PREFACE

This Report on the audit of expenditure incurred by the Government of Maharashtra has been prepared for submission to the Governor under Article 151 of the Constitution. The report covers significant matters arising out of the compliance and performance audits of various departments including autonomous bodies and departmentally run commercial undertakings. Audit observations on the Annual Accounts of the Government would form part of a Report on State Finances, which is being presented separately.

The Report starts with an introductory Chapter outlining the audit scope, mandate and the key audit findings which emerged during the year-long audit exercise. Chapter II of the Report covers performance audits while Chapter III discusses material findings emerging from compliance audits. Chapter IV includes a report on the Chief Controlling Officer based Audit of the Animal Husbandry Department.

The cases mentioned in this Report are among those which came to notice in the course of test-audit of accounts during the year 2009-10 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2009-10 have also been included wherever necessary.

CHAPTER I: INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance audit of selected programmes and activities and compliance audit of Government departments and autonomous bodies.

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, besides conducting a compliance audit, also examines whether the objectives of the programme/activity/department are achieved economically and efficiently.

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 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 and achievements in implementation of selected schemes, 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 selected programmes/activities/departments. Chapter III contains observations on audit of transactions in Government departments and autonomous bodies. Chapter IV presents an assessment of internal controls in the Chief Controlling Officer (CCO) based Audit of Animal Husbandry Department.

1.2 Auditee profile

There are 29 departments in the State at the Secretariat level, headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/Commissioners and subordinate officers and 16 autonomous bodies, which are audited by the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur.

The comparative position of expenditure incurred by the Government during the year 2009-10 and in the preceding two years is given in **Table 1**.

Table 1: Comparative position of expenditure

(₹ in crore)

Particulars	2007-08			2008-09			2009-10		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue expenditure									
General services	377	23469	23846	384	26201	26585	214	31857	32071
Social services	7215	19558	26773	8286	22766	31052	11400	29605	41005
Economic services	2648	10589	13237	3668	13145	16813	5028	15344	20372
Grants-in-aid	35	889	924	71	1173	1244	95	1373	1468
Total	**10275**	**54505**	**64780**	**12409**	**63285**	**75694**	**16737**	**78179**	**94916**
Capital expenditure									
Capital Outlay	9467	2023	11490	12776	6097	18873	14668	2760	17428
Loans and Advances disbursed			1225			1281			1261
Repayment of Public Debt			2745			3221			3825
Public Accounts disbursement			27619			30507			31721
Total	**9467**	**2023**	**43379**	**12776**	**6097**	**53882**	**14668**	**2760**	**54235**
Grand Total			**108159**			**129576**			**149151**

Source: Report No 1, Report on State Finances for the year 2009-10

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[1] of the C&AG's (DPC) Act. The C&AG is the sole auditor in respect of 16 autonomous bodies which are audited under sections 19(2)[2], 19(3)[3], and 20(1)[4] of the C&AG's (DPC) Act. In addition, the C&AG also conducts audit of 434 other autonomous bodies, under Section 14[5] 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] 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

[2] 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

[3] 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

[4] Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed up on between the C&AG and the Government

[5] Audit of 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 ₹ 1 crore

1.4 Planning and conduct of audit

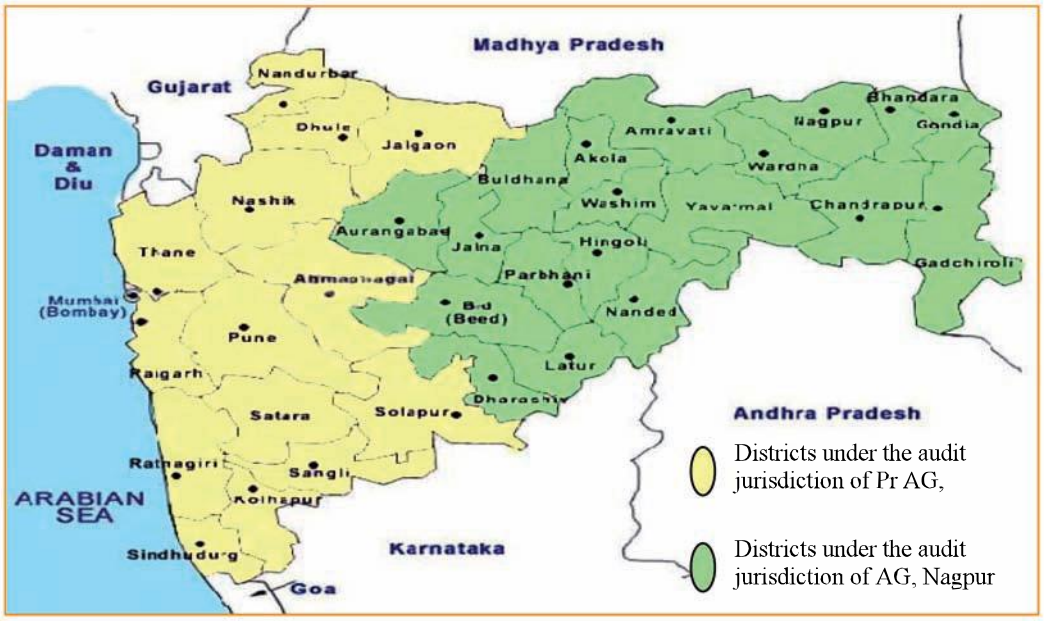
Audit process starts with the assessment of risk of the Department/ Organisation as a whole and each unit based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. An annual audit plan is formulated to conduct audit on the basis of such risk assessment. During performance audit, the audit objectives and audit criteria are discussed with the Department/Organisation before commencement of the audit.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the head of the unit. The units are requested to furnish replies to the audit findings within one month of receipt of the Inspection Report. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports which are submitted to the Governor of Maharashtra under Article 151 of the Constitution of India.

During 2009-10, 7,942 party-days were used to carry out audit of 1,426 units (compliance audit and performance audits) out of 8,086 units of the various departments/organisations. The audit plan covered those units/entities which were vulnerable to significant risk, as per our assessment.

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

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.



1.6 Significant audit observations

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities through performance audits, as well as audit of selected departments which impact the success of programmes and functioning of the departments. Similarly, the deficiencies noticed during compliance audit of the Government departments/organisations were also reported.

1.6.1 Performance audits of programmes/activities/department

The present report contains two performance audits, one Information Technology (IT) audit and one CCO based Audit of a Government Department. The highlights of the performance/ IT/ CCO based audits are given in the following paragraphs.

1.6.1.1 Konkan Irrigation Development Corporation

Konkan Irrigation Development Corporation (KIDC) was formed in 1998 under the KIDC Act, 1997 in order to expedite completion of the ongoing irrigation projects in Konkan Region. During the period 1998-2007, 90 projects were transferred to the KIDC, of which only 13 were 'nearly completed' as of March 2010. The total expenditure incurred by the KIDC on these projects up to 2009-10 was ₹ 2,573 crore.

A review of working of the KIDC for the period 2005-10 revealed that the autonomy envisaged in the Act for raising funds, planning, execution and timely completion of irrigation projects was not given to the Corporation which adversely affected the completion schedule of the projects. Release of insufficient funds by the GoM led to non-execution of projects, delay in land

acquisition and payment of compensation to PAPs. Revenue generated from water charges was not given to Corporation as envisaged in the Act as such the KIDC became totally dependent on Government grants. Recommendations of the High Power Committee for prioritisation in allocation of fund to projects were not adhered to which led to non-completion of 85 *per cent* of the projects. Works were started without acquisition of required land, clearance from Forest Department and settlement of compensation claims of project affected persons, which contributed to abnormal delays in completion and cost overrun. The financial position of the KIDC was not reflected correctly in the Annual Accounts. The GoM had not released the entire share capital as envisaged in the Act. Works were executed beyond limits of administrative approvals. Irrigation potential and water storage created were well short of the projections. Created irrigation potential remained largely unutilised. Water users associations were not formed/ registered. The KIDC failed to undertake agriculture extension activities to educate the farmers about the benefits of the prescribed crop pattern. Monitoring of the projects by the Governing Council was inadequate. The Executive Committee had not met even once in the last nine years. Adequate follow up action was not taken after the pre/post monsoon inspections of the projects.

1.6.1.2 Government Medical Colleges and Hospitals in Maharashtra

Progressive improvement in medical education, research and health care with modern scientific methods is of great importance in every society. Director of Medical Education and Research under the Medical Education and Drugs Department is responsible for producing skilled medical and para-medical personnel. In Maharashtra, there are 41 medical colleges including 14 Government Medical Colleges (GMCs).

An audit review of the working of six GMCs along with the attached hospitals for the period 2005-10 revealed that there is no specific Government policy to improve medical education in the State. The number of medical seats in Government Medical Colleges and Hospitals remained stagnant for the last five years despite increase in the demand for doctors and constant rise in population. No new Government Medical College was opened during this period in any tribal district, though doctor to patient ratio in the tribal district Gadchiroli was significantly high at 1:11000. Neither the Government nor the Directorate of Medical Education and Research had drawn annual action plans to implement the programmes for improvement in medical education and health care. Research activity was inadequate. Shortages of teaching staff and para medical personnel affected the quality of medical education and services to patients. Non-approval of sanctioned PG courses by Medical Council of India too affected both the students and patient service. Super specialty medical facilities were not available in many hospitals. Many items of Machineries and Equipments procured continued to remain idle for want of repairs or supply of electricity. The hostels lacked facilities, effective

monitoring by Government or DMER was absent, and there were shortfalls in inspection and internal audit.

1.6.1.3 Budget Estimation, Allocation and Monitoring System (BEAMS) of the Government of Maharashtra

The objective of BEAMS is to build a transparent and effective system for transferring budgetary allocations and control over monthly expenditure. It also aimed at maintaining financial discipline to create effective Management Information System (MIS) for various departments of Government, Accountants General and general public and to develop a decision support system for monitoring the day to day financial position. The BEAMS started in Maharashtra from June 2007 and made functional from 2008-2009. The users of the system are Finance Department, Administrative Heads, Controlling Officers and drawing and disbursing officers (DDOs) of all the Departments of the State.

Audit noticed that the objectives of BEAMS were largely not achieved. The delay in releasing grants by the Administrative Department and the Controlling Officers to the DDO defeated the very purpose of quick online release of grants. Due to low capacity of server, the system failed at the fag end of every financial year and thus stored incomplete data. The deficiency in system design resulted in reversing of expenditure after payment and thus creation of unreliable data in BEAMS database. The system also failed to maintain cash-flow within prescribed norms/limits. The system was found prone to high risk of hacking due to non-encryption of data. Thus, the data stored in BEAMS was incomplete, unreliable and could not be used for MIS purpose.

1.6.1.4 Audit of Animal Husbandry Department

Development and protection of livestock are the primary objectives of the Animal Husbandry Department. Major activities of the Department include genetic improvement of livestock to increase productivity, prevention and control of livestock diseases, scientific research on breeding and feeding of livestock, poultry development and providing assistance to the weaker sections of the society, particularly in suicide prone and drought prone areas.

Audit of Animal Husbandry Department for the period 2005-10 revealed institutional weakness in planning, monitoring and internal control. The Department had not drawn up annual and detailed plans though a five year plan was prepared for 2007-12. In many cases, reconciliation of cash book balances with bank balances and surprise cash verification were not done. Internal audit was not conducted as per the norms due to shortage of manpower. The Department's non-compliance with the rules and orders resulted in deficiencies in financial management. Budget estimates for Plan schemes were finalised without obtaining inputs from field offices. Budgetary grants were surrendered or lapsed due to deficient budgetary management.

Grants were released to the Zilla Parishads without ensuring utilisation of grants paid earlier. Monitoring of the recovery of loans paid to poultry societies was deficient. Equipment procured for manufacturing vaccines, for analysis of blood samples and for measuring impurities in animal feed were lying idle due to poor planning, lack of trained manpower and chemical reagents. Service delivery by the Department was also far from satisfactory. There were shortages of life saving drugs in veterinary dispensaries. The Department did not achieve the targets set for castration, vaccination, operation and infertility treatment. Central assistance for modernisation of laboratories remained unutilised. Compensations paid to the farmers/contractors of *Bird Flu* affected poultries were irregular. The objectives of special package for drought prone areas were not achieved due to poor monitoring. Acute shortage of manpower in core cadres adversely affected the implementation of animal health care programmes.

1.6.2 Compliance audit of Government transactions

During compliance audit significant deficiencies were noticed in critical areas, which impact the effectiveness of the State Government. Some important findings of compliance audit (25 paragraphs) have been included in this Report.

The major observations relate to:

- Fraud/misappropriation
- Non-compliance with rules and regulations
- Audit against propriety and cases of expenditure without adequate justification
- Persistent and pervasive irregularities.
- Failure of oversight/governance.

1.6.2.1 Fraud and misappropriation

- In District Soil Survey and Soil Testing office, Nanded, ₹ 10 lakh was misappropriated by tampering with the copies of the treasury challans of cash remittances and making inflated entries in the cash book, due to failure of the DDOs in exercising the prescribed checks.

(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 involving ₹ 22.22 crore. Some important audit findings are as under:

- Commencement of work by Public Works Division, Alibag, without ensuring possession of land resulted in unfruitful expenditure of ₹ 8.87 crore on an incomplete road, a pilot road and a bridge at Vaisheni. Besides, mangroves were destroyed for road construction, in violation of the Coastal Regulation Zone Notification.

(Paragraph 3.2.3)

- Social Justice and Special Assistance Department released (April 2005) assistance of ₹ 4.80 crore to a sick society for modernising a Khandasari factory at Shirol in Kolhapur District, though the stipulated conditions were not fulfilled. The factory could not be fully operationalised, resulting in undue benefit to the society.

(Paragraph 3.2.4)

- Mumbai Metropolitan Region Development Authority adopted an incorrect method for calculating payments for quantities executed beyond 125 *per cent* of the estimated quantities, which resulted in excess payments to 11 contractors to the tune of ₹ 3.59 crore.

(Paragraph 3.2.5)

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 instance of impropriety and extra expenditure involving ₹ 5.84 crore as under:

- Lack of monitoring by District Rural Development Agency and the Rural Development Department resulted in a Cattle Breeding Dairy Farm Project implemented by a non-government organisation remaining incomplete. Investment of ₹ 4.93 crore was rendered unfruitful for want of sufficient cows. The objective of developing income source for poor villagers was also not achieved.

(Paragraph 3.3.1)

1.6.2.4 Persistent and pervasive irregularities

An irregularity is considered persistent if it occurs year after year. It is deemed pervasive when prevalent in the entire system. Recurrence of irregularities, despite being pointed out in earlier audits, is indicative of slackness on the part of the executive and lack of effective monitoring. Audit observed instances of persistent and pervasive irregularities of ₹ 51.67 crore as follows :

- Inordinate delay in procurement of patrolling boats defeated the Government's objective of strengthening the police force in the aftermath of "26/11 Mumbai attacks". Out of ₹ 60.50 crore drawn on abstract contingent bills in March 2009, ₹ 34.02 crore remained unutilised for 21 months and expenditure of ₹ 26.48 crore rendered unfruitful due to non-supply of the boats, leaving the Maharashtra coast vulnerable to sea based threats.

  (Paragraph 3.4.1)

- Incorrect inclusion of Central excise duty on cost of steel for the fabrication at work site in the tender by the Executive Engineers of five divisions resulted in undue benefit of ₹ 15.18 crore to the contractors.

  (Paragraph 3.4.3)

1.6.2.5 Failure of oversight/governance

Government has an obligation to improve the quality of life of the people in the area of health, education, development and upgradation of infrastructure, public services etc. Audit noticed instances where funds released by the Government for creating public assets remained unutilised/ blocked or proved unfruitful/ unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. Test-check of cases revealed failure of oversight/governance involving ₹ 168.67 crore. Some important audit findings are as under:

- Co-operation, Marketing and Textiles Department sanctioned (March 2007-March 2008) share capital of ₹ 20 crore and a loan of ₹ 100 crore to Nanded District Central Co-operative Bank Limited (NDCCB), on which Reserve Bank of India had imposed sanctions (October 2005). Subsequent conversion of the loan and share capital of ₹ 10 crore into grant and waiver of interest, resulted in injudicious expenditure of ₹ 118.50 crore as there was no improvement in NDCCB's financial condition and loan disbursements to farmers.

  (Paragraph 3.5.2)

- Failure of the Public Health Department to ensure the availability of personnel concurrently with completion of the hospital building in March 2008 at Malvani, Malad and purchase of equipment, medicines *etc.,* in anticipation of commencement of functions, resulted in idle investment of ₹ 4.09 crore.

  (Paragraph 3.5.6)

- Delay in settlement of contractor's claims, failure to observe the provision of Arbitration and Conciliation Act, 1996 and advice of legal advisor not to contest the arbitration award resulted in avoidable payment of ₹ 2.75 crore on account of interest by Godavari Marathwada Irrigation Development Corporation, Aurangabad.

  (Paragraph 3.5.9)

- Savlaj and four other Regional rural water supply schemes in Sangli District completed (May-July 2004) by Maharashtra Jeevan Pradhikaran (MJP) at a cost of ₹ 22.21 crore remained idle. Neither the MJP nor the Zilla Parishad, Sangli ran the schemes even during the droughts of 2008 and 2009. Supply of piped potable water remained an elusive goal for the drought prone area.

(Paragraph 3.5.10)

1.7 Response of the departments to draft paragraphs and performance reviews

The draft paragraphs and performance reviews were forwarded demi-officially to the Secretaries of the concerned departments between March and July 2009 requesting to send their responses within six weeks. Tardy response of the departments was brought to the notice of the Chief Secretary to Government of Maharashtra demi-officially in November 2010. However, replies to only 6 out of 25 draft paragraphs were received. While Government reply to CCO based Audit of Animal Husbandry Department was received, the departments concerned did not respond to any of the three performance audit reviews incorporated in this Report. Even the Government (Finance Department and Medical Education and Drugs Department) did not respond to the repeated requests for holding exit conference to discuss two performance audit reviews. Government replies, wherever received have been suitably incorporated in the Report.

According to the instructions issued by the Finance Department in March 1981, administrative departments were required to furnish Explanatory Memoranda duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs (including performance reviews) included in the Audit Reports, within one month of presenting the Audit Reports to the State Legislature. The administrative departments did not however, comply with these instructions and 174 Explanatory Memoranda pertaining to the period from 1988-89 to 2008-09 were outstanding. Department-wise details are given in **Appendix 1.1**.

Chapter II

Water Resources Department

2.1 Konkan Irrigation Development Corporation

Executive summary

Konkan Irrigation Development Corporation (KIDC) was formed in 1998 under the KIDC Act, 1997 in order to expedite completion of the ongoing irrigation projects in Konkan Region. During the period 1998-2007, 90 projects were transferred to the KIDC, of which only 13 were 'nearly completed' as of March 2010. Total expenditure incurred by the KIDC on these projects up to 2009-10 was ₹2,573 crore. A review of working of the KIDC for the period 2005-10 revealed poor progress in execution of the projects and in achievement of the intended objectives. Audit observed lack of financial autonomy of the KIDC, absence of long-term plan and prioritisation of project execution, problems of land acquisition and rehabilitation of project affected persons resulting in delay and stoppage of works, huge cost overrun and defective execution of the projects, shortfall in creation and utilisation of irrigation potentials, deficiency in financial management and monitoring of the projects.

As the planning, administrative approval, tendering and allocation of funds for the projects were done by Government, expediting the execution of the projects by the KIDC, as envisaged in the Act, was difficult. Works were commenced without acquisition of required land; clearance of Forest Department and settlement of compensation claims of PAPs, resulting in abnormal delays in completion of the projects and consequent increase in cost.

Limited resources were thinly spread over too many projects by the KIDC, contrary to the recommendation of the High Powered Committee. There were short release of funds by the State Government for the AIBP projects and under special packages. However, the Department released funds in excess of the administrative approval of the projects.

There were instances of defective execution of works and unncecessary increase in height of the dams without accruing any additional benefit. Against the targeted irrigation potential (IP) of 2.57 lakh hectare, IP of only 63,145 hectare (25 per cent) was created; storage of water was 2230 Mcum (63 per cent). Utilisation of IP created was low; it was less than 1 per cent in two projects, because of leakages and unwillingness of the beneficiaries.

Monitoring of the projects by the Governing Council was inadequate. The Executive Committee met only once in three years. Water Users' Associations were either not formed or not registered. Agricultural extension activities to educate the farmers about the benefit of the prescribed crop pattern were not undertaken by the KIDC.

2.1.1 Introduction

Konkan Region (the Region) in Maharashtra consists of the Districts of Greater Mumbai, Raigad, Ratnagiri, Sindhdurg and Thane with a total area of 30,394 square kilometers and has 22 river basins. The total cultivable command area of the Region was 15.28 lakh hectares (ha) with an estimated irrigation potential of 3.67 lakh ha. Prior to formation of Konkan Irrigation Development Corporation (KIDC), Government of Maharashtra (GoM) had completed 90 irrigation projects and created an irrigation potential of 22,248 ha in the Region.

In December 1997, the GoM estimated that the cost of the 38 ongoing projects in the Region was about ₹ 1,034 crore and the cost of the administratively approved projects and the future projects[1] would be ₹ 1,533 crore. As Water Resources Department (WRD) could provide only ₹ 80 crore to ₹ 90 crore per year through budget, it would take 10 to 12 years to complete the ongoing projects. In order to expedite the completion of the projects, the GoM decided to establish a separate entity so that budgetary support could be substantially supplemented through open market borrowings and all the ongoing and new projects could be completed in a time bound manner. Accordingly, the GoM established the KIDC in 1997 under the KIDC Act 1997 (the Act) which started functioning from January 1998. The objective of setting up of the KIDC was to achieve the total irrigation potential of 3.67 lakh ha in the Region out of which irrigation potential of 2.57 lakh ha was to be created by the KIDC through 90 projects. For this purpose 90[2] projects *viz.*, four major, 11 medium and 75 minor irrigation projects were transferred to the KIDC during January 1998 to April 2007. These included six[3] projects which were provided Central Assistance under the Accelerated Irrigation Benefit Programme (AIBP). Tillari Project (major) was brought under AIBP during 2005-06 and five other projects during 2009-10. The KIDC executes projects which after completion are required to be handed over to Maintenance Division, Water Resources Department under Government of Maharashtra.

The GoM had formulated (September 2002) a new body called *Maharashtra Patbandhare Vittiya Company Ltd.* (MPVCL) to raise funds from the open market and distribute the same to all irrigation development corporations in the State. Therefore, the GoM did not give guarantee to the KIDC to borrow funds from the open market since 2004-05. Hence, the projects of the KIDC were entirely financed through budgetary grants. Though the Act empowered the KIDC to levy and recover revenue from the sources, this power was never formally exercised by the KIDC. The revenue collected by the KIDC was deposited into Government account as Government Revenue.

2.1.2 Organisational set up

The Governing Council (GC) of the KIDC is headed by the Minister for Water Resources as ex-officio Chairman. The Chief Secretary to the GoM is the

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1 Number not mentioned in the Act.

2 Projects transferred: Ongoing 73 projects (38 in 1998 and 35 in 2007) and 17 new projects out of 33 transferred (2000-2001)

3 Arjuna, Aruna, Deoghar, Gadnadi, Nardave and Tillari

ex-officio Vice-Chairman. The Secretary, Water Resources Department (Secretary) of the GoM is the *ex-officio* Managing Director (MD) of the KIDC.

The Budget proposals are prepared by the Chief Accounts and Finance Officer (CAFO) of the KIDC, approved by the GC after reviewing the financial and physical progress of various projects and are submitted to the Department. The Department finalises project-wise fund allocation for the KIDC in consultation with the Planning Department.

The Executive Committee (EC) comprised of the MD as Chairman and Executive Director (ED), Chief Engineer (CE), CAFO and Executive Engineer (EE) as members. The EC is responsible for finalisation of tenders and settlement of claims of contractors *etc.* The Department finalises the demands for funds received from the KIDC in consultation with Planning Department, GoM.

Under the superintendence and control of the MD, the ED is responsible for the overall execution of projects and is assisted by the members of the EC. Under the CE, there are four circles each headed by a Superintending Engineer (SE) under whom there are 12 EEs at Divisional level.

2.1.3 Audit scope and methodology

A performance audit on the KIDC was conducted during March to June 2010 covering a period from 2005-06 to 2009-10. For this purpose, records of the ED and the CE were test-checked. Thirty[4] out of 90 irrigation projects were selected (**Appendix 2.1**) on simple random sampling basis and the records were test-checked along with the records of the respective divisions and circles. Joint site visits of all the 30 selected projects were carried out along with the KIDC personnel.

Audit objectives and the audit criteria adopted for the performance audit were discussed with the Secretary in a meeting held on 23 March 2010. The audit findings were discussed with the Secretary in the exit conference held on 9 November 2010.

2.1.4 Audit objectives

The audit objectives were to assess whether:

- sufficient autonomy was given to the KIDC for planning, funding, execution and timely completion of irrigation projects;
- adequate funds were available for timely completion of projects, maintenance of accounts and financial reporting system was adequate;
- five year and annual plans were made by the KIDC and the same were realistic for achievement of the targets set for execution of the irrigation projects;
- the targeted irrigation potential and water storage was created and utilised at optimum level to achieve the envisaged crop pattern;

[4] two out of four major projects (both ongoing); four out of 11 medium projects (all ongoing); 24 out of 75 minor projects (two completed and 22 ongoing)

- adequate monitoring and periodical review of the progress of the projects were conducted; and
- the safety norms and flood control system were scrupulously followed during execution of the projects.

2.1.5 Audit criteria

The audit criteria adopted for the performance audit were:

- The KIDC Act, 1997;
- Government resolutions and orders issued from time to time;
- Guidelines for funding pattern, *viz.,* Governor's Directives;
- Maharashtra Public Works (MPW) Manual and MPW Account Code;
- Land Acquisition Act, 1894.

Audit findings

2.1.6 Organisational infirmity

Lack of autonomy

As per the Act, the KIDC was empowered to make special provisions for mobilisation of resources required for completion, promotion and operation of the ongoing irrigation projects in a time bound manner and execution of other allied activities including flood control. The Act also empowered the KIDC to construct hydro electric projects and to levy and recover water charges for supply of water for irrigation, industrial and domestic purposes to local bodies, government agencies, cultivators and water users' associations.

2.1.6.1 Mobilisation of financial resources

Borrowings from open market

Scrutiny (April-June 2010) of records of the ED revealed that the KIDC had raised on the basis of guarantee given by the GoM; ₹ 574 crore by issue of bonds at rates varying between 11 *per cent* and 14.50 *per cent* during the period 1998-99 to 2003-04 and thereafter funds were provided by the GoM through budgetary grants. As no revenue accrued to the KIDC, the principal amount of ₹ 434.61 crore and interest of ₹ 418.41 crore was repaid by the MPVCL as of March 2010. At the end of 2009-10, the borrowed amount outstanding for repayment was ₹ 139.29 crore along with interest accrued thereon. The MPVCL established to raise funds from the open market and disburse to all the irrigation development corporations across Maharashtra, could raise only ₹ 798.15 crore, out of which ₹ 20.91 crore was provided to the KIDC during 2003-04 to 2005-06.

Despite the provisions made under the Act, the powers to raise funds and mobilisation of resources *etc.,* were never formally entrusted to the KIDC. Subsequent to Government resolution (May 2007), the KIDC became dependent on the GoM for grants to execute the projects.

