the beginning of the Scheme.

#### **2.4.9.4 Implementation of Ramai Gharkul Yojana**

The Department decided (November 2008) to implement Gharkul Yojana - a low cost housing Scheme. The Scheme was renamed as Ramai Gharkul Yojana (RGY) from November 2011 for implementation in rural and urban areas for BPL SC beneficiaries residing in Maharashtra for 15 years and having own land or 'Kaccha house'. The Department initially decided to grant ₹ one lakh, ₹ 1.5 lakh and ₹ two lakh per beneficiary in rural, Municipal Council and Municipal Corporation area respectively. The Scheme envisaged provision of constructed houses of 269 sq ft to each beneficiary. The Department reduced the grant (March 2010) to ₹ 70,000 per beneficiary in the rural areas. The Scheme commenced from October 2010.

The details of funds provided, funds disbursed to implementing agencies, targets fixed and achieved during 2010-13 are given **Table 4**.

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<sup>16</sup> (i) Commissioner, Social Welfare; (ii) CEO, ZP; (iii) District Inspector, Land Records; and (iv) Joint Registrar, Registration and Valuation

<sup>17</sup> Except in Mumbai City, where agriculture land was not available for distribution

Table 4: Allocation of funds vis-à-vis targets set during 2010-13

Details	Target				Achievement/Disbursal			
	Rural	Urban		Total	Rural	Urban		Total
		Municipal Councils	Municipal Corporation			Municipal Councils	Municipal Corporation	
Number of houses	2,92,886	74,992	38,832	4,06,710	1,34,974	4,180	1,192	1,40,346
Release (₹ in crore)	1,618.85	515.24	153.35	2,287.44	1,300.72	156.12	41.00	1,497.84
<b>Test checked districts (except Mumbai)</b>								
Number of houses	68,776	24,381	26,485	1,19,642	27,197	1,372	872	29,441
Funds provided (₹ in crore)	299.81	196.82	128.12	624.75	259.10	39.29	36.54	334.93

It could be seen from **Table 4** that as of October 2013 only 46.08 per cent, 5.57 per cent, 3.07 per cent houses were completed against the target in rural, municipal council and municipal corporation areas in the State. In respect of the test-checked districts, only 39.54 per cent, 5.63 per cent and 3.29 per cent houses were completed.

Against the amount of ₹ 624.75 crore provided in the test checked districts an amount of ₹ 334.93 crore was utilized leaving balance of ₹ 289.92 crore unutilised. In the municipal council areas in four test-checked districts of Aurangabad, Nashik and Pune not a single house was completed, while the Department disbursed<sup>18</sup> ₹ 60.73 crore to Municipal Corporations in Kolhapur, Nashik and Pune districts but the same was lying unutilised. Thus, identification of beneficiaries was not done correctly which indicated weak planning.

The Government stated (November 2013) that due to non-availability of land, construction could not be started. Instructions would be issued to concerned districts to solve the land and other related problems to achieve the targets. The Government added that the unutilised amount would be redistributed to the needy implementing agencies.

#### 2.4.9.5 Issuance of caste certificates

The Maharashtra State Legislature passed (May 2001) The SC, DT, NT, OBC, SBC and ST (Regulation of Issuance and Verification of) Caste Certificate Act, 2000 to formulate regulations for issuance and verification of caste certificates. However, the Department took 11 years to formulate (August 2012) the Rules<sup>19</sup> under the Act. There were 15 Caste Verification Committees (CVCs) in the State to verify the caste certificates issued. As per Rule 18(5), CVCs were to decide the validity of the caste certificates within a period of three months and in exceptional circumstances additional two months were allowed.

<sup>18</sup> October 2010 - ₹ 28.48 crore; July 2011 - ₹ 30.92 crore; March 2013 - ₹ 1.33 crore

<sup>19</sup> The Maharashtra Scheduled Castes, Scheduled Tribes, Denotified Tribes (Vimukta Jatis), Nomadic Tribes, Other Backward Classes and Special Backward Category (Regulation of Issuance and Verification of) Caste Certificate Rule, 2012

As per the Clause 9(2) of the Rule, extracts of the register of caste certificates issued by the Competent Authorities<sup>20</sup> were to be forwarded to the CVCs every month for verification. In five<sup>21</sup> out of nine test-checked districts, the extracts of the register of caste certificates were not forwarded to CVCs.

The delay in formulating Rules stipulating the time period for deciding the validity of the caste certificates led to huge pendency in the number of cases which stood at 3,23,138 as on October 2013. The age wise status is given in **Table 5**.

**Table 5 : Number of cases pending for verification by CVC**

<b>Period</b>	<b>Number of pending cases</b>
Up to six months	304825
Six to 12 months	16366
12 to 24 months	1040
More than 24 months	907
<b>Total</b>	<b>323138</b>
Source: Information furnished by Department	

The Government stated (November 2013) that due to lack of manpower and delay in police verification there was a delay in caste verification process and the proposal to sanction nine additional posts of CVCs to accelerate caste verification is in progress.

#### **2.4.9.6 Implementation of the Scheme of Financial Assistance to the Co-operative Societies**

The Department introduced (February 2004) a Scheme of Financial Assistance to the Co-operative Societies for economic upliftment of the SC beneficiaries who are members of a registered Co-operative Society<sup>22</sup> in which 70 per cent of the members and staff belong to SC community. Salient features of the Scheme *inter alia* are:

- The Department would provide 35 per cent share capital and 35 per cent loan to the Co-operative Societies for financing projects with cost ranging between ₹ five crore and ₹ seven crore. The balance was to be raised through financial institutions (25 per cent) and the Members' share (five per cent) to be arranged prior to sanction of the share capital and loan.
- The projects were to be completed within one year from the date of disbursement of first instalment of share capital and loan by the Department.
- Repayment of loan was to start after two years from the date of receipt of the Government assistance of 70 per cent. Recovery of loan amount was to be made in six years.

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<sup>20</sup> Sub-Divisional Magistrates and other officers of equivalent rank were authorized to issue the caste certificates

<sup>21</sup> Kolhapur, Latur, Solapur, Pune and Nagpur

<sup>22</sup> The Societies involved in activities such as looms, knitting, garments, textile processing units, agro industries, sugar factories, conversion and modernisation of Khandsari units etc. were eligible under the Scheme

Since February 2004, share capital amount of ₹ 374.90 crore and loan amount of ₹ 373.19 crore was disbursed to 372 Societies. Audit observed the following:

- As on March 2013, 84 Societies received full assistance of share capital and loans amounting to ₹ 291.90 crore. Of the 84 Societies, repayment of loans amounting to ₹ 95.50 crore were due from 58 Societies. However, these Societies did not commence repayment of loans (November 2013), even after two years of the receipt of Government assistance.
- Out of 372 projects sanctioned, 330 projects (for which an amount of ₹ 624.57 crore was disbursed during the period 2004-05 to 2010-11) were incomplete and the delays ranged between one and seven years. The delay in completion of projects defeated the basic objective of economic upliftment of SC community.
- The first instalment of ₹ 170.09 crore and ₹ 168.40 crore towards loans and share capital respectively had been disbursed to 245 Societies by March 2011. However, these societies did not apply for the second instalment. The Department, however, did not initiate any action to recover the loans sanctioned, though the period for completion of project was one year from the date of disbursement of first instalment.
- Technical evaluation reports and loan sanction letters purportedly issued by Dena Bank, Kranti Chowk, Aurangabad to two societies<sup>23</sup>, to whom first instalment of ₹ 1.90 crore was disbursed but did not subsequently apply for second instalment, was cross verified by audit with the bank. The bank informed audit that the technical evaluation reports and loan sanction letters *prima facie* appeared to be forged.

The Government stated (November 2013) that a detailed enquiry would be conducted into all such matters.

#### **2.4.9.7 Implementation of the SC and ST (Prevention of Atrocities) Act, 1989**

The GoI enacted the Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989 to prevent offences and atrocities against the SCs and STs, to provide relief and rehabilitation to the victims *etc.* Punishment for offences and atrocities prescribed under the Act was imprisonment from six months to five years with fine. As per the provisions of the Act, a State Level High Power Vigilance and Monitoring Committee under the Chairmanship of the Chief Minister and District Vigilance and Monitoring Committees under the Chairmanship of the Collector were to be constituted to review the implementation of the provisions of the Act. The State-level committee was to hold at least two meetings (January and July) and the District-level committees were to hold four meetings (once in a quarter) during the year.

<sup>23</sup> Samyak Nirman Magasvargiya Audyogik Utpadak Sahakari Sanstha, Aurangabad : ₹ one crore and Khasdar Ramdasji Athawale Magasvargiya Audyogik Sahakari Sanstha Aurangabad: ₹ 90 lakh

Further, the Department directed (January 2007) the District-level committees to hold the meetings every month.

Though the State-level committee meetings were held as per the provisions of the Act, the District-level monthly meetings were not held regularly and annual shortfall in holding the meetings ranged between 8.33 and 91.67 *per cent* in seven out of nine test-checked districts.

The number of pending cases in the State under the Act was 4,675 at the end of 2008 which increased to 6,221 at the end of 2013. For speedy disposal of pending cases and improving the conviction rate from the existing four to six *per cent* during 2008-10, GoM decided (November 2011) to establish six special courts with 78 posts<sup>24</sup>. After a delay of one year, only 54 posts were sanctioned (November 2012) by GoM. However, the process of establishment of six special courts was still in progress (November 2013).

#### **2.4.10 Material and stores management**

The Department provides various material like blankets, books, water purifier, mattresses, footwear *etc.* to Government hostels, aided hostels and residential schools. Irregularities in the procurement and distribution of the material and payment to the suppliers noticed in audit are discussed below.

**2.4.10.1** In respect of four new Government hostels<sup>25</sup> the RDCs placed (June and October 2011) two supply orders for bed sheets, blankets, cotton mattress and pillows for all new residential schools and Government hostels under their jurisdiction. The Commissioner, Social Welfare also placed (June 2011) supply orders for similar items, resulting in overlapping of purchases of bedding material valuing ₹ 33.72 lakh, which were lying idle.



**Bedding material lying idle at Government BC Girls' Hostel (Unit 4), Amravati**

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<sup>24</sup> One District and Sessions Judge, Superintendent, Steno Higher Grade, two Senior Clerks, three Junior Clerks, two Baliefs and three Class IV in each special court

<sup>25</sup> Rasalpur (Nashik); Babhulgaon (Nashik); Nimbhora Unit-1 (Amravati); Girls Hostel Unit-4, Camp Amravati (Amravati)



**2.4.10.2** In two districts<sup>26</sup> 43,550 bottles of micro nutrients valuing ₹ 21.56 lakh supplied (2010-11) were not distributed to the beneficiaries before expiry date (December 2011 and May 2012), resulting in wasteful expenditure of ₹ 21.56 lakh.

**2.4.10.3** In 10 Government hostels<sup>27</sup> in two test-checked districts, 674 pairs of footwear of 'Size 2 to 5' was supplied against requirement of 'Size 6 to 9', leading to wasteful expenditure of valuing ₹ 1.61 lakh.

The Government stated (November 2013) that the excess material on account of overlapping orders was supplied to other hostels, residential schools *etc.* The Government further stated that action would be taken to fix responsibility regarding non-distribution of the micronutrients before expiry date.

**2.4.10.4** The Department placed (May 2012) an order on M/s Ace Brain System and Software Private Limited (supplier) for supply of 5,345 biometric attendance devices<sup>28</sup> at a cost of ₹ 14.40 crore. The devices were to be supplied within 12 weeks of the receipt of list of locations for installation.

- The Department could supply (August 2013) such list only in respect of 465 locations. As of November 2013, only 5,050 out of 5,345 devices were delivered by the supplier. Further, data in respect of only 3,321 out of 5,050 devices was loaded on the central server.
- As per agreement, the supplier was eligible for 90 *per cent* payment only after loading the data on the central server and its satisfactory working for a period of 24 days. Against data loading of 3,321 devices on the central server, an amount of ₹ 8.23 crore<sup>29</sup> was payable. However, the Commissioner, Social Welfare released (November 2011 to June 2013) ₹ 11.67 crore, resulting in an excess payment of ₹ 3.44 crore to the supplier.

The Government stated (November 2013) that 90 *per cent* payment was released on supply of the devices as per the provisions of the GR of October 2011. The reply is not acceptable as 90 *per cent* payment was to be released only after loading the data on the central server as per Clause 16 of the agreement with the supplier.

**2.4.10.5** Nagpur region had 67 Government hostels and residential schools. RDC, Nagpur purchased (January 2012), 39 Liquid Crystal Display (LCD) Television (TV) sets (42 inches, LG make) at a cost of ₹ 18.72 lakh (at ₹ 47,990 each) which was also intimated to the Commissioner, Social Welfare. However, the Commissioner, Social Welfare also placed (April 2012) a supply order for 440 LCD TV sets (42 inches Videocon make) at ₹ 59,310 each, which included supply of 50 LCD TV sets for RDC, Nagpur.

<sup>26</sup> Pune: ₹ 7.43 lakh and Solapur: ₹ 14.13 lakh

<sup>27</sup> Six hostels in Amravati and four in Aurangabad

<sup>28</sup> 4,376 for aided schools, aided hostels *etc.* @ ₹ 26,800 per device and 969 for the Women and Child Development Department, GoM @ ₹ 27,528 per device (including SIM cost of ₹ 728 each)

<sup>29</sup> 3,321 X ₹ 27,528 = ₹ 9.14 crore x 90 *per cent* = 8.23 crore

Since Nagpur region had 67 Government hostels and residential schools, the purchase of 89 LCD TV sets resulted in an avoidable extra expenditure of ₹ 13.05 lakh<sup>30</sup> on 22 excess LCD TV sets.

Though the cost of procurement was inclusive of installation of LCD TV sets, the Commissioner, Social Welfare released the entire payment of ₹ 2.35 crore without these being installed.

The Department placed an order (April 2012) on M/s Gusto Pharma for supply of 904 inverters along with two batteries for each inverter at a cost of ₹ 3.92 crore. Though the cost of procurement was inclusive of installation of inverters, the Commissioner, Social Welfare released the entire payment of ₹ 3.53 crore without installation of inverters.

**2.4.10.6** The RDC, Nashik finalized (October 2011) Rate Contracts (RCs) for supply of stationery articles for the period September 2011 to March 2012 for Nashik district while the Commissioner, Social Welfare finalised (June 2012) rate contracts for the period March 2012 to March 2014 for the entire State.

Scrutiny of records in 11 hostels in Amravati (four) and Nashik (seven) districts revealed that the rates paid for 15 stationery articles<sup>31</sup> were in excess of the Maximum Retail Price (MRP)<sup>32</sup> printed on the articles and ranged between 6.25 *per cent* and 228.00 *per cent*. Further, in five<sup>33</sup> articles the rates were more than twice the MRP. This resulted in avoidable excess expenditure of ₹ 2.39 lakh. Irregularities in procurement of articles at prices more than the MRP were also pointed out in Paragraph 3.3.12.4 of Audit Report (Civil) for the year 2006-07.

The Government stated (November 2013) that the excess payment made to the suppliers was recovered and review of such cases would be conducted in other hostels.

**2.4.10.7** The Department purchased (June to October 2011) *chaddars* (thick bed sheets), bed sheets, blankets, pillow, pillow covers and cotton mattresses for supply to new/old Government hostels and new Government residential schools at a total cost of ₹ 27.58 crore. As per the conditions of supply orders, the suppliers<sup>34</sup> were to get samples certified from the Commissioner's office. Further, two samples from each region were to be collected by the RDCs jointly with the suppliers for testing with reference to the sample certified by the Commissioner. It was observed that :

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<sup>30</sup> ₹ 59310 per television X 22 excess television = ₹ 13.05 lakh

<sup>31</sup> Note Books (188 pages), Registers (2 quire), Dissection Boxes, Compass Boxes, A4 size Papers, Sketch Pens, candles, lead pencils, graph books, practical books, water colours, assignment book, drawing books, practical and ruler (30 cm)

<sup>32</sup> As per the Maharashtra Consumer Protection Act and Maharashtra Standards of Weights and Measures (Enforcement) Rules, 1987, articles were not to be sold above the Maximum Retail Price (MRP) printed on the articles and consumers could lodge complaints to the statutory authorities in cases where excess payment was demanded

<sup>33</sup> Water Colour; Assignment Book; Drawing Book, Register and Paper Ream

<sup>34</sup> Ten supply orders were placed with three agencies namely M/s Solapur Zilla Ahilyadevi Ghongadi Utpadak Co-operative Sanstha, Pandharpur; Maharashtra State Khadi and Village Industries Board; and Maharashtra State Handloom Co-operative Federation Limited

- The samples were not certified by the Commissioner's office nor test-checked by the RDCs/ACs concerned.
- Joint physical verification conducted by audit along with departmental officials in eight Government hostels<sup>35</sup> in two test-checked districts revealed that the dimension of *chaddars*, bed sheets, blankets, pillow and cotton mattresses were not as per specifications. Thus, the Commissionerate did not enforce the conditions laid down in the supply orders.

The Government stated (November 2013) that except for difference in dimension of blankets at Amravati district the difference at other places were minor. The Government also acknowledged the audit observation and added that henceforth, samples would be examined judiciously through notified laboratories.

**2.4.10.8** Under RGY, houses were to be constructed for BPL SC beneficiaries who had their own land or *kachcha* house. As funds under the Scheme were lying unspent, the Department with the approval of the Minister sanctioned (November 2011) procurement of woollen blankets and Satranjis (carpets) from the grants of RGY for supply to the RGY beneficiaries. The Department also irregularly issued (March 2012) amendments to RGY guidelines of November 2008 incorporating procurement of blankets and Satranjis in the RGY guidelines, without the concurrence of Finance Department.

The Commissioner, Social Welfare irregularly diverted ₹ 41.90 crore from RGY grants (April-October 2012) for supply of 4.69 lakh blankets and 4.71 lakh Satranjis, supply orders for which were placed in March 2012. Scrutiny of records in seven<sup>36</sup> out of nine test-checked districts (except Mumbai City and Pune) revealed that 0.77 lakh blankets valuing ₹ 4.03 crore and ₹ 0.79 lakh Satranjis valuing ₹ 2.93 crore supplied during June 2012 were lying undistributed as of August 2013.

The Secretary, Social Justice and Special Assistance Department stated (February 2014) that since RGY had the approval of Finance Department, the approval of Finance Department for inclusion of these items under RGY was not required again.

Reply is not acceptable as the Department neither took authorisation for this 'New form of Service' from the Legislature nor sought any clarification on the issue from the Finance Department.

**2.4.10.9** The Department took up (June 2007) construction of 100 new hostel for BCs of which, 61 hostels were completed and handed over (up to March 2012) to the Department. The Commissioner, Social Welfare placed 17 purchase orders valuing ₹ 35.07 crore during January 2012 to June 2012 for procurement of various items like blankets, books, LCD TVs, water purifiers *etc.* for 100 hostels including 39 hostels which were running in rented premises pending construction of new hostels, without assessing whether the

<sup>35</sup> Three Government hostels for girls at Amravati and five Government hostels for boys at Aurangabad

<sup>36</sup> Amravati, Aurangabad, Kolhapur, Latur, Nagpur, Nashik and Solapur

hostels were actually functional. Scrutiny of status report of these 100 hostels revealed that six hostels<sup>37</sup> were not functional (August 2013), which resulted in excess procurement of material valuing ₹ 44.08 lakh.

**2.4.10.10** The GoM decided (March 2012) to purchase nameplates with logo of RGY for display on all the houses constructed under RGY. The Commissioner placed (April-June 2012) supply orders for 1.30 lakh nameplates with two suppliers including installation. The total value of order was ₹ 19.84 crore (₹ 1,526.25 each including ₹ 75 per installation) and 90 per cent of the cost was to be paid against delivery challan and on receipt of a certificate of installation by the Gramsevak. An amount of ₹ 18.86 crore (95.06 per cent) was paid (August to November 2012) to the two suppliers against 1.30 lakh nameplates supplied.

It was observed that in six test-checked districts<sup>38</sup> though 26,534 houses were constructed (July 2013) and 26,875 nameplates were supplied by the suppliers, none were installed in the completed houses (July 2013). Further, in four districts (Nagpur, Aurangabad, Kolhapur and Latur) entries for receipt were not made in the stock registers on delivery of nameplates. As of November 2013, even though 72,801 nameplates were not installed the Commissioner, Social Welfare made an irregular payment of ₹ 11.11 crore<sup>39</sup> to the suppliers.

The Government stated (November 2013) that on receipt of nameplates necessary entries have been made in stock registers in Aurangabad, Kolhapur and Latur districts. The Government added that 1,50,807 houses were completed as of October 2013 and installation of 72,801 nameplates was in progress in the State.

**2.4.10.11** The Government sanctioned (May 2012) purchase of 1,00,000 solar lanterns at a cost of ₹ 30 crore (₹ 3000 each) for the beneficiaries of RGY on completion of houses. Accordingly, supply order was placed (June 2012) with a supplier for 1,00,000 solar lanterns. As of October 2013, the Commissioner, Social Welfare received 98,106 lanterns and ₹ 29.43 crore was paid to the supplier.

It was observed that in seven<sup>40</sup> out of nine test-checked districts, 6,215 solar lanterns valuing ₹ 1.86 crore were not distributed to the beneficiaries as of November 2013.

The Government while accepting the fact stated (November 2013) that distribution of remaining lanterns was in progress.

## **2.4.11 Management of human resources**

### **2.4.11.1 Status of sanctioned posts *vis-à-vis* men-in-position**

The status (October 2013) of sanctioned posts *vis-à-vis* men-in-position under the Commissioner, Social Welfare and Director (DTs, NTs, OBCs and SBCs) is given in **Appendix 2.4.5**.

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<sup>37</sup> Kalmeshwar, Savner, Parshivani (Nagpur); Sindhkheda,(Dhule); Kadegaon (Sangli); and Masud Male(Kolhapur)

<sup>38</sup> Amravati, Aurangabad, Kolhapur, Latur, Nagpur and Nashik

<sup>39</sup> 72,801 x ₹ 1,526.25= ₹ 11.11 crore

<sup>40</sup> Pune, Kolhapur, Nashik, Amravati, Nagpur, Aurangabad and Latur

It was observed that there were significant shortages in key posts *i.e.* Social Welfare Officer, Group B (65.57 *per cent*), Group C (38.22 *per cent*) and Social Welfare Inspector<sup>41</sup> (50.14 *per cent*), who play a vital role in implementing the Schemes for the welfare of SCs. Similarly, in respect of welfare of Denotified/ Nomadic Tribes, Special Backward and Other Backward Classes there was shortage in key post of Social Welfare Officer Group B (23 *per cent*).

On the basis of recommendations of the 9<sup>th</sup> Report of the State Public Accounts Committee (2007-08), a proposal to strengthen the Department through creation of offices in ZPs and block levels was submitted by the Commissioner, Social Welfare in February 2009, January 2011 and April 2011 for sanction of 3,057 additional posts. The Department has however, not taken any initiative for re-organisation and expansion of the Department.

The Government stated (November 2013) that the Maharashtra Public Service Commission had conducted interviews for 36 posts of Social Welfare Officer, Group B and six posts were filled through promotion. The Government added that proposals for strengthening the Department was under consideration.

#### **2.4.12 Conclusion**

Due to poor planning and lack of coordination, the Social Justice and Special Assistance Department procured various items in excess of requirement. There were shortfalls in inspection of Government hostels, aided hostels *etc.* by the Regional Deputy Commissioners and the Assistant Commissioners. The Chief Controlling Officer did not get any feedback on progress of implementation of the Scheme, as no mechanism existed in the Department to ensure submission of periodical returns on physical progress of implementation of various Schemes from time to time. Instances of the Drawing and Disbursing Officers not reconciling the cash books with the bank statements/pass books and funds drawn at the end of financial year though not required for immediate disbursement were noticed. Shortfalls in implementation of test-checked Schemes such as, 'Motor Driving Training Scheme', 'Karmavir Dadasaheb Gaikwad Sablikaran and Swabhiman Yojana' and 'Ramai Gharkul Yojana' were noticed. Cases of procurement of material other than of approved specifications, procurement of stationery items at prices more than the maximum retail price, non-utilisation of procured material, irregular payments made to the suppliers *etc.* were also noticed. Implementation and monitoring of Schemes was hampered by significant number of vacancies in key posts.

#### **2.4.13 Recommendations**

The Government should ensure that:

- the funds are drawn only when there is an immediate requirement for disbursement and utilisation;
- inspections are carried out as per the prescribed norms and a timely feedback is sent to the Chief Controlling Officer for initiating timely remedial action;

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<sup>41</sup> Responsible for inspecting the implementation of Schemes in hostels, schools and Ashramshalas

- requirements of the beneficiaries are properly assessed and the benefits of the Schemes are extended to the target groups;
- a centralised procurement system is put in place to avoid excessive and overlapping purchases; and
- the Department is manned by adequate staff for smooth implementation of the Schemes.

## CHAPTER - III

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### AUDIT OF TRANSACTIONS 91 to 111

- 3.1. *Deficiencies in slum improvement works carried out by  
Mumbai Slum Improvement Board*
- 3.2. *Non-compliance with rules and regulations*
- 3.3. *Audit against propriety and cases of expenditure without  
adequate justification*
- 3.4. *Failure of oversight/governance*





## Chapter III

### Audit of Transactions

Audit of transactions of the Government Departments, their field formations as well as that of the autonomous bodies brought out instances of lapses in 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.

### Housing Department

### Maharashtra Housing and Area Development Authority

### 3.1 Deficiencies in slum improvement works carried out by Mumbai Slum Improvement Board

#### 3.1.1 Introduction

The Government of Maharashtra formed Mumbai Slum Improvement Board (MSIB) in November 1992, under the control of Maharashtra Housing and Area Development Authority (MHADA), with the objective of slum improvement in two<sup>1</sup> districts of Mumbai under Clause 1 (c) of Section 18 of Maharashtra Housing and Area Development Act, 1976. The MSIB functions with a 17 member Board headed by the Chairman. The Chief Officer is the Administrative Head who manages the day to day work with the assistance of Deputy Chief Engineer and Chief Accounts Officer (CAO), through three Divisions<sup>2</sup> headed by Executive Engineers (EE).

#### 3.1.2 Sources of funds and implementation process

The MSIB implements slum improvement works in two districts of Mumbai. Funds are received by MSIB through the Financial Controller, MHADA from the District Collector<sup>3</sup>, Social Justice and Special Assistance Department and Mumbai Metropolitan Region Development Authority (MMRDA). The slum improvement works include construction of retaining walls, toilet blocks, balwadis, samaj kalyan kendras, gymnasiums, open sheds, development of cemeteries, beautification of gardens, water connections, drainages *etc.* The position of funds received and expenditure incurred during 2010-11 to 2012-13 is shown in **Appendix 3.1**.

The MSIB follows the same procedures, accounting methods and District Schedule of Rates (DSR) as followed by Public Works Department while works are executed as per the guidelines of the respective schemes. The estimates for various works are prepared by the Divisions and administratively approved by the District Collector in case of works proposed under Members

<sup>1</sup> Mumbai City and Mumbai Suburban

<sup>2</sup> East, West and City

<sup>3</sup> Funds which are at the disposal of Members of Parliament / Members of Legislative Assembly under the respective Local Area Development Schemes (MP LAD/ MLA LAD) and the District Planning Development Committee (DPDC), are released by the District Collectors

of Parliament/Members of Legislative Assembly Local Area Development (MP/MLALAD) Schemes and the DPDC. The other works<sup>4</sup> are administratively approved either by the Vice President and Chief Executive Officer, MHADA or by Chief Officer<sup>5</sup>, MSIB, as per the delegation of powers. As majority of the works are below ₹ 15 lakh, MSIB allots works as per the ratios prescribed in the two Government Resolutions (March 2005 and November 2006) through the District Deputy Registrar to Majoor Sahkari Sanstha Maryadit (MSSM - 33 per cent), through lottery to unemployed Engineers (UE-33 per cent) and through open tenders to registered contractors (RC - 34 per cent). In order to ensure the quality of the works executed, material tests are carried out by the contractors at their own cost through MHADA's material test laboratory. Inspections are carried out by the Vigilance and Quality Control (VQC) cell of MHADA, to ensure the quality of work. The completed works are handed over to the Municipal Corporation of Greater Mumbai (MCGM) or the user Societies/Chawl Committees for use and further maintenance.

### 3.1.3 Scope of audit

Scrutiny of records of MSIB was carried out for the period 2010-11 to 2012-13. Of the total 12,237 works awarded between 2010-13, test check of 1,270 works was conducted.

### 3.1.4 Audit observations

#### 3.1.4.1 Irregular allotment of works

The scrutiny of the agreement registers relating to allocation of works for the period 2010-13 revealed that the MSIB allotted more number of works to MSSM than to the UEs and the RCs as shown in Table 1.

**Table 1: Comparison of works allotted among MSSM/UE/RC**

Year	MSSM (per cent)	Unemployed Engineers (per cent)	Registered Contractors (per cent)	Total
2010-11	1478 (71.82)	467 (22.69)	113 (5.49)	2058
2011-12	2618 (50.26)	1686 (32.37)	905 (17.37)	5209
2012-13	2933 (59.01)	1198 (24.10)	839 (16.89)	4970
<b>Total</b>	<b>7029 (57.44)</b>	<b>3351 (27.38)</b>	<b>1857 (15.18)</b>	<b>12237</b>

From the above table it may be seen that more works were allotted to MSSM *vis-à-vis* those allotted to UEs and RCs in violation of the Government directives. As against 34 per cent works to be allotted to RCs through open tendering, the actual work allotted was only 15 per cent thus, eliminating competition in 19 per cent of works. Further, the shortfall in allotment of works to UEs was six per cent thereby depriving employment opportunities to the UEs.

The EE, City Division, MSIB stated (June 2013) that urgent works suggested by the MPs / MLAs were allotted to UEs and MSSMs. The other two Divisions stated (June 2013) that the allotment of works need to be considered

<sup>4</sup> For works to be executed through funds received from Housing Department, Social Justice and Special Assistance Department and MMRDA

<sup>5</sup> In case of urgency or absence of Board, the Board may allow Chief Officer to exercise the Board's power to give administrative approvals

on cumulative basis against the administrative approval received / to be received in five years and the variations could be adjusted in the forthcoming works.

The replies are not acceptable as the works were to be allotted as per the ratio prescribed in the Government Resolutions which was not done.

#### **3.1.4.2 Non-commencement of works after issue of work orders**

As per the MP LAD guidelines, the works are required to be completed within one year of the date of issue of work orders. It was however, noticed that of the 29 MP LAD works approved at a cost of ₹ 1.71 crore and awarded between August 2011 and May 2012, only nine were completed as of January 2014 and in the remaining 20 works, 13 works had not commenced while seven works were incomplete (January 2014). The delays of 20 works ranged between 21 and 30 months.

The EE, West and City Divisions stated (June 2013) that works could not commence as No Objection Certificates (NOC) were not received from the owners<sup>6</sup> of the land on which works were proposed.

Thus, awarding of works without obtaining the necessary NOCs from the respective land owners resulted in non commencement/delay in completion of works.

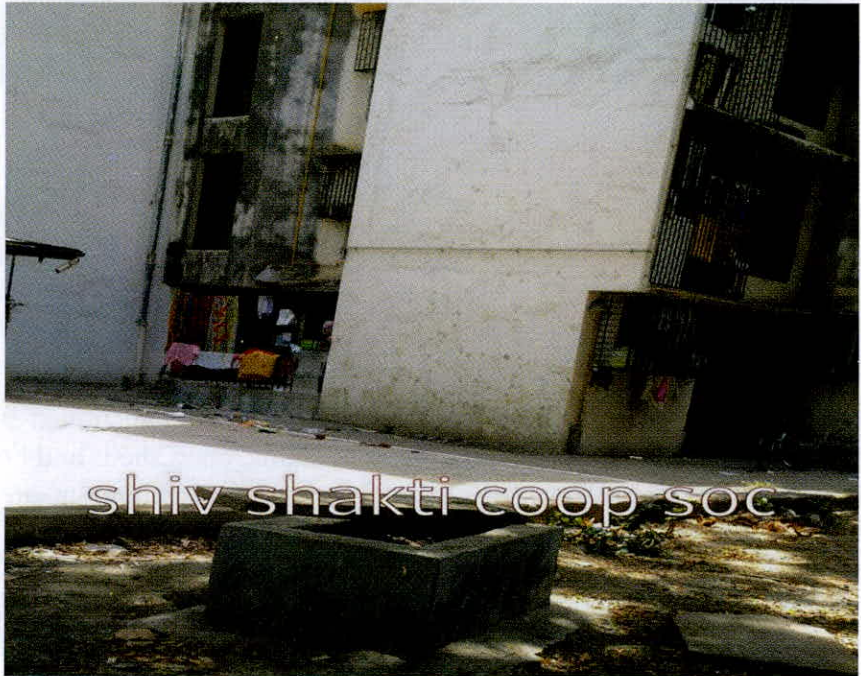
#### **3.1.4.3 Execution of inadmissible works**

MMRDA sanctioned (December 2011) an amount of ₹ 150 crore of which, MSIB was allotted ₹ 141.78 crore for carrying out 1,385 works pertaining to six categories namely public toilets, water connections, new gutters, balwadis, classrooms and welfare centres in the slums. Till December 2013, 1,198 works valuing ₹ 108.57 crore were carried out.

Scrutiny of records of West Division revealed that MSIB sanctioned 39<sup>7</sup> out of 1,385 works involving construction of gymnasiums, open sheds and bore wells valuing ₹ 2.60 crore during 2012-13 which were not falling in any of the category of works stipulated by MMRDA. Joint visit of the sites done by audit with MSIB officials revealed (May 2013) that bore wells were constructed in the premises of Co-operative Housing Societies which were not slums, as indicated in the photographs below.

<sup>6</sup> MCGM, MHADA and railway authorities

<sup>7</sup> As of January 2014, 28 works completed costing ₹ 1.27 crore while the balance 11 works costing ₹ 1.33 crore are in progress



**Borewells constructed in Co-operative Housing Societies**

The EE, West Division stated (June 2013) that works were executed as per the suggestions of the MPs/MLAs. The EE further contended that gymnasiums and open sheds were more or less similar to balwadis, samaj kalyan kendras or classrooms and the construction of bore wells were similar to providing water connections.

The reply is not acceptable as the works sanctioned/executed were not covered in the category of works for which funds were made available by MMRDA. Further, borewells were got constructed in the premises of the Co-operative Housing Societies and not slums.

#### **3.1.4.4 Improper planning in execution of works**

The work for construction of 510 seated toilet blocks at various slum locations in Ramabai Ambedkar Nagar and Kamraj Nagar was awarded (June 2010) by

MSIB to M/s Computer Engineers at a cost ₹ 2.94 crore for completion by June 2011.

Scrutiny of records of EE, East Division revealed that the contractor completed only 315 of 510 toilet blocks despite repeated extensions granted to him till October 2012. The scope of work was however, restricted (October 2012) to 315 number on the ground of non-availability of sites for construction of the remaining 195 toilet blocks. The contractor was paid (January 2013) the final bill of ₹ 2.45 crore.

The EE, East Division stated (June 2013) that the Slum Rehabilitation Scheme was being implemented on the locations selected for construction of remaining 195 toilets blocks and due to high density of slum population, the remaining toilet blocks could not be completed.

The reply is not acceptable as further audit scrutiny revealed that MSIB awarded (May 2012) the work of construction of 38 seated toilet blocks in the same locality at a cost of ₹ 52.90 lakh to five contractors which were completed by April 2013. Further, the Board could have attached the new work of 38 toilets blocks with construction of 510 number awarded in June 2010 and saved ₹ 23.39<sup>8</sup> lakh.

### 3.1.4.5 Irregular execution of works without identification of Dalit *Vastis*

The MSIB received ₹ 249.85 crore during 2010-2013 under special component plan from the Social Justice and Special Assistance Department for providing civic amenities to the dalit *vastis* situated in Mumbai. Under the scheme, the works were to be carried out in dalit *vastis* after fixing their relative priority on the basis of SC / Nav Buddha population residing in it. The MSIB attempted to identify the number of dalit *vastis* through the District Collectors and their own Divisions but, no information could be gathered. The Chief Officer, MSIB, also directed (October 2011) the EE to conduct a survey to identify the dalit *vastis*.