Utilisation of income generated from the irrigation projects

According to the Act, the irrigation projects and hydro-electric power projects assigned and situated in the area of operation stood transferred to the KIDC along with the income generated from these projects for payment of interest and repayment of loan raised from the open market. In contravention of the provisions of the Act, revenue generated from the completed and ongoing irrigation projects (as of July 2010) in the Region was not handed over to the KIDC by the GoM so far. An amount of ₹ 853 crore only was repaid as loan amount and interest thereon against revenue of ₹ 2,600 crore accrued during 1998-99 to 2009-10. Since the KIDC is not empowered to utilise the revenue collected through the projects assigned and situated in the Region, the GoM is providing funds to meet the requirement. But, the funds provided were not sufficient leading to non-execution of projects, delay in land acquisition, payment of compensation to PAPs *etc.*

2.1.6.2 Administrative approval, planning, funding, tendering and execution

The KIDC did not have adequate financial autonomy affecting timely execution of the projects

Scrutiny (April-June 2010) also revealed that planning for execution of the ongoing projects also needed approval of the Department. The powers regarding inviting and accepting of tenders were restricted and administrative approval were also not vested with the KIDC. Project wise allocation of funds was done either by Planning Department or WRD. The funds demanded by the KIDC based on the yearly requirement were never provided in the budget. This had an adverse affect on timely execution of the projects.

The KIDC while accepting (August 2010) the facts stated that it had partial financial control only and that as per GRs of October 2006 and May 2007, the source of revenue from water charges in the Region was withdrawn from the KIDC as the Government was repaying all liabilities arising out of borrowings and interest thereon.

2.1.6.3 Creation of allied benefits

Allied activities as envisaged in the Act were to be created after completion of the dam but some areas of allied benefits such as Fisheries and Pisciculture were deleted from the jurisdiction, and project wise allocation was done at Government level with no power to the KIDC to re-appropriate the funds as per the requirement. This also led to delay in physical progress of the projects.

Thus, the autonomy envisaged in the Act for expeditious completion of ongoing irrigation projects was not given to the KIDC which merely functions as a wing/section under the Department.

2.1.7 Planning

The KIDC was established to expedite completion of the ongoing irrigation projects in the Region which would increase the agricultural production in the area and improve the living standards of the local people. On completion of projects, it would also facilitate Hydro electric power generation, apart from allied benefits such as Tourism, Fisheries, Sports, Industries *etc.*

The KIDC was formed to complete the first 38 projects (transferred in 1998) by 2002-03 (extended to 2003-04). However, 17 new projects (transferred in 2000 budgeted in 2005-06) and 35 ongoing projects (transferred in 2007) were taken up which further pushed the scheduled period of completion of projects to 2012. As the GoM could not provide sufficient funds and even the KIDC did not exercise the powers given to it, the scheduled date of completion was further extended to 2017.

The KIDC prepared a five year plan for the period 1998-2003 (extended up 2003-04), during which 38 projects were to be completed. Out of these projects, the financial progress on 17 projects was above 75 *per cent,* on 11 projects between 50 and 75 *per cent* and for the remaining 10 projects less than 50 *per cent*, as of 2002-03. During that period no project was completed. Thereafter, project-wise yearly budget allocations were made by the GoM.

Further, the GoM issued instructions (August 2006) that the KIDC's budget proposals for the next year should not exceed 10 *per cent* of the previous year's budget allocation. This also adversely affected the KIDC's planning process**.** Further, none of the objectives were achieved fully and allied activities such as fisheries and pisciculture were deleted from the KIDC's purview in 2001.

It was noticed that the KIDC failed to achieve the objectives as 13 out of 90 projects were not fully completed even after 12 years and the targeted IP was not created as these projects were neither planned effectively nor executed efficiently, as discussed in the subsequent paragraphs.

2.1.7.1 Recommended prioritisation ignored by the KIDC

A High Power Committee (HPC) headed by the Secretary, Planning Department, GoM was set up to review the status of irrigation projects across the State. The HPC recommended (November 2001) prioritisation of allocation of funds to the projects in order to expedite their completion in the following manner:

- Projects on which expenditure incurred was 75 *per cent* or more of the project cost were to be completed first;
- Projects on which 50 to 75 *per cent* expenditure was incurred to be taken up next so that the remaining works could be completed within the stipulated period and
- Projects on which expenditure incurred was less than 50 *per cent* should be stopped.

Details of projects with financial progress of less than 50 *per cent*, less than 75 *per cent* and above 75 *per cent* are given in **Table 1**.

Table 1: Expenditure incurred on projects in terms of financial progress

Percentage of expenditure incurred on individual projects (2002-03)	**Number of projects**
75 *per cent* and above	17
50 to 75 *per cent*	11
Less than 50 *per cent*	10

Due to execution of projects in disregard to HPC recommendations, most of the 90 projects remained incomplete even after spending ₹ 4,364 crore up to 2009-10

The Irrigation Department accepted the recommendations and issued instructions (January 2002) to plan and execute the projects accordingly. But disregarding HPC recommendations and Government orders, the KIDC allocated the available funds to all the ongoing projects without prioritising it. The KIDC also took up execution of 17[5] new projects since 2005-06. Thus, even after incurring an expenditure of ₹ 4,363.84 crore up to 2009-10 on 90 projects, only 13 projects could be completed (leaving some residual works) and IP of only 63,145 ha was created. Handing over the new projects and spreading the scarce budgetary resources thinly over too many projects contrary to the recommendations of the HPC led to a situation in which most of the projects (77 projects) remained incomplete.

Audit observed that as on 31 March 2003, more than 50 *per cent* expenditure was incurred on 28 out of the above 38 ongoing projects. Considering the financial status of these 10 projects, the HPC recommendations could have been implemented from 2003-04, because planning and budget provisions had already been decided/approved for the year 2002-03.

The KIDC continued to incur expenditure of ₹ 333 crore during 2003-04 to 2009-10 on 10 projects where the actual expenditure was below 50 *per cent*. The amount could have been utilised against the 17 advanced projects (out of the 38 transferred in 1998) on which 75 *per cent* or more expenditure had already been incurred. Incurring of expenditure on these 10 projects till date had a cascading effect on execution of other projects (**Appendix 2.2**).

Scrutiny (April-June 2010) of records revealed that even after incurring an expenditure of ₹ 893.80 crore[6] on such 27[7] projects, no IP could be created as of March 2010 in violation of the recommendations of the HPC.

Thus, taking up of projects without prioritising as recommended by the HPC resulted in delay in completion of the projects and consequent cost over run.

The ED accepted (August 2010) the fact that the KIDC could not implement the instructions and recommendations of the HPC and stated that the projects were taken up as per public demand from various parts of the Region. The execution of 17 new projects was taken up on the assumption of cash flow through borrowings. The reply was not tenable as the HPC recommended execution of the projects with financial progress of more than 50 *per cent* only. Besides, execution of these projects was started (2005-06) after the financial power of the KIDC had been curtailed.

2.1.7.2 Commencement of works without acquiring land

According to para 251 of the MPW Manual, no work should commence without acquisition of the entire land required for it. Further, as per the Forest Conservation Act 1980, prior approval of the Government of India (GoI) for use of forest land for non-forest purpose was mandatory. The Act also stipulated that if the proposed work involves forest as well as non-forest land,

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5 Out of 33 new projects transferred to the KIDC in 2000.

6 ₹ 500.31crore on 10 projects since 1998-99 and ₹ 393.49 crore on 17 projects since 2005-06.

7 17 new and 10 ongoing projects with less than 50 *per cent* financial progress during 2003-04

work should not be commenced on the non-forest land until the approval of GoI for release of the forest land was received.

Further, as per Government Resolution dated 14 September 2004 issued by Revenue and Forest Department (RFD), GoM, irrigation projects should be taken up on the pre-condition that the dam works should not commence unless rehabilitation of PAPs is completed.

Rehabilitation of the PAPs, change in designs and payment of idle charges against the stalled projects had delayed the completion of the projects which in turn resulted in time and cost over run as discussed in the succeeding paragraphs.

Commencement of project works without ensuring clear possession of land, delay in settlement of compensation claims of the PAPs *etc.*, adversely affected completion of the projects

Out of 30 test-checked projects (**Appendix 2.1**) handed over to the KIDC, works of 14 projects were already in progress at the time of handing over to the KIDC. It was revealed from the status report of projects that work orders for the remaining 16 projects were issued (May 1999 to December 2008) by the KIDC before acquisition of entire land. Of these 16 projects, works of 12[8] projects were stopped by PAPs between June 2001 and February 2010 due to non-acquisition of land and non-settlement of PAP problems. Further scrutiny revealed that total requirement of land was not enunciated in the proposals submitted by the KIDC to the Special Land Acquisition Officer (SLAO).

Scrutiny of two out of four test-checked SLAOs *viz.*, Ratnagiri and Sindhudurg revealed that the SLAOs were required to quantify and confirm the geographical contours of the entire required area of land, so as to prepare for the acquisition of land. However, no scheduling of land acquisition could be done by the SLAOs as the Divisions submitted piecemeal proposals of land required. It was confirmed during the exit conference that the forest land proposal was submitted as one single proposal.

The apparent reason for piecemeal projection of land requirement was the condition of depositing of the 2/3rd of the amount with the SLAOs (required for payment to PAPs) in advance, which the KIDC could not bear financially (**Appendix 2.3**). The CE, WRD stated that due to submission of proposals in piecemeal/village-wise, proposals were pending at various stages with the SLAO such as joint measurement (JM), non-issue of notification/final award and non-allotment of funds *etc.* Therefore, works could not be executed continuously without any break or hindrance.

The details of the test-checked projects affected due to hindrances in acquisition of land are shown in **Table 2**.

Table 2: Details of projects affected due to hindrances in acquisition of land

Reasons	Names of the affected projects
Projection of Piecemeal land requirement	All the test-checked projects except Dhasai and Waygholpada
Forest/*Vansandya* land acquisition	Deoghar*, Naradave, Shirsinghe, Talamba and Tillari*
Payment of compensation to PAPs and rehabilitation of PAPs	Chavanwadi, Jamda, Kakeywadi, New Mandave, Poynar, Sakharpa, Shirshinge, Talwat, Tarandale and Wagh

*The forest/Vansandya in respect of Head works of these projects were resolved.

[8] Chawanwadi, Jamda, Kakeywadi, Nardave, New Mandve, Poynar, Sakharpa, Shirshinge, Talamba, Tarandale, Talwat and Wagh.

The KIDC was established to raise funds and execute the projects speedily in the Region in public interest, but it was seen that the KIDC was treated as a Government Department without any special powers for land acquisition. Therefore, the land acquisition cases remained unsettled years together which defeated the purpose of formation of the KIDC.

Acquisition of forest/*Vansandya* land

A typical problem of *Vansandya* (forest on private land) prevailing in the Region particularly in Sindhudurg District where a forest developed on private land is also treated as forest land for all purposes including acquisition for non-forest use. This added another dimension to the problem in the form of providing compensation to forest as well as the private owner. The KIDC requested RFD for submitting an affidavit in the court of law to treat the said land as private land by removing *Vansandya* restriction. The issue was pending with the RFD and the progress of five selected projects in Sindhudurg District was adversely affected. As the KIDC issued work orders and commenced execution of projects without acquiring the land and without obtaining forest clearance, the works were stopped after commencement leading to abnormal delay, escalation of cost and payment of idling charges to contractors. Some instances noticed in audit are given below:

- The work of major irrigation project at Talamba, Sindhudurg District was awarded (September 1999) to a contractor at an estimated cost of ₹ 176.29 crore. The work was to be completed in five years. The KIDC applied (1999-2000) for forest clearance. In February 2008 when KIDC had tried to commence the work on some portion of private land already acquired for the dam seat, project affected persons (PAPs) agitated due to non-settlement of compensation and rehabilitation problems and stalled the work. They demanded joint measurements for both forest and private land simultaneously and payment of compensation immediately. Against the demand of ₹ 57.42 crore for Net Present Value (NPV), only ₹ 6.03 crore was deposited with the RFD. The work was stopped from March 2002 to February 2008 and again from June 2008 to February 2010 by PAPs due to non-payment of compensation and delay in forest clearance. An expenditure of ₹ 4.83 crore was incurred during March-May 2008 on desilting and dressing of cut off trench and reconstruction of embankments work which was washed away due to heavy rains. As a result, the project remained incomplete after incurring an expenditure of ₹ 61.44 crore (March 2010). Further, the claims of the PAPs were not settled and forest clearance was also not obtained as of July 2010. Out of 2618.81 ha of land required for dam and canal works, only 374.30 ha land was acquired since 1998 and proposal for 1199.24 ha was yet to be submitted.



Talamba dam seat



Talamba –COT work in progress

- Execution of the Medium Irrigation Project, Nardave remained incomplete from October 2007 for want of forest clearance. The KIDC did not pay the NPV of ₹ 3.40 crore to the Forest Department for acquisition of the forest land, but paid the idle payment charges of ₹ 7.48 crore to the contractor. The expenditure of ₹ 217.18 crore incurred on the project remained blocked since October 2007. Out of 677.93 ha of land required, only 487.11 ha of land was acquired.
- The work of the Minor Irrigation Project, Shirshinge remained incomplete for five years during June 2001 to May 2006 for want of forest clearance. The KIDC was yet to pay the NPV of ₹ 14.46 crore for the forest land, but paid idling charges of ₹ 2.70 crore to the contractor and also approved further idle payment of ₹ 15.45 crore in August 2007 and January 2009 which was yet to be paid. Expenditure of ₹ 79.89 crore incurred on the project could not yield any benefit so far. Out of 500.45 ha of land required, only 111.40 ha of land was acquired.

Projects affected due to non-settlement of compensation claims and rehabilitation problems of PAPs

- The work of right bank canal of the Minor Irrigation Project Wagh, Thane District was awarded in 2003-04 to a contractor at an estimated cost of ₹ 1.46 crore. The land owners (at chainage 7.893 km to 8.753 km), who had given verbal consent, refused to part with the land and the matter was sub-judice since the year 1996. The canal work was to be completed in March 2005 but extended up to March 2006, and stopped since January 2006. As far as dam work was concerned, water could not be stored in dam due to leakages and even water storage level could not be maintained The dam was completed in June 2001 and the canal work was also completed in 2008-09 (except the disputed portion of land) at a total cost of ₹ 29.35 crore as of March 2010. However, the projected irrigation potential of 842 ha (crop) could not be created as the land dispute and the leakage problem could not be sorted out.



Wagh – disputed land

- The work of the Minor Irrigation Project, New Mandve, Ratnagiri District was awarded (September 2001) to a contractor for ₹ 11.77 crore. The work was to be completed in 36 months. The work was stopped since April 2002 due to agitations by the PAPs for want of compensation and suitable rehabilitation. The KIDC demanded ₹ 44.10 lakh since 2006-07 for payment of compensation and rehabilitation of PAPs. However, the amount was not received so far (June 2010). As a result, the project remained incomplete even after incurring an expenditure of ₹ 22.82 crore. Out of 195 ha land required, 30 ha land was yet to be acquired as of March 2010.
- Execution of the Minor Irrigation Project Kakeywadi, Ratnagiri District was awarded (August 2004) to a contractor. The work was to be completed in 48 months. The work could be executed intermittently between November 2004 and February 2008 because of opposition from PAPs for not disbursing the compensation amount as the KIDC failed to deposit the full amount (₹ 54.63 lakh) in time with the SLAO. As of March 2010, ₹ 11.54 crore spent on the work remained blocked and the headwork was in progress (May 2010). As a result, the KIDC paid ₹ 0.90 crore to the contractor towards idle charges for the period. Further, out of 86.14 ha land required, only 49.71 ha land was acquired.
- In the case of the Medium Project Jamda, Ratnagiri District, the work was stopped because of opposition by the PAPs between February 2005 and May 2009 for joint measurement of land. Compensation amount of ₹ 8.25 crore demanded by the SLAO was also not deposited by the KIDC. Further, out of 867 ha land required, only 44.21 ha land was acquired. However, the KIDC paid idle charges of ₹ 26.33 crore to the contractor.
- The work of the Minor Irrigation Project, Talwat was stopped from January 2003 to April 2010 because of PAP problems and the expenditure of ₹ 14.14 crore incurred on the project remained blocked as on March 2010. Further, out of 101.23 ha land required only 80.27 ha land was acquired.



Talwat



Nardave

- Execution of the Minor Irrigation Project, Tarandale remained suspended from October 2007 to June 2010 because of non-payment of compensation of ₹ 8.23 crore to PAPs. Entire land of 128.30 ha for the project was not acquired so far.
- Execution of the Minor Irrigation Project, Sakharpa stood suspended from 2005 as PAPs stopped the work for non-payment of compensation. As a result, the expenditure of ₹ 13.01 crore incurred on the project remained blocked as of March 2010. Land to the extent of 11.98 ha was yet to be acquired as of May 2010.
- Execution of Minor Irrigation Project, Poynar, District Ratnagiri, was stopped by PAPs since April 2004 for want of basic facilities at rehabilitation site and non-payment of compensation to PAPs. Out of 304.65 ha of land required, 215.15 ha of land only was acquired.
- Execution of Minor Irrigation Project, Chawanwadi, District Ratnagiri stood suspended from October 2003 to September 2010 due to PAPs agitation. Land acquisition cases were also pending for settlement since October 2003 due to lack of funds. Land required for rehabilitation was not acquired. Out of 148.95 ha of land required, only 2.07 ha of land was acquired as of May 2010.



Poynar



Chavanwadi

Non-settlement of PAPs issues due to lack of funds for payment of compensation and their rehabilitation had further aggravated the problems. The non-availability of substitute land for rehabilitation as well as farming was also a major reason for delay.

The CE accepted (November 2010) that the proposals for private land acquisition cases are submitted in piecemeal basis and single proposal submitted for forest land acquisition in "*Vansandya*" area. It was also stated that total fund required for land acquisition were not generally available. The ED, KIDC explained that the major problem lies with the forest land and *Vansandya* in Sindhudurg District.

2.1.7.3 Non-settlement of land acquisition cases in time

As per the existing orders, final award of land acquisition cases should be declared by the Land Acquisition Officer within two years after receiving proposals from the concerned department.

Scrutiny of records of 10 selected divisions revealed that even though the KIDC deposited ₹ 17.81 crore with the SLAOs as 2/3rd advance amount of the awarded value of land in respect of 63 cases of 20 projects during 2003-04 to 2007-08, the SLAOs had not finalised the cases as of May 2010 (**Appendix 2.3**) due to lack of coordination between the SLAO and the KIDC.

Three irrigation Divisions had deposited ₹ 13.82 crore as 2/3rd advance amount of the awarded value of lands with the SLAOs during 2003-04 to 2008-09 in respect of 13 cases of three projects[9]. However, the payment made as per the final award was ₹ 9.69 crore only. The excess amount of ₹ 4.14 crore remained with the SLAO as of May 2010 (**Appendix 2.4**).

In respect of 14 cases of nine projects, though the final awarded value of land was declared at ₹ 13.92 crore by the SLAO, the KIDC had not deposited two-third advance of ₹ 9.21 crore (May 2010) due to non-availability of funds (**Appendix 2.5**).

[9] Arjuna: 346.92 ha (includes land for canals), Nardave 190.82 ha, Tillari: 796 ha (includes land for canals)

2.1.7.4 Co-ordination among various departments for settlement of PAP problems

Since land acquisition is a lengthy and cumbersome process beginning with Joint Measurement (JM) to final award declaration, it requires proper planning, involvement of responsible authorities (*viz.*, RFD, Agriculture, District Rehabilitation Officer) and time schedule to settle the matter speedily. Scrutiny of the related records revealed that land acquisition and PAP problems persisted due to the following reasons:

i) The land acquisition issues were not discussed in the Governing Council meetings held during December 1997 to July 2001.

ii) There were lack of monitoring, inadequate fund flow and follow up by the GC and the EC to ensure expeditious settlement of the land acquisition issues.

iii) The KIDC did not keep the Additional Chief Secretary (ACS), RFD informed about its difficulty in acquiring land and the cases valued ₹ 4 crore or above only were referred to him.

For settlement of PAP problems, coordination among various departments and involvement at the highest level was missing

In order to discuss the land acquisition issues (including rehabilitation), monthly/periodical meetings were held under the Chairmanship of Collector of each district which were attended by the EEs concerned. However, the problems of land acquisition and rehabilitation of PAPs persisted as discussed in Paragraph 2.1.7.2 and 2.1.7.3.

The KIDC stated (August 2010) that the problems which were not solved during the meetings were discussed with the Secretary or Minister-in-charge. Four meetings were held at the level of the Secretary, RFD and 48 meetings were held at the level of Minister during 2007-08 to 2009-10. Problems relating to land acquisition, selection of rehabilitation site and providing basic civil amenities to the PAP were the major problems discussed in the meetings. However, most of the problems are yet to be resolved.

Thus, the problems of land acquisition and rehabilitation of PAPs persisted due to lack of coordination between the KIDC and various departments, proper monitoring and involvement at the highest level.

2.1.8. Financial management

2.1.8.1 Funding

The Act envisaged[10] (November 1998) that the GoM would provide the KIDC ₹ 273 crore initially as its share capital on instalments over a period of five years from the date of establishment. However, the GoM provided ₹ 57.93 crore only to the KIDC as share capital up to 2003-04. According to the Act, other sources of funds for the KIDC include GoM grants, subventions, loans, advances, fees, costs and charges, water charges received rents and profits *etc.* The KIDC was also empowered to borrow money from financial institutions or from the open market by issue of bonds, debentures *etc.* subject to a ceiling of ₹ 1,000 crore.

[10] Clause 31 of the KIDC Act as amended on 23 November 1998

The funds demanded by the KIDC *vis-à-vis* funds provided by the GoM including borrowings during 1998-99 to 2009-10 and expenditure incurred are as detailed in **Table 3**.

Table 3 Funds demanded vis-à-vis received and expenditure incurred (₹ in crore)

Year	Demand	Funds received from the GoM		Funds raised by the KIDC through bonds	Total funds available	Expenditure			Closing balance	Cumulative balance
		Execution of works	Salary grant			On works	Establis-hment charges	Total		
A Up to 2004-05	**1229.82**	**113.48**	**26.90**	**573.90**	**714.28**	**608.96**	**89.11**	**698.07**	**16.21**	**16.21**
2005-06	233.00	165.28	13.66	0	178.94	148.08	15.19	163.27	15.67	31.88
2006-07	278.00	238.39	14.21	0	252.60	230.02	15.34	245.36	7.24	39.12
2007-08	305.80	341.48	32.96	0	374.44	288.90	37.54	326.44	48.00	87.12
2008-09	269.79	408.26	45.57	0	453.83	429.78	48.04	477.82	(-)23.99	63.13
2009-10	504.07	688.88	53.77	0	742.65	609.18	52.97	662.15	80.50	143.63
B Total 2005-10	**1590.66**	**1842.29**	**160.17**	**0**	**2002.46**	**1705.96**	**169.08**	**1875.04**	**127.42**	
Total (A + B) 1998-2010	**2820.48**	1955.77[11]	**187.07**	**573.90**	**2716.74**	**2314.92**	**258.19**	**2573.11**	**143.63**	

Further, as per the Act, out of the required funds of ₹ 1,034 crore for the 38 ongoing projects initially transferred to the KIDC in 1998, ₹ 672.85 crore only were made available by GoM during 1998-99 to 2003-04. However, the funds received were also not utilised fully, leaving a balance of ₹ 36.38 crore at the end of 2003-04. The KIDC incurred ₹ 74.27 crore towards salary of its establishment during 1998-99 to 2003-04, against ₹ 48.98 crore provided by the GoM to the KIDC. The KIDC borrowed funds of ₹ 25.29 crore for establishment charges.

Out of ₹ 1590.66 crore demanded during 2005-06 to 2009-10 for execution of the projects, the GoM had provided ₹ 2002.46 crore, against which ₹ 1,875.04 crore was spent leaving a balance of ₹ 127.42 crore as of March 2010.

Out of the 90 projects, GoM did not provide funds (2009-10) for 13 nearly completed projects for which ₹ 13.14 crore was required. The KIDC estimated (March 2010) that ₹ 5,766.92 crore was required to complete the 77 projects under execution. As the completion dates for the projects were extended by the KIDC up to the year 2017, the KIDC required at least ₹ 824 crore *per annum* excluding price escalation. However, the KIDC demanded between ₹ 233 crore to ₹ 504 crore (*i.e.* with an average demand of ₹ 318 crore *per annum* only) during 2005-06 to 2009-10, as shown in the **Table 3** above; which was indicative of deficiency in financial planning.

The KIDC set a target of creation of 6500 ha of IP every year during 2005-06 to 2009-10. As of June 2009, KIDC had created 63,145 ha of IP against the projected 2.57 lakh ha. Setting up of abnormally inadequate physical and financial targets indicated lack of will to achieve the objectives envisaged in the Act.

[11] Including funds received through Accelerated Irrigation Benefit Programme: 1998-2003: Nil; 2003-04: ₹ 15.50 crore; 2004-05: ₹ 5.32 crore; 2005-06: ₹ 29.68 crore; 2006-07: Nil; 2007-08: ₹ 55.48 crore ; 2008-09: ₹ 165.86 crore; 2009-10: ₹ 215.53 crore

On the basis of such inadequate funding and lack of physical progress it is not clear how these projects would be completed within the stipulated date of completion.

Thus, due to slow progress of the projects the very objective of forming the KIDC *i.e.* for expediting the entire process of completing the ongoing projects had failed.

The ongoing projects which otherwise would have been completed by the Irrigation Department in 10 to 12 years could not be completed by the KIDC even after 12 years of its formation. Only 13 such projects were stated to be 'almost completed' with some residual works (March 2010).

2.1.8.2 Increase in cost due to poor planning

The KIDC had taken up the projects without ensuring clear possession of land and prioritising the projects as per the recommendations of the HPC. Improper planning, inadequate funding, change in design and scope contributed to delay in rehabilitation of the PAPs, cost escalation, and time over run, payment of idle charges against the stalled projects which resulted in cost over run of the projects as shown in the **Table 4**.

Table: 4 Increase in cost of projects as of March 2010

Increase in cost of projects	₹ in crore	₹ in crore
Expenditure incurred up to March 2010 on 55* projects transferred to KIDC in 1998 and 2000	2,144.81	
Balance cost of the 55 projects as of April 2010	3,499.38	
Total cost	**5,644.19**	
Less estimated cost of the 55 projects	3,356.47	
Increase in cost of the 55 projects		**2,287.72**
Expenditure incurred up to March 2010 on 35 projects transferred to KIDC in 2007	2,219.03	
Balance cost of the 35 projects in April 2010	2,267.54	
Total cost	**4,486.57**	
Less estimated cost of the 35 projects in April 2007	3,509.55	
Increase in cost of the 35 projects		**977.02**
Increase in cost of all the 90 projects		**3,264.74**

*Projects include 9 projects where height of the dams were increased after commencement of works, which had caused additional financial burden of ₹ 383.62 crore, as discussed in paragraph 2.1.9.3. There was no increase in scope in respect of 35 projects transferred in 2007.

Thus, the delay in completion of projects in the scheduled period resulted in increase in cost of ₹ 3,264.74 crore during 2005-2010. Besides, the projected IP could not be created, which indicated defective planning.

Shortfalls in terms of land acquisition, rehabilitation and its repercussions are discussed in Paragraph 2.1.7.2 above.

2.1.8.3 Non-provision of matching share for AIBP Projects

Five[12] test checked projects fall under the Accelerated Irrigation Benefit Programme (AIBP). While the Tillari Project (major) received Central

[12] Arjuna, Devghar, Gadnadi, Nardave and Tillari.

assistance under AIBP since 2005-06 onwards, the remaining four projects were brought under AIBP in 2009-10.

Scrutiny (April 2010) of records of Tillari project revealed that State share of ₹ 158.67 crore (75 *per cent*) was to be released as stipulated in the agreement. However, the GoM had provided only ₹ 128.75 crore during 2007-09. As a result, the GoI restricted the Central share to ₹ 33.40 crore against ₹ 52.89 crore, thus depriving the project of ₹ 49.41 crore (Central share: ₹ 19.49 crore; State share ₹ 29.92 crore).

2.1.8.4 Short release of funds under special packages

The GoM (July 2007) decided, under special package for Konkan region, to release additional grant of ₹ 1,098.19 crore to the KIDC during 2007-08 to 2009-10 to complete the ongoing projects. However, GoM released only ₹ 382.99 crore during 2007-08 and 2009-10 to the KIDC.

Under another special package, GoM decided (June 2009) to provide ₹ 3,993 crore for development of the Konkan region which included ₹ 1,550 crore to be provided during the period 2009-10 to 2011-12 for completion of 39 irrigation projects under the KIDC. However, no funds were provided for the irrigation projects under KIDC as of June 2010. Release of funds under both the packages would have helped the KIDC to meet the fund requirement for execution of projects.

The Secretary stated (November 2010) that no funds were released to the KIDC against any special packages announced by the GoM as it was to be provided through the regular budget available to the Department.

The reply was not tenable as GoM decided to give the special package to complete the advanced projects speedily and regular budgetary allocation was not sufficient for the same.

2.1.8.5 Excess expenditure over administrative approval

According to para 134 (c) of MPW Manual, revised administrative approval (AA) was to be obtained if expenditure exceeds the amount of AA by more than 10 *per cent* or ₹ 1 crore, whichever is less. No officer should allow any excess over the AA without permission of the authority competent to approve the cost so enhanced. It was noticed that in respect of 12[13] out of 30 selected projects, where original AAs sanctioned were for ₹ 47.27 crore, the revised AAs were for ₹ 275.74 crore only whereas the KIDC had incurred an expenditure of ₹ 407.80 crore as of March 2010 thereby exceeding the AA by ₹ 132.06 crore *i.e.* by 45 *per cent* (**Appendix 2.6**).

In the exit conference (November 2010) the Secretary stated that funds were released beyond administrative approval so as to continue the work without any hindrance, as stoppage of work abruptly may lead to cost escalation and additional burden on Government and assured to check such expenditure in future.

[13] Minor Irrigation Divisions at Chiplun, Ratnagiri and Thane,

The reply was not tenable as the action of the Government was in contravention of the MPW Manual.

2.1.8.6 Outstanding advances

According to para 10.2.21 of MPW Account Code, advances to contractors are prohibited and every endeavor should be made to maintain a system under which no payments were made except for work actually done. However, recoveries of advances paid to the contractors should not be postponed until the whole of the work entrusted to the contractor was completed.

Scrutiny of records in two out of ten test-checked irrigation divisions[14], revealed that advances of ₹ 11.81 crore were paid to the contractors during 2002-03 and 2006-07 for which recovery of ₹ 15.62 crore was to be effected along with interest, but the KIDC recovered only ₹ 2.33 crore as of November 2010 as detailed in the **Table 5** . In the test-checked divisions, no advances were paid to contractors after 2006-07.

Table 5: Outstanding work advances as of May 2010

Name of the project	Name of the contractor	Advance sanctioned (interest rate *per annum*)	Advance paid in	Recovery due including interest	Advance recovered	Recovery outstanding
New Mandve.	M/s Master Construction	₹ 1.50 crore (16)	2002-03	₹ 2.94 crore	₹ 0.99 crore	₹ 1.95 crore
Gadgadi	M/s F.A. Construction	₹ 0.31 crore (9.25)	2002-03	₹ 0.57 crore	₹ 0.19 crore	₹ 0.38 crore
Deharji	M/s. P.V.R. Projects Ltd.,	₹ 10 crore (13)	2006-07	₹ 12.11 crore	₹ 1.15 crore	₹ 10.96 crore
		₹ 11.81 crore		**₹ 15.62 crore**	**₹ 2.33 crore**	**₹ 13.29 crore**

- In respect of Gadgadi project, only ₹ 0.19 crore was recovered from the contractor through running account (RA) bills till August 2007. However, no recovery was made though payments of ₹ 91.80 lakh were made during August 2007 to June 2009 for the work executed up to May 2009.
- In respect of New Mandve Minor Irrigation scheme, the work was stopped since April 2002 due to agitation of PAPs and non-availability of funds. The bank guarantee against which the advance was paid expired in May 2003, but not yet renewed (May 2010).
- Mention was made in Paragraph 3.5.1 of the Audit Report for the year 2008-09 regarding irregular sanction of advance of ₹ 10 crore in April 2007 for the work of Deharji Medium Project, Thane District. The work has not been started as of December 2010 due to non-acquisition of forest land. No action was initiated by the ED to recover the advance from the contractor except interest of ₹ 1.15 crore recovered up to May 2010.

While the KIDC had shortage of funds for payment of compensation to PAPs, advances paid to contractors were pending for adjustment/recovery for long periods. In the exit conference, the CE, WRD, stated (November 2010) that

[14] M.I. Division, Chiplun and Raigad Irrigation Division No.2, Konkan Bhavan, Navi Mumbai.

the advance given to the contractors would be recovered from the future bills paid to the contractor. The fact remains that the advances remained unrecovered for long periods.

2.1.8.7 Accounting policy and assets management

Grants received by the KIDC from the Department are disbursed to the Divisions project-wise as per allocation made by the Department. Physical and Financial reports are being prepared monthly and submitted by each Division headed by EE and assisted by Divisional Accountant (DA), to the Circle headed by Superintending Engineer and consolidated at the CE's Office with the help of Accounts wing. Thereafter, the Consolidated Report is submitted to ED who in turn submits it to the WRD on monthly, quarterly and annual basis. The Chartered Accountant appointed by the KIDC finalises the accounts and submits it to CAFO.

The Act provides preparation of Receipt and Payment Account, Balance Sheet *etc.* The annual accounts prepared are examined by CAFO and with the approval of ED, the Final Accounts are in turn submitted to the Governing Council for approval. Thereafter, approved accounts are submitted to the Pr. Accountant General for certification. The certified accounts are submitted to the Government for placing before the Legislature.

Audit observed that the Annual Accounts were prepared by the KIDC on cash basis instead of accrual basis. Hence, correct financial position of the KIDC such as 'Amounts receivable and payable' was not reflected in the Annual Accounts. Further, the KIDC could not confirm the balances under the Head "Current Assets-Loans and Advances" and under "Current Liabilities and Provisions". The KIDC had neither maintained Asset Register nor provided depreciation to the assets. Due to these deficiencies correct financial picture was not depicted in the Annual Accounts. Further, there was a delay of 10 months in submission of Annual Accounts for the year 2006-07 to 2008-09 to Audit.

In the exit conference, the Secretary stated (November 2010) that instructions would be issued to the CAFO and the ED to look into the matter and streamline the issue accordingly, so as to reflect all financial transactions in the Annual Accounts to give fair view of the accounts of the KIDC.

2.1.8.8 Accumulated liabilities of the KIDC

The KIDC prepared a statement of liabilities every year for submission to the Government. The KIDC failed to make timely payment of its liabilities such as compensation to land owners, rehabilitation of PAPs, pending bills of contractors for construction activities due to insufficient funds.

Even though there were balances of funds at the end of each year, the KIDC had considerable liabilities. The liability at the end of 2009-10 was ₹ 352.66 crore while the balance available was ₹ 143.63 crore only and the liability increased to ₹ 1,066.87 crore as on March 2010 (**Appendix 2.7**). Liabilities carried forward from year to year adversely affected the progress of the projects and there was abnormal delay of five to 20 years in completion of projects. Further, the funds demanded by the KIDC and that provided by the

GoM were also very much insufficient to meet the requirement. As a result, an increasing trend has been noticed in accumulation of liabilities.

In the exit conference, the Secretary accepted that the liabilities had increased as timely funds could not be provided and stated that the same would be settled on availability of funds.

2.1.9 Execution of projects

2.1.9.1 Defective execution

The dams were constructed as per the designs approved by Central Design Office (CDO), Nashik. Scrutiny of records and site visits of 30 test-checked dams (**Appendix 2.1**) revealed that five dams *viz.*, Bholwali, Dhasai, Kondivali, Tangar, and Tulyachapada, were under repair for more than four to 10 years. Consequently water storage was either reduced or kept below sill level necessitating stoppage of irrigation for two to 10 years. In the Health Status Report 2009, the Dam Safety Organisation, Nashik (DSO)[15] also pointed out to the CE, KIDC about the leakages in the dams and recommended that urgent remedial action should be taken to avoid any mishap. But the repair works were not completed as of June 2010, as shown in the **Table 6** below:

Table 6: Details of defective projects

Name of the project	Year of gorge filling	Leakage noticed during	Proposal for repair submitted in	Sanctioned amount (₹ in lakh)	Position of repairs	Position of irrigation
Bholwali	2001-02	July 2001	2003-04	58.28	Grouting of head works was in progress.	No irrigation since October 2001.
Dhasai	1984-85	July 2008	2008-09	34.54		No irrigation since October 2008.
Kondivali	1995-96	July 2003	2005-06	18.03		No irrigation since November 1998.
Tangar	1995-96	January 1999	2008-09	49.01	Repairing of underground pipes was in progress	No irrigation since November 1999.
Tulyacha-pada	1995-96	July 2008	2008-09	77.47		No irrigation since October 2008.
Source: Executive Engineers of the divisions concerned						

In the exit conference the CE stated that the repairs of the dams are in progress.

[15] DSO is a unit under the WRD, GoM, which sets the safety norms for dams and verifies the compliance reports prepared by the Executive Engineers based on six monthly (pre and post monsoon) inspection of the dams.



Tangar (leakage at dam flank)



Tangar (main outlet at sill level)



Kondivali (pilot cut in spillway)



Tulyachapada (breakage of underground pipeline)

2.1.9.2 Extra expenditure due to extra items executed

While executing the projects it is required to exercise utmost care so as to complete the projects effectively, efficiently and economically and as per schedule. Scrutiny of records (April 2010 to June 2010) revealed that due to lack of proper monitoring and supervision, the KIDC had to incur extra expenditure on execution of the following test checked projects:-

- In respect of Domihira Minor Irrigation Project, the contractor had executed 5,77,243 cum on excavation of earth work on the Left and Right flanks of the dam during February 2006 to March 2007 respectively. As protective work for earth work was not done by the contractor, the earthwork of 74,862.10 cum. of both the flanks was washed away in heavy rainfall during the years 2007 and 2008. This was not pointed out by any of the officials responsible for supervision of the work. The KIDC

noticed the mishap only at the time of measurement of earthworks gorge filling in December 2008. Subsequently, the KIDC had to incur an extra expenditure of ₹ 1.33 crore for refilling the washed out portions on the side slopes of both the flanks in July 2009. However, the contractor was not penalised for non-construction of the protective work.

- The work order for Talamba Major Irrigation project in Sindhudurg District was placed in 1999-2000 and the headwork was started in November 2001. The stipulated date of completion was September 2004. The project work was suspended due to non-acquisition of forest land, private land and non-settlement of PAP problems since 2002 to 2007 and again during 2008 to 2010. The bank work executed (2000-2002) was washed out in heavy rains and the cut off trench (COT) was also filled with silt between 2002 and 2007. Therefore, the repairing work of re-embankment of the headwork and removal of accumulated silt was executed during 2008-09 at a cost of ₹ 4.83 crore, thus causing additional financial burden due to non-suspension of the work. The expenditure was approved by the CE during March 2008 to January 2009.

In the exit conference, the Secretary stated that the matter would be verified.

2.1.9.3 Increase in height of dams

Height of nine[16] out of 30 test-checked dams was increased during the execution to enhance water storage capacity of the dams. As a result, height of the spillways and the head regulators was also required to be increased proportionately. Increasing the height of the dams caused additional financial burden of ₹ 383.62 crore. However, none of these dams were completed till date nor was the water storage capacity enhanced in any of the dams. Considering the poor utilisation of the IP potential in the Region *i.e.,* 0.02 *per cent* to 58 *per cent* during 2004-05 to 2008-09, increase in the height of the dams may not have any added advantage in terms of increase in agricultural output and an additional financial burden was not justified. Further, increase in submergence area would lead to requirement of more land and related rehabilitation problems had to be faced by the KIDC. Even the revised AAs for increase in height in respect of four dams[17] were yet to be accorded (June 2010).

In the exit conference, ED stated that the height of the dams was increased only to store the available water so that it can be used for more irrigation and other purposes. As the projects were affected due to insufficient funds and land acquisition problems, there was a need to assess realistically the increase in height of dam which necessitates additional expenditure and land acquisition issues as well.

2.1.9.4 Payment of idle charges due to stoppage of work

As per clause 15(3) of tender conditions of the contract, where the Engineer required the contractor to suspend the work for period in excess of 30 days at any time or 60 days in the aggregate, the contractor was entitled for pecuniary

[16] Aruna, Berdewadi, Gadnadi, Nadhavade, . Nardave, Otav, Rangav,, Shirshingi and Tarandale

[17] Otav, Rangav, Shirshingi and Tarandale.

loss suffered by him as the machinery remained idle on the site and to pay the salary or wages of labour engaged during the period of suspension. Further, under Clause 38 of the tender conditions, if the contractor executes excess quantity/extra item, the department had to bear extra expenditure thereof.

Scrutiny of records of the 30 selected projects revealed that in respect of seven projects, the KIDC had to incur extra expenditure of ₹ 44.17 crore[18] towards payment of idle charges on machineries and manpower to the contractor due to stoppage of works by the PAPs for fulfilment of their demands.

The CE stated (November 2010) that the expenditure was incurred due to PAP and land acquisition problems.

2.1.9.5 Non-achievement of projected Irrigation Potential (IP)

Phase-wise transfer of 90 projects to the KIDC during 1998-99 to 2007-08 and the status of IP created as of July 2010 are detailed in **Table 7**.

Table 7: Projects transferred to the KIDC and achievement of IP and water storage

Year of transfer to the KIDC	Projects			Total	IP in ha.		Water storage (in million cum.)	
	Major	Medium	Minor		Projected	Created	Projected	Created
1998-99	1	4	33	38	97,789	14,821	1,073.50	390.59
2000-01	0	5	12	17	46,558	0	482.65	9.21
2007-08	3	2	30	35	1,13,017	48,324	1,992.55	1,830.32
Total	**4**	**11**	**75**	**90**	**2,57,364**	**63,145**	**3,548.70**	**2,230.12**

It was noticed that water storage of 2,230.12 Mcum (63 *per cent*) and IP of 63,145 ha (25 *per cent*) could be created as of July 2010. Further, against the target IP of 6,713 ha for the year 2008-09, an IP of 5,094 ha was only created (76 *per cent).*

Irrigation potential of 63,145 ha (25 *per cent*) could be created up to July 2010

Test-check of records (April–May 2010) and joint field visits (April–May 2010) revealed the following:

- Against the water storage capacity of 4.869 MCum of Waygholpada project nearly completed, only 2.967 MCum water was stored during the year 2009-10 due to leakages in the head regulator. As a result only 160 ha out of 590 ha of IP could be created during the years.
- The entire projected IP of 459 ha was created for Dhasai project nearly completed. However, water could not be released for irrigation for the last two years *i.e.,* 2008-10 as the canals required repairs and work of Chaffa distributory canal was not completed as of June 2010.
- Against the projected IP of 648 ha of Cholmukh Minor Irrigation Project nearly completed, only 480 ha was created and the IP utilisation during 2005-06 to 2008-09 was 60 ha to 151 ha.

[18] Minor Irrigation Division Chiplun: (i) Gadnadi Medium Project: ₹ 5.08 crore; (ii) Jamda Medium Project: ₹ 26.33 crore; (iii) Kakeywadi Project: ₹ 0.91 crore & (iv) Pimpalwadi Minor Project: ₹ 1.15 crore and Medium Irrigation Project Divn., Ambadpad, Sindhudurg: (i) Narandave Medium Project: : ₹ 7.48 crore; (ii) Shirshinge M.I. Project: ₹ 2.70 crore & (iii) Devghar Medium Project: ₹ 0.52 crore.

- In the case of 38 projects on which ₹ 717.69 crore were spent, neither water storage nor IP was created though these projects were under execution during last five to 20 years (**Appendix 2.8**).
- In respect of five projects[19] on which an expenditure ₹ 167 crore was incurred; only water storage was created up to July 2010, but no IP was created. In respect of 15 projects[20] constructed at a cost of ₹ 2,353.52 crore (**Appendix 2.9**), full water storage was created but only two *per cent* to 38 *per cent* projected IP was created.
- In the case of Sakharpa project, IP of only 10 ha was created which was two *per cent* of the projected IP of 429 ha.

In the exit conference, the Secretary confirmed that the projected IP could not be achieved due to various problems such as lack of sufficient funds, rehabilitation, payment of compensation and land acquisition.

2.1.9.6 Underutilisation of irrigation potential

Scrutiny revealed that out of 90 ongoing irrigation projects under KIDC, 13 nearly completed minor projects with minor residual works were remaining and eight other projects were nearing completion, IP of 4,410 ha and 5,967 ha respectively was created. Scrutiny of records of five selected units revealed that during the period 2004-05 to 2008-09, utilisation of the created IP was only 0.02 *per cent* in Tillari project and 0.8 *per cent* in Awashi project. Utilisation of IP in seven projects ranged between 12 *per cent* and 38 *per cent*. Only Waygholpada project showed better utilisation of IP at 58 *per cent* of IP created. This was due to leakages in the dam and because water could not reach the end users. Further, even the beneficiaries in the vicinity of the dam were not willing to take water as their land became muddy and infertile due to constant leakage of water.

In respect of Awashi, Panchnadi, Tillari and Wagh projects, the projected IP was not created till date though the gorge filling was done between 1984 and 2006. In the case of all the above projects, the IP created remained largely underutilised and therefore value for money from these projects on which ₹ 919.70 crore was invested remained largely unachieved. The position of IP utilisation in 10 selected projects is given in **Appendix 2.10**.

In the exit conference, the Secretary stated that though utilisation of IP was less, optimum utilisation was possible with change in attitude of farmers by organising training programmes as well as their participation in water management. Audit observed that formation and registration of water users' association was not satisfactory as discussed below.

Formation of water users association (WUA)

As per the Act, WUAs were required to be formed for each completed project. Further, GoM reiterated (July 2001) the need for formation of WUAs for optimum and efficient utilisation of water for irrigation purpose, whenever a dam was ready for distribution of water to the beneficiaries. GoM also

[19] Amboli, Berdewadi , Dendonwadi, Korle-Satandi and Ottawa

[20] Awashi, Bhatsa, Deoghar, Hetwane, Pimpalwadi, Roshni, Sakharpa, Shivdawa, Srimant Surya, Talwade, Tillari, Tulyachapada and Wagh,

clarified that there should be no supply/distribution of water to the beneficiaries until WUA was formed.

Scrutiny of status reports in respect of 13 completed projects and information furnished to Audit by the divisions revealed that though 50 WUAs were formed up to November 2010, no WUAs were registered. As a result, efficient distribution of water to the beneficiaries and its utilisation could not be ensured and the revenue projected could not be realised.

The CE stated (August 2010) that 46 WUAs were formed in four districts in the Region and process of formation of WUAs in other places was in progress. However, the status report of the KIDC indicated that only four WUAs were registered and none of them were functioning. Further, out of 50 WUAs formed in four districts, Raigad had 31 WUAs and other three districts together had only 19 WUAs as of March 2010.

The KIDC replied that it had conducted 32 training courses for farmers during 2006 to 2010 in Thane Circle (20) and Ratnagiri Circle (12) through Water and Land Management Institute (WALMI).

Non-formation of WUAs in respect of the nearly completed projects resulted in poor utilisation of IP created.

The Secretary stated (November 2010) that WUAs were being formed and functional in some districts, but, their pace was very slow. It was further stated that KIDC was pursuing the matter to achieve the target. The Secretary emphasised the need of an Agency for Command Area Development in Konkan region to enhance utilisation of IP and improve cropping pattern.

Cropping pattern

The cropping pattern is largely influenced by the type of soil and the climatic conditions of the Region, and has to be decided in consultation with the Agriculture Department to improve the overall utilisation of land and enhancing agricultural and horticultural production.

The IP created was only 25 *per cent* of the projected IP and even the IP created remained largely underutilised as brought out in **Appendix 2.11**. Underutilisation of IP was also related to the cropping pattern. As the farmers were reluctant to deviate from the traditional cropping pattern the yield expected from both Kharif and Rabbi could not be achieved. Even the demand for water in Rabbi season was negligible which in turn had a negative impact on yield. Further, agricultural extension activities were not undertaken by the Department to make the farmers aware of the benefits of multiple crops. The project also failed to curb migration of people from the Region which remained above *10 per cent*.

The CE attributed (August 2010) the meagre utilisation of IP to change in attitude of the cultivators towards traditional paddy crops, unauthorised use of water by breaking the pipelines and penetration of roots of nearby trees into the pipelines *etc*. However, action initiated to prevent sabotage of irrigation pipelines was not intimated.

In the exit conference, the Secretary stated that awareness about new crops, cultivation methods and facilities were being imparted to farmers through training and by introducing suitable cropping pattern for the Region.

2.1.9.7 Hydro-electric power generation

Clause 18(c) of Act stipulated that the KIDC should plan, investigate, design, construct and manage the scheme of generation of hydro-electric energy including hydro-electric power projects as were assigned, handed over or transferred to the KIDC by GoM. But the scheme of power generation was not assigned to the KIDC. The Chief Engineer, Hydro-electric Projects carried out the construction and operation of the Hydro-electric Power Projects in the Region with the help of other bodies on Built Operate and Transfer (BOT) basis after completion of dam works. Further, the KIDC was entrusted with execution of only civil work of hydro-electric projects and water supply from the reservoirs for power generation. There were 47 hydro-electric projects with installed capacity of 404.29 mega watt (MW) in the Region. In 11 out of 30 test-checked projects; irrigation cum power outlet (ICPO) with total installed capacity of 25.90 MW was envisaged in the project plan. But only 0.20 MW of power generation could be achieved at Teravanmedhe, pick up weir, (Sindhudurg) since May 2002.

The ED, KIDC, stated (August 2010) that some power projects were proposed to be constructed on BOT basis.

The reply was not tenable as power generation could not start since the head works and canal works were not completed by the KIDC. Thus, even after spending ₹ 2,515.98 crore on dam works, the ICPOs could not be made operative due to non-completion of dams.

The CE stated (November 2010) that power generation of 20 MW was dealt by the CE, Electrical. He, however, accepted that the envisaged power generation can be done only after completion of the dams and the ICPOs.

2.1.10 Monitoring

2.1.10.1 Internal control mechanism

Internal control is an integral component of an organisation's management process. It is intended to give reasonable assurance that its operations are carried out according to laid down rules and regulations in promoting orderly, economical, efficient and effective operations to provide quality products and service consistent with the organisation's mission.

2.1.10.2 Non-posting of Accounts and Finance Officers

As per clause 12 of Act, State Government shall appoint Chief Accounts and Finance Officer (CAFO) not below the rank of Director from Maharashtra Finance and Account Services for the KIDC. There is a regular post of CAFO in the KIDC since its inception. However, out of 17 officials who held the charge till June 2010, only six officials were posted as regular CAFOs covering a period of nine years, for the remaining period, additional charge was held by the EEs. Since September 2009; no regular CAFO was posted and the additional charge was held by the EE.

Out of 14 Divisional Accountants (DAs) required at Divisional level, only seven DAs were actually posted from 2008-09 onwards. As a result, omissions and errors in dealing with funds and receivables as well as accumulation of liabilities were noticed. Further, there was delay in finalisation and submission of annual accounts as discussed in paragraph 2.1.8.8.

In the exit conference, the Secretary stated that regular CAFO from Finance Department is mandatory and the accounts would be maintained once full time regular CAFO is posted in the KIDC. Due to dearth of staff/officers it could not be maintained. The fact remains that accounting of the KIDC suffered due to non-posting of regular CAFO.

2.1.10.3 Monitoring by the Governing Council

The Governing Council (GC) functions as the monitoring body to review the financial and physical progress of the projects and is required to convene meetings once in a month. Even though the projects were held up for long periods due to land acquisition problems, PAP compensations, forest clearance *etc.,* these issues were not discussed in the GC meetings held up to July 2001. As envisaged in the Act, the GC decided (February 1999) to appoint a consultant for expeditious settlement of land cases and rehabilitation cases for 38 projects. However, no consultant was appointed so far.

As against 144 meetings due to be held by the GC during 1998-2010, only 49 meetings were convened to discuss the issues such as demand for funds, land acquisition problems, change in designs, taking up of new projects, IP utilisation, crop pattern *etc.* Only 21 meetings were held during 2005-10. However, proper follow up action was not taken by the KIDC. As a result, these problems could not be settled in time and the target date for completion of the projects was extended from 2003-04 to 2012, which was further revised to 2017. Further, the Secretaries of RFD, Finance Department, Planning Department and Agriculture Department, who were the members of the GC had attended the meetings on eight to 15 occasions, against 49 meetings held.

In respect of RFD and Agriculture Department, which deal with land acquisition cases, forest clearance and crop pattern respectively, no representative was present in 23 and 34 meetings respectively. Absence of these key officials in the GC meetings defeated the purpose of establishment of the monitoring system under the Act.

In the exit conference, the Secretary stated (November 2010) that the Governing Council meeting is held only when it is required.

2.1.10.4 Monitoring by the Executive Committee

As per provision of the Act, the KIDC constituted an Executive Committee (EC) headed by the *ex-officio* MD in 1998. The EC was entrusted with powers to accept tenders above 5 *per cent* to 15 *per cent* of the estimated cost and to deal with contractors' claims up to ₹ 15 lakh. However, no norms were fixed by the KIDC or the GoM for holding meetings. The EC met on 12 occasions during 1999 to 2001 and thereafter no meetings were convened.

The ED stated (January 2010) that the EC met as and when required.

2.1.10.5 Monitoring of safety of dams

As per the guidelines issued by DSO, Nashik, dams should be inspected by the respective EEs at pre monsoon and post monsoon period and inspection report submitted to the DSO. The discrepancies, defects, omissions noticed during the inspection were to be rectified and attended to urgently by the EEs for safety of dams and the adjoining areas.

Scrutiny of the inspection reports submitted by EEs of two selected divisions *viz.,* Minor Irrigation Division, Chiplun, Irrigation Project Division, Ratnagiri and DSO, Nashik revealed that immediate remedial measures were not initiated against discrepancies/defects pointed out in respect of several dams. Fourteen dams had leakage problems either in the earthen dam section, at head regulators or in concrete structure, which required immediate repairs. Out of the five[21] selected dams having leakages, in the case of two dams, water was allowed to flow down the stream to save the dams.

In two[22] cases the tail channels (spillway) were not provided with protection walls where soil erosion was noticed. In the projects at Shinde and Panhale, spill ways which were mandatory to allow excess water into the nallah/river at downstream to save the dams were yet to be constructed. In the case of Wagh, Tulyachapada, Dhasai projects, the discharge measuring devices were not installed to record the actual water discharged or leakage occurring. Thus, the guidelines of DSO, Nashik were not adhered to by the KIDC.

The ED stated (January 2010) that while constructing the dams suitable instructions were given to contractor as per guidelines.

In the exit conference, the Secretary instructed the CE to carry out repairs of the dams.

2.1.11 Conclusion

Autonomy envisaged in the Act for raising funds, planning, execution and timely completion of irrigation projects was not given to the KIDC which adversely affected completion schedule of the projects. Release of insufficient funds by the GoM led to non-execution of projects, delay in land acquisition and payment of compensation to PAPs. Revenue generated from water charges not given to KIDC as envisaged in the Act as such the KIDC became totally dependent on Government grants. Recommendations of the High Power Committee for prioritisation in allocation of fund to project were not adhered to which led to non-completion of 85 *per cent* of the projects. Works were taken up without acquisition of required land, clearance from Forest Department and settlement of compensation claims of project affected persons, which contributed to abnormal delays in completion and increase in cost. The GoM had not released the entire share capital as envisaged in the Act. Irrigation potential and water storage created were well short of the projections and created irrigation potential remained largely unutilised. Monitoring of the projects by the Governing Council/ Executive Committee was inadequate. Adequate follow up action was not taken after the pre/post monsoon inspections of the projects.