Audit scrutiny revealed that MSIB sanctioned 2,111 works at a cost of ₹ 166.20 crore during 2010-12 in the areas suggested by the local MLAs and completed 1,890 works during 2012-13 without identifying the dalit *vastis*. Audit therefore, could not verify whether the works were got executed only in dalit *vastis*.

The Deputy Chief Engineer, MSIB stated (July 2013) that the Honourable Minister, Rural Development and the Guardian Minister, Mumbai City district in the DPDC meeting held on 03 December 2011 directed that the works as suggested by the Honourable MLAs be considered and administrative approvals were granted immediately.

The action of MSIB was not appropriate as proper survey should have been done to identify the dalit *vastis* based on which works should have been got

<sup>8</sup> Cost of each seated toilet block in June 2010 = ₹ 77,655  
 Cost of each seated toilet block in May 2012 = ₹ 1,39,210  
 Difference in cost = ₹ 61,555 per toilet block  
 Extra expenditure incurred = ₹ 61,555 x 38 = ₹ 23.39 lakh

executed to ensure that benefits reach the targeted beneficiaries under the scheme.

#### **3.1.4.6 Internal controls**

##### **Inadequacies in material testing**

As per clause 52 of the agreements signed with the contractors, all tests prescribed by the MSIB for testing the quality/strength and soundness of a particular component and building structure as a whole were to be carried out by the contractors at their cost in the Material Test Laboratory (MTL) of MHADA. The Chief Engineer-I, MHADA also issued (April 2011) a Circular instructing the concerned Engineers/ CAO to ensure the genuineness of the test certificates before certifying the works/payments and in case of any doubts/discrepancies, the originality of the test certificates were to be ascertained by approaching the MTL of MHADA.

In 40 out of 1,270 test-checked cases, it was observed that final bills amounting to ₹ 4.31 crore were paid to the contractors on the basis of material test certificates submitted. However, cross verification by audit from MTL revealed that none of the test certificates were issued by MTL. Further, the Divisions made final payment of ₹ 4.26 crore in 39 other test checked cases though no material test certificates were on record. In the absence of material testing, use of substandard material by contractors in execution of works could not be ruled out. This also indicated weak internal controls in the Board

The EEs stated (June 2013) that the test reports have been called for from the contractors and the payment receipts for testing charges would be submitted to the Divisions after receipt of the same from the contractors. Further, the certificates stated to be forged would also be got verified by the the VQC cell of MHADA.

##### **Non-compliance to observations of Vigilance and Quality Control Cell**

Inspections are carried out by the VQC cell of MHADA during execution of works to ensure that works are executed as per the laid down specifications and design. During inspection, observations made by the VQC cell are issued to the concerned Divisions in the form of Observation Memos (OM) for compliance and setting right the defective work *etc.* Further, with a view to improving the quality of the work, the Chief Engineer, MHADA instructed (February 2004) that the respective EEs has to certify that no OM issued by the VQC cell was pending for compliance, before releasing the final bill.

Audit scrutiny revealed that in 27 out of 1,270 test checked cases, final bills amounting to ₹ 2.60 crore were released to the contractors on the basis of the certificates issued by the EEs that no OMs were pending, despite 32 pending OMs.

The EE West stated (June 2013) that the OMs were complied with but, the closure reports were not received from the VQC cell.

##### **Internal audit and inspections**

The Internal Audit Wing (IAW) set up by MHADA in April 2011 did not conduct internal audit of MSIB or any of its unit since its inception.

The CAO agreed (June 2013) that no internal audit was conducted by the IAW of MHADA while the Deputy Chief Engineer stated that inspections were conducted. However, the Deputy Chief Engineer could not produce any evidence of inspections having been carried out.

### 3.1.5 Conclusion

The MSIB was not complying with the Government directives with regard to allotment of works up to ₹ 15 lakh. The prescribed system for quality control was not being adhered to. There were instances of works executed without proper survey and identification of targeted beneficiaries, irregularities in payment of final bills and execution of inadmissible works. The internal controls in MSIB was also weak.

### 3.1.6 Recommendations

MSIB should ensure that mandatory material tests are conducted in all the required cases. A system should be put in place to ensure that the certificates issued by the Material Test Laboratory, MHADA are received directly by the MSIB for verification at the time of payment of final bills to the contractors. MSIB should ensure that work allotment is done strictly as per the Government directives. The internal controls should be strengthened.

The matter was referred to the Government in October 2013; their reply was awaited as on January 2014.

## 3.2 Non-compliance with rules and regulations

For sound financial administration and financial control, it is essential that expenditure conforms to the financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriations and frauds, but also helps in maintaining good financial discipline. Audit findings on non-compliance with rules and regulations are discussed below.

### Housing Department

#### Maharashtra Housing and Area Development Authority

### 3.2.1 Loss of revenue

**The Maharashtra Housing and Area Development Authority allotted 225 tenements to a Society without capitalizing interest up to the date of actual allotment of tenements, resulting in loss of revenue of ₹ 4.32 crore. Besides, outstanding dues from the Society on account of cost of tenements along with interest totaling ₹ 14.31 crore were not recovered.**

Sale of tenements constructed by Maharashtra Housing and Area Development Authority (MHADA) is regulated by Maharashtra Housing and Area Development (Estate Management, Sale, Transfer and Exchange of Tenements) (MHAD) Regulation, 1981. As per Regulation 13 (2) of MHAD, housing schemes for specific category or categories should be prepared and implemented by MHADA with the approval of the Housing Department (Department), Government of Maharashtra.

Scrutiny of records of Estate Manager, Mumbai Board<sup>9</sup> revealed that a housing society namely Rajyog Co-operative Housing Society (Society) approached (December 2008) the Department for allotment of 225 constructed<sup>10</sup> tenements at Versova, Mumbai. Accordingly, the Department directed (August 2009) MHADA to allot 225 tenements (each having built up area of 965 sq ft) to the Society. The sale price per sq ft worked out by MHADA in November 2008 after capitalizing interest up to 31 March 2009 was ₹ 4,361 per sq ft rounded off to ₹ 4,400 per sq ft and accordingly the provisional offer letter was issued (August 2009) by MHADA to the Society intimating the sale price of ₹ 42.46 lakh per tenement. As per the provisional offer letter, 25 per cent of the total cost (₹ 95.54 crore) was payable within 30 days and balance 75 per cent within 90 days from the date of issue of provisional offer letter. The last date for payment was extendable up to 45 days on payment of interest at 13.5 per cent per annum failing which, the allotment was to be cancelled and amount already paid refunded after forfeiting one per cent of the total cost of the tenements.

Audit observed the following:

- The sale price of ₹ 4,400 per sq ft was worked out in November 2008 after loading interest up to March 2009, instead of till August 2009 when the tenements were actually allotted. The sale price per sq ft considering interest up to the date of allotment worked out to ₹ 4,599<sup>11</sup> per sq ft. The incorrect fixation of the sale price thus, resulted in loss of revenue of ₹ 4.32 crore<sup>12</sup> on allotment of 225 tenements.
- The Society paid only ₹ 89.77 crore out of the ₹ 95.54 crore between August 2009 and June 2011. Though the Society failed to honour its payment obligations, MHADA neither cancelled the allotment nor did it forfeit one per cent of the total cost of the tenements as per the terms and conditions of provisional offer letter. The outstanding dues from the Society was ₹ 5.77 crore towards cost of tenements along with interest of ₹ 8.54 crore for delayed payment up to September 2013.

Thus, incorrect fixation of sale price of the tenements due to non-levy of interest up to the date of actual allotment resulted in loss of revenue of ₹ 4.32 crore and non-recovery of outstanding dues of ₹ 14.31 crore including interest.

The matter was referred to the Government in June 2013; their reply was awaited as of January 2014.

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<sup>9</sup> Mumbai Housing and Area Development Board, a unit of MHADA

<sup>10</sup> Out of a total 1088 tenements constructed

<sup>11</sup> Rate up to March 2009 ₹ 4,361 per sq ft x 14 per cent = ₹ 610.54 x 142 days (1 April 2009 to 20 August 2009) /365= ₹ 238; ₹ 4,361 + ₹ 238 = ₹ 4,599- ₹ 4400= ₹ 199 per sq ft

<sup>12</sup> ₹ 199/ sq ft x 965 sq ft built up area of the tenements x 225 tenements= ₹ 4.32 crore



### 3.2.2 Non-recovery of dues

**Lack of robust internal controls in Maharashtra Housing and Area Development Authority resulted in non-recovery of dues of ₹ 3.48 crore from Meera Co-operative Housing Society and Raigad Military School and loss of interest of ₹ 5.04 crore.**

Internal control is an integral component of an organisation's management process which are established in order to provide reasonable assurance that the operations are carried out effectively and efficiently so as to protect its assets and ensure recovery of its dues in time. The Maharashtra Housing and Area Development Authority (MHADA), is responsible for works like housing, development of land, distribution/allotment of tenements or plots *etc.* across the State as per the provisions in the Authority's Act of 1976. In two cases, as discussed below, the MHADA failed to recover the dues in respect of the lands leased to Meera Co-operative Housing Society at Oshiwara, Jogeshwari and Raigad Military School, Andheri due to lack of robust internal controls.

#### Case-I

The Housing Department, Government of Maharashtra (GoM), allotted (September 2001) land admeasuring 6,961 sqm at Oshiwara, Jogeshwari (West) to Meera Co-operative Housing Society (Society) under Regulation 16<sup>13</sup> of the Maharashtra Housing and Area Development (Disposal of Land) Regulations, 1982. The Chief Officer, Mumbai Housing and Area Development Board (Mumbai Board) under MHADA intimated (20 June 2002) the Society to pay an amount of ₹ 6.71 crore towards lease premium of the land and capitalized value of lease rent payable during the lease period of 30 years. Further, the Society was also informed that in case it was not able to pay the amount within 30 days of the intimation, a further period of three months would be granted for the payment failing which, compound interest at 13.5 *per cent per annum* would be levied till the total amount was paid. The Mumbai Board further intimated (28 June 2002) the Society that the plot was reserved for municipal retail market and 40 *per cent* of the area was to be used for the construction of the municipal market and handed over to the Municipal Corporation of Greater Mumbai (MCGM) free of cost by the Society. Accordingly, the amount payable by the Society was revised downwards to ₹ 3.22 crore after factoring into the expenditure to be incurred by the Society in construction of the municipal market at its cost. The cost of construction to the Society for the municipal retail market was provisionally reckoned (28 June 2002) at ₹ 13,000 per sqm by MHADA. The Society was also directed to furnish an undertaking to pay to MHADA the difference in the lease premium in the event of any decrease in the cost of construction provisionally reckoned. The Society paid ₹ 3.22 crore and executed the lease deed on 29 June 2002.

<sup>13</sup> Regulation 16 stipulates that plots reserved for amenities or for purely commercial purpose in any layout prepared by the Authority in a land situated in any of the Urban agglomerations namely Greater Bombay, Thane, Ulhasnagar, Pune, Kolhapur, Sangli-Miraj, Solapur, Nashik and Nagpur shall be disposed of in accordance with the direction the State Government. As per section 2 of Maharashtra Housing and Area Development Act, 1976, amenities include roads, bridges, educational and welfare projects *etc.*

The cost of construction of the municipal market was revised (November 2003) by MHADA at ₹ 8,608 per sqm. Accordingly, MHADA revised the amount payable by the Society to ₹ 4.32 crore and intimated (March 2004) the Society to pay the differential of ₹ 1.10 crore within 30 days of the receipt of the letter failing which, compound interest at 13.5 per cent per annum was payable.

Audit scrutiny revealed that as of January 2014, the Society neither paid the outstanding dues of ₹ 1.10 crore to MHADA nor the interest amounting to ₹ 2.71 crore for the period from 15 March 2004 to 31 January 2014 (almost 10 years). MHADA issued only one demand notice to the Society in May 2013 for total recovery of ₹ 3.42 crore (₹ 1.10 crore of outstanding dues plus interest amount of ₹ 2.32 crore) from 15 March 2004 to 14 March 2013. Further, though the Society failed to pay the outstanding dues of ₹ 1.10 crore, MHADA issued the 'No Objection Certificate' to the MCGM in September 2004 and October 2004, in order to enable the Society to obtain the Occupation Certificate and the Building Completion Certificate from the MCGM.

Audit also observed that the Society demanded (1 December 2003) an additional Built Up Area (BUA) of 654 sqm. Though sufficient BUA for the layout was not available, MHADA granted (22 December 2003) an additional BUA to the Society in anticipation of increase in Floor Space Index (FSI)<sup>14</sup> by the MCGM for the layout from one to 1.2. It was also noticed that the payment for the additional BUA was made (03 December 2003) by the Society even before the grant of approval by MHADA (22 December 2003) for the additional BUA. The Society was thus, extended undue favour since grant of additional FSI in anticipation of increase in FSI was irregular. The increase of FSI for the layout was not finalized as of January 2014.

## **Case II**

The Housing Department, GoM directed (March 2002) MHADA to allot plots reserved for secondary school (3,800 sqm) and playground (6,300 sqm) in the ratio of 60:40 to Raigad Military School (RMS) and Raj Purohit Trust (RPT) respectively under Regulation 16 of Maharashtra Housing and Area Development (Disposal of Land) Regulations, 1982.

Accordingly, MHADA issued offer letters to RMS and RPT in May 2002 for allotment of land. On final measurement, school plot admeasuring 2,400 sqm and play ground admeasuring 4,332 sqm was allotted to RMS and lease deed executed in April 2004 for a period of 30 years for an amount of ₹ 83.22 lakh<sup>15</sup>. The offer to RPT was cancelled by MHADA in August 2004 as there was no response and an area of 4,499 sqm (school plot : 1,611 sqm and play ground : 2,888 sqm) offered to RPT was offered (September 2004) to RMS for a premium of ₹ 53.61 lakh<sup>16</sup> to be paid within 30 days from the date of receipt of the offer letter. In the event of non-payment of the dues within the

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<sup>14</sup> It is the ratio of the total built-up area allowed to be constructed on the plot to the plot area

<sup>15</sup> ₹ 79.67 lakh towards lease premium; ₹ 3.55 lakh towards capitalized amount of lease rent; and ₹ 60 towards nominal lease rent for school and playground (₹ 30 each) for the period of 30 years

<sup>16</sup> including capitalised lease rent and legal charges of ₹ 0.36 lakh

stipulated period, the due date was to be extended by three months with an interest of 13.5 *per cent* on the balance amount payable failing which, the allotment of land was to be cancelled.

As per MHADA's policy (August 2004), the allottee to whom plot is allotted for setting up school can use five to 20 *per cent* of the total BUA for commercial purpose provided 10 *per cent* of the revenue earned is remitted to MHADA and where more than 20 *per cent* of the total BUA is utilized for commercial purpose, 25 *per cent* of the revenue earned is to be remitted to MHADA. RMS requested (January 2005) MHADA to permit commercial use of building under construction on the school plot, which was approved (March 2005) by MHADA. Accordingly, RMS sub-leased (September 2006) the entire ground floor and first floor of the building (1,409 sqm) to M/s Invention Realtors Private Limited for commercial purpose at a lease premium of ₹ 9.51 crore.

Scrutiny of records (January 2012) of MHADA revealed the following:

- Against the total available BUA of 4,800 sqm on the school plot (considering FSI of two granted), RMS sub-leased 1,409 sqm of BUA to M/s Invention Realtors for commercial use. Since the area used for commercial purpose worked out to 29.35<sup>17</sup> *per cent* of the total BUA, 25 *per cent* of the revenue (₹ 2.38 crore)<sup>18</sup> was to be remitted to MHADA. Though the matter relating to recovery of ₹ 2.38 crore from RMS was discussed in the file notings between March 2007 and September 2008, no action was taken by MHADA to issue notice to RMS for recovery of revenue to be shared on account of commercial use of the plot. The inaction on the part of MHADA also resulted in loss of interest of ₹ 2.33<sup>19</sup> crore for the period from November 2006 to January 2014.
- The permission granted (March 2005) by MHADA to RMS for commercial use of the plot provided for a tripartite agreement to be executed between MHADA, RMS and M/s Invention Realtors. However, it was observed that though RMS executed a lease agreement (September 2006) only with Invention Realtors (sub - lessee), no notice was issued by MHADA to RMS for not executing a tripartite agreement. Incidentally, while the lease agreement between RMS and the sub-lessee was valid for 28 years (September 2034), the lease deed between MHADA and RMS was valid up to April 2034.
- Of the plot area admeasuring 6,732 sqm initially allotted to RMS for which a lease deed was executed in April 2004, land admeasuring 1,212 sqm did not have a clear title in favour of MHADA.
- RMS paid only ₹ 15 lakh as against ₹ 53.61 lakh payable for the additional plot of land admeasuring 4,499 sqm on the ground that the plot was encroached upon. However, MHADA did not take any action either to remove the encroachments or to cancel the allotment of the plot.

<sup>17</sup> Plot area – 2400 sqm x 2 FSI = 4800 sqm (total built up area)  
Commercial area = 1409/4800 x 100 = 29.35 *per cent*

<sup>18</sup> 25 *per cent* of ₹ 9.51 crore = ₹ 2.38 crore

<sup>19</sup> (₹ 2.38 crore \* 13.5%)/12)\*87 months

Thus, lack of robust internal controls in MHADA resulted in non-recovery of dues of ₹ 3.48 crore from Meera Co-operative Housing Society and Raigad Military School and loss of interest of ₹ 5.04 crore.

The matter was referred to the Government in July 2013; their reply was awaited as of January 2014.

### **3.2.3 Loss of revenue**

**Irregular allotment of land to a Society at the rates prevailing in 1983 instead of at the current market rates of 2009, coupled with non-recovery of premium for change in land use, resulted in loss of revenue of ₹ 85.41 lakh.**

Regulation 10 of Maharashtra Housing and Area Development Authority (MHADA) Act, 1976 stipulates execution of lease deed in favour of the allottee only on receipt of full amount of lease premium and handing over possession of the land after execution of such lease deed. As per MHADA's policy of March 2000<sup>20</sup>, premium at the rate of ₹ 250 per sqm was to be recovered in case an allottee changes land use from residential to non-residential. Further, as per MHADA's pricing policy of June 2003<sup>21</sup>, plots allotted by the Government under Regulation 16<sup>22</sup> of MHADA Act were to be charged at the current market rates *i.e.* the rates prevailing as on the date of offer letter.