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[21] Bholwali, Dhasai, Kondivali, Tangar and Tulyachapada

[22] Kondivali and Tangar

2.1.12 Recommendations

- The Government should re-prioritise the execution of the projects on the basis of the High Power Committee's recommendations. Budgetary allocation should also be prioritised so that the projects in advance stage of completion do not suffer due to spreading of resources thinly on all projects, leading to time and cost overruns.
- Since the KIDC`s performance was hampered by lack of administrative and financial autonomy, the Government should reconsider granting sufficient autonomy to the KIDC for completion of projects in a time bound manner.
- The Government could consider giving KIDC powers to work as a special purpose vehicle in respect of land acquisition, rehabilitation and other related PAP problems for timely completion of projects.
- The Government should arrange imparting training and conducting demonstrations in respect of farming for optimum utilisation of the created irrigation potential and water storage.

Medical Education and Drugs Department

2.2 Government Medical Colleges and Hospitals in Maharashtra

Executive summary

Progressive improvement in medical education, research and health care with modern scientific methods is of great importance in every society. Director of Medical Education and Research under the Medical Education and Drugs Department is responsible for producing skilled medical and para-medical personnel. In Maharashtra, there are 41 medical colleges including 14 Government Medical Colleges (GMCs).

An audit review of the working of six GMCs along with the attached hospitals for the period 2005-10 revealed lack of planning to increase medical seats, shortage of teaching and para-medical staff, non-approval of post graduate courses by Medical Council of India (MCI), idling of machinery and equipment and lack of amenities in hostel for medical students.

There is no specific Government policy and programme for improvement of medical education in the State, particularly in tribal areas. Number of medical seats was not increased despite increase in population and the demand of the aspiring students. Research activity was inadequate, as the DMER did not have any programme for research.

MCI norms regarding teaching staff, infrastructure, diagnostic equipment, staff quarters etc., were not followed in some GMCs. Most of the hospitals were lacking the super specialty treatment facilities. Machinery and equipment (M&E) remained idle for want of repairs and supply of electricity, while funds provided for procurement of new M&E remained largely unutilised.

Post Graduate courses could not start for want of teachers and infrastructure. Nursing courses were conducted without fulfilling Indian Nursing Council norms for teaching staff. Large number of passed out students did not render services for Government hospitals.

The GMC hostels lacked the facilities like hygienic drinking water, furniture in students' rooms. Canteen and toilets were also unclean.

2.2.1 Introduction

The Medical Education and Drugs Department (MEDD) was established with the primary objective of producing highly skilled medical and paramedical personnel for providing quality health care services to people. With a view to expanding medical education and research activities, Directorate of Medical Education and Research, Mumbai (DMER) came into existence in May 1970 and started functioning under the administrative control of MEDD. The main function of the DMER is to give medical education to undergraduates (UG) and postgraduates (PG) on Medical, Dental and Nursing Education and also to promote medical research to enhance the quality of human life. In Maharashtra, there are 41 medical colleges (MCs) as listed in **Appendix 2.12** with an intake capacity of 4610 undergraduate students which include 14 Government Medical Colleges (GMCs), four run by Municipal Corporations, two by Central Government, 11 private colleges and 10 medical colleges having the status of deemed university. The Medical Council of India (MCI) controls the standards of medical education as per rules laid down by the Council irrespective of the status of the colleges. Each medical college is attached to one or more hospitals having proportionate bed strength in the ratio as laid down by the MCI. The total bed strength in 27 hospitals and health units, attached to 14 GMCs is 12,221 as detailed in **Appendix 2.13**.

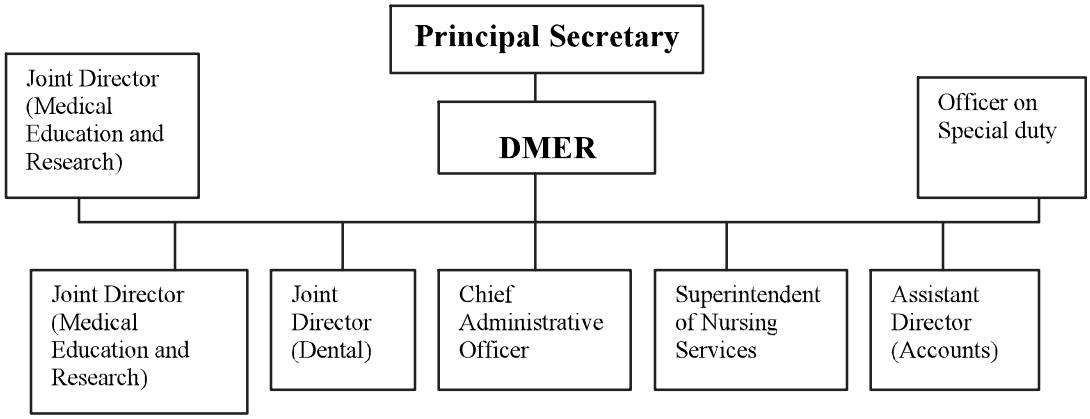
Medical science plays a vital role in saving the people from various diseases and epidemics. Thus, progressive improvement in education, research and health care with modern scientific methods is a matter of great importance. Considering the importance of medical education, social obligation for delivery of quality health care services as well as the large amount of funds provided for the medical institutes, the performance audit of Government Medical Colleges and Hospitals in Maharashtra was undertaken.

2.2.2 Organisation set up

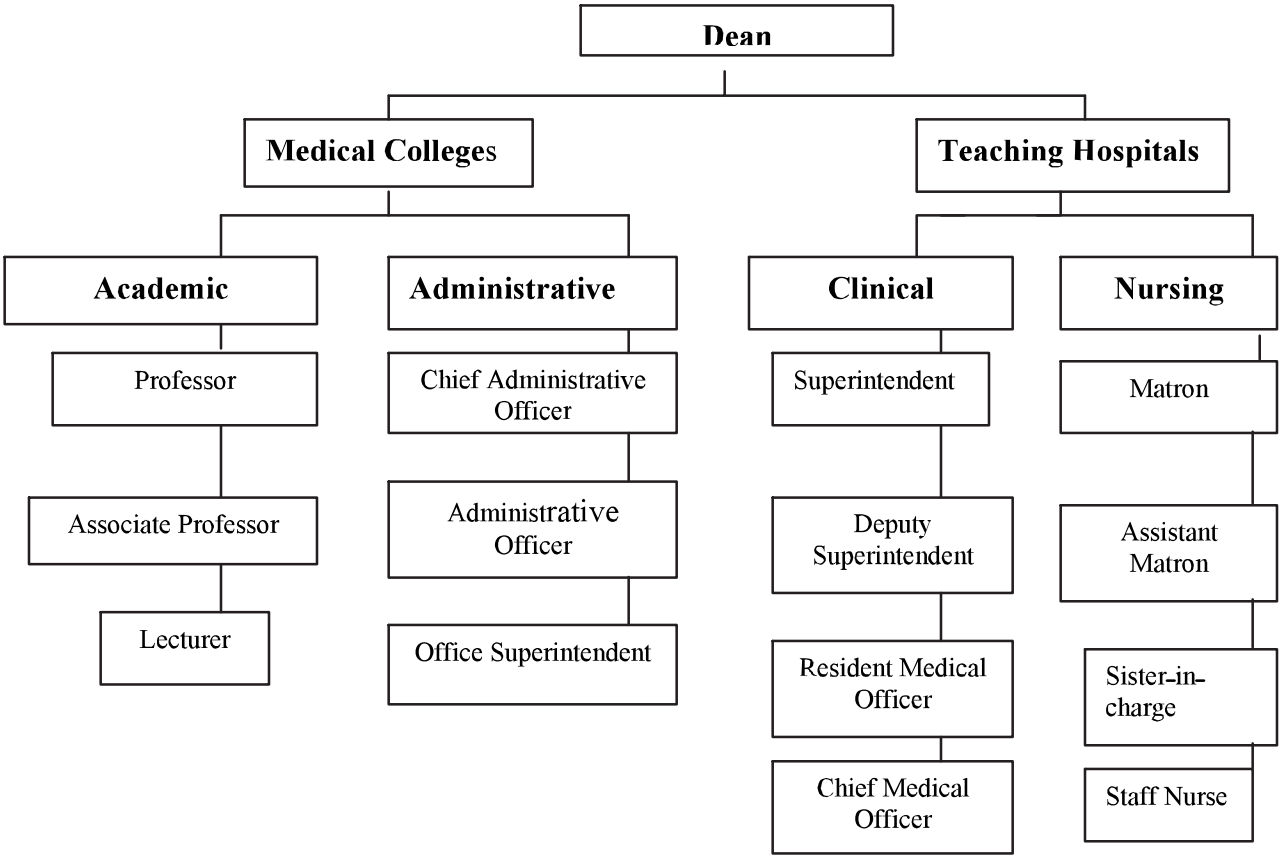
Principal Secretary (Medical Education and Drugs), Government of Maharashtra is the Head of the Department. The DMER is responsible for direction and administration of all the Government Medical Colleges and Hospitals (GMC&H). He is assisted by three Joint Directors, one Chief Administrative Officer, one Superintendent of Nursing Services and one Assistant Director (Accounts).

In 1988, Maharashtra University of Health Sciences (MUHS) was established. The MUHS grants recognition to the courses of the medical educational institutions in the State of Maharashtra. All institutions providing medical education under the University are affiliated to the MUHS.

The organisational set up of the Directorate is as under:



Administrative set up of the Medical Colleges and Hospitals is as under:



2.2.3 Audit objectives

The audit objectives were to assess whether:

- the MCI guidelines on Minimum Standard Requirement for Medical Colleges were complied with and upgradation of the Medical Colleges and Hospitals was effected;
- allotment of funds was adequate and fund management was effective and efficient;
- there were adequate faculty and health personnel;
- procurement of machinery and equipment was done economically and effectively;
- patient care including diagnosis, treatment in the teaching hospitals was adequate and effective; and
- adequate monitoring and internal control system was in existence.

2.2.4 Audit criteria

The audit criteria adopted for performance audit were:

- guidelines issued and standards set by Medical Council of India for the Medical Colleges and hospitals;
- instructions issued by Government while sanctioning the UG and PG courses, intake capacity, bed strength, upgradation of institutes and purchase of machineries and equipments; and
- purchase Manual, Hospital Manual and Bombay Financial Rules

2.2.5 Scope and methodology of audit

Performance audit was conducted between February and July 2010 covering the period from 2005-06 to 2009-10 by collection of information through audit queries/questionnaire and test check of records in MEDD in the Secretariat, DMER, six[1] Government Medical Colleges along with the attached Hospitals (GMC&H) and MUHS, Nashik. Three colleges[2] running BSc (Nursing) course were also covered. The GMC&Hs (six units) were selected by adopting Simple Random Sampling without Replacement (SRSWOR) Method.

The audit objectives, audit criteria, scope and methodology of audit were discussed in an entry conference held on 08 June 2010 with the Principal Secretary, MEDD. Exit conference could not be held as no response was received from Government in spite of repeated requests in October and November 2010 and January 2011.

[1] Government Medical College, Akola, Swami Ramanand Tirth Rural Medical College, Ambejogai, Government Medical College, Aurangabad, Government Medical College, Miraj, Government Medical College, Nagpur and B.J. Medical College, Pune
[2] Aurangabad, Nagpur and Pune

Audit findings

2.2.6 Planning

2.2.6.1 Absence of specific Government policies and planned programmes

No specific Government policies and programmes regarding improvement in medical education

As per the report submitted by a committee[3] appointed (September 2008) by the State Government, Maharashtra has the largest number of Medical Colleges with highest number of medical seats (4610) in the country. While the all India average of doctor population ratio was 1:1750 people, for the State of Maharashtra it was 1:1191, which was far below the new standard of 1:250 recommended by the World Health Organisation (WHO). The ratio was very much adverse for tribal areas, in the tribal district of Gadchiroli the ratio was 1:11,000. As per the said report, the intake capacity to population ratio was one medical seat per 23,810 people, while in the neighboring States *viz.*, Tamil Nadu (1:11,111), Gujarat (1:14,286), Karnataka (1:15,625) and Andhra Pradesh (1:19,607) the position was much better.

Section 64(1) of Maharashtra University of Health Sciences Act stipulates that the University has to prepare a Perspective Plan for educational development and equitable distribution of facilities of health sciences education having due regard to the needs of unserved and underdeveloped areas in the State.

The MUHS, Nashik prepared a Perspective Plan in October 2005 for the period 2006-11 for improvement in quality of medical education keeping in view the needs of the unserved and underdeveloped areas in the State. Since there was no medical college in 15[4] out of 35 districts, MUHS recommended (October 2005) the Government to establish three medical colleges covering these districts every year in the State. It also emphasised the need for new medical colleges and hospitals in tribal districts. However, Government did not formulate any plan for opening of new GMCs, even in the tribal districts, where doctor population ratio was very poor. The intake capacity in the existing Government Medical Colleges was also not increased during 2005-10. However, Government accorded (2005-10) approval for opening of three new private unaided medical colleges at Pune, Jalgaon and Sangli with the total intake capacity of 300 students where medical colleges were already in existence except in Jalgaon. DMER stated that no survey was conducted either for considering the doctor to population ratio or for identifying the deficiencies in infrastructure facilities in the existing hospitals as well as students' hostels by DMER during the period 2005-10. This indicated non-availability of required inputs for proper and effective planning.

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[3] Committee to make suggestions for policy changes arising out of the issues discussed in the National Seminar on 'Medical education : need for paradigm changes' held in July 2008.

[4] Bhandara, Buldhana, Chandrapur, Gadchiroli, Gondia, Hingoli, Jalgaon, Jalna, Mumbai Suburban, Nandurbar, Osmanabad, Parbhani, Ratnagiri, Sindhudurg and Washim

It was noticed that for execution of various civil works, spill over works, upgradation of medical colleges, purchase of machineries and equipments, *etc.*, in the existing institutions, the DMER proposed the item-wise annual requirement to the Planning Department in a General Statement (called as GN-2)[5]. However, the annual outlay sanctioned by the Planning Department was 38 *per cent*, 36 *per cent* and 68 *per cent* of the demand placed by DMER in GN-2 during 2006-07, 2007-08 and 2008-09 respectively.

As regards the programmes prepared based on the reduced outlay sanctioned by the Planning Department during 2005-10, DMER stated that no detailed Annual Action Plan prioritizing the items of works was prepared. It was obvious that due to short sanction of the budget outlay by Planning Department, the GMCs could not take up all the activities as contemplated in GN-2. Scrutiny also revealed that budget estimates proposed for construction works as well as 'Register for Progress Report of Expenditure on Plan Schemes' were not maintained. As a result, the impact of less budgetary provision on execution of various activities for improvement in medical education could not be verified in audit.

2.2.6.2 Compliance to MCI guidelines

The MCI formulated Minimum Standard Requirements for Medical Colleges vide Regulations in 1999. The objective of these regulations is to prescribe for a medical college and medical institution approved for admissions of MBBS students, the minimum requirements of accommodation in the college and its associated teaching hospitals, staff (teaching and technical both) and equipment in the college departments and hospitals.

The MCI conducts inspection for compliance of these standards before granting recognition to medical institutes and as and when required thereafter.

In test checked units, MCI guidelines were generally complied. However, inadequacy in availability of teaching staff, infrastructure, diagnostic equipments, staff quarters, auditorium *etc.*, as compared to the MCI norms, was noticed in audit as discussed in Paragraphs 2.2.8.1, 2.2.8.2, 2.2.10.3, 2.2.10.4, 2.2.10.5 and 2.2.10.6.

2.2.6.3 Inadequate planning to increase MBBS seats

Number of MBBS seats and bed strength not increased despite increase in population.

Taking into account the growth in population, assessment of requirement of medical and para medical personnel was essential for proper and effective planning.

In the Perspective Plan 2006-11, the MUHS has projected 11 *per cent* population growth in Maharashtra. However, the intake capacity for undergraduate courses in 14 GMCs as on April 2005 was 1,600 with the sanctioned bed strength of 12,221 of the teaching hospitals which remained

[5] Detailed statement of demand on schemes included in draft annual estimates submitted by DMER to MEDD which in turn submitted to Planning Department as a demand for a year

static as of May 2010. DMER stated (August 2010) that since all the teaching hospitals had the bed strength as per MCI norms, the increase in bed strength of the existing medical hospitals was not proposed.

Though the bed strength was as per MCI norms, it should have been increased with the population growth to cope up with increased demand of health care.

Further, the number of aspiring students appearing in the examination of MHT-CET has increased during 2005-2010. The ratio of such students to the present intake capacity (2,060) of the existing GMCs (including Corporation Medical Colleges) is shown in **Table 1**.

Table 1: Demand and availability of medical seats

CET Year	Number of students eligible for MBBS courses	Ratio[6] Students : Seat
2005	27,047	13
2006	32,429	16
2007	39,686	19
2008	40,811	20
2009	46,349	22

Source: DMER

It is evident from above that the gap in demand vis-à-vis availability of medical seats was increasing every year.

2.2.6.4 Research activities

Inadequate research activities

One of the main objectives of the Department was to pursue and encourage research in the field of medical sciences.

Scrutiny revealed that no proposal for research activities was sent by the DMER to Government during 2005-10. However, Maharashtra Medical Research Council (MMRC) sanctioned ₹ 12 lakh to six teachers of four GMCs including GMC, Nagpur during August-September 2006 for conducting studies on six topics (at ₹ 2 lakh per topic).

Further, MUHS in the perspective plan 2006-11 has decided to award research scholarships at ₹ 25,000 each for 25 teachers and at ₹ 2,500 each for 100 students every year. During last four years (2006-07 to 2009-10), the MUHS awarded scholarships to 18 teachers and 106 students only as against the targets of 100 teachers and 400 students respectively. MUHS stated that the shortfall was due to inadequate applicants.

2.2.6.5 Availability of super specialty treatments

Majority of the test checked hospitals were lacking super specialty treatment facilities

MCI guidelines have not prescribed any specific norms towards availability of super specialty services. However, super specialty services like open heart surgery, kidney transplantation and dialysis, plastic surgery, eye ball

[6] Ratio is calculated on number of students eligible for MBBS course with the total intake capacity for MBBS course

implantation and vital diagnostic service like Magnetic Resonance Imaging (MRI) should be made available for the benefit of the patients. Sasoon Hospital, Pune and GMC&H, Nagpur were equipped with above super specialty services except kidney transplantation. GMC&H, Akola had none of the above services. Ambejogai, Aurangabad and Miraj were also lacking in super specialty services of open heart surgery, kidney transplantation and plastic surgery.

Dean, Akola and Miraj, stated that the patients were referred to Mumbai, Nagpur or Pune for treatment of heart diseases and kidney transplantation.

Though deficiency in medical education for want of the super specialty facilities could not be assessed, the poor patients could not get the desired Government facility at their station.

2.2.7 Financial Management

The funds provided in the budget and the expenditure incurred by DMER during 2005-10 are given in **Table 2**.

Table 2: Provision of funds and expenditure

(₹ in crore)

Year	Plan		Non-Plan	
	Final Modified Grant	Expenditure	Final Modified Grant	Expenditure
2005-06	37.76	32.98	426.85	384.94
2006-07	25.39	25.60	451.25	451.08
2007-08	53.34	53.78	527.36	519.31
2008-09	119.99	119.93	680.80	609.47
2009-10	71.60	71.60	801.77	795.82
Total	**308.08**	**303.89**	**2888.03**	**2760.62**

(Source: DMER)

Government provided funds to DMER for execution of various civil works, spill over works, upgradation of medical colleges, purchase of machineries and equipments, purchase of material and supplies (M&S), *etc*. However, for construction works, funds were provided to Public Works Department. During 2005-10, ₹ 296.75 crore were provided for this purpose.

Insufficient provision of funds under material and supply resulted in creation of additional liability of ₹ 25.35 crore

Though expenditure of ₹ 119.99 crore was incurred by DMER during 2008-09, Government reduced the outlay to ₹ 71.60 crore in 2009-10.

Scrutiny revealed that the six test checked units had incurred excess expenditure during 2009-10 over and above the sanctioned grant as on 31 March 2010 under the sub-head M&S and created a liability for payment of outstanding bills amounting to ₹ 25.35 crore. The amount included ₹ 15.96 crore (62.96 *per cent*) for procurement of medicines and drugs alone.

Dean, Miraj/Sangli stated that they had requested for allotment of additional grants, but Government did not provide additional allotment in the revised estimates which led to incurring of extra expenditure and creation of liability

to Government. Further, due to non-settlement of bills; a few rate contract firms refused to supply the medicines/ drugs indented by units.

2.2.7.1 Drawal of funds to avoid lapse of budget grants

Funds of ₹ 30.53 crore were drawn at the end of year to avoid lapse of budget grant

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

The Bombay Financial Rules provide that all material received should be examined, counted, measured or weighted as the case may be, when delivery is accepted. Further, these should be received by a responsible officer who should see that the quantities are correct and certify that they are of good quality and that he has actually received the material and recorded it in the appropriate stock register.

In two test checked units, ₹ 30.53 crore were drawn in January, February and March of the respective financial years and paid to the suppliers in the subsequent financial year as detailed in **Table 3.**

Table 3: Drawal of funds at the end of the year

(₹ in crore)

Sl. No	Name of unit	Year	Dates of drawal	Amount	Dates of payment
1	GMC&H, Miraj	2007-08	28.02.08 to 26.03.08	2.83	26.05.08 to 04.08.09
		2008-09	19.01.09 to 31.03.09	1.93	05.05.09 to 20.11.09
2	B.J.MC&H, Pune	2008-09	17.03.09 to 31.03.09	22.55	07.05.09 to 16.10.09
		2009-10	21.03.10 to 31.03.10	3.22	Lying with cashier till 15.05.10
			TOTAL	**30.53**	

It was seen that the amount payable to suppliers was drawn from treasury and kept in the form of Demand Drafts based on the bills preferred by the supplier before the receipt of the M&E to avoid lapse of budget. For this purpose, wrong certificates of receipt and satisfactory installation of the equipments were issued by the storekeepers and heads of the departments to the treasury.

The Dean, Miraj stated that the said procedure was adopted as per the instructions of the Secretary to Government and Director.

2.2.7.2 Under-utilisation of funds

Out of ₹ 29.74 crore sanctioned for purchase of M&E, ₹ 27.07 crore remained unspent.

In four test checked units, it was observed that the medical colleges did not utilise ₹ 27.07 crore sanctioned for purchase of machinery and equipment as well as for construction work as shown in **Table 4**.

Table 4: Under-utilisation of funds

(₹ in crore)

Sl. No.	Name of unit	Amount sanctioned	Year of sanction	Unspent/ Not drawn amount	Reasons
1	Akola	3.71	2007-08	3.18	A contingency grant of ₹ 3.71 crore was sanctioned during 2007-08 to incur expenditure on handing over of General Hospital from Health Services to DMER. Of which ₹ 53.42 lakh was spent during October to December 2007 and ₹ 3.18 crore lapsed.
2	Ambejogai	0.88 (drawn on Abstract Contingent bill)	2005-06	0.33	Out of proposed seven equipments, four were purchased. As purchase procedure for three equipments was not finalised, unspent fund of ₹ 33.10 lakh was remitted to Government in August 2007.
3	Aurangabad	22.35	2009-10	20.76	Government accorded sanction (March 2010) of ₹ 22.35 crore for purchase of M&E and released ₹ 20.76 crore. However, ₹ 14.36 crore remained unspent (January 2011) due to non-receipt of machinery.
4	Nagpur	0.70	2008-09	0.70	Grant released for construction of 'Providing extension to casualty department (Trauma centre)' was lying idle with PWD as plan was not furnished to PWD.
		0.10	2009-10	0.10	
		2.00	2008-09	2.00	Grant released for construction of 'New library building for digital e-library' was lying idle with PWD as plan was not furnished to PWD.
TOTAL		**29.74**		**27.07**	

As the Government and Directorate did not take timely action, grants of ₹ 24.27 crore could not be utilised. Besides, ₹ 2.80 crore was lying with Public Works Department due to non-submission of plan of civil works to PWD.

2.2.7.3 Utilisation of central assistance

Out of ₹ 2.30 crore released by GoI, ₹ 1.86 crore were not utilized for the purpose for which they were sanctioned

Government of India released a total grant ₹ 2.30 crore during 2003-04 and 2008-09 to the following three units for various purposes as given in **Table 5**. However, the grants were either diverted or not utilised.

Table 5: Under-utilisation of central assistance

(₹ in crore)

Name of unit	Central assistance sanctioned	Date of sanction/ amount drawn	Unspent amount	Purpose	Reasons
GMC, Nagpur	0.47	31.3.2004	0.43	For purchase of equipments required for disposal of bio medical waste	Purchase process pending at Government level. Dean, GMC, Nagpur stated that disposal of BMW was being done through MPCB approved contractor. The amount lying unutilised with hospital.
B.J. Medical college & Sasoon Hospital, Pune	0.49	12.2.2004	0.49	For purchase of equipments required for disposal of bio medical waste	Purchase process pending at Government level
	0.80	11.4.2008	0.40	For setting up of Level II Trauma Care centre	The amount was to be utilised after completion of infrastructure work for which ₹ 40 lakh was deposited (October 2009) to Public Works Department.
GMC, Miraj	0.21	30.5.2008	0.21	For starting and development of eye bank and Corneal transplant facility	For the proposal submitted in November 2008, administrative approval received only in March, 2010. Supply of equipment was awaited (April 2010)
	0.33	21.6.2006	0.33	Strengthening of Psychiatric Department Construc-tion and repairs – 20 lakh Purchase of equipments – 10 lakh Purchase of Drugs – 2 lakh Honorary services – 0.95 lakh	The entire grant of ₹ 32.95 lakh was deposited with PWD for construction, though ₹ 12.95 lakh was allotted for purchase of equipments, drugs and honorary services which should not have been deposited with PWD. This resulted in diversion of Central grant.
TOTAL	**2.30**		**1.86**		

2.2.7.4 Delay in remittance of hospital receipts

The remittance of fees collected from patients delayed by 17 to 115 days

The Public Health Department, Mumbai directed (November 1999) that the hospital fees collected should be remitted in Personal Ledger Account (PLA) on the same day.

In Ambejogai and Sangli, fees collected from patients towards registration and testing charges during 2008-10 were kept as cash in hand and credited to PLA with a delay ranging between 17 and 115 days as shown in **Table 6**.

Table 6: Delay in remittance of hospital receipts

(₹ in crore)

Year	Amount collected	Period of delay in days	Number of occasions
Ambejogai			
2008-09	0.20	18 to 92 days	13
2009-10	0.23	17 to 115 days	25
Sangli			
2008-09	0.44	29 to 93 days	75

Retention of hospital receipts in hand may lead to misutilisation / misappropriation.

2.2.8 Teaching staff

2.2.8.1 Shortage of teaching staff

There were shortages of Professor (25 *per cent*) and Associate Professor (18 *per cent*)

MCI specified the department-wise requirements of clinical and non-clinical teaching staff. It was however seen that though Government sanctioned the teaching (clinical and non-clinical) staff in excess of the MCI norms, availability of teachers was much below the MCI norms.

The vacancy position as of May 2010 in 14 GMC&Hs in the State in the posts of Professor, Associate Professor and Lecturer in clinical and non-clinical departments is shown in **Table 7**

Table 7: Vacancy position of teaching staff in the State

Sl. No.	Name of the post	Sanctioned strength	Requirement as per MCI norms	Staff available	Vacancy against sanctioned strength	Shortfall as against MCI norms
1	Professor	313	293	221	92 (29.39 *per cent*)	72 (24.57 *per cent*)
2	Associate Professor	796	576	472	324 (40.70 *per cent*)	104 (18.05 *per cent*)
3	Lecturer	1072	731	915	157 (14.64 *per cent*)	184 (excess)

It could be seen from the above that there was shortage of teaching staff in all cadres as against the sanctioned strength and in the cadre of Professor and Associate Professor as against the MCI norms.

The vacancy position of teaching staff as of May 2010 in respect of six test checked colleges was as given in the **Table 8**.