Scrutiny (March 2012) of records of the Chief Officer, Pune Housing and Area Development Board, a unit of MHADA, revealed that the District Collector, Sangli handed over (October 1966) land admeasuring five acres at Islampur to MHADA for construction of tenements. MHADA constructed (January 1969) 50 tenements for Economically Weaker Sections (EWS). However, these tenements could not be allotted to EWS due to lack of water supply.

MHADA, on request (August/September 1983) by Kasegaon Education Society<sup>23</sup> (KES), resolved (September 1983) to allot the 50 tenements (6,542 sqm of land) and 15,972 sqm of open land adjacent to these tenements to KES, together measuring approximately five acres. Accordingly, MHADA issued (October 1983) an offer letter to KES directing to pay ₹ 4.98 lakh towards outright sale price of the 50 tenements along with the land underneath the building and appurtenant thereto on lease for a period of 90 years. In the offer letter, MHADA indicated that the terms and conditions for allotment of the open land would be intimated separately. The then Deputy Engineer, Slum and Housing Division IV, Kolhapur however, handed over (December 1983) the provisional possession of the open land to KES.

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<sup>20</sup> Decided vide resolution no 5553 dated 27 March 2000.

<sup>21</sup> Decided vide resolution no 5930 dated 21 June 2003

<sup>22</sup> Regulation 16 stipulates that plots reserved for amenities or for purely commercial purpose in any layout prepared by the Authority in a land situated in any of the Urban agglomerations namely Greater Bombay, Thane, Ulhasnagar, Pune, Kolhapur, Sangli-Miraj, Solapur, Nashik and Nagpur shall be disposed of in accordance with the direction of the State Government.

<sup>23</sup> KES is a Public Trust registered under Bombay Public Trust Act, 1950.

As final decision on the terms and conditions for allotment of the open land was not taken by MHADA, the then Minister of Finance and Planning requested (November 2005 and February 2006) MHADA to finalise the allotment of the balance 15,972 sqm of open land to KES. MHADA submitted (June 2008) two options before the Housing Department for approval *i.e.* (i) amend the decision taken in September 1983 and cancel the allotment of open land or (ii) to recover lease premium from KES on the basis of current ready reckoner rate or capitalise the interest on the cost of land up to date of allotment, whichever was higher. However, the Housing Department directed (June 2009) MHADA to allot the land to KES as per the rates prevailing in the year 1983 and MHADA resolved (August 2009) to recover the lease premium at the rates prevailing in 1983 along with interest at 12.5 *per cent per annum* for 26 years amounting to ₹ 6.99 lakh and the capitalized lease rent of ₹ 0.88 lakh totaling ₹ 7.87 lakh (**Appendix 3.2**), which was paid by KES in September 2009.

Audit observed the following:

- Before allotment of any land, MHADA issues an offer letter to the allottee indicating the cost of land and the lease rent applicable. In the instant case, the open land was handed over to KES in 1983 without an offer letter and without any terms and conditions. Further, handing over of land to KES without recovery of lease premium and execution of lease agreement violated Regulation 10 of the MHADA Act. Incidentally, the provisional handing over and taking over of land was made on the letterheads of KES.
- The allotment of open land at the rates prevailing in 1983 instead of the current market rates as on the date of offer in 2009, not only violated the pricing policy of MHADA, but also resulted in loss of revenue of ₹ 45.48 lakh to MHADA (**Appendix 3.2**).
- As per resolution no. 6415 (August 2009), the use of land was changed by MHADA from residential to non-residential. MHADA, however, did not recover the premium at the rate of ₹ 250 per sqm for change in land use, resulting in loss of revenue of ₹ 39.93 lakh<sup>24</sup>.

Thus, allotment of land without applying the current market rates in violation of MHADA's pricing policy and non-recovery of premium for change in land use from KES resulted in loss of revenue of ₹ 85.41 lakh to MHADA.

The matter was referred to the Government in June 2013; their reply was awaited as of January 2014.

### **3.3 Audit against propriety/Expenditure without justification**

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce financial order and strict economy at every step. Audit has detected instances of impropriety and extra expenditure, some of which are hereunder.

<sup>24</sup> 15,972 sqm \* ₹ 250 = ₹ 39.93 lakh

## Home Department

### 3.3.1 Idling of an equipment

**Failure of the Home Department to provide stabiliser, UPS and de-humidifier for the 'Raman Spectrophotometer' purchased at a cost of ₹ 1.09 crore resulted in its breakdown thus, rendering it idle for a prolonged period, besides causing a liability of ₹ 26.90 lakh towards purchase of a new spare parts.**

The Director, Directorate of Forensic Science Laboratory<sup>25</sup>, Mumbai (DFSL) submitted (August 2008) a proposal to the Home Department, Government of Maharashtra (Department) for purchase of 'Raman Spectrophotometer' (equipment). The equipment was intended for conducting chemical, physical and biological analysis of collected samples to facilitate comparative study of test results, trace analysis and chemical and physical examination of the samples. The equipment had a wide range of applications such as, identification of explosives, narcotic drugs, other drugs detection, ink analysis, polymer identification *etc.* The Department accorded (September 2008) administrative approval for ₹ 1.30 crore for purchase of the equipment.

Tenders were invited in August 2008 and the only bid of M/s LABINDIA Instrument Private Limited, Thane, the sole distributor of M/s Renishaw, Plc, United Kingdom (supplier) was approved (January 2009) by a purchase Committee headed by the Director, DFSL. Accordingly, a supply order was placed (February 2009) on M/s Renishaw Plc, United Kingdom for supply of one number of equipment at a cost of GBP 149,587 (₹ 1.09 crore). In September 2009, the instrument was installed and commissioned at the office of the DFSL, Mumbai. The supplier had intimated at the tendering stage that the equipment would require stable power supply of 220 volts, Uninterrupted Power Supply (UPS) of 5 KVA<sup>26</sup> capacity, controlled humidity and room temperature.

Scrutiny of records (March 2012) of DFSL, Mumbai revealed the following:

- The Indian representative of the supplier during visit (October 2009) to attend to a fault reported by DFSL, observed that the equipment could not be started as the operating voltage of 220 volts was not achieved with the existing stabilizer. The Indian representative therefore, recommended installation of a branded UPS, a digital stabilizer and de-humidifier for longer life of the filters. However, the DFSL did not procure the branded UPS and digital stabiliser as of January 2014.
- Scrutiny of log book of the equipment revealed that the equipment was used only on five occasions between September – October 2009 and February 2011 to test 18<sup>27</sup> samples. The equipment remained idle for 15

<sup>25</sup> The forensic Laboratory has been providing technical and scientific assistance to Police Department by analyzing samples received/collected from crime sites

<sup>26</sup> Kilo Volt Ampere

<sup>27</sup> 24 September 2009: two ; 25 September 2009: six; 29 September 2009: one; 01 October 2009 : two; and 22 February 2011: seven

months during the period from November 2009 to January 2011 due to shortage of manpower in DFSL.

- The equipment was non-functional since March 2011. The Indian representative of the supplier during his visit to DFSL observed (May 2011) that the charge-couple device (CCD) detector had failed probably due to power fluctuations, non-usage of the system for a long time, temperature and humidity variations in the laboratory. However, the CCD detector was sent to the supplier in United Kingdom for repairs belatedly in July 2013 at an estimated cost of ₹ 9.23 lakh. The supplier returned the CCD detector stating that it was beyond economical repairs. The DFSL approved the purchase of a new CCD detector at a cost of ₹ 26.90 lakh only in October 2013. The CCD detector was not procured as of January 2014.

Thus, failure of the Department to provide UPS, stabiliser and de-humidifier initially recommended by the supplier coupled with shortage of manpower resulted in very limited use of the equipment during the period September 2009 to February 2011 before it became non-functional in March 2011. This not only defeated the purpose for which the equipment was procured at a cost of ₹ 1.09 crore but also led to an additional liability of ₹ 26.90 lakh towards spares procurement due to non-usage of the equipment for a prolonged duration.

The matter was referred to the Government in July 2013; their reply was awaited as of January 2014.

## Medical Education and Drugs Department

### 3.3.2 Idling of hospital equipment

**Failure to synchronise the procurement of hospital equipment with the civil construction works of new hospital building of Shri Bhausaheb Hire Government Medical College, Dhule led to idling of hospital equipment valuing ₹ 1.03 crore for 40 to 50 months.**

Mention was made in Paragraph 4.3.3 of the Report of the Comptroller and Auditor General of India for the year 2007-08 (Civil) regarding delay in construction of new hospital building of Shri Bhausaheb Hire Government Medical College (BHGMC) at Chakkarbardi, Dhule.

Construction of new hospital building of BHGMC comprising two 250-bedded wings was awarded (November 2006 and March 2008) by the Public Works Department (PWD) to two contractors with stipulated period of completion of November 2008 and June 2009 respectively. The construction of two 250-bedded wings was completed only in March 2011 and March 2012 *i.e.*, after a delay of 28 months and 33 months.

Audit scrutiny revealed that the Medical Education and Drugs Department administratively approved (August 2009) the purchase of various hospital equipment which *inter alia* included hydraulic tables, ceiling lamps and autoclave machines for use in the new hospital building of BHGMC. The Dean, BHGMC placed (November 2009 and January 2010) purchase orders

on three agencies for procurement of six hydraulic tables, eight ceiling lamps and 10 autoclave machines at a total cost of ₹ 1.19 crore. All the equipment were delivered between November 2009 and September 2010. However, equipment so procured could not be put to use even as of January 2014 as the new hospital building was not handed over by the PWD to the Dean, BHGMC due to pending civil/electrical works and delay in installation of lift and firefighting equipment. Consequently, seven out of 10 autoclave machines<sup>28</sup>, six hydraulic tables and eight ceiling lamps valuing ₹ 1.03 crore were lying idle (January 2014) for 40 to 50 months since their procurement<sup>29</sup>. Incidentally, warranty on these equipment had expired between December 2011 and December 2012.

Thus, failure to synchronise the procurement of hospital equipment with civil construction works of the new hospital building led to idling of equipment valuing ₹ 1.03 crore for 40 to 50 months.

The matter was referred to the Government in September 2013; their reply was awaited as of January 2014.

## Public Health Department

### 3.3.3 Idling of an equipment

**Non-deployment of full time permanent manpower at Regional Referral Hospital, Nashik resulted in the Brachytherapy unit purchased at a cost of ₹ 1.12 crore for treatment of patients suffering from cervical cancer remaining idle for 45 months.**

Atomic Energy Regulatory Board (AERB), Mumbai regulates the installation, use and monitoring of medical equipment which involves use of radioactive source. The Hospitals procuring radiation therapy facility are required to comply with mandatory conditions laid down by AERB, before any such facility is put into operation which *inter alia* include appointment of adequate number of full time Radiation Oncologists, Medical Physicists, Radiological Safety Officers and Radiation Therapy Technologists. The AERB monitors the safety standards through annual Radiation Safety Reports which is submitted to it by all the hospitals using such facility, before 31 January every year.

Scrutiny of records (June 2013) of Regional Referral Hospital (Hospital), Nashik revealed that the Directorate of Health Services placed (March – October 2007) an order for supply of a ‘High Dose Rate Remote After Loading Brachytherapy unit’ (equipment) valuing ₹ 1.12 crore on M/s Nucletron India Private Limited, Chennai. The equipment was meant for treatment of patients suffering from cervical cancer. The equipment was delivered in October 2008 but, installed only in August 2009 as the room in which the equipment was to be installed was not complete. The equipment was commissioned in October 2009.

<sup>28</sup> Three autoclave machines were in use in the operation theatre of the old hospital building and incinerator building

<sup>29</sup> Hydraulic tables and ceiling lamps procured in November 2009 (50 months); and Autoclave machines procured in September 2010 (40 months )



As per records of the Hospital, 48 patients were referred to Brachytherapy unit for treatment of cervical cancer of which, only four patients were treated between March and April 2010. The remaining 44 patients were referred to other Government hospitals for treatment as the strength of the radioactive source (Iridium-192) used for running the equipment had decayed beyond the permissible limit.

Audit scrutiny revealed that at the time of commissioning of the equipment in October 2009, the Hospital had one Radiation Oncologist, one Radiological Safety Officer-cum-Chief Physicist and two Radiation Therapy Technologists on its roll on contract basis between July 2008 and January 2009. The Chief Physicist and one Radiation Therapy Technologist resigned subsequently in March 2010 and May 2010 respectively. With the resignation of the Chief Physicist, who was also the Radiological Safety Officer and the only authorized person to operate the equipment, the cancer department of the Hospital stopped functioning. As adequate number of trained manpower was not available in the Hospital from May 2010 onwards for the operation/activation of the equipment, the AERB did not grant permission to the Hospital to import the radioactive source. The AERB further advised (April 2012 and April 2013) the Hospital to initiate action for decommissioning of the equipment, in accordance with its present policy<sup>30</sup> on disused sources for prolonged period. The equipment was non-functional as of January 2014.

Further audit scrutiny revealed that the Public Health Department, GoM sanctioned the post of one Radiation Oncologist, one Chief Physicist and three Physicists for the Hospital way back in November 2006. However, even after more than three years of commissioning of the equipment, the Government did not finalize the recruitment rules for these specialized posts nor did it make any efforts to fill up these posts on permanent/regular basis. Consequently, the Hospital continued to fill up the specialized posts on contract basis from time to time leading to vacancies in various posts (11 to 41 months), as indicated in the **Table 2**.

**Table 2: Vacancies in specialised posts**

Sr. No.	Post	Period of deployment on contract basis	Vacant period (in months)
1.	Radiation Oncologist	14/07/2008 to 16/04/2011 29/03/2012 onwards	11
2.	Medical Physicist/ Radiological Safety Officer	24/09/2008 to 11/03/2010 13/03/2012 onwards	24
3.	Radiation Therapy Technologists	(i) 05/12/2008 to 11/05/2010 27/09/2013 onwards (ii) 23/01/2009 onwards (iii) 25/09/2013 onwards	41

The Government stated (November 2013) that the required staff to operate the equipment has been appointed in September 2013 and correspondence with AERB, Mumbai has been made for the procurement of radioactive source. On receipt of the same, the equipment would be made functional immediately.

<sup>30</sup> Any radioactive source/ equipment shall be deemed as disused if the source/equipment is lying in a disused state in the radiotherapy facility for more than one year, without any appropriate acceptable proposal from the user to make use of it in the near future

The Government further stated that after finalization of the recruitment rules, action will be taken to fill up the posts on regular basis.

Thus, non-deployment of manpower in the Hospital on permanent basis and subsequently, non-granting of permission by the AERB for import of radioactive source led to idling of the 'High Dose Rate Remote After Loading Brachytherapy unit' procured at a cost of ₹ 1.12 crore for 45 months (May 2010 to January 2014), besides depriving treatment to large number of patients suffering from cervical cancer. Further, due to prolonged non-use, the decommissioning of the equipment cannot be ruled out.

## **School Education and Sports Department**

### **3.3.4 Nugatory expenditure**

**School Education and Sports Department failed to utilise the services of surplus teachers against the vacancies, resulting in nugatory expenditure of ₹ 10.34 crore towards payment of salaries.**

As per the amendment made (December 1990) to Rule 7.5 of the Secondary School Code, no management shall close school or any of the recognised classes or make voluntary change in approved school subjects, which may result in any of its permanent staff being rendered surplus, without due notice to the Regional Deputy Director of Education (DDE), at least one academic term in advance and act as per his decision. An appeal on the decision of the DDE in this case shall lie with the Director of Education (DE).

Scrutiny of records (November 2011) of Education Inspector, West Zone, Jogeshwari, Mumbai and information obtained from the DDE, Mumbai revealed that Laxmi Education Society, Mumbai was running two Government aided junior colleges viz., L.U.M.V. College of Arts, Science and Commerce and Chinai College of Commerce and Economics at Andheri (East), Mumbai from 1975 onwards. The Management of the Laxmi Education Society, Mumbai (Management) decided (February 2007) to close these two junior colleges from the academic year 2007-08 on the ground of financial crunch and reduction in work load in the colleges and submitted (February 2007) a proposal to the DDE for closure of the two colleges. The DDE rejected (March 2007) the proposal considering the interest of the students and teachers and directed the Management to keep the colleges operational. However, the Management issued (June 2007) notices to all the 42 teachers terminating their services. The School Tribunal, where an appeal was filed by the aggrieved teachers against their termination, passed its operative orders (November 2007 and March 2008) against the decision of the Management and directed the School Education and Sports Department (Department) to absorb these surplus teachers in other aided junior colleges in Mumbai. The salaries of teachers of both the colleges were stopped from March 2008. The Department then filed (June 2008) a Writ Petition in the High Court, Mumbai. While admitting the petition the High Court directed that the petitioners<sup>31</sup> should take appropriate decision after conducting hearing of all the concerned parties. After hearing all

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<sup>31</sup> Includes the State Government and Director of Education, Mumbai.

the parties, the DE concluded (July 2008) that the decision of the Management to close the colleges was not appropriate. The Management filed an appeal (2008) in the High Court against the decision of the DE. The Department, however, did not take any action to utilise the services of the 42 teachers in any of the junior colleges pending finalisation of High Court's orders.

Meanwhile, the Department directed<sup>32</sup> (May 2009 and June 2009) the DE to disburse salaries to all the 42 teachers. Accordingly, the DDE through the Education Inspector started (June 2009) disbursing salaries with retrospective effect from March 2008. As of October 2013<sup>33</sup>, an amount of ₹ 10.34 crore was paid to the surplus teachers towards salaries. The High Court clubbed all the petitions filed by the Management and the Department and ordered (December 2009) to reconsider the original proposal submitted by the Management on merit. The DDE heard the Management and passed a speaking order (June 2010) not to close the colleges. On an appeal filed by the Management against the order, the appellate authority *viz.*, the Director, Maharashtra State Council of Educational Research and Training upheld (July 2010) the decision of the DDE. The Management filed (2010) a petition in the High Court against this order, which was still pending (January 2014).

Audit observed that though the DDE in October 2009 requested the DE (Secondary and Higher Secondary) to deploy the surplus teachers against the existing vacancies temporarily pending decision of the High Court, the services of the surplus teacher were not utilized. This was evident from the fact that the Department recruited 246<sup>34</sup> teachers in Mumbai region during the period 2008-09 to 2011-12 and there were 22 vacancies as of March 2012. However, the services of none of the surplus teachers were utilized against the vacancies that arose during 2008-12.