Table 8: Vacancy position of teaching staff in test checked units

Sl. No	Name of the institution	Sanctioned strength			Actually available			Vacancies		
		Professor	Associate Professor	Lecturer	Professor	Associate Professor	Lecturer	Professor	Associate Professor	Lecturer
1	GMC, Akola	17	28	48	11	19	36	6 (35 *per cent*)	9 (32 *per cent*)	12 (25 *per cent*)
2	SRTRMC, Ambejogai	17	37	53	10	16	46	7 (41 *per cent*)	21 (57 *per cent*)	7 (13 *per cent*)
3	GMC, Aurangabad	20	81	81	14	56	70	6 (30 *per cent*)	25 (31 *per cent*)	11 (14 *per cent*)
4	GMC, Miraj	21	57	71	7	23	47	14 (67 *per cent*)	34 (60 *per cent*)	24 (34 *per cent*)
5	GMC, Nagpur	36	108	156	28	80	138	8 (22 *per cent*)	28 (26 *per cent*)	18 (12 *per cent*)
6	B.J. M.C., Pune	33	98	120	29	60	113	4 (12 *per cent*)	38 (39 *per cent*)	7 (6 *per cent*)
	TOTAL	**144**	**409**	**529**	**99**	**254**	**450**	**45 (31 *per cent*)**	**155 (38 *per cent*)**	**79 (15 *per cent*)**

Five[7] out of test checked units (except Nagpur) stated that though there was acute shortage in the teaching staff, no reduction in teaching and practical classes was made and classes were taken as required under course regulations issued by MCI with the available teaching staff. Dean, Miraj accepted that teaching staff was overburdened. The heavy work load on staff and dearth of teachers will have an adverse impact on the quality of medical education.

MCI conducted inspection of GMC&H, Akola in August 2009, observed shortages of teaching staff and issued show cause notice (September 2009) as to why the recognition for the award of MBBS degree should not be withdrawn. The Government submitted (January 2010) that the recruitment drive of teaching faculty was in progress. However, the Government neither submitted the final compliance to show cause notice nor completed the recruitment process (July 2010). This will obviously affect quality of teaching and may result in de-recognition of MBBS degree course of GMC&H, Akola. Audit observed that remaining five test checked units also had vacancies which indicate that they are also on the verge of de-recognition.

[7] Akola, Ambejogai, Aurangabad, Miraj and Pune (Akola did not have PG courses)

2.2.8.2 Failure in getting MCI recognition for Post Graduate (PG) courses

The Residency Scheme for PG students aims at utilisation of services of MBBS graduates admitted for PG medical education in harmony with the interests of patients care based on principles of mutual benefit. Besides, it also provides financial security and equitable work opportunity for the students.

Twenty PG degree and six PG diploma courses could not start due to lack of teachers and infrastructure

In five[8] test checked units, Government sanctioned (January 1996) 424 Junior Resident Posts (290 PG Degree and 134 PG Diploma) for 149 courses (99 PG Degree and 50 PG Diploma) (Residency Scheme). However, 20 PG degree courses and six PG diploma courses were not started. On an audit query, Deans, Ambejogai, Aurangabad and Miraj stated (March and April 2010) that due to non-filling of required posts of qualified PG teaching staff and non availability of required infrastructure, the courses could not be started. These institutions could not appoint 36 (27 posts of PG Degree and nine posts of PG Diploma) Junior Residents as per sanctioned capacity as shown in **Appendix 2.14** which resulted in depriving the patients of the benefits as also opportunity to acquire higher qualification for the MBBS graduates. The institutions could not get MCI recognition for those PG courses.

2.2.8.3 BSc (Nursing) course conducted without fulfilling the Indian Nursing Council norms

The BSc (Nursing) course was conducted without appointing required teaching staff

The Government of Maharashtra permitted (November 2005) to start BSc (Nursing) course in Government Medical College, Nagpur with an intake capacity of 50 students and 75 staff (22 teaching staff, 24 administrative staff, and 29 technical staff). The Indian Nursing Council (INC) accorded permission (July 2006) to run the course from the academic year 2006-07 subject to condition that the regular nursing teachers (22) should be appointed within six months. The Maharashtra Nursing Council (MNC) also granted permission to start the said course in July 2006 and the course started in the academic year 2006-07.

The Maharashtra University of Health Sciences, Nashik (MUHS) at the time of granting extension of affiliation for the academic year 2008-09 pointed out (September 2008) that the teachers were not appointed as per the requirement of INC norms and instructed GMC, Nagpur to comply with the norms within six months. GMC, Nagpur submitted (May 2009) a proposal to DMER for filling up of the posts. However, no post was filled in as of May 2010. Thus, the institution continued the course without complying with the conditions stipulated by INC and MUHS till 2009-10 and courses were managed with the teaching staff of General Nursing and Midwifery course. The first batch of 50 students completed the course in 2009-10. The MNC stated (April 2009) that it would not conduct further inspection till the posts are filled in and if there

[8] Ambejogai, Aurangabad, Miraj, Nagpur and Pune

was no inspection, the unit could not continue the course for next year. Hence, the course was on the verge of de-recognition.

Similarly, Government granted (September-October 2009) permission to GMC, Aurangabad and GMC, Pune to start the BSc (Nursing) course from the academic year 2009-10 with an intake admission capacity of 50 students each. Approval of INC was granted (August 2009 and September 2009) subject to appointment of teaching staff as per INC norms and also the affiliation by MUHS. For the academic year 2009-10, 42 students were admitted for the course in each of the institutions. However, the required teaching staff was not appointed in both the institutions as of May 2010. Though the above three institutions had submitted the proposals for filling of posts as per INC norms to Government, approval was awaited (July 2010).

2.2.9 Inadequate nursing staff in hospitals attached to GMCs

As per the recommendations of INC in respect of hospital nursing services, the requirement of Sisters and Staff nurses was as shown in **Table 9**

Table 9: Requirement of Sisters and Staff Nurses

Particulars	Staff Nurse	Sister
Wards (Medical, Surgical, Orthopaedic, Paediatric, Gynaecology and Maternity including New borns)	1 Staff Nurse for 3 patients	1 Sister for 25 patients
ICU/ICCU	1 Staff Nurse for each patient	3 Sisters
Special Wards Eye, ENT *etc*.	1 Staff Nurse for each patient	3 Sisters
Operation Theatre	3 Staff Nurses per table	3 Sisters
Casualty & Emeregency unit	2-3 Staff Nurses depending upon number of beds	3 Sisters
OPD	1 Staff Nurse for 13 to 140 patients based on actual observations	

Note: - 30 *per cent* leave reserve posts are mandatory

The vacancy position of Sisters-in-charge and Staff nurses in the State in 27 attached hospitals and health centres existed as against the INC requirement and sanctioned strength as of August 2010 was as shown in **Table 10**.

Table 10: Vacancy position of Sisters and Staff Nurses

Name of the post	Bed strength	Requirement of nursing staff as per INC norms	Sanctioned strength of nursing staff	Nursing staff actually available	Vacancies against INC norms	Vacancies against sanctioned strength
Sister	12221	2008	796	623	1385 (68.97 *per cent*)	173 (21.73 *per cent*)
Staff Nurse	12221	10986	5021	4773	6213 (56.55 *per cent*)	248 (4.94 *per cent*)

(Source: DMER)

As compared with the INC standards there was a shortage of 69 and 57 *per cent* in posts of Sister and Staff Nurse respectively

It could be seen that there was an acute shortage in the posts of Sister and Staff nurse to the extent of 69 and 57 *per cent* respectively against the INC norms which would have an adverse impact on the quality of nursing services to the patients. Again, sanctioned strength was also much lower to the extent of 40 and 46 per cent than INC norms in the posts of Sister and Staff Nurse and person in position was even lower by 22 and 5 *per cent* respectively. Government did not furnish any specific reason for not observing the INC norms and not sanctioning the required posts of Sister and Staff Nurse.

2.2.10 Material Management

The M&E costing ₹ 3.96 crore were not put to use for want of infrastructure and required staff

2.2.10.1 Utilisation of machineries and equipments (M&E)

Machineries and equipment not put to patients service

In three test checked units, M&E valuing ₹ 3.96 crore were not put to use till May 2010 for want of infrastructure and manpower, as shown in **Table 11**.

Table 11: Machineries and equipments not put to use

(₹ in crore)

Name of Unit	Name of Machinery & Equipment	Date of purchase / installa-tion	Cost of M&E	Reasons
Akola	Mini Projection Panoramic X-Ray Unit for dental department	March 2009	0.10	For want of proper electricity supply, air conditioning and dark room facility. The work has been entrusted to Public Works Department in May 2009.
Ambejogai	Hemodialysis machine with R.O. Plant for dialysis	August 2009	0.11	For want of civil work for installation of the machine, non provision of main water supply line and drainage line
Aurangabad	Neonatal Intensive care Unit (Neonatal ventilator, Phototherapy unit, Transport incubator and accessories)	August 2009	3.75	The unit was inaugurated on 17.8.2009. The proposal to fill up 24 posts submitted to Government on September 2009 and the proposal to issue administrative approval (October 2009) for the work of 'providing of supply cable and replacement of Transformer' were pending at Government level.
		Total	**3.96**	

Machineries and equipments lying idle for want of repairs

In four test checked units, a good number of machines lying idle for want of repairs

For efficient functioning of the hospitals, the M&Es require regular maintenance, so that patients are not put to hardship.

In four units, the following M&Es could not be put to patients services for considerable period due to breakdown, which adversely affected the delivery of health care services.

Swami Ramanand Tirth Rural Medical College and Hospital, Ambejogai

A Sonography Machine purchased for Obstetrics and Gynaecology department at ₹ 6.75 lakh and installed in March 2008 with the warranty period of two years went out of order since July 2008. Despite several attempts with the supplier the machine was not got repaired.

Cell Counter (costing ₹ 4.75 lakh) required for Haemotological Tests (CBC) installed in Physiology department in June 2005 had developed technical defect and was out of order since February 2009. The equipment was yet to be repaired and Haemotological Tests were not conducted since then.

A Computerised Tomography (CT) Scan machine purchased for X-ray department in May 2000 for ₹ 2.25 crore was not continuously put to patients services due to frequent breakdown as shown in **Table 12**.

Table 12: Break down period of C.T. Scan Machine

Period	No. of months / days	Reasons for break down
2005-06	2 months	The frequent disruption was due to non availability of continuous and stabilized electricity supply.
2006-07	3 months 13 days	
2009-10	11 months 26 days	

Due to deficient power supply, equipments were under-utilised

The frequent disruption was due to non-availability of continuous and stabilized electricity supply. Even though it was pointed out by the supplier / AMC holder on 9.5.2000 and 31.7.2000, the Dean took up the matter with MSEB only in November 2009 and the rectification work was reported to be in progress. Due to non initiation of timely action, the machine could not work to its capacity and the patients were deprived of the intended benefits.

Besides, Mammography machine and Color Doppler were also out of order since December 2004 and June 2005 respectively. A 500 MA X-ray machine was also out of order since September 2006.

The Dean stated that a proposal for purchase of 500 MA X-Ray machine was submitted to Government in July 2009 and approval was awaited (March 2010). However, no specific reply was given for not getting the Mammography machine and Color Doppler repaired (March 2010).

GMC&H, Aurangabad

The following M&Es were not working for want of repairs as shown in **Table 13**.

Table 13: Machineries and equipments not working for want of repairs **(₹ in lakh)**

Sl.No.	Name of the Department	Name of the machinery / equipment	Cost of the machinery/ equipment	Not in use with effect from
1	Obst. & Gyneac	Video Laparoscope	14.90	Since 6 months
2	Radiotherapy	Gammarex –R Cobalt Unit	7.84	September 2003
3	Orthopedics	C-Arm Image Intensifier (Meditronics)	11.91	Since 3 years
4		Surgical cautery	0.48	Since 2 months
5	Surgery	Mobile C-Arm Image Intensifier & Hydraulic O.T. Table	20.00	Since 8 years
6	Medicine	Non-invasive Ventilator – Bi-Pap Vision (101972)	7.69	November 2009
7		Ventilator (Puritan Bennat)	7.25	September 2009
8		Newport Ventilator – 207	9.10*	August 2005
9		Bronchoscope	9.38	January 2010
10		16-bedded central monitoring system with multi-parameter bedside monitors	26.43	August 2006
11		Multichannel Multiparameter pts. Monitoring system	31.00	September 2009
12		Hemodialysis Machine (NICU-10-E)99T0043	6.56	December 2009
13	Bio-chemistry	Fully Automatic Chemistry Analyzer	11.20	July 2001
* $ 20,200				

The Dean did not furnish any specific reply about the action taken to repair the above equipments.

GMC&H, Miraj

A CT Scan machine installed in Radiology department in the year 2001 was out of service during March to September 2008 due to non-working of X-ray tube. The institute did not replace the tube for over six months. As per the records for the months January and February 2008 and October to December 2008, when the machine was in operation, on an average 275 patients were scanned per month. Thus, due to non-working of C.T. Scan machine during the period 17 March 2008 to 20 September 2008, about 1650 patients were deprived of the CT Scan facility. Dean has accepted the point.

Sasoon General Hospital, Pune

One Colour Doppler purchased for ₹ 16.47 lakh in July 2006 and installed in Radiology department in August 2006 was covered by warranty for initial two years and under AMC for further eight years.

As per report of the service engineer (July 2007), the machine went out of order since July 2007 due to rodent entry and rat droppings on printed circuit boards (PCB). The AMC holder declined to repair the machine as the damage by rodent entry was not covered under the AMC and gave (July 2007) an estimate of ₹ 5.51 lakh to replace the PCB. Approval of Government for the proposal sent in January 2009 was awaited as of May 2010.

2.2.10.2 Under-utilisation of equipments

In Microbiology department of the GMC, Aurangabad, the following equipments procured and installed satisfactorily during January to March 2009 could not be used for long period due to various reasons as given in **Table 14**.

Table 14: Under-utilisation of equipments

Name of equipment	Cost (₹ in lakh)	Date of installation	Date from which put to use	Remarks
Automated Microbiology Bench Model – Bee T/Alert 120 Mini API	22.00	20.3.2009	7.11.2009	These equipments need air conditioners for its functioning. However, due to persistent low voltage electric supply, the air conditioners did not work. Thus, the equipments were kept out of use till the atmospheric temperature became low. In winter the equipments were used. The department has taken up the matter with Public Works Department.
Cold Centrifuge	1.63	27.1.2009	14.9.2009	
Thermal Cycler	1.65	29.1.2009	14.9.2009	
Gel-Doc	2.15	29.1.2009	14.9.2009	
PH Meter	0.20	12.3.2009	14.9.2009	
PCR Work Station	0.31	12.3.2009	14.9.2009	
Platform rocker	0.17	13.3.2009	14.9.2009	
Micro Centrifuge	0.23	13.3.2009	14.9.2009	
Automated Immunoassay System	8.10	30.3.2009	1.9.2009 up to 5.9.2009 (5 days)	The equipment was used only for five days since installation with the available Pathalogical kits. It was not in use since September 2009, as the required kits for conducting pathological test were not available.

Though the costly equipments were installed, these could not be utilised for the patients services due to irregular electric supply and for want of pathological kits.

2.2.10.3 Deficiency in diagnostic equipments

Audit scrutiny revealed that the Swami Ramanand Tirth Rural (SRTR) Medical College, Ambejogai did not have the diagnostic equipments required as per MCI norms viz. Fluoroscopic unit used for contrast media test, MRI scan machine and 800 MA X-ray machine were not available in SRTR Medical College, Ambejogai.

The Dean stated that a proposal for purchase of new Fluoroscopic unit was submitted to Government in July 2009 and approval was awaited (March 2010). However, due to non availability of funds, proposal for purchase of MRI scan machine and 800 MA X-ray machine were not submitted.

2.2.10.4 Non-availability of Central Mechanical Laundry

As per the MCI norms, a Central Mechanical laundry should be installed with bulk washing machine, hydro-extractor, flat rolling machine to ensure cleanliness and disinfection of linen issued to the patients in all GMC&Hs. Also the facilities for drying, pressing and separate storage of soiled and cleaned linens should be available.

It was observed that in Miraj and Sangli hospitals there were no mechanical laundries. As the hospital linen was washed manually, supply of disinfected linen to the patients could not be ensured.

In Ambejogai, even though a full fledged mechanical laundry plant was installed, one washing machine out of two, drying tumbler and flat bed press had gone out of order since August 2009. The machines were not got repaired as of March 2010. Dean stated that efforts were being made to get the machine repaired (January 2011).

In the other test checked units, Central Mechanical laundry was available.

2.2.10.5 Insufficient staff quarters

MCI guidelines envisaged that all nursing staff as well as residential doctors should be provided with residential quarters and also there should be quarter facility for 50 *per cent* of the teaching and Class IV staff.

As per information obtained from the test checked units, the number of staff quarters available for nursing staff in GMC, Miraj was only 60 (24 *per cent*) as against the sanctioned strength of 246. For teaching staff the number of quarter available was only 45 (27 *per cent*) against sanctioned strength of 167. For Class IV staff, no quarter was available. While construction work of quarters for residential doctors was in progress, there was no proposal for construction of quarters for nurses. It was seen that the other medical colleges had the required number of quarters.

2.2.10.6 Non-availability of Auditorium

As per MCI norms, every medical college shall have an auditorium where 500-700 persons could be seated.

Scrutiny revealed that there was no auditorium in Akola and Miraj. It was seen that other medical colleges were equipped with this facility.

2.2.10.7 Deficiencies in Rural Health Training Centres (RHTCs)

The RHTC is a training centre having medical facilities to impart training to the students in community oriented primary health care and rural based health education.

Out of four RHTCs test checked, the RHTC, Tasgaon (Miraj) was sanctioned a General OPD, Dental OPD, Mother & Child Care Centre and the Gynecology ward with 25 beds. Audit scrutiny revealed the following deficiencies:

- The RHTC was housed in a very old building owned by Municipal Council. The roof of Operation Theatre (OT) was leaking from all corners during rain and was kept closed since January 2002 on the recommendation of Hospital Infection Control Committee.
- No separate Medical Officer for Gynecology stream was posted. Dean stated that the cases were attended by the doctors of Miraj Hospital as and when the need arose.
- No separate Pediatrician was available. In case of emergency, the patients were referred to Sangli or Miraj hospitals which were 25 km away.
- Ambulance was not available. On an average, yearly 50 emergency cases were referred to Sangli hospital for treatment.

This led to low bed occupancy adversely affecting medical education/ treatment.

2.2.10.8 Lack of basic amenities in hostels

In six test checked units, 2906 hostel rooms with intake capacity of 4946 students were available. Against this, 4342 students were accommodated during the academic year 2009-10 as shown in **Table 15**.

Table 15: Hostel accommodation

Name of GMC&H	Rooms available		Intake Capacity		Students accommodated	
	UG	PG	UG	PG	UG	PG
Akola	254	--	508	--	445	--
Ambejogai	145	124	290	124	275	70
Aurangabad	426	147	777	294	475	175
Miraj (including Sangli)	337	150	541	387	542	277
Nagpur	626	40	810	40	717	40
Pune	428	229	856	319	856	470
TOTAL	**2906**		**4946**		**4342**	

In three[9] medical colleges, it was observed in visual inspection by Audit that the hostel facilities provided to the students were very poor as detailed below:

Name of Units	Deficiencies noticed
Ambejogai, Aurangabad and Miraj	• Hygienic drinking water facility was not available. Stored water/ tap water was supplied for drinking purpose.
Ambejogai and Aurangabad	• The glass panes of windows of almost all the rooms were broken. • Tables, Chairs, mattresses were not provided in students room. • Canteen was not in hygienic condition. • Recreation room installed with a TV did not have a sitting arrangement. • In Aurangabad, entire hostel building and surroundings was full of filth.
Miraj	• Ceiling fan was not provided in students' room. • Entire hostel building including bathrooms and toilets and the rooms occupied by the students were unclean and unhygienic.

The Deans stated that necessary steps would be taken to rectify the deficiencies. The fact remains that the medical students were not provided with adequate facilities and a healthy environment.

2.2.11 Unfruitful expenditure on upgradation of Miraj Hospital

An expenditure of ₹ 3.60 crore on upgradation of Miraj Hospital remained unfruitful due to stay ordered by DMER.

Prior to 1999, Miraj Medical Centre (a private hospital) with 400 beds and PV Patil Government Medical Hospital[10], Sangli (14 KM away from Miraj) with a bed strength of 388 were shown as attached teaching hospitals to GMC, Miraj having admission capacity of 100 UG students and 120 hospital beds. MCI revised the norms of students to bed ratio in March 1999 and recommended that each medical college should be attached with hospitals with bed strength of 1:5 and the hospital should be located within a radius of five kilometers of the GMC. Miraj Medical Centre has since been discontinued to be an attached hospital (April 2004).

In order to comply with the MCI norms issued in 1999, GMC&H, Miraj had proposed (November 2007) to upgrade the GMC&H, Miraj to 500 beds from 120 beds for which it had sought for ₹ 27.52 crore from Government for procurement of M&E, M&S and construction works, *etc*.

Government accorded approval for upgradation of GMC&H, Miraj in November 2008 and transfer of PV Patil Government Hospital, Sangli to the Department of Public Health as a 200-bedded District General Hospital.

Government also released grants for upgradation of the Hospital from 2006-07 onwards. The position of grant received and expenditure incurred during 2006-10 was as shown in **Table 16**.

[9] Ambejogai, Aurangabad and Miraj
[10] Under the control of Department of Public Health

Table 16: Grant received and expenditure incurred on upgradation (₹ in crore)

Sl. No.	Year	Construction of building and electrification		Machinery and Equipment	
		Grant received	Expenditure incurred	Grant received	Expenditure incurred
1	2006-07	0.33	0.33	0.18	0.18
2	2007-08	0.34	0.34	5.01	5.01
3	2008-09	14.71	1.65	2.89	2.89
4	2009-10	3.45	0	0.31	0.29
	TOTAL	**18.83**	**2.32**	**8.39**	**8.37**

Even though Government accorded approval for upgradation in November 2008, it started releasing funds from 2006-07 onwards. DMER stated (July 2010) that upgradation of Miraj Hospital was under consideration since 2005-06 and funds were released from 2006-07 onwards. The reply was not tenable as Government issued upgradation orders only in November 2008.

While the process of upgradation was in progress, DMER with the consent of Government stayed (December 2008) the Government order in view of public agitations and protests against the downgrading of Sangli Hospital and ordered to maintain the original position. Thus, the bed strength of the Miraj Hospital was retained at 120 and PV Patil Government Hospital, Sangli with 388.



Cots and bed side lockers not put to use

Audit observed that due to stay order issued by DMER some major machineries, equipments, *etc*. purchased under up-gradation programme as given in **Table 17** could not be put to any use.

Table 17: Machineries and equipments not put to use (₹ in lakh)

Sl. No.	Particulars of M&Es	Date of purchase / installation	Cost
1	Four Over Head Ceiling Lamps	June 2009	23.00
2	Two Hydraulic Operation Tables	May 2008	5.74
3	Two Eliza Reader Computer and Washers	February 2009	8.60
4	Blood Storage Refrigerator	February 2009	6.08
5	Four Blood Donor Chairs with accessories	January 2009	3.97
6	Operative ENT microscope	July 2008	18.08
7	Four Operation Tables	May 2009	12.36
8	Four Electroquateries	January 2009	14.20
9	Ten Pulse Oxymeters with Plethismograph	June 2009	2.90
10	Iron Cots (Nos. 280)	January - February 2008	10.08
11	Bed side lockers (Nos. 320)	February 2008	10.88
12	ICU Fouler bed (Nos. 16)	January 2008	2.56
13	Trollies, wooden chairs, stools and benches	January - February 2008	7.62
14	Beds and pillows	January 2008	1.92
		TOTAL	**127.99**

This resulted in unfruitful expenditure of ₹ 3.60 crore on construction and purchase of M&E.

2.2.12 Rendering of service to Government by passed out medical students

Ninety *per cent* passed out medical students did not render service to Government

The Government prescribed (April 1966) a bond for the students admitted to MBBS course in GMCs. In accordance with the Government orders (February 1996) every student who had completed MBBS from GMCs should render service to Government for a period of one year, failing which they should pay ₹ 1 lakh (up to 2003) to Government which was raised to ₹ 5 lakh from 2004. In July 1997, Government ordered that the PG students should serve for two years, failing which they should pay ₹ 1 lakh which was raised to ₹ 15 lakh from 2004.

MEDD vide GR (July 2006) prescribed that the list of students who had completed the MBBS course should be forwarded by Deans to the Director of Health Services (DHS) under the Department of Public Health, who is responsible for offering appointment to passed out students. A list of students who failed to join the service within 15 days from offer of appointment should be forwarded by DHS to DMER for initiating action for recovery of bond money.

Government also directed (February 2008) that the names of the students who were not given offer of appointment by DHS within three months should be submitted to DMER in order to relieve the students from bond conditions.

DMER stated that the details of number of students offered appointments, number of students joined or failed to join Government service were not provided by the DHS despite repeated requests from Deans / DMER. As such, the total number of UG and PG students passed out to whom offer of appointment was issued and the number of students from whom the bond money is required to be recovered during 2005-10 was not available with the DMER.

Five[11] out of six test-checked medical colleges stated that they did not receive any information in respect of appointments offered to medical students by DHS.

DMER confirmed (August 2010) that due to non-receipt of information in respect of bond service by the passed out students, the process of recovery of bond money was delayed. Further, there was no condition of fulfillment of bond service for registration as Registered Medical Practitioner (RMP) of passed out students with Maharashtra Medical Council.

Thus, lack of co-ordination between the MEDD and Department of Public Health resulted in ineffectiveness and poor implementation of the scheme of bond causing loss to the health programme of the Government.

2.2.13 Monitoring and Evaluation

2.2.13.1 Management Information System (MIS)

Consolidation of MIS was not done by DMER since 2006

On scrutiny of records of test checked units, it was observed that the DMER has introduced the system of submission of Management Information System (MIS) in 2004. All the GMC&Hs were required to send monthly Management Information System (MIS) in 13 statements[12] to DMER by 5th day of every month.

It was observed that Ambejogai and Miraj units did not send any MIS to the DMER during 2005-10. The remaining four[13] units furnished MIS in incomplete shape. However, no instructions were issued by the DMER to the medical colleges for submission of up to date, complete and correct MIS.

In response to the audit querry, DMER stated that most of the units were neither submitting the MIS regularly nor insisted upon by the Directorate. It was further stated that the meetings for collection and consolidation of the MIS was also stopped since 2006.

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[11] Ambejogai, Aurangabad, Miraj, Nagpur and Pune

[12] Statements containing information regarding OPD/IPD patients, Blood bank, stock of material and equipments, staff position budget and expenditure, complaints and results of academic examinations

[13] Akola, Aurangabad, Nagpur and Pune

Thus, there was no effective monitoring of MIS.

2.2.13.2 Lack of internal controls

Internal Audit Department in the Directorate headed by the Assistant Director (Accounts) is responsible for examining and evaluating the level of compliance to the departmental rules and procedures. He was to carry out internal audit of all the institutions under the DMER at least once in two years. The position of internal audits conducted during 2005-10 is shown in **Table 18**.

Table 18: Position of internal audit

Year	Number of institutions to be audited	Number of Internal Audit to be carried out as per norms	Number of Internal Audit carried out
2005-06	42	20	7
2006-07	42	20	5
2007-08	42	23	5
2008-09	47	23	5
2009-10	47	23	12

(Source: Performance Budgets of MEDD)

Further, Government set up (April 1984) a Vigilance Cell in MEDD at Mantralaya consisting of an Accounts Officer and a Superintendent to monitor and control utilisation of funds by GMC&H. The details of inspection conducted by vigilance squad during 2005-10 revealed heavy shortfall towards conduct of inspection, as shown in **Table 19**.

Table 19: Inspection by vigilance squad

Sl. No.	Year	No. of MC&Hs available for inspection	Target for inspection	Inspection actually done	Shortfall
1	2005-06	78	39	10	29
2	2006-07	78	39	7	32
3	2007-08	78	39	5	34
4	2008-09	78	39	2	37
5	2009-10	78	39	Nil	39
Total		**390**	**195**	**24**	**171 (87.69 *per cent*)**

Government did not furnish any specific reply towards non achievement of target of inspection.

2.2.14 Conclusion

There is no specific Government policy to improve medical education in the State. The number of medical seats in Government Medical Colleges and Hospitals remained stagnant for the last five years despite increase in the demand for Doctors and constant rise in population. No new Government Medical College was opened during this period in any tribal district, though

doctor to population ratio in the tribal district Gadchiroli was significantly high at 1:11,000. Neither the Government nor the Directorate of Medical Education and Research had drawn annual action plans to implement the programmes for improvement in medical education and health care. Research activity was inadequate. Shortage of teaching staff and para medical personnel affected the quality of medical education and services to patients. Non-approval of sanctioned PG courses by Medical Council of India too affected both the students and patient service. Super specialty medical facilities were not available in many hospitals. Many items of machineries and equipments procured continued to remain idle for want of repairs or supply of electricity and the hostels lacked essential facilities. Effective monitoring of the Medical Colleges by Government or DMER was absent. There was heavy shortfall in inspection and internal audit.

2.2.15 Recommendations

- There is a need for increasing intake capacity of medical seats considering the population increase and demand of medical services.
- Government should chalk out a programme for improvement of medical education including sufficient teaching faculty to improve the quality of medical education and to avoid derecognition of courses by MCI.
- Availability of super specialty medical services should be ensured in all teaching hospitals to enable poor patients to get such Government facilities at their station.
- Infrastructure facilities and hygiene in the GMC hostels need to improve.

Finance Department

2.3 Budget Estimation, Allocation and Monitoring System (BEAMS) of the Government of Maharashtra

Executive summary

The objective of BEAMS is to build up a transparent and effective process for transferring budgetary allocation and to control over monthly expenditure. This also aimed at maintaining financial discipline to create effective Management Information System (MIS) for various departments of Government, Accountants General and general public and to develop a decision support system for monitoring the day to day financial position. The BEAMS started in Maharashtra from June 2007. But the system was made functional from 2008-2009. The users of the system are Finance Department, Administrative Heads, Controlling Officers (COs) and drawing and disbursing officers (DDOs) of all the Departments of the State.

Audit noticed that largely the objectives of BEAMS were not achieved. The delay in releasing grants by the Administrative Department and the COs to the DDOs defeated the very purpose of quick online release of grants. Major audit findings are as under:

The server was unable to sustain the load of the BEAMS users.

Lacunae in system design of the BEAMS application led to generation of un-reliable data.

The system is vulnerable to high risk due to non-encryption of web data.

Input validation control and output control were inadequate.

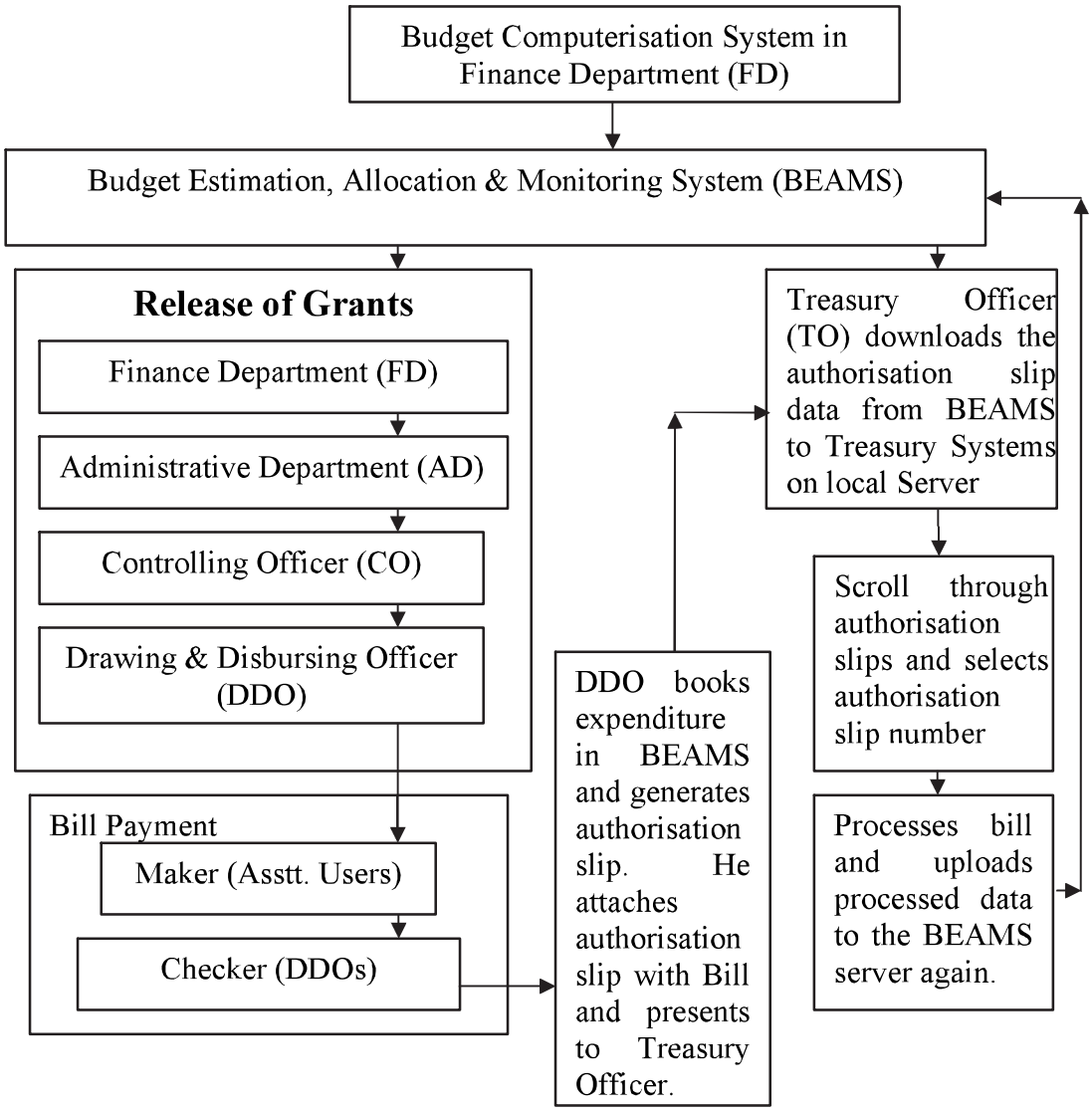
Monitoring of the BEAMS implementation was inadequate and inefficient.

Pay and Accounts Officer (PAO), Mumbai, was not updating the BEAMS data owing to low capacity of server.

2.3.1 Introduction

Budget Estimation, Allocation and Monitoring System (BEAMS) is an online computerised system to distribute the budget and to authorise expenditure.

The BEAMS receives budget data in electronic format from the Budget Computerisation System of Finance Department. The BEAMS at a glance is shown as under:



The BEAMS is a web enabled system which is developed using Java Script and backend database DB2. This application is running on four centralised servers i.e. one database server, one backup server and other two web servers. All the users[1] across the State are accessing this system through broadband

[1] Finance Department, Administrative Departments, Controlling Officers and Drawing – Disbursing Officers

services provided by Bharat Sanchar Nigam Limited/Mahanagar Telephone Nigam Limited and Intranet of Government of Maharashtra (GoM).

The BEAMS was made functional from the financial year 2008-2009 in the State with the help of National Informatics Center (NIC), Pune. The expenditure incurred on the project as of May 2010 was ₹ 1.03 crore (₹ 7.65 lakh on procurement of Hardware, ₹ 24.84 lakh on programmer remuneration and ₹ 70.93 lakh for DB2 licenses).

2.3.2 Organisational set up

The organisational set up for operation of the BEAMS with details of reporting and responsibilities is as under:

Principal Secretary (Reforms)

↓

Joint Secretary (Budget), Finance Department (FD)

↓

Joint Secretary/Deputy Secretary (Budget) Administrative Department concerned

↓

Head of the Department/Controlling Officer (CO)

↓

Drawing and Disbursing Officer (DDO)

2.3.3 Audit objectives

The objectives of audit were to examine whether:

- implementation of the system was preceded by a systematic planning and adequate assessment of operational requirements;
- controls including Information Technology (IT) security built in the IT system were adequate and to bring out the areas of risks, if any;
- adequate business continuity plan and disaster recovery plan were in existence;
- data available in the system and the information generated through the IT system was complete, accurate and reliable; and
- flow of information from apex level to DDO and Treasury Officer is seamless and was made available to end users in time.

2.3.4 Audit criteria

The audit criteria adopted were:

- Instructions issued by the Finance Department from time to time,

- Budget Manual,
- Civil Budget Estimates,
- Monthly Cash Flow Statement and
- Generally accepted best IT practices.

2.3.5 Scope and methodology of audit

Implementation of the BEAMS and policies were scrutinised in Finance Department (Department) and eight[2] out of 31 Administrative departments. For detailed scrutiny, nine[3] districts out of 35 were considered and 113 DDOs, 26 COs and nine Treasuries including PAO, Mumbai were selected. The selection of administrative departments and districts was done through statistical random sampling[4]. Methodology adopted was assessment of controls by issue of questionnaire, comparing BEAMS data for financial year 2009-2010, with electronic treasury data and manual records besides analysis of modules of BEAMS. Integration of BEAMS with treasury computerisation system[5] and database created were scrutinised to check the quality and reliability of data. Entry conference was held in June 2010 with Principal Secretary (Reforms), Finance Department at Mumbai. Exit conference could not be held due to no response from Government.

Audit findings

2.3.6 System development

System was developed in an unstructured way without proper documentation

It was noticed that there was lack of documentation at the process of system development. Feasibility study was not conducted and Users Requirement Specification (URS) was also not prepared. System Requirement Specification (SRS) was prepared after the system was deployed. System was developed in unstructured way without proper documentation; as a result, it has serious flaws which are brought out in subsequent paragraphs.

2.3.6.1 Procurement of inadequate capacity servers

Procured servers failed to handle load at the fag end of every year as they were of inadequate capacity

Hardware is an important and costly IT asset and therefore utmost care should be taken during its procurement. Scrutiny of records revealed that the Department in consultation with NIC procured three servers costing ₹ 3.60 lakh (Web Server for Internet, Web Server for Intranet and Backup Server) and one database server at a cost of ₹ 4.05 lakh in July 2007.

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[2] Energy, Power and Labour Department, Home Department, Housing Department, Medical Education and Drugs Department, Minority Development Department, Public Works Department, Tribal Development Department and Water Resources Department.
[3] Ahmadnagar, Bhandara, Hingoli, Jalgaon, Mumbai, Nagpur, Pune, Raigad and Satara
[4] Random sampling of the units was done based on volume and geographical location of units.
[5] Treasury computerisation system is an independent system developed for information management and to increase reporting functions and productivity.

It was seen that the processing speed of the BEAMS web servers was very low as evident from the analysis of database. During 2009-10, the percentage of transactions executed before and after office hours was 36 per cent. The reason attributed by users was difficulty in getting connected to BEAMS web-site and even if connected, the slow transaction processing speed during office hours.

It was noticed that at the fag end of every year, the server could not handle the load and failed to generate authorisation slips. Therefore, the Department instead of enhancing the capacity of server allowed drawing the bills without authorisation slips by issuing circulars in March 2010 and April 2010. Four out of nine test checked TOs and 22 out of 113 test checked DDOs confirmed this fact (June-September 2010).

Thus, while procuring hardware, the Department had neither taken due care nor any steps to enhance the capacity of server. This was indicative of purchase of server of inadequate capacity.

In reply, Department stated (September 2010) that Government has decided to host the system as a secured website with scalable bandwidth.

2.3.6.2 Non availability of internet services

Required infrastructure facility at the DDO level was not ensured

The Finance Department vide Government Resolution (GR) dated 15 May 2007, made mandatory to all DDOs to submit bills to treasury by attaching the authorisation slip generated through BEAMS application with the Bill. It was, however noticed that in the case of 15 out of 113 test checked DDOs, basic internet facility was not available in their office. Therefore, DDOs either had to approach nearer private internet cyber cafe or to other Government offices to generate authorisation slips. Thus, without the availability of the infrastructure facility at the DDO level, they were required to process the bills through BEAMS. When this was pointed out, all 15 DDOs confirmed the fact.

2.3.7 General controls

General controls regulate the environment in which the IT application is operated. This includes disaster recovery and business continuity planning, access controls- both physical and logical access and organisational issues such as segregation of duties and providing training.

Audit observed that disaster recovery and business continuity arrangements were inadequate and IT security practises comprising physical and logical access and training of staff were inadequate as brought out subsequently.

2.3.7.1 System design lacunae

Expenditure reversed after payment of bills

All the DDOs have to book the expenditure online through the BEAMS and generate the authorisation slip. The bill is required to be submitted to treasury

along with system generated authorisation slip. As the TOs do not have direct link with the BEAMS database server, the BEAMS data is downloaded periodically in the application[6] running at the treasury. At the end of the day, the position of bills passed by treasury is uploaded in BEAMS database server.

Due to payment on deleted authorisation slips, an expenditure of ₹ 228.38 crore was understated in BEAMS

Scrutiny of records of DDOs and the web site of BEAMS, it was observed that in 2,276 cases, TOs (1,026 cases)/ DDOs drawing self cheque (1,250 cases) released payments on deleted authorisation slips. Due to this, an expenditure of ₹ 228.38 crore was understated in BEAMS. This occurred because of the following system failures:

- The data downloaded at treasury from BEAMS contained all the authorisation slips irrespective of the status being cancelled (flag D), not finalised and in draft mode (flag N) and finally approved by DDOs (flag Y). However, the TOs were unaware about the status of the authorisation slips. It was also noticed that 772 out of 2,276 cases, were deleted before the date of payment/on the same day;
- The data should be freezed after downloaded by the TO. In the absence of this facility, the DDOs can alter/modify/delete the contents of authorisation slips while the data was under process in treasury;
- Even after passing of the bill by treasury, the DDO can delete the transaction in BEAMS. It was observed that in 1,504 out of 2,276 cases, the DDOs deleted authorisation slips after passing of bills by the TO;

As a result, though the TO/cheque drawing DDOs have passed the bills and issued the cheques and the expenditure was booked in treasury, the same was not booked in BEAMS. Thus, the BEAMS data was unreliable.

Government accepted (September 2010) that no flag for deletion was provided in the downloaded data at treasury. Hence all authorisation slips, irrespective of their status got downloaded.

System is prone to high risk due to non-encryption of web enabled data

Due to non-encryption, the system is vulnerable to hacking of data during transmission

BEAMS is globally available on Internet. As per the system architecture, one dedicated database server was connected to two web-servers. One web-server was for Internet (Public-Domain) and other connected to Maharashtra Government Intranet. Though, these web-servers were protected by firewalls, financial data such as grant allotment, booking of expenditure and instructions were transmitted from client end to server and vice-versa without encryption through the internet. Further, security awareness of the users regarding confidentiality of password was very low as evident from 54 instances of sharing password by multiple users. This made the system vulnerable to hacking of data during transmission.

[6] TreasuryNet

Department accepted the fact and stated (September 2010) that the configuration for secure socket layer (SSL) was in progress and BEAMS would be audited for security purpose by "Standardisation Testing and Quality Certification" (STQC), Pune.

Absence of provision to capture the GPF withdrawal of Class IV

There were mismatches in the figures of GPF withdrawals booked by TO and BEAMS

Scrutiny of records of treasuries revealed that while designing the BEAMS system for withdrawal of bills from GPF of Class IV employees, no provision for the scheme head 80090135 was made. Hence all the DDOs were capturing the details under 80090019 meant for other employees. The TOs were then segregating the bills manually and booked the expenditure accordingly in respect of Class IV and other than Class IV employees. In 64 DDOs, there was thus, mismatch in the figures of GPF withdrawals booked by TO and BEAMS.

Department stated (September 2010) that the Public Accounts did not provide separate heads for the two sets of accounts, they were indicated by common scheme code.

The reply was not tenable as the GPF accounts of other than Class IV employees are being maintained by Principal Accountant General/ Accountant General whereas GPF account of Class IV employees are maintained by the DDOs; there is a necessity for separate code in BEAMS.

No facility in the BEAMS for auto updation of voucher number and date

The treasury offices at district level and sub treasury offices at taluka level download BEAMS data on TreasuryNet application and after online scrutiny of bills submitted by DDOs make payments to them. As soon as the TO passes the bills, TreasuryNet application generates an auto voucher number with date. However, it was noticed that the same was not updated in BEAMS database while uploading data from TreasuryNet to BEAMS server from time to time.

Therefore, the Department has instructed (September 2009) all the DDOs to capture the voucher number and date of the bills manually, which were already passed by the TO. This resulted in duplication of work.

Non provision of adjustment entries resulted in double booking

Due to double booking of expenditure, BEAMS data was unreliable

Transfer entries are the entries intended to transfer an item of receipt or charge from the account of work in progress or a regular head of account to the account of another work or head.

As per provision contained in note 5 below para 5 of Rule 83 of Maharashtra Public Works Accounts Manual, expenditure incurred on pay and allowances of work charged to establishment initially from regular establishment under the Major Head (MH) 2059, is to be debited to the work charge establishment/concerned works during the financial year by deducting expenditure from MH 2059.

Analysis of the BEAMS revealed that there was no such provision made in the software to carry out such adjustments. Expenditure was booked under both the heads of accounts MH 2059 as well as work concerned (MH 3054). Audit observed this in 13 cases involving an expenditure of ₹ 121.01 lakh. Executive Engineer, Public Works Division No. 2, Nagpur has confirmed the fact. As such, due to double booking of expenditure, data of expenditure is unreliable.

Department accepted (September 2010) that provision of transfer/adjustment entries was not made in BEAMS.

Non provision for recording the transaction relating to reduction of expenditure

It was noticed that the BEAMS does not have facility to record the transaction relating to reduction of expenditure for recording the remittances of unclaimed amount of bills.

In case of General Manager, District Industries Centre, Alibag it was noticed that an amount of ₹ 4,19,000 was booked in BEAMS under MH 6250 and passed by Treasury. But the DDO could incur expenditure of ₹ 3,13,735 only. The balance amount of ₹ 1,05,265 was remitted to Government account. Since BEAMS has no provision to record such transactions, the amount to the extent of ₹ 1,05,265 was not brought back under the MH 6250. Subsequently, on receipt of claim for payment of remitted amount, the DDO again booked the expenditure by generating authorization slips. This resulted in overstatement of expenditure of ₹ 1,05,265 under MH 6250.

The DDO confirmed the fact.

2.3.7.2 Training

Inadequate training to users resulted in improper handling of online software transaction.

Effective education of all users of IT systems, including those within IT, requires identifying the training needs of each user group. An effective training programme increases effective use of technology by reducing user errors, increasing productivity and increasing compliance with key controls, such as user security measures.

During visits to various DDOs/COs it was observed that:

- The software had undergone frequent changes like removal of final mode option, addition/deletion of features in interfaces. However, end users (DDOs/COs) were not properly trained on new modes.
- Inadequate training to users resulted in improper handling of online software as more than one authorisation slips were generated for a single transaction. This resulted in overstating of expenditure and thus, related MIS reports were non-reliable.
- Various modules in BEAMS were used by 31 departments, 604 Controlling Officers, 24,528 DDOs, 34 Treasuries and one PAO. However, the Department had not identified specific training needs for each group of users.

The Department's reply is awaited (January 2011).

2.3.7.3 Logical Access Control

Restricted privileges facility was not used by 99.56 *per cent* users

In case of major establishments like Public Works Department (PWD), Water Resources Department, Forest Department and the District Collector, the number of users are assigned with different nature of duties and these users are required to use the BEAMS software for drawal of bills of different nature. In PWD there are different users such as Establishment clerk drawing pay and allowances of the staff, Works clerks preparing the bills relating to works, Store Keepers drawing the bills relating to purchases made for acquisition of stores. Users are thus, performing different nature of duties though they are working under a single DDO. They are also required to draw bills from various MH of accounts.

Though BEAMS provides facility for creation of assistant users along with restricted privileges to access the specific head of account, analysis of the database revealed that this facility was not used by 25,449 out of 25,562 users (99.56 *per cent*).

Further, the following observations were made.

- In spite of specific provision in the software for maker and checker, it was found in 26 test checked DDOs that the software was being operated at the clerical level.
- The final mode password was shared by draft mode operator. The same password was shared by two to four users and the users were unaware about the security of the password. Thus, the concept of maker and checker was completely defeated.

2.3.7.4 Disaster recovery and business continuity plan

No disaster recovery plan and business continuity plan was developed and documented

A structured disaster recovery plan is essential to reduce the risks arising from unexpected disruption of the critical systems and to have continuity in business activities. The disaster recovery plan usually includes provision for off-site storage of valuable data and also a back-up server(s) at an alternative location to continue the business operations in the event of a major disaster at the main server site.

It was observed that no disaster recovery plan and business continuity plan was developed and documented. It was also observed that the IT-assets inventory was not maintained. The backup and recovery process was not documented and remote storage of data was also not made. All these were indicative of poor business continuity management policy. In such a scenario, sustainability of the BEAMS in case of disaster was questionable.

The Department accepted (September 2010) the inadequate business continuity plan.

2.3.7.5 Change management procedure

All changes, including emergency maintenance and patches relating to infrastructure and applications within the production environment are formally managed in a controlled manner. Changes (including those to procedures, processes, systems and service parameters) are logged, assessed and authorised prior to implementation and reviewed against planned outcomes following implementation. This assured mitigation of the risks negatively impacted the stability or integrity of the production environment.

Scrutiny of records in 57 DDOs revealed that the BEAMS had undergone frequent changes such as removal of final mode, carry forward/backward of allotted grants varied from monthly to quarterly and then to annually, introduction of new interfaces for capturing voucher numbers by DDOs themselves. However, there was no documentation for these changes made in system.

The Department replied (September 2010) that the changes in BEAMS were made as per requirement to sustain the pressure in the month of March. But the reply was silent about the documentation of changes made.

2.3.8 Application control

Application controls ensure that the transactions are carried out according to the business rules of the organisation. These controls include input controls, processing controls and output controls to make the data complete, accurate and reliable.

2.3.8.1 Input control

Non-authentication of Budget data

No system existed in the BEAM server for uploading of the correct budget data and no authentication was done by the administrator

Efficient data validation procedures are important to ensure the reliability of output from the system. Usually in the month of May, Finance Department sanctions/declares the State budget for the current financial year. The system receives budget data in electronic format from the 'Budget Computerised System' of the Department. As per the System Requirement Specification (SRS), there is a provision in the software to import this electronic data of final budget automatically. SRS also provides that, the data is to be authenticated by the administrator of the system and then the data would be made available on the system.

Scrutiny of BEAMS data made available by the Department on its official web site revealed that the Budget figures differ from those available in the Civil Budget Estimates. Though the budget amount actually passed by the Legislature and published in the Civil Budget Estimates for the year 2010-11 was ₹ 15,061.15 crore under 13 grants, it was found that the budget amount available for allocation through BEAMS was ₹ 15,142.50 crore. In one grant it was noticed that ₹ 101.86 crore were provided in Budget Estimates, however,

in BEAMS, the amount available for allocation was zero. Department/grant wise difference is given in the **Appendix 2.15**.

Thus, it was seen that no system existed in the BEAMS server for uploading the correct data related to Budget and also no authentication was done by the administrator leading to unreliable data. This would not only mislead the DDOs but may also lead to excess release of grants.

The reply of the Department is awaited (January 2011).

2.3.8.2 Processing control

Authentication of data not possible due to removal of final mode option

Non deletions of incorrect slips lead to overstatement of expenditure in BEAMS MIS reports

Finance Department has removed the earlier provided option of final mode to reduce the network load on the web server. Earlier there was a mechanism of maker and checker but due to removal of this option, only draft mode option remained and hence whatever data was fed by the maker was finalised and authorisation slip was generated. This procedure defeated the reliability and authenticity of the authorisation slips.

Analysis of database revealed that in 16 DDOs, authorisation slips ranging from two to seven were generated for a single transaction. Incorrect/unwanted slips generated were not deleted by the users although the delete facility was provided in the BEAMS. Thus, expenditure was overstated in BEAMS MIS reports.

The Department accepted (September 2010) that final mode option was removed to increase the capacity and to run the system smoothly and uninterruptedly.

BEAMS failed to maintain uniqueness of authorisation number

As per the database table structure prepared by the NIC, the system is required to generate an authorisation number, which is unique for the DDO so that every transaction will be identified uniquely for the DDO in the database.

Analysis of the BEAMS database revealed that in the financial year 2009-10, 95 authorisation slips with duplicate numbers were generated. Thus, BEAMS failed to maintain uniqueness of authorisation number.

The Department accepted (September 2010) the observation and stated that full care would be taken for synchronising the session.

Non-matching of initial string of authorisation slip number with DDO code

As per the policy adopted by the Department, the initial string of authorisation slip number should represent the DDO code number.

However, it was observed that in 8,889 cases, involving an expenditure of ₹ 362.78 crore, DDO code did not match with the initial string of authorisation number.

The Department accepted (September 2010) the observation and stated that full care would be taken for synchronising the session.

Inconsistency of data as BEAMS data not matching with treasury data

Details entered by TO were not available in BEAMS due to non-integration of BEAMS with TreasuryNet

As per the system, all the DDOs have to book the expenditure online through BEAMS, generate the authorisation slip, submit the bills to treasury along with system generated authorisation slip and at the end of the day, the position of bills passed by treasury are uploaded in BEAMS database server. Columns meant for treasury such as Scroll_Date, Token No., Audit_Date, Cheque_Issued_Date, Cheque_Delivery_Date, are duly filled in by treasury.

However, in 15,04,239 out of 18,18,681 cases (82.71 *per cent*), the details were not available in BEAMS database though stated to have been entered by the treasuries. This indicated that the system failed to transfer data completely. In reply, 67 DDOs confirmed the fact of non-updating of data.

Further, in 118 cases, the TO altered the details such as Scheme code, Detailed Head of account and even the bill amount already entered by the DDOs at the time of generation of authorization slip which was submitted with the bill. The changes made by TOs were not getting updated in BEAMS database.

In reply, the Department accepted (September 2010) the inconsistency in data due to non-integration of BEAMS with TreasuryNet.

Control over expenditure

Excess expenditure of ₹ 15.75 crore over the amount released through BEAMS

Scrutiny of MIS of BEAMS revealed that there was negative balance under the heads '01- Salary', '11-Domestic Travel Expenses', '27-Minor Works', '35-Grant in aid salary' and '53- major works' to the extent of ₹ 15.75 crore for the year 2009-10 as detailed in **Table 1**.

Table 1: Details of expenditure over grants under various heads

(₹ in crore)

Detailed Head	No. of DDOs	Grants	Expenditure	Excess of expenditure
01-Salary	37	135.51	150.00	14.49
11- TE	7	0.01	0.07	0.06
27-Minor Works	1	1.97	1.98	0.01
35-Grant in aid salary	1	3.90	4.85	0.95
53-Major works	2	17.95	18.19	0.24
Total	**48**	**159.34**	**175.09**	**15.75**

This indicated that there was excess expenditure incurred by the DDOs than the amount released to them through BEAMS.

BEAMS started in the State with effect from June 2007 and even after passage of a period of more than three years, the expenditure under these heads could not be within limits of the grants allocated to the DDOs under that detailed heads of account.

The Department stated (September 2010) that in the absence of historical data, the estimates of the detailed head could not be predicted correctly. Further, the excess expenditure could be covered by revised estimates.

However, no such matching grants were released to cover the excess expenditure.