The DDE, Mumbai Division stated (June 2013) that of the 32<sup>35</sup> teachers, posting of 17 teachers had been completed. Of the remaining 15 teachers, three teachers had retired in January, April and June 2013. The posting orders of the remaining 12 teachers have been issued. The Education Inspector further stated (January 2014) that only one teacher remained to be absorbed.

Thus, failure of the Department to utilise the services of surplus teachers against the existing vacancies resulted in nugatory expenditure of ₹ 10.34 crore on payment of salaries to the surplus teachers.

The matter was referred to the Government in June 2013; their reply was awaited as of January 2014.

<sup>32</sup> As per Rule 88.1 of Secondary School Code, all recognized secondary schools including vocational secondary schools, which are under the control of the DE, are eligible for salary and non-salary grant subject to availability of funds. These grants are paid by making provision in the regular budget year

<sup>33</sup> No salary was paid to surplus teachers from November 2013 onwards

<sup>34</sup> Science : 116; Commerce : 81; and Arts : 49

<sup>35</sup> Out of 42 surplus teachers, there were only 32 surplus teachers (two teachers had expired and eight had retired)

### 3.4 Failure of oversight/Governance

The Government has an obligation of improving the quality of life of the people for which it works by fulfilling certain goals in the area of health, education, development and upgradation of infrastructure and public services etc. Audit noticed an instance of lack of administrative oversight, as discussed below.

#### Public Health Department

##### 3.4.1 Avoidable payment of interest

##### **Failure of the Public Health Department to challenge arbitration awards within prescribed time limit resulted in avoidable payment of interest of ₹ 1.03 crore.**

According to provisions of Section 34 (3) of the Arbitration and Conciliation Act, 1996, the limitation for making an application to set aside the award passed by the Arbitrator is three months only from the date of receiving the award by the concerned party. However, it is provided under the said Section that if the court is satisfied that applicant was prevented by sufficient cause from making the application within the said period of three months, it may entertain the application within a further period of 30 days, but not thereafter.

Scrutiny of records (January 2012) of Deputy Director, Health Services, Akola and further information received (February 2013) from Director, Health Services, Mumbai (DHS) revealed that the Sole Arbitrator declared (13 June 2009) two awards totaling ₹ 3.19 crore<sup>36</sup> in respect of two works in favour of the contractor, payable on or before 15 July 2009 failing which, from 16 July 2009 till the date of actual payment, interest at the rate of 18 per cent per annum on the awarded amount was payable by the DHS.

Both the awards were challenged by DHS under Section 34 (3) of the Arbitration and Conciliation Act, 1996 before the Principal District Judge, Yavatmal under judicial case No. 61 and 62/2009 by applications dated 22 October 2009 stating that awards were received late on 24 June 2009. However, it was proved in the Court that the awards were actually received by the DHS on 16 June 2009. Thus, both the applications, barred by limitation, were dismissed by the Court on 23 August 2010. The Department released ₹ 4.22 crore in May 2011 towards the settlement of awards, which included an interest component of ₹ 1.03 crore<sup>37</sup>. The entire payment of ₹ 4.22 crore was made to the contractor between June and August 2011. The payment of interest was avoidable had the awards been paid or challenged in time.

<sup>36</sup> (i) Improvement and extension of 30-bedded rural hospital to 50-bedded sub-district hospital at Pandharkawda, district Yavatmal (Amount of award ₹ 1.49 crore).

(ii) Improvement and extension of 30-bedded rural hospital at Digras, district Yavatmal (Amount of award ₹ 1.70 crore).

<sup>37</sup> From 16 July 2009 to 23 October 2010 : ₹ 73,41,541

From 24 October 2010 to 30 April 2011 : ₹ 29,61,824

₹ 1,03,03,365

The DHS accepted (February 2013) that there were procedural and administrative delays in challenging the awards.

Thus, failure on the part of the Department to challenge the awards within prescribed time limit resulted in avoidable payment of interest of ₹ 1.03 crore.

The matter was referred to the Government in May 2013; their reply was awaited as of January 2014.

Mumbai,  
The 15 May, 2014



(MALA SINHA)  
Principal Accountant General (Audit)-I,  
Maharashtra

Countersigned



New Delhi,  
The 30 MAY 2014

(SHASHI KANT SHARMA)  
Comptroller and Auditor General of India



# APPENDICES





**Appendix 1.1**

*(Reference: Paragraph 1.7.1; Page 7)*

**Department-wise outstanding Inspection Reports/paragraphs issued up to December 2012 but outstanding as on 30 June 2013**

Sr No	Name of Deptt	Mumbai/	Up to 2007-08		2008-09		2009-10		2010-11		2011-12		2012-13		Total		
		Nagpur	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
<b>General Sector</b>																	
1.	Environment	Mumbai	5	9	5	10	5	15	4	26	5	35	3	20	27	115	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	5	9	5	10	5	15	4	26	5	35	3	20	27	115	
2.	Finance	Mumbai	12	19	4	10	5	8	2	5	4	18	0	0	27	60	
		Nagpur	15	23	6	9	3	5	0	0	0	0	0	0	24	37	
		Total	27	42	10	19	8	13	2	5	4	18	0	0	51	97	
3.	General Administration	Mumbai	5	5	11	14	5	8	11	29	9	36	6	19	47	111	
		Nagpur	5	6	2	7	4	11	0	0	0	0	5	7	16	31	
		Total	10	11	13	21	9	19	11	29	9	36	11	26	63	142	
4.	Home	Mumbai	93	150	38	89	28	102	36	150	11	80	12	27	218	598	
		Nagpur	76	152	19	65	35	87	29	117	9	42	3	14	171	477	
		Total	169	302	57	154	63	189	65	267	20	122	15	41	389	1075	
5.	Law and Judiciary	Mumbai	17	28	14	25	7	27	1	6	0	0	0	0	39	86	
		Nagpur	29	43	16	30	24	48	17	36	4	16	2	18	92	191	
		Total	46	71	30	55	31	75	18	42	4	16	2	18	131	277	
6.	Maharashtra Legislature Secretariat & Parliamentary Affairs	Mumbai	2	8	0	0	1	2	1	1	1	3	0	0	5	14	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	2	8	0	0	1	2	1	1	1	3	0	0	5	14	
7.	Planning	Mumbai	2	2	0	0	1	1	1	2	1	10	2	5	7	20	
		Nagpur	0	0	0	0	1	1	0	0	0	0	0	0	1	1	
		Total	2	2	0	0	2	2	1	2	1	10	2	5	8	21	

Appendix 1.1 (contd....)																	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Social Sector																	
8.	Maharashtra State Language	Mumbai	2	6	0	0	1	3	0	0	1	9	0	0	4	18	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	2	6	0	0	1	3	0	0	1	9	0	0	4	18	
9.	Employment and Self Employment	Mumbai	5	8	6	10	0	0	1	2	1	2	0	0	13	22	
		Nagpur	6	7	2	4	4	4	5	7	0	0	0	0	17	22	
		Total	11	15	8	14	4	4	6	9	1	2	0	0	30	44	
10.	Higher and Technical Education	Mumbai	118	195	51	132	52	181	63	322	45	231	27	206	356	1267	
		Nagpur	72	111	27	59	44	101	49	132	18	40	8	15	218	458	
		Total	190	306	78	191	96	282	112	454	63	271	35	221	574	1725	
11.	Housing	Mumbai	4	6	5	7	1	1	0	0	0	0	0	0	10	14	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	4	6	5	7	1	1	0	0	0	0	0	0	10	14	
12.	Medical Education and Drugs	Mumbai	38	54	10	25	13	36	6	22	9	49	6	43	82	229	
		Nagpur	45	88	10	31	15	42	9	41	14	107	6	49	99	358	
		Total	83	142	20	56	28	78	15	63	23	156	12	92	181	587	
13.	Public Health	Mumbai	86	143	17	52	20	74	20	75	10	54	10	51	163	449	
		Nagpur	159	367	34	81	45	141	39	141	14	101	7	81	298	912	
		Total	245	510	51	133	65	215	59	216	24	155	17	132	461	1361	
14.	Social Justice and Special Assistance	Mumbai	103	185	16	35	15	60	32	136	2	13	0	0	168	429	
		Nagpur	41	75	19	48	23	52	22	63	10	51	14	32	129	321	
		Total	144	260	35	83	38	112	54	199	12	64	14	32	297	750	
15.	School Education and Sports	Mumbai	66	110	17	54	17	37	21	58	15	66	72	405	208	730	
		Nagpur	202	960	61	463	59	373	50	575	21	577	17	140	410	3088	
		Total	268	1070	78	517	76	410	71	633	36	643	89	545	618	3818	
16.	Tribal Development	Mumbai	22	37	19	54	5	29	25	127	18	143	0	0	89	390	
		Nagpur	32	69	19	55	19	52	25	71	15	50	5	23	115	320	
		Total	54	106	38	109	24	81	50	198	33	193	5	23	204	710	

**Appendix 1.1 (contd....)**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
<b>Social Sector</b>																	
17.	Water supply and Sanitation	Mumbai	82	108	21	40	32	87	18	125	16	135	10	121	179	616	
		Nagpur	10	17	1	1	5	13	10	14	1	5	0	0	27	50	
		Total	92	125	22	41	37	100	28	139	17	140	10	121	206	666	
18.	Women and Child Development	Mumbai	95	164	4	6	43	82	10	21	6	38	1	16	159	327	
		Nagpur	17	23	1	1	5	7	3	7	1	1	12	38	39	77	
		Total	112	187	5	7	48	89	13	28	7	39	13	54	198	404	
19.	Minorities Development	Mumbai	1	3	0	0	0	0	1	4	1	14	0	0	3	21	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	1	3	0	0	0	0	1	4	1	14	0	0	3	21	
20.	Food, Civil Supplies and Consumer Protection	Mumbai	13	19	5	8	16	29	17	39	0	0	0	0	51	95	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	13	19	5	8	16	29	17	39	0	0	0	0	51	95	
21.	Revenue	Mumbai	286	582	44	143	36	136	36	124	24	202	5	65	431	1252	
		Nagpur	367	752	30	94	40	115	73	242	20	111	5	49	535	1363	
		Total	653	1334	74	237	76	251	109	366	44	313	10	114	966	2615	
22.	Rural Development and Water Conservation																
		(a) District Rural Development Agency	Mumbai	20	33	6	16	11	52	3	14	7	65	2	23	49	203
			Nagpur	39	82	6	23	9	36	9	41	19	110	1	11	83	303
	Total		59	115	12	39	20	88	12	55	26	175	3	34	132	506	
	(b) Minor irrigation (Local Sector)	Mumbai	15	30	2	4	3	12	4	23	3	19	0	0	27	88	
		Nagpur	15	88	8	36	12	50	7	31	7	31	1	4	50	240	
		Total	30	118	10	40	15	62	11	54	10	50	1	4	77	328	
	(c) Social Forestry	Mumbai	11	14	2	2	2	4	0	0	8	45	3	15	26	80	
		Nagpur	16	47	9	41	3	6	1	8	6	22	6	40	41	164	
		Total	11	14	2	2	2	4	0	0	8	45	3	15	26	80	

Appendix 1.1 (concl.)																
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Social Sector																
23.	Urban Development															
	(a) Mumbai Metropolitan Regional Development Authority	Mumbai	6	18	1	5	1	11	2	20	1	13	0	0	11	67
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	6	18	1	5	1	11	2	20	1	13	0	0	11	67
	(b) District Urban Development Agency	Mumbai	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Nagpur	54	151	3	16	6	34	6	34	2	7	1	5	72	247
		Total	54	151	3	16	6	34	6	34	2	7	1	5	72	247
	(c) Nagpur Improvement Trust	Mumbai	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Nagpur	2	26	0	0	0	0	1	23	1	15	0	0	4	64
		Total	2	26	0	0	0	0	1	23	1	15	0	0	4	64
	<b>Grand Total</b>		<b>2295</b>	<b>4976</b>	<b>562</b>	<b>1764</b>	<b>673</b>	<b>2169</b>	<b>669</b>	<b>2906</b>	<b>354</b>	<b>2544</b>	<b>246</b>	<b>1502</b>	<b>4799</b>	<b>15861</b>

**Appendix 1.2**  
(Reference: Paragraph 1.7.3; Page 8)  
**Statement showing no. of paragraphs/reviews in respect of which  
Government's explanatory memoranda had not been received**

Sr. No.	Name of Department	Up to 2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Total
	<b>General Sector</b>								
1.	Environment	--	1	--	--	--	2	--	3
2.	Home	1	1	1	--	--	3	2	8
3.	Maharashtra Legislature Secretariat & Parliamentary Affairs	--	--	1	--	--	--	--	1
4.	Planning	1	--	--	1	--	1	--	3
	<b>Social Sector II</b>								
5.	Higher and Technical Education	1	--	--	--	--	2	1	4
6.	Housing	3	--	--	--	--	1	1	5
7.	Medical Education & Drugs	1	--	--	--	1	--	2	4
8.	Public Health	5	--	--	--	1	--	--	6
9.	Revenue	4	--	--	--	--	--	--	4
10.	School Education and Sports	--	--	--	--	--	--	1	1
11.	Social Justice and Special Assistance	7	--	--	--	1	--	--	8
12.	Women and Child Development	--	--	--	--	--	--	1	1
	<b>Total</b>	<b>23</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>9</b>	<b>8</b>	<b>48</b>

## Appendix 1.3

(Reference : Paragraph 1.7.3; Page 9)

Department-wise position of PAC recommendations on which Action Taken Notes were awaited

Sl. No.	Name of the department	1985-86 to 2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Total
1	General Administration	1	0	0	0	11	0	0	0	0	0	0	12
2	Home	16	0	3	0	1	4	0	0	0	0	0	24
3	Urban Development	20	11	0	0	0	2	0	0	0	0	0	33
6	Planning	6	0	0	0	0	8	4	0	0	0	0	18
7	Housing	14	0	0	0	10	0	5	0	0	0	0	29
9	Social Justice and Special Assistance	22	0	0	0	0	17	0	0	0	0	0	39
10	Medical Education and Drugs	7	0	0	0	0	0	3	0	0	0	0	10
11	Rural Development and Water Conservation	11	0	0	1	0	0	0	0	0	0	0	12
12	Revenue and Forests	2	0	0	0	0	20	0	0	0	0	0	22
13	School Education & Sports	5	0	0	0	22	0	0	0	9	0	0	36
15	Public Health	9	0	0	0	0	0	0	0	0	0	0	9
16	Water Supply & Sanitation	9	0	0	0	0	0	0	0	0	0	0	9
17	Higher & Technical Education	1	0	0	0	15	0	0	0	0	0	0	16
19	Tribal Development	2	0	0	0	2	0	0	0	0	0	0	4
20	Finance	0	0	0	0	2	0	0	0	0	0	0	2
21	Employment & Self Employment	0	0	0	0	15	0	0	0	0	0	0	15
22	Women & Child Development	0	0	0	0	0	16	0	0	0	0	0	16
23	Food, Civil Supplies and Consumer Protection	0	0	0	0	12	0	0	0	0	0	0	12
24	Environment	0	0	0	0	0	0	10	0	0	0	0	10
	<b>Total</b>	<b>125</b>	<b>11</b>	<b>3</b>	<b>1</b>	<b>90</b>	<b>67</b>	<b>22</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>328</b>

**Appendix 2.1.1**  
(Reference: Paragraph 2.1.6.3; Page 18)  
**Cuts imposed by Government of India while release of funds during 2009-13**

(₹ in lakh)

Year	Date of sanction order	Amount released	Cuts imposed	Reasons for cuts imposed	Amount restored	Date of restoration	Unrestored amount
2009-10	31.12.09	23,842.58	3,712.22	Unutilized funds of previous year	3,712.22	26.02.10	0.00
			3,062.20	Less State share during 2008-09	2,900.00	31.03.10	162.20
2010-11	29.12.10	11,541.59	12,508.22	Unutilized funds of previous year	6,712.22	02.02.11	0.00
					5,796.00	28.03.11	0.00
			10,780.51	Less State share	7,058.42	28.02.11	0.00
					3,722.09	28.03.11	0.00
2011-12	29.03.12	1,038.60	343.40	Late submission of AAP	0.00		343.40
2012-13	30.10.12	7,491.94	5,978.42	Unutilized funds of previous year	0.00		5,978.42
		<b>Total</b>	<b>36,384.97</b>		<b>29,900.95</b>		<b>6,484.02</b>

Source: Integrated Management Information System

## Appendix 2.1.2

(Reference: Paragraph 2.1.6.3; Page 19)

Statement showing inadmissible expenditure on price escalation, extra items and quantity variation incurred on RRWSSs from NRDWP/ARWSP funds in selected districts

(₹ in lakh)

Sr. No.	District	Name of the project	Cost of scheme	Date of AA/TS	Revised cost of scheme	Date of revised sanction	Inadmissible amount in ARWSP/ NRDWP			
							Price Variation	Extra item	Excess quantity variation	Total
1.	Buldhana	Deulgaon Sakharsha and 7 villages RRWSS	493.13	<u>02.04.98</u> 29.12.98	882.22	16.05.09	114.77	54.04	10.81	179.62
	Buldhana	Lakhanwada and and 21 villages RRWSS	816.57	<u>02.04.98</u> 09.12.98	1270.38	December 2005	146.39	84.54	17.27	248.20
2.	Beed	Boregaon and two villages	125.66	<u>21.04.98</u> 07.09.01	Not revised	Not revised	0	67.32	0	67.32
	Beed	Fakirjawala and nine villages	450.00	<u>01.06.98</u> 17.11.98	796.66	08.03.10	58.86	53.11	0	111.97
	Beed	Pattiwadgaon and nine villages	745.90	<u>12.08.98</u> 16.11.98	1018.69	18.07.05	112.75	61.13	0	173.88
3.	Raigad	Warak-kusade RWSS	123.06	<u>14.03.97</u>	160.44	28.01.04	14.10	1.32	0	15.42
	Raigad	Nagothane RWSS	638.95	<u>25.01.10</u> 14.12.09	Not revised	Not revised	0	150.20	0	150.20
4.	Kolhapur	Uttur & other 2 Villages RRWSS	202.50	<u>02.05.03</u> 19.08.03	Data not available	Data not available-	10.22	0	1.14	11.36
5.	Ahmednagar	Savali Vihir & 5 Villages RRWSS	723.37	<u>02.04.98</u> 09.12.98	1251.43	06.02.03	60.67	5.19	0	65.86
	Ahmednagar	Nimgaon & 7 Villages RRWSS	413.35	<u>February 98</u> January 99	Not revised	Not revised	0	26.14	12.16	38.30
						<b>Total</b>	<b>517.76</b>	<b>502.99</b>	<b>41.38</b>	<b>1062.13</b>