Payment made by TO on time barred authorisation slips

Overstatement of BEAMS expenditure by ₹ 15.43 lakh due to passing of bills on previous year's authorisation slips

The authorisation slips generated during the financial year should be used in the same financial year for submission of bills by DDOs to TOs so that the correct expenditure is booked in BEAMS.

However, analysis of the database and records of DDOs revealed that the TO had passed 18 bills on previous year's (2008-09) authorisation slips in the subsequent financial year. Due to this, booked expenditure in BEAMS for the financial year 2009-10 was overstated by ₹ 15.43 lakh.

Department accepted (September 2010) the payment made on time barred authorisation slips.

2.3.8.3 Output control

Control over generation of authorisation slips

Finance Department laid down (May 2007) the procedure for submission of bills to treasury through BEAMS which specified that every DDO should generate two copies of 'authorisation slips'. Both the copies are to be signed by the DDO and attached with the original bill submitted to treasury. The TO should return to DDO, one copy duly signed and stamped as an acknowledgement. This acknowledged copy should be presented to treasury through an authorised person and the TO would issue the cheque with the authorisation number, auto generated on the authorisation slip.

Scrutiny of records of DDOs revealed that the BEAMS application did not restrict generation of authorisation slips to only two. Due to unlimited generation of slips, there was risk of misuse of unused authorisation slips. Further, the BEAMS did not have provision to mark 'First Copy/Second Copy' on the authorisation slips.

Sixty seven out of the 113 test-checked DDOs accepted the fact.

Recording of authorisation slip numbers on cheques

Department instructed (May 2007) that the TO should record authorisation slip number generated through BEAMS on cheques issued to DDOs.

Test checked 85 DDOs confirmed that this number was not recorded on any of the cheques issued to them. Therefore, there was no track to map authorisation slip number with the payment made by a particular cheque.

Delay in releasing grants by the administrative department and the Controlling Officer

There were delays ranging from 2 to 335 days in distribution of grant from the CO to the DDO

"Quick and accurate transfer of budgetary grants" is one of the primary objective of BEAMS System. As soon as the budget is released by the Finance Department, the administrative department (AD) can allocate funds to their field officers through this system. It is the responsibility of the Controlling Officer (CO) that all grants need to be released immediately as soon as they are received from Finance Department /Administrative Department to the DDOs working under their control.

Scrutiny of selected eight grants/Departments (2009-2010) revealed that there was a delay in distribution of grants from AD to CO as detailed in **Table 2**.

Table 2: Delay in distribution of grants

Sr. No	Name of the Department (Grant)	*Percentage* of cases where grant was released			
		Within 7 days	7-15 days	15-30 days	Above 30 days
1	Home (B)	62	35	1	2
2	Housing (Q)	52	9	12	27
3	Tribal Development (T)	65	9	15	11
4	Industry, Energy and Labour (K)	53	19	27	1
5	Public Works (H)	34	29	15	22
6	Medical Education and Drugs (S)	93	5	0	2
7	Water Resources (I)	60	7	3	30
8	Minority Development (ZE)	75	17	7	1

Delay in distribution of grant from CO to DDO in all 33 COs as detailed in **Table 3** was ranging between 2 days and 335 days, thus defeating basic objective of quick transfer.

Table 3: Delay in distribution of grant

Percentage of cases where grant was released			
Within 7 days	7-15 days	15-30 days	Above 30 days
41	24	20	15

As more than 35 *per cent* of grants were released beyond 15 days, monitoring facility used for the purpose should be strengthened for timely release of funds.

Replies from the Finance Department, Administrative Department and Controlling Officers were not received (January 2011).

Monitoring of cash flow through BEAMS

Effective mechanism to monitor uniform cash-flow did not exist

One of the objectives of development of BEAMS was to develop a tool for exercising control over monthly expenditure within the prescribed norms/limits. Finance Department sanctions the budget department wise, scheme head wise and detail head wise. Thereafter each department proposes MH wise monthly cash flow and Non-Plan/Plan wise to Finance Department for approval. The approved monthly cash-flow is made available to every department for budget release.

However, during scrutiny of the database it was observed that the bills were drawn in the month of March and huge expenditure was booked, which was contradictory to Fiscal Responsibility and Budgetary Management Act 2005. The detailed statistics of month-wise expenditure incurred during 2009-2010 showed that out of 126 MHs, in 64 MHs, the expenditure booked in the month of March ranged between 25 *per cent* and 100 *per cent*. This indicated that the effective mechanism to monitor uniform cash-flow did not exist in the system.

In reply, the Department accepted (September 2010) that the expenditure booked in March was certainly higher than rest of the year. Further, due to various practical difficulties, the predicted cash flow could not be observed and grants were carried forward.

2.3.9 Monitoring and evaluation process

2.3.9.1 Non-release of grants through BEAMS

The use of BEAMS was made mandatory to every department by Finance Department for releasing grants to sub-ordinate offices and for booking the expenditure.

Scrutiny of records and analysis of the BEAMS database revealed that grant amounting to ₹ 975.92 crore received during the year 2009-2010 by Finance Controller of Maharashtra Housing and Area Development Authority (MHADA), Mumbai had not released to sub-ordinate offices using BEAMS despite DDO codes of the subordinate offices were already available in BEAMS database.

The MHADA had confirmed the facts and stated that due to non receipt of specific instructions from the Department the grant was not routed through BEAMS.

2.3.9.2 Non booking of transactions pertaining to MH 8443 Civil Deposits through BEAMS

The Finance Department circulated (November 2009) procedure for administration of receipt and payment under MH 8443 Deposits through BEAMS in PWD. Accordingly, TO should certify the balances lying in 8443 Civil Deposits upto 31-03-2009 from the statement prepared by PW divisions.

From 01 April 2009 onwards, the division has to enter the same in BEAMS and after approval by Treasury Officer online, the same will be available to division for incurring the expenditure there from.

However, in two[7] out of nine districts test-checked, the above procedure was not followed.

All DDOs attributed the non-implementation of the procedure to lack of awareness of detailed procedure and training. The TO, Jalgaon stated that no proposal for certification of balance under MH 8443 Civil Deposits was received from the DDO.

2.3.9.3 Data updation of Pay and Accounts Officer (PAO), Mumbai on BEAMS server not done

Non-use of BEAMS application owing to low capacity of server

The PAO, Mumbai acts as treasury officer for all DDOs in Mumbai. It was observed that the PAO was not using the BEAMS application for processing any of the bills presented by the DDOs owing to low capacity of server. All the bills were passed on the basis of hard copy of authorisation slips attached with the bills. In paragraph 2.3.8.3 it has already been mentioned that there is no check for generation of more than one authorisation slips for a single transaction. This poses a risk of duplicate/multiple payments. The fact of low capacity of server and inconsistency in network was confirmed by the PAO (August 2010).

As a result, the details of passed bills in respect of various DDOs under PAO Mumbai were not updated in BEAMS.

From the above, it was revealed that there was inadequate monitoring mechanism for implementation of BEAMS to control the aforesaid instances.

2.3.10 Software testing

The Department has outsourced the work of functionality testing of BEAMS system to Standardised Testing Quality Certification (STQC), Pune at the agreed cost of ₹ 13.24 lakh. However, it was noticed that the testing of BEAMS was done based on old SRS (November 2009). Thereafter, BEAMS has undergone various changes and new modules have been added. The Department has now decided to test BEAMS by STQC with new SRS.

Despite tests being carried out by STQC, Audit noticed many flaws in the BEAMS as mentioned in the aforesaid paragraphs. Thus, the testing remained unfruitful. Therefore, during future testing by STQC, the deficiencies/flaws pointed out by Audit should be taken care of.

[7] Jalgaon and Mumbai

2.3.11 Unreliable MIS

Unreliable BEAMS data could not be utilised for preparation of MIS and budget

One of the objectives of BEAMS is to create effective MIS for various departments of Government, Accountant General and Public. For preparation of budget the actual figures of expenditure of previous three years and revised estimated figure of current year are required. However, till June 2010 data pertaining to the earlier years was not made available online to users. Department accepted that (September 2010) the BEAMS data for 2007-08 and 2008-09 was not reliable hence could not be utilised for preparation of MIS and budget. It was observed that the data pertaining to 2009-2010 was also not reliable because of the following:

- BEAMS failed to provide control for submission of all authorisation slip generated through system or not insisted upon for cancellation of unused slips. Because of this, the expenditure was overstated in BEAMS.
- BEAMS was prone to break down as it was unable to sustain the load of transaction due to incapacity of the server. Thus due to drawal of bills by DDOs without authorisation slip, the expenditure booked under BEAMs was understated.
- The System allowed payment on deleted authorisation slip due to uncontrolled migration of data from BEAMS to Treasury as detailed in Paragraph 2.3.7.1. This has resulted into understated expenditure in the system.
- The system allows making payment on previous year authorisation slip. This has resulted into understating of expenditure in BEAMS system during current year.
- The treasury altered the booking head such as Detailed Head (DH), Scheme Code. Even they altered the amount. But same were not updated back to BEAMS system. Therefore, BEAMS system failed to depict the true picture.

Therefore, the MIS report generated through BEAMS was unreliable and did not depict the true picture of the transactions.

2.3.12 Conclusion

Audit noticed that largely the objectives of BEAMS were not achieved. The delay in releasing grants by the Administrative Department and the Controlling Officer to the Drawing and Disbursing Officer defeated the very purpose of quick online release of grants. Due to low capacity of server, the system failed at the fag end of every financial year and thus stored incomplete data. The deficiency in system design resulted in reversing of expenditure after payment and thus creation of unreliable data in BEAMS database. The system failed to maintain cash-flow within the prescribed norms/limits. Thus, the data stored in BEAMS was incomplete, unreliable and can not be used for MIS purpose. The system was found prone to high risk of hacking due to non

encryption of data. No tangible benefits have thus accrued so far from the BEAMS.

2.3.13 Recommendations

Following recommendations are made to Government:

- In order to cater to the demands in the peak season, server capacity needs to be enhanced.
- System design issues included in the report need to be addressed along with building of adequate controls to ensure complete and correct data.
- For authenticity of authorisation slip, the software needs to be corrected.
- Proper integration of treasury application and BEAMS is required to be effected so that there is convergence of data.

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 several instances of frauds/misappropriations, 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.

3.1 Fraudulent drawal/misappropriation/embezzlement/losses

Agriculture, Animal Husbandry, Dairy Development and Fisheries Department

3.1.1 Misappropriation of Government money

Non-adherence to the codal provision for verification of cash remittances into treasury by the District Soil Survey and Soil Testing officer, Nanded facilitated misappropriation of Government money of ₹ 10 lakh.

Rule 98 (v) of Maharashtra Treasury Rules 1968 (MTR) stipulates that when Government moneys in the custody of a Government officer are paid into the treasury or the bank, the head of office making such payments should compare the treasury receipt or the bank receipt on the challan or his pass-book with the entries made in the cash book before attesting it in order to satisfy himself that the amounts have been actually credited into the treasury or the bank. When the number of payments made in a month is more than 10 and the total amount involved therein exceeds ₹ 1,000 the head of the office should, as soon as possible after the end of the month, obtain from the treasury a consolidated receipt for all remittances made during the month, which should be compared with the postings in the cash book.

Scrutiny (June 2009) of the cash book of the District Soil Survey and Soil Testing Officer, Nanded and further information collected (December 2009) revealed that the fees for testing of soil and water amounting to ₹ 12.72 lakh received between May 2007 and July 2009 were shown as remitted through eight challans into the Nanded Treasury. During verification of remittances by Audit with the treasury records, it was noticed (June and December 2009) that the actual amount remitted into the Treasury was ₹ 2.72 lakh only, instead of ₹ 12.72 lakh as shown in Appendix 3.1. The *modus operandi* was that after remitting the amount into the Treasury, the cashier tampered with the amounts written in the office copy of challans to increase and tally the amounts shown in the cash book as amounts remitted.

Out of eight cases, in four cases though amount recorded in figures by the bank authority was tampered with by the cashier, the amounts recorded in words remained the same as the amounts actually remitted by the cashier. The Drawing and Disbursing Officers[1] (DDOs) did not compare the treasury or the bank receipts on the challans, with the entries in the cash book before attesting it and satisfying themselves that the amounts have been actually credited into the treasury or the bank. Monthly reconciliation with treasury was also not done. Six out of eight challans were not signed by the DDO.

Thus, failure on the part of the DDOs in not exercising their responsibility according to the Rule 98 (v) of MTR facilitated misappropriation of Government money of ₹ 10 lakh, which continued for 27 months.

District Soil Survey and Soil Testing Officer confirmed (December 2009) that the then DDOs had not verified the remittances into the treasury before attesting the cash book. Further, according to the primary investigation, the cashier was found guilty and a departmental enquiry against the then DDOs and the cashier was proposed. The cashier was suspended in August 2009 and ₹ 9 lakh was recovered (August 2009) from him.

The matter was referred to the Government (February 2010). Reply has not been received (January 2011).

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. Some of the audit findings on non-compliance with rules and regulations are as under:

Higher and Technical Education Department

3.2.1 E-service fee forgone

Failure to comply with the Government directives by a University resulted in non-recovery of e-service fee of ₹ 1.87 crore from students during 2008-09 and 2009-10. It also resulted in diversion of Distance Education Council grants of ₹ 1.10 crore and creation of liability of ₹ 1.35 crore for subsequent years.

Government of Maharashtra, Higher and Technical Education Department directed (June 2006) all the Universities in the State to provide e-services through the Maharashtra Knowledge Corporation Limited (MKCL), a

1 There were four DDOs during the period of remittances (i) Shri S M Mugave, (ii) Shri A D Khan, (iii) Shri M Z Husain and (iv) Shri H B Kadam

Corporation under Government of Maharashtra established to provide such facilities. A nominal amount of ₹ 50 per student per annum was to be recovered as e-service fee from the students and remitted to the MKCL towards software and maintenance charges and the scheme was to be implemented from 15 August 2006.

Scrutiny of records (April 2010) of the Vice Chancellor, Yashwantrao Chavan Maharashtra Open University, Nashik (University) revealed that the University executed (September 2007) a Memorandum of Understanding with the MKCL for implementation of e-service by using Digital University Software Framework (DUSF) developed by the MKCL. The University negotiated with the MKCL and paid ₹ 50 lakh (October 2007) for installation, customisation, commissioning, pilot run and release of the DUSF out of the development grants received from Distance Education Council (DEC) for incorporation of technology to deliver academic programmes under National Technology Support System (NTSS). As the MKCL successfully commissioned the DUSF during the academic year 2008-09, the University decided (September 2009) to pay ₹ 1.95 crore to the MKCL for the years 2009-10 to 2011-12 out of the DEC grants. Accordingly, ₹ 60 lakh for the year 2009-10 was paid to the MKCL in April 2010. However, the University ignored the Government directives and did not recover the e-service fee of ₹ 1.87 crore from students during 2008-09 and 2009-10.

Thus, failure to comply with the government directives resulted in e-service fee of ₹ 1.87 crore not being recovered from students and DEC grants of ₹ 1.10 crore were utilised for provision of e-services by the MKCL during the years 2008-09 and 2009-10, which could have been utilised for other purposes as contemplated in DEC grants. A liability of ₹ 1.35 crore for payment towards DUSF to MKCL for the years 2010-11 to 2011-12 was also created.

The Pro Vice Chancellor, University replied (October 2010) that the DEC grants were used to pay to the MKCL as it would reduce the burden of students who were already disadvantaged being distance learners.

The reply of the University was not acceptable as the non-recovery of e-service fee from students was in contravention of government directives.

The matter was referred to the Government (July 2010). Reply has not been received (January 2011).

PUBLIC HEALTH DEPARTMENT

3.2.2 Unfruitful expenditure on construction of rural hospitals

Commencement of works by the Public Works Department without ensuring provision of adequate funds by the Government (Public Health Department) resulted in unfruitful expenditure of ₹ 52.82 lakh incurred on incomplete works of two rural hospitals in Nashik District.

As per Para 255 of the Maharashtra Public Works Manual, no work shall be undertaken, except under special orders of the Government, unless detailed design and estimates have been sanctioned, allotment of funds made, and orders of its commencement issued by competent authority.

The Public Health Department, Government of Maharashtra (GoM) issued (March 2007) administrative approval for the construction of two Rural Hospitals (RHs) at village Barhe, and village Girnare in Nashik District at an estimated cost of ₹ 1.73 crore and ₹ 1.65 crore respectively by the Public Works Department (PWD). The work order for construction of RH, Barhe was issued in March 2007 at a tendered cost of ₹ 90.57 lakh and for RH, Girnare in March 2007 at a tendered cost of ₹ 91.97 lakh.

Scrutiny (September 2009) of records of the Executive Engineer, Public Works Division (North), Nashik and information collected from the Director of Health Services (DHS), Mumbai revealed that though proposal for making budget provision for construction of two RHs was submitted by the DHS to GoM for three consecutive years since February 2007, no fund provision was made in any of the years. However, the DHS instructed (March 2007) the Superintending Engineer, Public Works Circle, Nashik to commence the works as funds would be made available from the savings arising out of construction of two other RHs at Nampur and Yeola in Nashik District. Accordingly, the PWD commenced the works before allotment of any funds by the DHS. An expenditure of ₹ 52.82 lakh (₹ 32.53 lakh at RH, Barhe and ₹ 20.29 lakh at RH, Girnare) was incurred by the PWD by diverting funds from other sources[2]. But the works remained incomplete as the required expenditure could not be met from savings of the grants as the savings were only short term and hence were surrendered while submitting the revised budget estimates. The works were finally withdrawn under Clause 15 (1)[3] in March 2008 (RH, Barhe) and December 2007 (RH, Girnare) due to non-availability of funds.

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[2] 4225 Welfare of SC/ST/OBC Ashram Schools, 4210 Medical and Public Health and 2059 Public Works, Maintenance and Repairs of Buildings

[3] Clause 15 (1) - If any time after the execution of the contract documents, the Engineer-in-charge shall for any reason (other than default on the part of the Contractor) desire that the whole or part of the work shall not be carried out at all, he shall give to the Contractor a notice in writing of such desire and upon the receipt, the Contractor shall stop the work as required.

Thus, commencement of works by the PWD without ensuring adequate provision of funds for the RHs, resulted in the works remaining incomplete and rendered the expenditure of ₹ 52.82 lakh unfruitful.

The matter was referred to the Government (June 2010). Reply has not been received (January 2011).

Public Works Department

3.2.3 Unfruitful expenditure on construction of road and bridge

Commencement of road work without ensuring clear possession of land resulted in unfruitful expenditure of ₹ 8.87 crore. Destruction of mangroves for construction of road had resulted in violation of the provisions of Coastal Regulation Zone Notification.

Para 251 of the Maharashtra Public Works (MPW) Manual prohibits commencement of work without requisite land acquisition. Coastal Regulation Zone (CRZ) Notification, 1991 as amended in July 1993 categorised mangroves as ecologically sensitive falling under CRZ I where new constructions should not be permitted. Further, Hon'ble High Court, Mumbai prohibited (October 2005) destruction of mangroves for carrying out any kind of developmental activities.

Government of Maharashtra (GoM) in Public Works Department (PWD) accorded (March 1996) administrative approval (AA) for construction of Dadar-Vaisheni Road at KM 5/770 to 11/300[4] for ₹ 6.50 crore. The road was to connect Pen and Uran Talukas through National Highway 17 and State Highway 85.

Scrutiny of records (July 2009) of the Executive Engineer, Alibag Division, PWD (EE) revealed that though technical sanction (TS) for the first part of the work *i.e.,* pilot road of 1.40 KM meant for transportation of material for construction of Vasheni bridge was accorded in April 1997, land acquisition process was started by the District Collector, Raigad only in December 1998. Though KM 5/770 to 11/300 fell under the coastal/green zone, No Objection Certificates (NOCs) from concerned department/agencies[5] were not obtained by the EE for executing the work. The pilot road was completed in December 2001 at a cost of ₹ 1.10 crore. The CE, accorded TS for the second part of the road (July 2004) without clear possession of land. The work was awarded (March 2005) to a contractor at an estimated cost of ₹ 4.06 crore and was to be completed in September 2006. Meanwhile, the Range Forest Officer, Pen, District Raigad observed that the construction was unauthorised as mangroves were being destroyed in the CRZ, in violation of the Hon'ble High Court, Mumbai order (October 2005) and should be stopped. However, 95 *per cent* of

[4] Work portion from KM 6/00 to 10/500 was revised to KM 5/770 to 11/300 with the approval of the Chief Engineer, PW Circle, Mumbai (CE)

[5] For Green Zone - Mumbai Metropolitan Region Development Authority, Airport Authority of India and for Coastal Zone - Environment Department, GoM

the earthwork and cross drainage work were completed at a cost of ₹ 2.99 crore till the work was finally stopped by the contractor in May 2008 as one of the land owners obtained a stay order from the Sessions Court for delay in settlement of the claims. Meanwhile, the work of Vasheni bridge was also completed (October 2008) at a cost of ₹ 4.78 crore, but it could not be put to use as the second part of the road was not complete.



***Kutcha* Road (30 June 2010)**

Thus, the objective of meeting the traffic requirements and joining the Pen and Uran Talukas with the adjacent National and State Highways could not be achieved, rendering the expenditure unfruitful.

The EE replied (December 2009) that the work was started after obtaining written consents from land owners. The CE replied (March 2010) that surrounding villages are using the pilot road of 1.40 KM and second part of the road is also being used partially. The work was taken up in order to utilise the budget provisions and the land acquisition process was also initiated simultaneously.

The reply did not mention why the PWD failed to obtain NOCs from the concerned authorities before going ahead with the work. The usage of facilities built at a cost of ₹ 8.87 crore as a *kutcha* village road was not an appropriate justification. Moreover, the earthwork was executed at the expense of mangroves, which protect the seacoast and environment, in violation of CRZ norms leading to ecological damage, the cost of which could not be assessed. The expenditure would probably prove wasteful since the *kutcha* road is likely to be washed away during monsoon.

The matter was referred to the Government (July 2010). Reply has not been received (January 2011).

Social Justice and Special Assistance Department

3.2.4 Irregular sanction of financial assistance

Irregular release of financial assistance without ensuring the fulfillment of stipulated conditions resulted in undue benefit of ₹ 4.80 crore to a Society on conversion and modernisation of a Khandasari factory.

The Bombay Financial Rules (BFRs), 1959 stipulate that the authority sanctioning financial assistance to a society shall specifically consider the

feasibility of giving financial assistance by way of loan and examine the experience and capacity of the society to undertake the task.

Government of Maharashtra (GoM), Social Justice and Special Assistance Department (Department) launched (February 2004) a scheme of long term financial assistance[6] to Scheduled Caste Co-operative Societies (SCCS) engaged in manufacturing activities including conversion and modernisation of Khandasari (brown coarse sugar) factory under Special Component Plan. The scheme was meant to provide employment opportunities to Scheduled Caste (SC) youth to bring them to the mainstream of development. The conditions stipulated for release of financial assistance were that the land should be in the name of the applicant; the first charge on plant and machinery would be with the Government and 70 *per cent* of the workforce should be from the SC youth.

Scrutiny of records (July 2009) of the Director, Social Welfare, Pune (Director) revealed that Shri Ambai Magasvargiya Shetimal Prakriya Sahakari Society Maryadit[7] (Society), a Khandasari factory at Jaysingpur, Taluka Shirol, District Kolhapur submitted a proposal (June 2004) to the Director for financial assistance. The project cost of the proposal for conversion and modernisation was ₹ 7 crore. The Director, Social Welfare observed (June 2004) that the proposal had shortcomings such as non-availability of land in the name of the Society, weak financial position and no undertaking from financial institutions for loan component. The Commissioner, Sugar, Maharashtra, Pune (Commissioner) evaluated the proposal and intimated (July 2004) the Director that the financial position of the Society was not sound[8] and there were restrictions imposed by the Government on increasing the capacity of sugar factories due to non-availability of sufficient sugar cane in the area. Scrutiny also revealed that the Society had already mortgaged the plant, machinery, dead stock, license and goodwill of the existing factory to Kolhapur District Central Co-operative Bank Ltd., Kolhapur during February

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6 Financial assistance would be in the form of share capital (35 *per cent*) and long term loan (35 *per cent*), subject to payment of 5 *per cent* share by SCCS and arranging 25 *per cent* loan from financial institutions.

7 Shri Ambai Backward Class Agricultural Produce Processing Co-operative Society Ltd.

8 Balance sheet: Accumulated loss of ₹ 4.07 crore (2003-04) and ₹ 8.09 crore (2008-09)

1999 for availing a loan of ₹ 3 crore[9]. However, the Department sanctioned (July 2004) and released (April 2005) financial assistance of ₹ 4.80 crore (share capital ₹ 2.40 crore and long term loan ₹ 2.40 crore).

The Society purchased the machinery for conversion and modernisation of the factory between January 2005 and January 2006. However, the term loan of ₹ 1.75 crore (May 2010) was not released by any financial institutions as the first charge on assets was not vested with them. Besides, out of the total 110 employees/workers engaged by the Society, only 65 (59 *per cent*) were from the SC. Recovery of the Government loan, which was to commence from April 2007, was also not started as of June 2010.

After the trial run in November 2006, the factory was not made operational during 2007-08 and 2008-09 due to paucity of working capital and the decision of the management to stop production to avoid losses. During 2009-10, the factory worked for 133 days and achieved only 61 *per cent* of the targeted crushing capacity (500 MT per day).

Thus, grant of Government assistance despite adverse comments in the evaluation reports of the Commissioner and the Director was in contravention of the provisions of the BFRs. Release of funds to the Society without ensuring the fulfillment of the preconditions was irregular and resulted in undue benefit of ₹ 4.80 crore to the Society.

The Director stated (June 2010) that recovery of the loan component was not started as 70 *per cent* of the project cost of ₹ 7 crore *i.e.,* ₹ 4.80 crore was only released.

As the maximum Government assistance of ₹ 4.80 crore due had already been released in April 2005, recovery of the same should have been initiated with effect from April 2007. As the Society was not operational during 2006-07 to 2008-09 and had not employed 70 *per cent* of the workforce from SC, the objective of providing employment to SC youth was also not achieved.

The matter was referred to the Government (June 2010). Reply has not been received (January 2011).

[9] Out of ₹ 5.43 crore outstanding up to May 2010, the Society repaid an amount of ₹ 3.18 crore on 10 May 2010 and ₹ 2.25 crore was outstanding.

Urban Development Department

Mumbai Metropolitan Region Development Authority

3.2.5 Excess payment to contractors

Incorrect method adopted for calculating payments for quantities executed in excess of the estimated quantities for culvert contracts resulted in excess payment of ₹ 3.59 crore.

Mumbai Urban Infrastructure Project (MUIP) is implemented by the Metropolitan Region Development Authority (MMRDA) for improving the traffic facilities in Mumbai. The MMRDA prepared the estimates for the work on the basis of Schedule of Rates (SoR) for the year 2003-04. Tenders for construction/remodelling/extension of 11 cross culverts on Lal Bahadur Shastry Marg and Swami Vivekananda Road, taken up under the MUIP were called for in 2006-07 and awarded (November 2006) to 11[10] different agencies. The Executive Committee, MMRDA during acceptance of the tenders for the works (November 2006), evaluated the rates offered by the contractors and found that the rates were between 9.66 *per cent* below and 5.93 *per cent* above the Current Schedule of Rates (CSR) 2006-07.

Scrutiny of records (December 2009 and January 2010) of the Chief Engineer MMRDA revealed that the executed quantities of various items pertaining to all the 11 works were exceeded by more than 25 *per cent* of the respective estimated quantities. This attracted the provision of Clause 38[11] of the contract executed between the MMRDA and the contractors. Accordingly, the payments for the quantities beyond 125 *per cent* of the tendered quantity should have been regulated by the percentages by which the tendered costs were at variance with the estimated costs put to tender based on the schedule of rates applicable to the year of awarding the tenders *i.e.,* 2006-07. Payments for such excess quantities, however, were made to the contractors at current rates *i.e.,* CSR 2006-07 increased by the percentages by which the tenders were accepted (ranging from 19.8 *per cent* to 25 *per cent* over the estimates prepared based on SoR 2003-04). Thus, adoption of incorrect method for calculating the payments to be made for the quantities executed beyond 125 *per cent* resulted in excess payment of ₹ 3.59 crore (**Appendix 3.2**).

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[10] **LBS Marg**: Part I- M/s Infrastructure Ltd., Part II-M/s R K Madhani., Part III- M/s Eagle Constructions, Part IV- M/s Rachana Constructions, Part V -Rohit Enterprises and **SV Road**: Part I-M/s R K Madhani, Part II- R K Madhani, Part- III- M/s S V Jivani, Part IV- R K Madhani, Part V- M/s Prime Engineers, Part VI- M/s Prime Engineers

[11] Clause 38 of the contracts provides that if the quantities actually executed exceed the quantities specified in the tender by more than 25 *per cent*, payment for such excess quantities will be made at the rates derived from the current schedule of rates (CSR) and in the absence of such rates, at the prevailing market rates, the said rates being increased/decreased, as the case may be, by the percentage by which the total tender amount bears to the estimated cost of the work as put to tender based upon the schedule of rates applicable to the year in which the tenders were invited.

In reply the Chief Engineer, MMRDA stated (June 2010) that the excess quantities beyond 125 *per cent* of the estimated quantities were executed after expiry of the operative date of the then schedule of rates. Hence, the rates payable were derived with reference to the prevailing schedule of rates when the excess quantities were executed. The rates paid for such excess quantities were added with the contract percentage.

The reply was not acceptable as the payments for items of work executed in excess of 125 *per cent* of the estimated quantities should be regulated by the provisions of Clause 38 and not on the basis of the operative date of the schedule of rates. Hence, payments for excess quantities on the basis of prevailing CSR increased by the contractors' percentages were not justifiable.

The matter was referred to the Government (June 2010). Reply has not been received (January 2011).

Urban Development Department

Mumbai Metropolitan Region Development Authority

3.2.6 Undue benefit to a contractor

Removal of milestones stipulated in the contract, after delayed completion of work, on unreasonable grounds which had been rejected earlier resulted in violation of the contract conditions and extending undue benefit of ₹ 1.05 crore to a contractor.

Executive Committee (EC), Mumbai Metropolitan Region Development Authority (MMRDA) awarded (March 2004) a lump sum contract for construction of 1200 tenements required for rehabilitation of project affected households (PAHs)[12] under Mumbai Urban Transport Project (MUTP) to M/s Patel Engineering Ltd (contractor) for ₹ 40.34 crore. The work order was issued on 15 March 2004 for completion by 14 March 2005. According to the contract, the contractor shall pay the liquidated damages (LD) for each day of delay in adhering to the two milestones[13] specified in the contract.

Scrutiny of records (November 2007) of the MMRDA revealed that the project management consultant (PMC) appointed by the MMRDA had reviewed the progress of work and issued 12 notices to the contractor during April 2004 to September 2004 pointing out slow progress of work due to non-deployment of sufficient manpower. Again during two joint site visits held (October-November 2004) by the Chief Engineer MMRDA (CE), the PMC and the contractor, the progress of the work was found unsatisfactory. The CE also noted that LD would be deducted if the contractor fails to complete the

[12] At the junction of Jogeshwari -Vikhroli Link Road and Western Express Highway

[13] First: completion of 816 tenements within 9 months, failing which LD at ₹ 10,300 per day would be charged. Second: completion of all the tenements within 12 months failing which ₹ 49,000 per day would be charged.

work within the stipulated period. However, after expiry of the stipulated date of completion, the contractor requested (11 July 2005) the MMRDA to grant extension up to 31 July 2005 attributing change in design of buildings, delay in according approval for sewer line by the Brihanmumbai Municipal Corporation (BMC), and increase in the depth of the sewer line *etc.*, as the reasons for the delay. The PMC recommended (July 2005) the MMRDA to reject the contractor's request, giving detailed justifications. Accordingly, LD of ₹ 1.15 crore were deducted for a delay of 305 days[14] from the payments made to the contractor during the period from January 2005 to December 2005 as shown in Annexure. The contractor completed the work on 26 September 2005.

In September 2006, the contractor again requested the MMRDA for grant of extension of completion schedule, attributing more reasons for the delay and payment of the final bill without imposing LD. At this stage, the PMC recommended (September 2006) to accept the contractor's request and release the LD on the plea that the circumstances which led to delay were beyond the control of the contractor. While the PMC accepted some grounds which he had earlier rejected, he attributed some other reasons not pointed out by the contractor. Some fresh grounds attributed by the contractor were not justifiable as discussed in Annexure. The recommendation of the PMC to remove both the milestones and release of entire LD was thus unreasonable. The MMRDA accepted (January 2007) the recommendation of the PMC, which was in contravention of his earlier recommendation, without getting the case reviewed by any independent authority. The MMRDA granted *ex-post-facto* extension of time schedule up to 25 October 2005 and released LD of ₹ 1.15 crore to the contractor in May 2007, without analysing the PMC's justification for grant of extension.

Thus, removal of milestones after delayed completion of work on unjustifiable grounds resulted in undue favour to the contractor to the extent of ₹ 1.05 crore[15].

In reply, the Metropolitan Commissioner, MMRDA stated (July 2010) that the PMC had initially rejected the contractor's request for grant of extension. But the reasons were subsequently reviewed and found to be tenable. The action was felt necessary to put pressure on the contractor to speed up the work.

The reply was not acceptable as the MMRDA removed the milestones, in violation of the contract conditions and after delayed completion of the work and that too on grounds which had been rejected earlier.

The matter was referred to the Government (June 2010). Reply has not been received (January 2011).

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[14] Actual delay was 285 days and actual LD works out to ₹ 1.05 crore

[15] As the work was completed on 26 September 2005, the amount of LD was (₹ 10,000 X 90 days + ₹ 49,000 X 195 days up to 25 September 2005) = ₹ 1.05 crore

Annexure **Analysis of the PMC's recommendations for granting extension of time**		
Sr. No.	**Grounds on which the PMC recommended (September 2006) for extension of time**	**Remarks**
1	Change in design of buildings	This reason cited by contractor in his first request for extension was not accepted by the PMC. The contractor did not cite this reason in his second request.
2	Additional time taken due to revision of drawings of sewerage system	This justification was rejected by the PMC in response to contractor's first request for extension stating that the contractor had not submitted the drawings in time and the PMC pursued the matter with the BMC in December 2004. Therefore, the PMC's justification was not acceptable.
3	Non-availability of front off-site sewer line due to delay in obtaining permission from the Regional Transport Officer	This justification was rejected by the PMC in response to contractor's first request for extension as the MMRDA obtained the permission from the Regional Transport Officer. Therefore, the PMC's justification was not acceptable.
4	Additional time in execution of work due to hard strata	The PMC's justification was not acceptable as lump sum contract includes all such contingencies. Further, notices were issued to the contractor for not deploying sufficient manpower.
5	Other contractors working in the same stretch	The PMC's justification is not acceptable as the contractor did not seek extension on these grounds.
6	Delay on account of foundation work carried out during monsoon; additional time taken at Majas Nalla due to monsoon; unprecedented rainfall in July-August 2005	PMC's justification is not acceptable as the due date for completion of the entire work was 15 March 2005.
7	Truckers' strike in April 2004 and August 2004 and sand suppliers' strike in May 2004	The PMC's justification is not acceptable as the contractor did not seek extension on these grounds.

Water Resources Department

3.2.7 Idle investment on slab drains

Delay in settlement of compensation claims by the Special Land Acquisition Officer, Sangli resulted in idle investment of ₹ 1.51 crore on slab drains and non-achievement of envisaged objectives of the scheme.

According to the provisions contained in Para 200 of the Maharashtra Public Works (MPW) Manual, tenders were to be invariably invited publicly for awarding any work above ₹ 1 lakh. Further, Para 251 of the MPW Manual provides that work should not commence on land which has not been duly made over by a responsible civil officer.

Executive Engineer, Takari Pump House No. 2, Sangli, Maharashtra Krishna Valley Development Corporation (MKVDC) awarded (November 1997) the work of construction of earthwork and structures at KM 68 of Takari Canal, Taluka Khanapur, District Sangli to a contractor at an estimated cost of ₹ 1.07 crore. The work was to be completed by November 1998.

Scrutiny of records (September 2007) and further information collected[16] (June 2010) revealed that the Executive Director, MKVDC decided (August 2004) to award an independent work of construction of slab drains[17] as an addition to the work of construction of earthwork and structures at KM 68. The additional work was awarded (December 2004) without inviting tenders to the same contractor as a special case at an estimated cost of ₹ 2.11 crore so as to save time involved in tendering process. It was envisaged that on completion, the slab drains would enable water supply for irrigation up to a distance of 100 KM. The work was to be completed before 31 March 2005. The MKVDC released ₹ 2.12 crore during June 2005 to May 2006. The EE stated (August 2010) that though the land acquisition process was completed (April 2004) and the MKVDC handed over the amount payable towards compensation to the Special Land Acquisition Officer (SLAO), there were delays in settlement of compensation claims[18] by the SLAO. As a result, agitated farmers obstructed the work and the same remained incomplete (June 2010) even after incurring an expenditure of ₹ 1.51 crore. The contractor expressed (April 2010) his inability to complete the work due to increase in the prices of material and labour. The work of construction of earthwork and structures at KM 68 was nearing completion (June 2010) after incurring an expenditure of ₹ 1.24 crore.

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16 From the Executive Engineer, Takari Pump House No. 1, Islampur (EE).

17 At KM 86, chainage 85/725 and KM 92, chainage 91/135

18 KM 92: Out of 62 claims for ₹ 5.64 lakh, 16 claims for ₹ 0.44 lakh were still unresolved; KM 86: Out of 39 claims for ₹ 3.88 lakh, 13 claims for ₹ 0.25 lakh were still unresolved.

Thus, commencement of work by the MKVDC without ensuring clear possession of land and delay in settlement of compensation claims by the SLAO, resulted in the work remaining incomplete and consequent idle investment of ₹ 1.51 crore. Besides, the objective of supplying water for irrigation up to a distance of 100 KM could not be achieved. The awarding of work without inviting tenders was also in contravention of the provisions of the MPW Manual.

The EE stated (June-August 2010) that the slab drain work at 85/725 and 91/135 was executed up to 80 *per cent* and 70 *per cent* respectively. Action would be initiated against the contractor and balance work would be got done at the earliest.

The Department which awarded the additional work of ₹ 2.11 crore to the contractor violating financial procedures should have ensured disbursal of compensation for land acquired so as to ensure timely completion of work at economical rates.

The matter was referred to the Government (July 2010). Reply has not been received (January 2011).

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.

Rural Development Department

3.3.1 Unfruitful expenditure

Lack of monitoring by District Rural Development Agency and the Rural Development Department resulted in a Cattle Breeding Dairy Farm Project implemented by a non-government organisation remaining incomplete. Investment of ₹ 4.93 crore was rendered unfruitful for want of sufficient cows. The objective of developing income source for poor villagers was also not achieved.

Government of India (GoI), Ministry of Rural Development, New Delhi accorded (December 2003) administrative approval of ₹ 14.45 crore for sanction of a special project under Swarnajayanti Gram Swarozgar Yojana (SGSY) for establishment of a Cattle Breeding Dairy Farm (Lok-Uddhar) in rural areas of Buldhana District. The project was to be implemented by Late Madanlalji Kisanlalji Sancheti Seva Samitee, Malkapur, a non-government organisation (NGO) selected by the Project Director, District Rural Development Agency, (DRDA) Buldhana and monitored by two committees

i.e., State Level Committee headed by the Secretary, Rural Development Department and the District Level Committee headed by the Project Director, DRDA. The project was to be completed in five years and extension was granted by GOI upto 31 December 2009. The cost of the project was to be shared by Central Government (₹ 7.16 crore), State Government (₹ 2.39 crore) and Bank (by credit of ₹ 4.90 crore). The project aimed to motivate, train and counsel the poor villagers to organise themselves in Self Help Groups (SHGs) and take up collective and individual economic activities for developing a diversified income resource base.

The project envisaged purchase of 550 indigenous cows for cross cattle breeding and artificial insemination, formation of 600 SHGs consisting of 10 Below Poverty Line (BPL) families in each SHG and purchase of 6000 good quality and high milk yielding cows for distribution to 6000 BPL families by 2006-07. The purchase of these cows was to be made through Government grant of ₹ 10,000, bank credit of ₹ 4,000 and beneficiary's contribution of ₹ 3,800 per cow. Besides, ₹ 3.54 crore was earmarked for construction and establishment of a dairy complex which included construction of a milk processing plant with a capacity of handling 50,000 liters per day and 10 Multi Activity Centres (MACs) for collection of milk from the 6,000 beneficiaries.

Scrutiny of records (January 2010) of the Project Director, DRDA, Buldhana (PD) revealed that out of the Central and State share, an amount of ₹ 7.63 crore was released to DRDA Buldhana. Of this ₹ 5.70 crore was paid between January 2004 and August 2009 to the NGO. The amount included ₹ 1.90 crore specifically paid (between March 2008 and August 2009) for purchase of cows

While the PD, DRDA did not stipulate any work programme or milestone for completion of the work, there were also no records to show that monitoring was done by the Monitoring Committees. The NGO incurred an expenditure of ₹ 4.78 crore for construction of cattle shed, milk processing plant, farmer training center, staff quarter, MACs, consultancy charges and purchase of machinery and equipments (between April 2005 and November 2008) for the dairy. Only ₹ 0.15 crore were spent (April 2007 to March 2010) on purchase of 140 cows of which 120 cows were distributed to 120 BPL families as of March 2010. The milk processing plant could not be made operational due to insufficient supply of milk although the unit built at a cost of ₹ 4.78 crore was ready since November 2008.

Thus, due to lack of monitoring by the District Level Committee of the DRDA and the Secretary, Rural Development Department, the NGO concentrated only on construction and purchase of machineries instead of purchase of indigenous cows for cross cattle breeding and artificial insemination and sufficient number of good quality and high milk yielding cows for distribution to 6,000 BPL families. This resulted in unfruitful investment of ₹ 4.93 crore. A good scheme framed by the Government did not yield the intended benefit to the targeted group of poor despite huge investment and a lapse of six years.

The matter was referred (May 2010) to the Government. The reply has not been received (January 2011).

Water Resources Department

3.3.2 Undue benefit to a contractor

Sanction of secondary blasting in wet condition in the extra item rate list resulted in undue benefit of ₹ 90.49 lakh to a contractor

Construction of earth work, lining and structures in Km. 116 to 119 of Isapur Right Bank Canal was awarded (January 2007) by the Executive Engineer, Upper Penganga Project Division No. VIII, Nanded (EE) to a contractor at an agreed cost of ₹ 17.09 crore for completion in 24 months. The extension for completion of work was granted upto January 2011. The contract specified that different types of geological formation requiring increased drilling efforts, consumption of explosives, labour and use of machinery shall not be considered as reason for claim/increase in contract rates. Also, no distinction would be made due to reasons such as the material being excavated is dry, moist or in wet condition. The contract provided for excavation in hard strata by controlled blasting for 42,047 cum at the Schedule B rate of ₹ 240.65 per cubic metre (cum) based on the Irrigation Schedule of Rate (ISR) for the year 2005-06.

Scrutiny (March 2008 and March 2009) of records of the EE revealed that in two chainages, the contractor requested (July 2007) for excavation of hard strata by controlled blasting instead of ordinary blasting provided in the contract, due to presence of road and high tension electric line on either side of the canal alignment. During site inspection (September 2007), the Chief Engineer and Administrator, Water Resources Department, Aurangabad (CE) accepted the contractor's request and directed the Division to submit a proposal for controlled blasting. The EE proposed (November 2007) an extra item rate list (EIRL) for excavation in hard strata by controlled blasting at the rate of ₹ 383.65 per cum (2005-06) and ₹ 440.70 per cum (2007-08) for 42,381.56 cum and 26,302.35 cum respectively which included 42,047 cum i.e. tendered quantity. However, the proposed controlled blasting rate included additional rate of ₹ 141.21 per cum for secondary blasting with wet condition not included in CE's inspection note. The Superintending Engineer, Upper Penganga Project Circle, Nanded (SE) sanctioned (December 2007) the EIRL without considering the contract conditions. Up to June 2010, payment of ₹ 2.65 crore has been made to the contractor for a quantity of 69,006.75 cum.

Thus, irregular inclusion of rates for the secondary blasting with wet condition resulted in undue benefit of ₹ 90.49 lakh to the contractor as shown in the **Appendix 3.3**. Besides, a liability for payment of quantities to be executed at higher rate of ₹ 440.70 per cum was also created.

The EE replied (October 2008 and April 2009) that after blasting, large size lumps were excavated which could not be removed by labour/machine and extracted from canal without secondary blasting. Further, due to percolation of water from Gortha Minor Irrigation canal and nearby wells, secondary blasting in wet condition was sanctioned.

The reply was not acceptable in view of contract specifications and provision that no distinction was to be made for excavation in dry, moist and in wet condition and no additional claim was admissible for secondary blasting as per the agreement.

The matter was referred to the Government (February 2010). Reply has not been received (January 2011).

3.4 Persistent and pervasive irregularities

An irregularity is considered persistent if it occurs frequently. It becomes pervasive when it is prevailing in the entire system. Recurrence of irregularities, despite being pointed out in earlier audits, is not only indicative of non-seriousness of the Executive but is also an indication of lack of effective monitoring. Some of the cases reported in Audit about persistent irregularities have been discussed below:

Home Department

3.4.1 Inordinate delay in procurement of patrolling boats

Inordinate delay in procurement of patrolling boats defeated the Government's objective of strengthening the police force in the aftermath of "26/11 Mumbai attacks". While ₹ 34.02 crore drawn (March 2009) on abstract contingent bills remained unutilised for 21 months, expenditure of ₹ 26.48 crore rendered unfruitful, leaving the Maharashtra coast vulnerable to sea based threats.

Mention was made in Paragraph 3.4.3 of the Audit Report (Civil), 2008-09 regarding idling of patrolling boats from the year 2006 defeating the objective of the Government to strengthen coastal security of the State.

After the terrorist attack in Mumbai on 26 November 2008, the Group of Ministers[19] decided (December 2008) to purchase equipment worth ₹ 127 crore during 2008-09 for strengthening and modernising the police force in the State. Accordingly, the Government in Home Department (Department) decided (January and March 2009) to procure 29[20] patrolling boats to strengthen coastal security along the Maharashtra coast.

Audit scrutiny (March-June 2010) revealed that the State Intelligence Department (SID) invited tenders (January and February 2009) for purchase of patrolling boats *viz.*, interceptor boats (IBs) and patrol boats (PBs). Out of the 11 offers received, six were rejected due to non-fulfillment of the required specifications. Of the balance five firms, only one firm *viz.*, M/s Marine Frontiers could give demonstration for IBs and none of the firms could give demonstration for PBs. However, instead of cancelling the tenders, it was decided to give extension of two weeks to the tenders for PBs after

[19] Headed by the Deputy Chief Minister, Maharashtra

[20] 17 interceptor boats and six patrol boats for SID, Mumbai and five interceptor boats and one patrol boat for CP, Mumbai

modification of requirements. Out of the three bids received during the extended period, two firms were disqualified for non-fulfillment of the conditions. Hence, the bid of M/s Marine Frontiers (supplier), the third firm, was accepted. Accordingly, the SID negotiated the offer price with the supplier and sought (March 2009) the Department's permission to purchase the boats. Though the Department initially cancelled (March 2009) the tendering process as there was only one valid tender, it was accepted later (June 2009) on the request of the SID without giving any justification.

Meanwhile, the Department issued a Resolution on 31 March 2009 to draw ₹ 63.30 crore for procurement of 22 IBs and seven PBs. The Resolution also stated that the funds could be drawn on abstract contingent (AC) bills and as a special case; the amount drawn was to be deposited with Maharashtra Police Housing and Welfare Corporation (PHC). The drawing and disbursing officers (DDOs) were to ensure submission of the detailed contingent (DC) bills for the same within one month. A total of ₹ 60.50 crore was drawn on AC bills on 31 March 2009, out of which the DDO, SID drew ₹ 49 crore and deposited with the PHC in April 2009 and the DDO, Commissioner of Police (CP), Mumbai drew ₹ 11.50 crore and deposited in current account with a private bank.

Subsequently, the Department negotiated (June 2009) the rates with the supplier and decided to procure the IBs and the PBs through the SID. The SID awarded (18 August 2009) the contract to the supplier for supplying 29 boats at a cost of ₹ 54.20 crore including annual maintenance charges of ₹ 1.58 crore for the first three years. As per the contract, advance payment of 40 *per cent i.e.,* ₹ 21.05 crore was to be made within one month of signing the contract on obtaining a bank guarantee (BG) for an equal amount, 30 *per cent* was to be paid on receipt of engines and the balance was to be paid on successful completion of final trials. The boats were to be supplied during the period from November 2009 to June 2010. Accordingly, advance payment of ₹ 26.48 crore[21] was made (August-September 2009) after obtaining the BG for ₹ 21.05 crore.

Audit observed that only five boats were supplied as of September 2010 and there was no trained manpower to operate the boats. However, the SID had not enforced the contract condition of invoking the BG submitted by the supplier though there was a delay of 13 months in supplying the boats.

Thus, the deficiencies in tendering procedure and inordinate delay in procurement of patrolling boats defeated the Government's objective of strengthening the police force in the aftermath of "26/11 Mumbai attacks". Further, out of ₹ 60.50 crore drawn in March 2009 for the purpose, ₹ 34.02 crore remained unutilised for over 21 months and expenditure of ₹ 26.48 crore was rendered unfruitful.

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[21] Paid by the PHC on behalf of SID, Mumbai: ₹ 17 crore (August 2009), ₹ 4.76 crore (April 2010) and ₹ 0.67 crore (June 2010);
Paid by the CP, Mumbai ₹ 4.05 crore (September 2009)

In reply, the Government accepted (October 2010) that the manufacturer had delivered only five boats in September 2010 and stated that the balance boats would be delivered before April 2011. The process of recruitment of staff required for operating the speedboats would also be completed by the end of February 2011. The SID stated (January 2011) that five boats delivered were returned as these were not of the required bullet proofing level as specified in the contract.

The replies were silent about why such large amount was drawn on AC bills on the last day of the financial year while the orders for the boats were placed only five months later and not a single boat of the required specification had been delivered even after 22 months. The Government also did not explain why the contract was not terminated after the expiry of extension of completion schedule, pending which it could not provide trained manpower to handle the boats. Moreover, the objective of the Government to strengthen the coastal security on immediate basis in the aftermath of "26/11 Mumbai attacks" remained unachieved jeopardising public security.

Housing Department

Maharashtra Housing and Area Development Authority

3.4.2 Avoidable expenditure on delayed payment charges

Delay in payment of water charges resulted in avoidable expenditure of ₹ 8.63 crore towards delayed payment charges and financial liability of ₹ 48.55 crore.

Mention was made in paragraph 4.4.5 of Audit Report 2004-05 regarding avoidable expenditure on delayed payment charges of ₹ 92.53 lakh by Maharashtra Housing and Area Development Authority (MHADA) due to belated collection or non-collection of service charges in respect of tenements.

Out of 3,701 apartment buildings pertaining to Mumbai Board (a unit of MHADA) colonies at Mumbai[22], 1,737 buildings were conveyed individually to co- id not take over the liability of common water and electricity charges, the MHADA continued to be responsible for payment of water charges to the Municipal Corporation of Greater Mumbai (MCGM). The MHADA, in turn, recovered water charges from all the tenants in the form of service charges, but the amount of recovery did not match the payments made by it.

As per Rule 4.7 of MCGM's Water Charges Rules, delay in payment of water charges entailed penalty at two *per cent* per month on the unpaid dues.

[22] Andheri, Bandra, Chembur, Goregaon, Kandivali, Kurla, Oshivara and Sion

Scrutiny of records[23] (April 2010) revealed that the MHADA paid water charges to the MCGM in the form of penalty for an amount of ₹ 8.63 crore pertaining to tenements at Vikhroli for the period November 2002 to March 2009 and the balance liability towards additional charges for delayed payment of water charges as on January 2010 was ₹ 48.55 crore.

Thus, the delay in making timely payment of water charges resulted in avoidable extra expenditure of ₹ 8.63 crore.

The Department stated (October 2010) that the delay in payment was unavoidable due to the time required for verification of bills and arrangement of funds.

The reply was not tenable as the problem was persistent as delays ranged up to 44 months. The existing practice and procedure could, therefore, be reviewed and a better procedure evolved to prevent such avoidable extra expenditure.

Water Resources Department

3.4.3 Undue benefit to contractors

Incorrect inclusion of Central Excise duty on cost of steel for fabrication at work site resulted in undue benefit of ₹ 15.18 crore to contractors.

As per Central Excise Tariff 2005-06 (CET) read with general exemption notification number: 51 (with effect from 28 February 2005), the structures or parts involving iron gates or steel plates fabricated at work site for use in construction work attracts no Central Excise duty.

The work of manufacturing and erection of radial gates, hoist, goliath crane and river sluice of Lower Wardha Irrigation Project was awarded (November 2006) by the Executive Engineer, Lower Wardha Project Division, Wardha[24] to a contractor at ₹ 24.95 crore. Though schedule for completion of the work was extended from November 2008 to December 2009, it has not been completed as of November 2010.

Scrutiny (January 2009) of detailed estimate and contract documents of the work revealed that Central Excise duty at 16.32 *per cent* on the fabrication cost of the different components of steel gate was included in the rate analysis of items of Schedule 'B' of the contract. As the contractor fabricated the components of the gates from the steel plates and accessories brought to work site, he was eligible for exemption from Central Excise duty on fabrication work.

[23] Deputy Chief Officer (Estate Management 2), Mumbai Board
[24] Under the Chief Engineer (CE), Goshikhurd Project, Nagpur

Similarly, in respect of nine works executed by other four[25] divisions it was noticed (December 2008, March, July and August 2009) that Central Excise duty at 16 to 16.32 *per cent* on fabrication cost of the different components of gates were included in the rate analysis of items in Schedule 'B' of the contracts.

Thus, inclusion of the Central Excise duty on the cost of fabrication of the steel gate components without taking cognizance of the Central Excise duty exemption notification resulted in undue benefit of ₹ 15.18 crore to the contractors as shown in the **Appendix 3.4**.

The Executive Engineer, Lower Wardha Project Division, Wardha replied (January 2009) that the estimates were framed on the basis of rate analysis of the mechanical wing and after technical scrutiny by the Chief Engineer (Mechanical), Water Resources Department, Nasik and the same was sanctioned by the Chief Engineer, Gosikhurd Project (CE,GP), Nagpur. The reply was not acceptable as the Chief Engineer, (Mechanical) Nasik confirmed (March 2010) that the element of Central Excise duty as well as other taxes was shown separately in the district schedule of rates (Mechanical) and were to be included only when these were applicable. As the fabrication was proposed to be done in worksite, Central Excise duty should not have been included.

Chief Engineer, Amravati replied (February 2010) that as the rates quoted in the tender was inclusive of everything, payments of all taxes were the responsibility of the contractor. The reply was not acceptable as he was required to take cognizance of the CET while framing the estimate.

The CE, GP, Nagpur stated (November 2010) that the estimate was prepared, considering manufacturing of the gates at contractor's workshop. He also added that the Department was aware of the contractor's plan to manufacture the gates at work site for which the contractor was to incur some expenditure. The reply was not tenable as the tender condition provided fabrication at work site, as confirmed from the delivery challans indicating transportation of raw material at work site.

The Chief Engineer, Aurangabad ordered (January 2010) all EEs to get challans from the contractors in support of payment of Central Excise duty, else to recover the amount from them. The fact remains that necessary action at the time of framing the estimates was not taken.

The matter was referred to the