Source : Running account bills of the schemes



**Appendix 2.1.3**  
(Reference: Paragraph 2.1.6.3; Page 19)

**Inadmissible expenditure incurred from NRDWP funds on already completed schemes in Gondia district**

(₹ in lakh)

Sr. No.	Name of RRWSS	No. of villages and habitations	Administrative Approval	Original /revised estimated cost	Date of completion	Date of handing over	Expenditure during 2009-10 to 2012-13	Remarks
1.	Chichgad-Palandur RR	15 villages and 7 habitations	21.04.98 18.07.07 25.05.09	728.00 816.26 859.92	01.11.08	Not handed over to Z.P	13.53	Z.P has not taken over the scheme and MJP has shortage of funds for O & M hence, scheme is non-functional.
2.	Siregaon RR	8 villages	21.04.98	286.85	21.06.06	07.12.06	16.48	
3.	Putali RR	16 Villages and 18 habitations	01.06.98	1132.9	20.09.06 (01.07.08)	Not handed over to Z.P	40.40	Z.P has not taken over the scheme and MJP has shortage of funds for O & M hence, scheme is non-functional.
4.	Churdi RR	6 villages	01.06.98	289	21.03.06	Not handed over to Z.P	13.19	Z.P has not taken over the scheme and MJP has shortage of funds for O & M hence, scheme is non functional (Water supply to two villages Belati and Mundipar started).
5.	Ghatkuroda RR	5 villages	21.04.98	241.87	21.02.06	13.02.12	8.42	
6.	Bangaon RR	48 villages and 4 habitations	21.04.98 31.05.05 23.03.09	2906.96 3230.10 3819.89	15.06.07	21.01.13	420.03	
7.	Goregaon RR	16 villages and 4 habitations	21.04.98 14.03.05	1159.52 1286.29	Jan-05	run by MJP since 13.10.06	4.12	Water supply being done only to five villages and one habitation.
8.	Khambi RR	19 villages and 4 habitations	21.04.98	624.46	21.06.06	07.02.07	71.28	
9.	Latori RR	30 villages and 35 habitations	21.04.98 25.09.06 04.05.09	1296.94 1694.06 1986.97	31.12.07	Not handed over to Z.P	134.30	ZP has not taken over the scheme and MJP has shortage of funds for O & M hence, scheme is non-functional.
10.	Chirekhani RR	5 villages	01.06.98	255.85	31.03.08	Not handed over to Z.P	9.50	ZP has not taken over the scheme and MJP has shortage of funds for O & M hence, scheme is non-functional.
11.	Aug to Amagaon	1 village	10.11.93	89.17 294.29	30.06.04	15.06.05	17.10	
12.	Sawari	1 village	07.08.96	74.58		31.11.10	3.65	
						<b>Total</b>	<b>752.00</b>	

Source: Records of MJP division, Gondia

**Appendix 2.1.4(A)**  
(Reference: Paragraph 2.1.6.3; Page 19)  
**Non-recovery of popular contribution under Regional Rural Water Supply Schemes**

(₹ in lakh)

District	Name of scheme	No of villages	Capital cost	Popular contribution (PC)				Non-recovery of PC (e) – (h)
				To be collected	Collected in cash	Collected by way of Shramdan	Total collected (f) + (g)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Raigad	Nagothane RRWSS	1	586.20	58.62	0	0	0	58.62
Gondia	Kudwa and Katangi Kala RRWSS	2	931.58	37.33	0	0	0	37.33
Buldhana	Rohinkhed and 14 villages RRWSS	14	1425.00	142.5	0	0	0	142.5
Buldhana	Hingangawhad & 13 villages RRWSS	13	710.00	71.00	0	0	0	71.00
Buldhana	Tivan & 10 villages RRWSS	10	747.00	74.70	0	0	0	74.70
Buldhana	Deulghat – Dhad & five villages RRWSS	5	989.00	98.90	0	0	0	98.90
	<b>Total</b>	<b>45</b>						<b>483.05</b>

Source : Records of schemes at MJP Divisions

**Appendix 2.1.4(B)**  
(Reference: Paragraph 2.1.6.3; Page 19)  
**Short recovery of popular contribution under Piped Water Supply Schemes in test checked districts**

(₹ in lakh)

District	Name of Block	Name of VP	Capital cost	Popular contribution (PC)				Short recovery of PC (e) - (h)
				To be collected	Contributed by cash	Contributed by providing labour	Total collection (f) + (g)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Nashik	Sinner	Jambhalivasti	5.04	0.50	0.07	0	0.07	0.43
	Sinner	Sulewadi	38.67	3.87	1.55	0	1.55	2.32
	Nandgaon	Wadali (BK)	35.92	3.59	0.60	0	0.60	2.99
	Baglan	Lakhimpur	62.24	6.22	0	0	0	6.22
	Niphad	Chandori	229.29	22.93	7.35	0	7.35	15.58
	Malegaon	Soudane	163.96	16.40	0	0	0	16.40
	Malegaon	Ravalgaon	221.52	22.15	2.55	1.64	4.19	17.96
Buldhana	Khamgaon	Wadi	143.52	14.35	10.00	0	10.00	4.35
	Nandura	Khumgaon Burti (Q)	228.84	3.24	1.68	0	1.68	1.56
Ratnagiri	Khed	Dayal	49.96	4.99	2.80	0	2.80	2.19
Beed	Ashti	Ashti	459.69	45.97	25.00	0	25.00	20.97
		Kada	460.36	46.03	39.00	0	39.00	7.03
		Murshedpur	395.85	39.50	17.40	0	17.40	22.10
Kolhapur	Shirol	Nandani	458.10	45.81	24.61	0	24.61	21.20
		Chinchwad	148.07	14.81	8.00	0	8.00	6.81
		Yadrav	372.42	37.24	20.49	0	20.49	16.75
		Haroli	63.13	6.31	0.75	0	0.75	5.56
	Chandgad	Dholgadwadi	40.24	4.02	2.18	0	2.18	1.84
Ahmednagar	Parner	Goregaon	74.93	7.49	3.53	0	3.53	3.96
		Ranjangaon Mashid	74.97	7.50	3.60	0	3.60	3.90
		Wasunde	75.00	7.50	3.75	3.09	6.84	0.66
		Vadjire	74.80	7.48	3.80	1.77	5.57	1.91
	Akole	Brahamanwada	430.84	21.54	1.42	0	1.42	20.12
		Babhulwandi & Supewadi	56.64	2.83	0.61	0	0.61	2.22
		Padalane	178.94	8.95	1.97	0	1.97	6.98
	Sangamner	Jambhulwadi	62.98	6.30	1.50	1.70	3.20	3.10
		Chikani	68.06	6.81	3.26	0	3.26	3.55
<b>Total</b>	<b>14 blocks</b>	<b>28 VP</b>	<b>4,673.98</b>	<b>414.33</b>	<b>187.47</b>	<b>8.2</b>	<b>195.67</b>	<b>218.66</b>

Source : Records of schemes at VWSC level

<b>Appendix 2.1.5</b> <i>(Reference: Paragraph 2.1.6.4; Page 21)</i> <b>Incomplete PWS and RRWS schemes in test-checked districts</b>					
District	No. of habitations to be covered by schemes (more than three years old)	Total estimated cost of schemes	Total funds released	Year of sanction	(₹ in crore)
					No of habitations not covered as of March 2013
Ahmednagar	130	132.75	80.32	1996-97	1
				1998-99	22
				2002-03	1
				2006-07	6
				2007-08	13
				2008-09	87
Beed	130	50.63	23.28	1995-96	1
				1997-98	7
				2002-03	2
				2004-05	2
				2005-06	6
				2006-07	5
				2007-08	22
				2008-09	85
Nashik	81	127	78.04	1998-99	7
				2004-05	1
				2005-06	7
				2006-07	27
				2007-08	4
				2008-09	24
				2009-10	11
Kolhapur	37	44.67	15.95	2008-09	26
				2009-10	11
Buldhana	18	33.83	9.16	2007-08	6
				2008-09	12
Raigad	13	14.54	6.33	2008-09	7
				2009-10	6
Jalana	3	16.64	0.37	1998-99	1
				2008-09	2
Gondia	2	1.04	0.53	2008-09	1
				2009-10	1
<b>Total</b>	<b>414</b>	<b>421.10</b>	<b>213.98</b>		<b>414</b>

Source : Annual Action Plan of the State for the year 2013-14

<b>Appendix 2.1.6</b>				
<i>(Reference: Paragraph 2.1.6.4; Page 24)</i>				
<b>List of works executed without competitive bidding</b>				
<b>(₹ in lakh)</b>				
<b>Sr. No.</b>	<b>District</b>	<b>Taluka</b>	<b>Village Panchayat</b>	<b>Estimated Cost</b>
1.	<b>Ahmednagar</b>	Parner	Dhotre bhudruk	214.87
			Bhalwani	215.42
			Goregaon	70.40
2.	<b>Beed</b>	Ashti	Ashti	498.75
			Kada	499.32
			Murshedpur	427.74
		Beed	Pali	138.33
			Limbarui	82.18
		Georai	Bagpimplegaon	86.50
3.	<b>Jalna</b>	Bhokardan	Parakh Bk	184.57
			Sipora bazar	108.01
4.	<b>Nashik</b>	Baglan	Kotbel	63.42
			Ambasan	73.86
		Malegaon	Tehere	98.92
5.	<b>Buldhana</b>	Khamgaon	Parkhed	50.73
			<b>Total</b>	<b>2,813.02</b>

Source: Information collected from VWSCs

**Appendix 2.1.7**  
(Reference: Paragraph 2.1.6.4; Page 24)  
**Acceptance of tenders in excess of estimated cost put to tender**

(₹ in lakh)								
Sr. No.	District	Taluka	Name of Village Panchayat	Date of work order	Estimated cost	Percentage accepted above the estimated cost	Cost at which work awarded	Excess cost (8-6)
1	2	3	4	5	6	7	8	9
1.	Ahmednagar	Akole	Babulwadi, Supewadi,	14.12.11	56.65	22.45	69.37	12.72
2.	Kolhapur	Hathkanangle	Shiroli	5.12.11	472.29	10.00	519.52	47.23
3.			Nagaon	10.3.12	158.56	4.99	166.47	7.91
4.			Latawade	15.6.11	135.49	4.99	142.25	6.76
5.			Tasgaon	5.3.11	29.85	14.90	34.30	4.45
6.		Shirol	Aurawad	19.3.12	98.56	10.41	108.82	10.26
7.			Kawate Guland	2.11.11	62.50	4.95	65.59	3.09
8.			Arjunwad	2.1.12	229.00	4.88	240.18	11.18
9.		Chandgad	Dholgarwadi	30.12.11	43.50	17.75	51.22	7.72
10.	Buldhana	Chikli	Deulgaon Dhangar	27.11.10	40.98	4.93	43.00	2.02
11.			Kinhola	10.8.12	165.64	12.50	186.35	20.71
12.			Mera BK	31.10.11	453.99	4.00	472.15	18.16
13.			Amdapur	30.12.11	495.09	20.50	596.58	101.49
14.		Khamgaon	Parkhed	14.3.13	29.96	4.90	31.44	1.48
15.			Sutala Budurk	1.7.11	55.21	4.99	57.96	2.75
16.		Motala	Shirwa	25.5.10	86.07	4.99	90.36	4.29
17.			Dhamangaon Badhe	3.6.10	428.19	4.00	445.31	17.12
18.			Jahangirpur	8.3.11	78.10	10.73	86.48	8.38
19.			Kinhola	5.7.11	117.07	4.99	122.91	5.84
20.		Nandura	Bhuishinga	7.6.11	449.31	4.90	471.32	22.01
21.			Fuli	3.3.11	37.49	2.20	38.31	0.82
22.			Khaira	26.1.11	96.08	4.90	100.78	4.70
23.			Rasulpur	13.1.12	121.41	4.90	127.36	5.95
24.			Narkhed	11.3.12	124.93	4.99	131.16	6.23
25.	Nashik	Malegaon	Talwade	7.5.11	476.56	4.25	496.81	20.25
26.	Ratnagiri	Chiplun	Kalambaste	21.5.10	185.27	3.25	191.29	6.02
					<b>4,727.75</b>		<b>5,087.29</b>	<b>359.54</b>

Source: Information collected from VWSCs

**Appendix 2.1.8**  
(Reference: Paragraph 2.1.6.4; Page 25)  
**Incomplete schemes in tested-checked PWSS**

(₹ in lakh)

Name of the Village Panchayat	Cost of Project	Due date of completion	Expenditure incurred as of June 2013	Delay in months (upto June 2013)	Reply
2	3	4	5	6	7
<b>Taluka Shrigonda/ Ahmednagar</b>					
Takale kadewalit	74.94	December 2011	42.40	18	VWSC stated (June 2013) that delay was due to incomplete distribution work.
Loni Vyankanath	70.33	March 2011	60.67	27	VWSC stated (June 2013) that delay was due to incomplete distribution work.
<b>Taluka Parner/ Ahmednagar</b>					
Takali dokeswar	60.25	December 2011	34.25	18	No specific reply for delay was furnished by VWSC.
<b>Taluka Sangamner/ Ahmednagar</b>					
Kasar dhumala	75.00	June 2010	59.47	36	Reply was awaited from VWSC.
Kokangaon	53.85	November 2009	48.01	43	Reply awaited from VWSC.
Wadgaon	72.67	November 2009	64.46	43	Reply awaited from VWSC.
Kanoli	68.83	September 2009	58.25	45	VWSC stated (June 2013) that water was not reaching to two of the four habitations planned as they were situated on higher contour and the villagers were not ready to get the scheme commenced until the problem of these two habitations was resolved.
<b>Taluka Beed/ Beed</b>					
Wasanwadi Fata	256.68	November 2012	97.37	7	No specific reply for delay was furnished by VWSC.
<b>Taluka Baglan/ Nashik</b>					
Ajmer Saundane	48.33	March 2009	25.00	51	VWSC stated (April 2013) that delay was due to late receipt of funds
Vanoli	44.53	May 2009	Not available	49	Reply was awaited from VWSC.
<b>Taluka Malegaon/ Nashik</b>					
Sonaj	62.56	June 2011	Not available	24	No specific reply for delay was furnished by VWSC.
Saundane	179.72	April 2011	-do-	26	VWSC stated (April 2013) that delay was due to opposition by Sarpanch of Gram Sabha
<b>Taluka Jalna/ Jalna</b>					
Bhatepuri	84.74	June 2012	44.71	12	VWSC stated (July 2013) that delay was due to land disputes of ESR site.
<b>Taluka Bokardhan/ Jalna</b>					
Malegaon	7.69	January 2009	26.16	53	Reply was awaited from VWSC.
<b>Taluka Hathkanangale/ Kolhapur</b>					
Sajni	162.82	July 2011	70.53	23	VWSC stated (June 2013) that delay was due to late receipt of funds and in rainy season work was not executed.
Tardal Khotwadi	664.96	November 2012	70.99	7	VWSC stated (June 2013) that delay was due to late receipt of funds.

Appendix 2.1.8(concl.)

1	2	3	4	5	6	7
17	Latawade	135.48	March 2012	94.52	15	VWSC stated (June 2013) that d was due to late receipt of funds non-availability of sand.
18	Shambhapur	74.89	November 2009	55.49	43	No specific reply for delay furnished by VWSC.
19	June Pargaon	175.17	1 <sup>st</sup> phase February 2010	79.26	40	VWSC stated (June 2013) that d was due to non-receipt of approval revision of cost from Government.
			2 <sup>nd</sup> phase December 2011		18	
20	Tasgaon	29.85	March 2012	13.92	15	VWSC stated (June 2013) that d was due to non-receipt of approval revision of cost from Government.
21	Hupri	1140.00	December 2009	554.78	42	VWSC stated (June 2013) that d was due to late receipt of funds non-collection of Public Contribu for the 2 <sup>nd</sup> phase.
<b>Taluka – Shirol/ Kolhapur</b>						
22	Nandni	458.10	I- 9/2009	42.84	44	VWSC stated (June 2013) that v would be completed at the earliest.
			II-8/2010		32	
23	Yadrav	372.42	III- Not started	258.15	16	No specific reply for delay furnished by VWSC.
			February'12			
<b>Taluka – Chandgad/ Kolhapur</b>						
24	Adkur	57.64	July 2009	32.80	47	VWSC stated (June 2013) that d was due to non electrification pumping house.
<b>Taluka- Mahad/ Raigad</b>						
25	Walsure	110.00	March 2010	54.00	39	The Dy. Engineer, Sub-Divis Mahad stated in June 2013 that work was delayed due to shortag funds and granting of permissior the PWD for laying of pipelines ac the road.
26	Warangi	13.85	March 2010	6.35	39	No specific reply for delay furnished by Dy. Engineer, S Division, Mahad.
27	Underi Gaothan	10.11	April 2011	4.36	26	No specific reply for delay furnished by Dy. Engineer, S Division, Mahad.
28	Under Ugrat Kond	17.70	April 2011	Not available	26	No specific reply for delay furnished by Dy. Engineer, S Division, Mahad.
<b>Total</b>		<b>4,583.11</b>		<b>1,898.74</b>		

Source : Information collected from VWSCs



**Appendix 2.1.9**  
(Reference: Paragraph 2.1.6.4; Page 25)  
**Excess payment to contractors**

(₹ in lakh)

District	Block	Name of Scheme	Payment made to contractor as per cash book / pass book	Payment due to contractor as per Measurement Book	Excess payment made	Whether work is completed/Not completed	Payment made to the contractor between
Suldhana	Nandura	Wadner	387.08	350.79	36.29	Not completed	April 2009 and May 2012
		Shelgaon Mukund	57.12	49.96	7.16	completed	February 2009 and December 2012
	Khamgaon	Januna	32.37	30.22	2.15	completed	September 2009 and September 2012
		Wadi	48.28	42.47	5.81	Not completed	November 2010 and December 2012
		Sutala Bk	130.85	106.98	23.87	Not completed	April 2011 and April 2013
	Chikhali	Sailani nagar	38.3	36.00	2.30	Completed	October 2008 and June 2012
		Ancharwadi	43.24	37.53	5.71	Completed	February 2009 and June 2011
		Amdapur	227.27	193.49	33.78	Not completed	March 2012 and May 2013
					<b>117.07</b>		

Source : Cash books/pass books, Measurement Books

## Appendix 2.1.10

(Reference: Paragraph 2.1.6.4; Page 25)

## Non-recovery of differential cost from the contractors

(₹ in lakh)

Sr. No.	Name of scheme	Date of AA / Date of TS	Sanctioned cost	Name of first contractor	Date of award of work	Cost of work awarded	Date of withdrawal of work under Clause 3 (c)	Cost of work done by first contractor	Cost of balance work	Date of award of balance work	Cost at which balance work awarded	Differential pending recovery from first contractor	Current status of scheme
<b>Nashik</b>													
1	Ghorwad & 5 Villages	January 1998/ January 1998	290.53	M/s. Aireff de Tox Inc, Thane	May 1999	179.98	17.07.08	60.85	119.13	May 2009	248.95	129.82	Not started
2	Madkijam & 3 Villages	February 1998/ March 1998	259.42	M/s. Sathe Const. Co. Shirampur	August 1998	151.68	26.08.08	110.70	40.98	June 2009	92.61	51.63	Under trial run
3	Bopegaon & 3 Villages	June 1998/ January 1998	260.19	M/s. Aireff deTox Inc, Thane	January 1999	149.73	17.07.08	100.21	49.51	February 2009	99.72	50.21	Started covering four villages
4	Koshimbe & 5 Villages	June 1998/ January 1998	195.47	M/s. Aireff de Tox Inc, Thane	May 1999	171.96	17.07.08	43.69	128.27	November 2009	260.91	132.64	Not started
<b>Ahmednagar</b>													
5	Rajur PWSS	April 2006	585.02	M/s Sathe Construction, Shirampur	February 2007	166.40	18.07.08	30.80	135.60	March 2009	261.71	126.11	Not started
6	Hatgaon & 28 Villages	April 1998	1346.52	M/s. Engineering Project Pvt. Ltd.	March 1999	1,208.82	04.10.07	807.16	401.66	September 2009	871.61	469.95	Not started
<b>Raigad</b>													
7	Honad Atkargaon & 4 Villages	04.02.98/ 30.06.98	54.60	M/s K.R. Sonawane & Sons	11.01.99	38.37	29.12.09	27.39	10.98	April 2010	31.61	20.63	Started
8	Beloli Vardoli & 2 villages	11.03.98/ 05.09.98	118.51	M/s D.N.Patil	09.03.99	87.66	15.02.10	52.72	34.94	May 2011	85.07	50.13	Started covering three villages; two habitations not covered
						<b>2,154.60</b>		<b>1,233.52</b>	<b>921.07</b>		<b>1,952.19</b>	<b>1,031.12</b>	

Source : Records of MJP Divisions

<b>Appendix 2.1.11</b>				
<i>(Reference: Paragraph 2.1.6.5; Page 27)</i>				
<b>Expenditure incurred on de-silting works in test-checked districts</b>				
(₹ in lakh)				
<b>Sr. No.</b>	<b>District</b>	<b>No. of works</b>	<b>Year of sanction</b>	<b>Expenditure up to 2012-13</b>
1	Ahmednagar	9	2009-10 to 2011-12	84.45
2	Beed	1	2010-11	1.37
		6	2011-12	11.76
3	Buldhana	1	2011-12	7.63
4	Gondia	31	2011-12	11.62
5	Kolhapur	2	2009-10	18.73
		3	2010-11	28.31
6	Raigad	4	2010-11	31.97
		2	2011-12	15.07
7	Nashik	1	2011-12	2.56
	<b>Total</b>	<b>60</b>		<b>213.47</b>

Source : Progress reports of schemes implemented by GSDA

Appendix 2.1.12 (Reference: Paragraph 2.1.6.8; Page 31) Data mismatch in IMIS and that maintained by implementing agencies in respect of PWSSs (₹ in lakh)								
As per records maintained by implementing agencies						As per IMIS data		
District.	Taluka	GP	Estimated cost	Expenditure as on March 2013	Population covered (in no.)	Estimated cost	Expenditure as on March 2013	Population covered (in no.)
1	2	3	4	5	6	7	8	9
Buldhana	Chikhali	Ancharwadi	50.81	49.46	2963	30	0	0
		Kinhola	179.24	51.96	7670	100	56.51	0
		Amdapur	789.46	227.26	0	499	133.67	0
		Mera Bk	570	385	3200	495	147.95	3766
	Khamgaon	Wadi	157.44	42.50	3514	157.50	0	0
		Sutala Bk	180.53	139.91	5681	15	48.74	7394
	Nandura	Shemba Kh	32.60	32.81	548	30	0	0
		Wadner	249.59	388	2450	64	0	0
	Motala	Bahmanda	29.26	29.19	1039	75	0	0
		Jahangir Pur	94.53	81.83	1496	95	0	0
Ratnagiri	Chiplun	Donavali	124.00	62.35	1741	124.00	33.48	1000
		Kalambaste	185.27	148.67	2625	0.30	0	0
		Kadwad	153.26	41.11	3214	153.26	37.51	409
		khershet	47.31	37.29	1214	47.30	11.93	0
		Kaluste	220.16	63.54	2285	220.26	59.44	1189
	Khed	Furus	27.28	25.05	00	0.30	0	0
Gondia	Gondia	Kati	199.32	107.62	11181	142.00	107.62	7303
Raigad	Alibag	Chendhare	321.81	NA	19329	325.00	81.20	0
		Kurul	180.55	NA	13000	166.00	44.72	500
		Varsoli	212.13	NA	10906	198.00	53.53	0
	Mahad	Mumurshi	49.87	25.17	2260	20.00	12.58	200
		Mangaon	Gangawali	49.85	12.58	2163	30.00	25.16
		Lonere (Usarghar)	49.43	24.95	2176	49.43	0	0
		Wani	49.43	12.47	2154	20.00	37.42	126
		Navashi	49.90	12.59	1893	49.00	12.59	252

Appendix 2.1.12 (concl.)									
1	2	3	4	5	6	7	8	9	
As per records maintained by implementing agencies						As per IMIS data			
Kolhapur	Hathkanagale	Latavade	149.03	NA	8816	144.00	0	462	
		Nagaon	170.66	21.53	2667	225.00	6.69	2667	
		June Pargaon	175.16	NA	9866	235.00	0	2808	
		Shambhapur	75.00	55.49	NA	75.00	0	794	
		Shiroli	512.07	NA	NA	0.30	0.60	142	
		Tardal	725.00	NA	41150	725.00	0	3946	
	Chandgad	Chandgad	498.00	NA	14100	498.00	0	3839	
		Mangaon	68.97	NA	5982	49.00	9.23	959	
		Mauje Karve	80.00	NA	2114	80.00	0	619	
	Beed	Ashti	Chincholi	37.58	20.29	1859	23.01	20.29	941
			Kada	499.32	164.40	16976	499.32	269.63	16976
Patsara			39.12	24.72	1960	39.12	0	1960	
Beed		Limbarui	82.18	30.22	2999	82.17	21.97	2207	
		Pali	138.33	NA	8944	159.42	36.77	8944	
		Beed Rural	484.67	NA	37209	484.67	69.24	37209	
		Wasanwadi Fata	254.55	NA	16960	254.55	67.27	6101	
Source: IMIS data and records of VWSC; NA: Not available									

<b>Appendix 2.1.13</b> <i>(Reference: Paragraph 2.1.6.8; Page 31)</i> <b>Statement showing discrepancies in opening balances in a year with the closing balance of previous year</b> <b>as per data maintained on IMIS during 2009-13</b> <span style="float: right;">(₹ in crore)</span>											
Compo-nents	Funds received from	2009-10					2010-11				
		Opening balance <sup>1</sup>	Receipt	Total	Expen-diture	Closing Balance	Opening balance	Receipt	Total	Expen-diture	Closing balance
Cove-range	GoI	121.46	451.37	572.83	490.64	82.19	82.19	487.62	569.81	468.13	<b>101.68</b>
	GoM	38.51	391.29	429.80	329.04	100.76	100.76	465.42	566.18	461.07	<b>105.11</b>
O& M	GoI	8.12	64.48	72.60	55.73	16.87	16.87	69.66	86.53	76.22	<b>10.31</b>
	GoM	0	47.95	47.95	47.95	0	0	57.87	57.87	57.87	<b>0</b>
Sustainability	GoI	66.93	128.96	195.89	72.30	123.59	123.59	139.32	262.91	150.82	112.09
Support	GoI	7.72	3.00	10.72	6.92	<b>3.80</b>	<b>9.78</b>	18.33	28.11	18.62	<b>9.49</b>
Water quality	GoI	0	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>242.74</b>	<b>1,087.05</b>	<b>1,329.79</b>	<b>1,002.58</b>	<b>327.21</b>	<b>333.19</b>	<b>1,238.22</b>	<b>1,571.41</b>	<b>1,232.73</b>	<b>338.68</b>
		2011-12					2012-13				
Cove-range	GoI	<b>112.00</b>	468.23	580.23	409.25	<b>170.98</b>	<b>175.78</b>	586.93	762.71	443.30	319.41
	GoM	<b>189.58</b>	575.88	765.46	530.02	<b>235.44</b>	<b>151.04</b>	532.52	683.56	505.96	177.60
O& M	GoI	<b>0</b>	66.89	66.89	48.24	<b>18.65</b>	<b>19.34</b>	117.39	136.73	33.58	103.15
	GoM	<b>3.03</b>	58.33	61.36	52.95	<b>8.41</b>	<b>5.38</b>	75.03	80.41	39.05	41.36
Sustain-ability	GoI	112.09	133.78	245.87	153.39	<b>92.48</b>	<b>93.86</b>	78.26	172.12	100.46	71.66
Support	GoI	<b>3.51</b>	27.55	31.06	19.52	11.54	11.54	16.92	28.46	21.55	6.91
Water quality	GoI	<b>5.98</b>	21.91	27.89	11.39	16.50	16.50	15.42	31.92	14.11	17.81
<b>Total</b>		<b>426.19</b>	<b>1,352.57</b>	<b>1,778.76</b>	<b>1,224.76</b>	<b>554</b>	<b>473.44</b>	<b>1,422.47</b>	<b>1,895.91</b>	<b>1,158.01</b>	<b>737.90</b>
Source: Integrated Management Information System; Discrepancies are highlighted											

<sup>1</sup> Balance of the erstwhile ARWSP scheme

<b>Appendix 2.2.1</b>					
<i>(Reference : Paragraph 2.2.6.3(a); Page 41)</i>					
<b>Stolen hardware/equipment not replaced by contractors</b>					
<b>Sr. No.</b>	<b>Name of Schools</b>	<b>District</b>	<b>Phase</b>	<b>Article stolen</b>	<b>Date on which stolen</b>
1	Nagar Parishad Urdu Madhyamik Vidyalaya Kilha, Anjangaon surji	Amravati	I	Computers (ten)	8/06/2009
2	Raosahab Thavre High school Babhulkheda Nagpur	Nagpur	II	Desktop, CPU, Keyboard, Mouse	09/12/2011
3	Dr. Baliram Hire Vidyalaya, Dari	Nashik	II	CPU (two), Monitor	06/12/2012
4	Manohar Municipal High School, Gondia	Gondia	II	CPU, LCD Monitor, Keyboard, Mouse, Head Phone, Speaker (two each), Projector	22/09/2008
				CPU, LCD Monitor, Printer	09/01/2009
				LCD Monitor, Keyboard, Mouse	05/02/2009
5	ZP High School, Kakodi, Deawari	Gondia	II	CPU, LCD Monitor, Keyboard, Mouse (two each)	23/09/2011
6	G.E.S. High School and Jr. College Kawlewada, Goregaon,		II	CPU, LCD Monitor, Keyboard, Mouse	10/12/2011
7	ZP High School, Sakhritol, Salekasa		II	CPU, LCD Monitor, Keyboard, Mouse	19/03/2013
8	Smt. Saraswatibai Mahila Vidyalaya Punatoli		II	CPU (two), LCD Monitor (three), Keyboard, Mouse	01/04/2013
9	Indiraben Patel Kanya High School, Risama, Aamgaon		II	CPU, LCD Monitor (five each)	20/05/2013
10	St. Xaviars High School, Tarakpur.	Ahmednagar	II	Web Camera	Information not available

Source: Information provided by the schools

<b>Appendix 2.3.1</b>					
<i>(Reference: Paragraph 2.3.6.5; Page 58)</i>					
<b>Statement showing works executed without inviting tenders in the test-checked contracts</b>					
<b>(₹ in crore)</b>					
<b>Sr. No.</b>	<b>Original Work</b>	<b>Additional work allotted</b>	<b>Tendered cost</b>	<b>Value of additional work allotted</b>	<b>Total expenditure under the contract as on November 2013</b>
1.	Eastern Freeway Section from Panjarpole to Chembur Mankhurd Link Road	Elevated road from Tunnel end to Panjarpole Junction (Km 4/500 to 5/000) and Service and slip road	168.02	44.80	246.36
2.	Eastern Freeway from Prince of Wales Museum to Anik Junction (Start of APLR )	Two slip road bridges	531.00	10.76	729.85
3.	ROB across Western Railway Tracks between Dahisar and Mira Road	Providing noise barriers	39.01	5.96	64.34
4.	Flyover at Amar Mahal Junction	Road work beneath the flyover	48.94	14.00	69.67
5.	Flyover/Elevated road opposite Panvel Bus Depot	Construction of diversion road and Subway at Takka village Panvel	144.27	13.46	193.02
6.	Flyover at Kapurbavdi	Construction of Storm Water Drain Works and Debris removing	67.00	3.80	122.05
7.	Improvement of Vasai-Sativali-Kaman Road (Package III)	Construction of minor bridge	31.39	1.27	41.45
<b>Total</b>			<b>1029.63</b>	<b>94.05</b>	<b>1466.74</b>
<i>Source: Work orders and information furnished by MMRDA</i>					



<b>Appendix 2.3.2</b>			
<i>(Reference: Paragraph 2.3.6.6; Page 62)</i>			
<b>Statement showing irregular payment of price escalation</b>			
<b>Sr. No.</b>	<b>Name of Work</b>	<b>Price escalation paid (₹ in lakh)</b>	<b>Component on which price escalation was paid</b>
1.	Arnala- Virar-Kaner-Shirsad Ambadi Road, SH 40 Taluka-Vasai, District- Thane (Package-IV) from BAC Co to Virar Phata on NH-8,	2.81	Plant & Machinery and spares
2.	Vasai-Sativali-Kaman Road MDR-40 (Package III),	3.48	Plant & Machinery
3.	Design and construction of flyover at Amar Mahal Junction	6.12	Plant & Machinery
4.	Design & construction of Two flyover with slip road on Shilphata- Mahape Road	9.78	Plant & Machinery
5.	Construction of Eastern Freeway Section from Panjarpole to Chembur Mankhurd Link Road	161.92	Structural Steel, HighTension Steel
6.	Improvement of Gokhiware – Pelhar Road MDR 41 (Package-IV) (from Range Office to Pelhar Phata	7.92	Plant & Machinery and spares
7.	Construction of RCC Box Storm Water Drains on both sides of ROB at Dahisar on Main Link Road	2.87	Structural Steel
8.	Widening and Improvement of Katai-Naka-Badlapur SH-43	3.14	Plant & Machinery
9.	Construction of Flyover at Navghar Junction on Eastern Express Highway	12.24	Plant & Machinery
	Construction of Flyover at Navghar Junction on Eastern Express Highway	41.17	Structural Steel
10.	Construction of Via-duct over R. B. Kadam Marg at Andheri Ghatkopar Link Road.	0.80	Structural Steel
	<b>Total</b>	<b>252.25</b>	

*Source: Running account bills of the contracts*

(₹ in crore)

Appendix 2.3.3 (Reference: Paragraph 2.3.6.6; Page 62) Statement showing excess payment of price escalation on work not actually executed		
Total amount considered for escalation (1 October to 31 December 2010)	Amount recovered from contractor's bill for reduced pile depth	Amount actually to be considered for price escalation
11.73	3.63	8.10

For calculating price escalation, labour component was considered at 22.5 per cent, Material component at 65 per cent and POL component at 12.5 per cent in tender document. Escalation paid on ₹ 3.63 crore by applying the escalation formula worked out to ₹ 77.98 lakh as detailed below:

Component	Calculation of escalation on ₹ 3.63 crore as per the price escalation formula <sup>@</sup>	Excess payment (₹ in lakh)
Labour	$36256144 \times 0.85 \times \frac{22.5}{100} \times \left( \frac{182.333 - 136}{136} \right)$	23.62
Material	$36256144 \times 0.85 \times \frac{65}{100} \times \left( \frac{142.933 - 116}{116} \right)$	46.51
Petrol Oil Lubricant	$36256144 \times 0.85 \times \frac{12.5}{100} \times \left( \frac{42.06 - 34.94}{34.94} \right)$	7.85
<b>Total</b>		<b>77.98</b>

<sup>@</sup>Escalation formula

Labour component	Material component	POL component
(i) $V1 = 0.85 * P * \frac{K_1}{100} * \frac{(L_1 - L_0)}{L_0}$	(ii) $V1 = 0.85 * P * \frac{K_1}{100} * \frac{(M_1 - M_0)}{M_0}$	(iii) $V1 = 0.85 * P * \frac{K_1}{100} * \frac{(C_1 - C_0)}{C_0}$

Where:

V1 = Amount of price escalation

0.85 = Standard percentage considered while admitting price escalation

P = Cost of work done during quarter under consideration (₹ 3.63 crore)

K<sub>1</sub> = Percentage of labour, material and POL (22.5 per cent, 65 per cent and 12.5 per cent as indicated in tender document)

L<sub>1</sub> = Average consumer price index for Mumbai for the quarter under consideration

L<sub>0</sub> = Average consumer price index for Mumbai for the quarter preceding the month of the last date prescribed for receipt of tender

M<sub>1</sub> = Average wholesale price index for Mumbai for the quarter under consideration

M<sub>0</sub> = Average wholesale price index for Mumbai for the quarter preceding the month of the last date prescribed for receipt of tender

C<sub>1</sub> = Average price of High Speed Diesel in Mumbai for the quarter under consideration

C<sub>0</sub> = Average price of High Speed Diesel in Mumbai for the quarter preceding the month of the last date prescribed for receipt of tender

**Appendix 2.3.4**  
*(Reference: Paragraph 2.3.6.7; Page 64)*  
**Statement showing variation in quantities executed**

Sr. No.	Name of Work	No. of items in which variations were observed	Variation (in per cent)
1.	ROB across Western Railway Tracks between Dahisar and Mira Road	3	394 to 432
2.	Eastern Freeway Section from Panjarpole to Chembur Mankhurd Link Road	13	58 to 1305
3.	Widening and Improvement of Katai-Naka-Badlapur (State Highway-43)	4	25 to 1495
4.	Construction of Flyover at Navghar Junction on Eastern Express Highway	12	43 to 182
5.	Construction of Via-duct over R. B. Kadam Marg at Andheri Ghatkopar Link Road	4	109 to 1115
6.	Construction and Improvement of Gokhiware-Pelhar Road MDR-41 (Package-IV)	18	40 to 7665
7.	Anik Panjarpole Link Road	6	83 to 105657
8.	Construction of RCC box storm water drains of ROB at Dahisar on Main Link Road	5	168.63 to 685.31

<b>Appendix 2.4.1</b> <b>(Reference: Paragraph 2.4.5; Page 72)</b> <b>List of test-checked Schemes and Acts</b>	
1.	Share Capital to Co-operative Societies
2.	Distribution of land to landless labourers of Scheduled Castes and Nav Baudhas
3.	Loans to Co-operative Societies of SC Members
4.	Training to Scheduled Caste Denotified Tribes/Nomadic Tribes, Other Backward Classes, Special Backward Classes beneficiaries for Motor Driving
5.	Post Matric Scholarship to Denotified Tribes/Nomadic Tribes/Other Backward Classes/Special Backward Classes students
6.	Post Matric Scholarship to Scheduled Caste Students
7.	Gharkul Yojana for Urban Scheduled Caste beneficiaries
8.	Gharkul Yojana for Rural Scheduled Caste beneficiaries
<b>Test-checked Acts</b>	
1	Scheduled Caste and Scheduled Tribe (Prevention of Atrocities) Act, 1989
2	The SC, DT, NT, OBC, SBC and ST (Regulation of Issuance and Verification of) Caste Certificates Act, 2000
SC – Schedule Caste; DT – Denotified Tribes; NT- Nomadic Tribes; OBC – Other Backward Class; SBC – Special Backward Class; ST – Schedule Tribe	

**Appendix 2.4.2**  
(Reference: Paragraph 2.4.7.1; Page 73)

**Statement showing the status of inspections carried out by Regional Deputy Commissioners in the State during 2010-11 to 2012-13**

Name of Division	Type of Institution	2010-11				2011-12				2012-13				Total			
		No. of units	Target	Achievement	Short-fall (percent -tage)	No. of units	Target	Achievement	Short-fall (percent -tage)	No. of units	Target	Achievement	Short-fall (percent -tage)	No. of units	Target	Achievement	Short-fall (percent -tage)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.
Amravati	Government Hostels	61	6	11	0	61	6	24	0	61	6	54	0	183	18	89	0
	Aided Hostel	377	38	0	38 (100)	377	38	5	33 (86.84)	377	38	2	36 (94.73)	1131	114	7	107 (93.85)
	Ashram School	163	16	35	0	163	16	52	0	163	16	36	0	489	48	123	0
Aurangabad	Government Hostels	29	3	33	0	47	5	24	0	47	5	28	0	123	13	85	0
	Aided Hostel	199	20	4	16 (80.00)	217	22	20	2 (9.09)	217	22	20	2 (9.09)	633	64	44	20 (31.25)
	Ashram School	112	11	152	0	134	13	145	0	134	13	132	0	380	37	430	0
Latur	Government Hostels	33	4	18	0	33	4	21	0	50	5	14	0	116	13	53	0
	Aided Hostel	367	37	37	0	367	37	27	10 (27.02)	407	41	30	11 (26.82)	1141	115	94	21 (18.26)
	Ashram School	9	1	5	0	9	1	7	6	9	1	2	0	27	3	14	0
Mumbai	Government Hostels	40	4	0	4 (100)	40	4	3	1 (25)	40	4	6	0	120	12	9	3 (25)
	Aided Hostel	122	12	0	12 (100)	122	12	0	12 (100)	122	12	0	12 (100)	366	36	0	36 (100)
	Ashram School	11	1	0	1 (100)	11	1	0	1 (100)	11	1	0	1 (100)	33	3	0	3 (100)
Nagpur	Government Hostels	40	4	4	0	40	4	5	0	45	5	10	0	125	13	19	0
	Aided Hostel	390	39	15	24 (61.53)	390	39	20	19 (48.71)	390	39	10	29 (74.35)	1170	117	45	72 (61.53)
	Ashram School	68	7	8	0	68	7	10	0	68	7	9	0	204	21	27	0

Appendix 2.4.2 (concluded)																	
1.	2.	3	4.	5.	6.	7.	8.	9	10.	11	12	13	14.	15.	16.	17.	18.
Nashik	Government Hostels	45	5	13	0	45	5	28	0	49	5	56	0	139	15	97	0
	Aided Hostel	500	50	0	50 (100)	500	50	28	22 (44)	504	50	28	22 (44)	1504	150	56	94 (62.66)
	Ashram School	137	14	77	0	137	14	150	0	137	14	140	0	411	42	367	0
Pune	Government Hostels	83	9	17	0	83	9	49	0	83	9	22	0	249	27	88	0
	Aided Hostel	375	38	2	36 (94.73)	375	38	1	37 (97.36)	375	38	8	30 (78.94)	1125	114	11	103 (90.35)
	Ashram School	222	23	31	0	222	23	70	0	222	23	97	0	666	69	198	0
Source : Information furnished by the Department																	

## Appendix 2.4.3

(Reference: Paragraph 2.4.7.1; Page 73)

Statement showing the Inspections carried out by Assistant Commissioners in test checked districts during 2010-11 to 2012-13

Name of District	Type of Institution	2010-11				2011-12				2012-13				Total			
		No. of units	Target	Achievement	Short-fall (percentage)	No. of units	Target	Achievement	Short-fall (percentage)	No. of units	Target	Achievement	Short-fall (percentage)	No. of units	Target	Achievement	Short-fall (percentage)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.
Nashik	Government Hostels	13	13	13	0	13	13	12	1 (7.69)	13	13	13	0	39	38	38	1 (2.63)
	Aided Hostel	127	127	254	0	127	127	250	0	127	127	150	0	381	381	654	0
	Ashram School	28	28	28	0	28	28	28	0	28	28	28	0	84	84	84	0
		168	168	295													
Aurangabad	Government Hostels	14	14	14	0	16	16	16	0	16	16	16	0	46	46	46	0
	Aided Hostel	56	56	168	0	56	56	170	0	56	56	171	0	168	168	509	0
	Ashram School	38	38	12	26 (68.42)	38	38	12	26 (68.42)	38	38	12	26 (68.42)	114	114	36	78 (68.42)
Amaravati	Government Hostels	16	16	17	0	17	17	19	0	22	22	37	0	55	55	73	0
	Aided Hostel	67	676	201	0	68	68	202	0	68	68	204	0	203	203	607	0
	Ashram School	16	16	34	0	16	16	24	0	16	16	25	0	48	48	83	0
Mumbai	Government Hostels	4	14	13	1	4	14	13	1	4	14	13	1	12	42	39	3
	Aided Hostel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ashram School	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Appendix 2.4.3 (concl.)																	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.
Nagpur	Government Hostels	12	12	12	0	14	14	14	0	15	15	15	0	41	41	41	0
	Aided Hostel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ashram School	14	14	14	0	14	14	14	0	14	14	14	0	42	42	42	0
Latur	Government Hostels	20	17	20	0	21	18	21	0	22	19	22	0	63	54	63	0
	Aided Hostel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ashram School	64	54	64	0	64	54	64	0	63	54	63	0	191	162	191	0
Pune	Government Hostels	15	13	13	0	18	15	15	0	18	15	15	0	51	43	43	0
	Aided Hostel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ashram School	28	24	32	0	28	24	34	0	27	23	44	0	83	71	110	0
Solapur	Government Hostels	12	12	0	12 (100)	15	15	0	15 (100)	15	15	0	15 (100)	42	42	0	42 (100)
	Aided Hostel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ashram School	77	77	77	0	76	76	76	0	74	74	74	0	227	227	227	0
Kolhapur	Government Hostels	17	15	17	0	17	15	17	0	17	15	17	0	51	45	51	0
	Aided Hostel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ashram School	23	23	55	0	23	23	55	0	23	23	55	0	69	69	165	0
Source : Information furnished by the Department																	



**Appendix 2.4.4**  
(Reference: Paragraph 2.4.7.3; Page 74)  
**Statement showing difference in balance as per cash book vis-à-vis  
balance as per bank statement/pass book as on 31 March 2013**

(₹ in lakh)

Sr. No.	District	Name of the DDO	Balance as per cash book	Balance as per bank statement/ pass book	Difference (5-4)
1	2	3	4	5	6
1.	Amravati	Assistant Commissioner, SW	1.77	424.89	423.12
2.	Aurangabad	Assistant Commissioner, SW	119.98	602.93	482.95
3.	Nashik	Assistant Commissioner, SW	1,036.74	1,093.91	57.16
4.	Mumbai	Assistant Commissioner, SW	399.57	264.90	134.67
5.	Pune	Assistant Commissioner, SW	14,308.69	9,962.68	4,346.01
6.	Nagpur	Assistant Commissioner, SW	91.35	704.29	612.94
7.	Solapur	Assistant Commissioner, SW	233.82	2,519.81	2,285.99
8.	Kolhapur	Assistant Commissioner, SW	2.67	2,017.30	2,014.62
9.	Latur	Assistant Commissioner, SW	78.91	461.14	382.23
10.	Amravati	Sant Gadge Maharaj BC Boys' Hostel, Nimbhora	7.64	2.56	5.09
11.	Amravati	Government BC Boys' Hostel (Unit-1), Nimbhora	9.69	3.45	6.25
12.	Amravati	Dr. Babasaheb Ambedkar Government Boys' Hostel, Achalpur	1.29	1.77	0.47
13.	Aurangabad	Sant Tukaram Government Boys Hostel, Killeark	7.27	7.00	0.28
14.	Aurangabad	Government Boys' Hostel (Unit-I), Killeark	8.56	5.65	2.91
15.	Aurangabad	Milind Government Boys' Hostel, Killeark	2.40	2.63	0.22
16.	Aurangabad	Government Hostel of Boys (New), Killeark	9.54	20.39	10.85
17.	Nashik	Government Backward Class Boys' Hostel, Unit No.1, Adgaon	6.33	8.60	2.27
18.	Nashik	Dr. Babasaheb Ambedkar Government Backward Class Boys' Hostel, Adgaon	5.44	37.49	32.04
19.	Nashik	Government Backward Class Boys' Hostel, Rasalpur, Niphad, Nashik	0.65	11.47	10.81
20.	Nashik	Government Backward Class Boys' Hostel (Gunwant)	1.36	8.86	7.51
21.	Pune	Sant Dyaneshwar Hostel	1.97	1.95	0.02
22.	Pune	Backward Class Boys Hostel, Yerwada	0.78	0.85	0.07
23.	Nagpur	Government BC Boys Hostel, Wandongri	0.00	0.01	0.01

Appendix 2.4.4 (concl.)					
1	2	3	4	5	6
24.	Nagpur	Dr Babasaheb Ambedkar Government BC Boys Hostel, Rajnagar	1.91	5.29	3.38
25.	Nagpur	Dr B R Ambedkar BC Boys Hostel, Umred	2.57	2.55	0.03
26.	Nagpur	Dr Babasaheb Ambedkar Government BC Boys Hostel, Gaddigadam	12.06	11.78	0.27
27.	Solapur	Government Boys Hostel	1.77	2.58	0.81
28.	Kolhapur	Government Boys Hostel, Kasbabawada	1.40	1.12	0.28
29.	Kolhapur	Government Boys Hostel (Old), Hatkanangale	0.25	2.57	2.32
30.	Latur	Government Boys Hostel (Old)	2.39	2.43	0.04
31.	Latur	Government Boys Hostel (Merit Students)	3.29	4.06	0.77
32.	Amravati	Government BC & EBC Girls' Hostel, Tiosa	12.80	12.65	0.15
33.	Amravati	Government BC Girls' Hostel (Unit-4)	4.79	5.00	0.22
34.	Amravati	Government Girls' Hostel, Achalpur, Amravati	8.62	9.27	0.65
35.	Amravati	Government BC Girls' Hostel, Camp	1.00	4.86	3.86
36.	Aurangabad	Government BC Girls' Hostel, Vaijapur	0.17	1.72	1.56
37.	Nashik	Government BC Girls' Hostel (Old)	8.88	8.29	0.58
38.	Nashik	Government BC Girls' Hostel (New)	0.00	6.93	6.93
39.	Nashik	Government BC Girls' Hostel (Unit no 4)	5.20	9.89	4.69
40.	Pune	Sant Janabai Hostel	5.17	5.52	0.35
41.	Pune	Backward Class Girls Hostel, Yerwada	0.00	2.03	2.03
42.	Solapur	Government BC Girls Hostel	4.84	1.99	2.85
43.	Kolhapur	Government BC & EBC Girls Hostel, Hatkanangale	0.13	1.26	1.13
44.	Latur	Government Girls Hostel (Old), Savewadi	1.43	0.24	1.19
45.	Latur	Government Girls Hostel, Khore Galli	2.93	1.45	1.48
<b>Total</b>			16,418.02	18,268.01	10,854.06
					<b>i.e. ₹ 108.54 crore</b>
BC – Backward Class; EBC – Economically Backward Class;					
Source : Information furnished by the respective DDOs					

<b>Appendix 2.4.5</b>				
<i>(Reference : Paragraph 2.4.11.1; Page 88)</i>				
<b>Status of posts sanctioned and men-in-position for welfare of SCs and welfare of DTs/NTs/OBCs/SBCs</b>				
<b>Designation</b>	<b>Posts sanctioned</b>	<b>Men-in-position</b>	<b>Vacancies</b>	<b>Vacancies percentage</b>
<b>Welfare of SCs</b>				
Deputy Commissioner	32	25	7	21.87
Assistant Commissioner	95	62	33	34.74
Social Welfare Officer Group B	61	21	40	65.57
Office Superintendent	85	55	30	35.29
Higher Grade Steno	39	25	14	35.90
Steno Typist	43	23	20	46.51
Warden Group C	471	291	180	38.22
Head Clerk	82	47	35	42.68
Social Welfare Inspector	349	174	175	50.14
Senior Clerk	352	307	45	12.78
Junior Clerk	914	668	246	26.91
Lower Grade Steno	12	7	5	41.66
Driver	94	69	25	26.60
Class IV	817	624	193	23.62
Cook	364	329	35	9.61
Helper	375	351	24	6.40
Watchman	259	207	52	20.08
Safaigar	235	195	40	17.02
<b>Welfare of DT / NT / OBC / SBC</b>				
Deputy Director	2	2	0	0
Assistant Director	2	0	0	100
Social Welfare Officer Group B	13	10	3	23.08
Accounts Officer Group B	2	1	1	50
Lower Grade Steno	2	1	1	50
Office Superintendent	3	3	0	0
Assistant Accounts Officer	1	0	1	100
Senior Clerk	6	3	3	50
Class IV	10	6	4	40
Source: Information furnished by Department				

**Appendix 3.1**  
*(Reference : Paragraph 3.1.1; Page 91)*  
**Sources of funds**

(₹ in crore)

Year	Particulars	M.P fund	MLA/ MLC fund	DPDC	MMRDA	Government Fund*	Total
2010-11	OB	19.65	26.50	00.00	00.00	00.00	46.15
	Receipt	24.26	123.06	78.10	00.00	123.93	349.34
	Expenditure	37.48	143.04	47.63	00.00	06.52	234.66
	CB	06.43	06.53	30.47	00.00	117.40	160.83
2011-12	OB	06.43	06.53	30.47	00.00	117.40	160.83
	Receipt	28.60	165.35	104.33	00.00	67.09	365.37
	Expenditure	34.93	167.98	123.85	00.00	18.64	345.40
	CB	00.10	03.90	10.95	00.00	165.85	180.80
2012-13	OB	00.10	03.90	10.95	00.00	165.85	180.80
	Receipt	38.72	159.32	84.05	100.44	84.00	466.53
	Expenditure	37.76	104.68	78.43	100.44	125.35	446.66
	CB	01.06	58.54	16.57	00.00	124.50	200.67

**Source : Chief Accounts Officer, MSIB**

\* Funds received from Social Justice and Special Assistance Department.

**OB – Opening Balance; CB – Closing Balance**

<b>Appendix 3.2</b>		
<i>(Reference : Paragraph 3.2.3; Page 103)</i>		
<b>Statement showing loss of revenue in allotment of land to Kasegaon Education Society</b>		
Sr no	Particulars	Amount (in ₹)
<b>Amount recovered as per MHADA's calculation</b>		
1.	Estimated cost of land (15,972 sqm)	1,64,672
2.*	Interest cost	5,35,184
3.	Total land cost as on August 2009 (2+3)	6,99,856
4.	Capitalized lease rent {(1% of Sr.No.3) x 12.5 + ₹ 1 per year for 30 years}	87,512
5.	<b>Total (A)</b>	<b>7,87,368</b>
<b>Amount recoverable as per audit</b>		
6.**	Land cost @ 75 per cent of ready reckoner rate (₹260/sqm) of 2009 as per June 2003 pricing policy of MHADA = ₹ 195 x 15,972 sqm	31,14,540
7.	Amount recoverable towards change in land use @ ₹ 250 x 15,972 sqm	39,93,000
8.	Total (6+7)	71,07,540
9.	Capitalized lease rent {(2.5% of Sr No 8)x12.5 + ₹ 1 per year for 30 years}	22,21,136
	<b>Total (B)=6+9</b>	<b>53,35,676</b>
	<b>Difference (B) – (A)</b>	<b>45,48,308</b>

\*  $(₹ 164672 \times 12.5 \% \times 26 \text{ years}) \div 100$

\*\* As per Regulation 16 of MHADA's pricing policy of June 2003, the cost of land in respect of educational or medical purposes is to be reckoned at 75 per cent of the current market rates.

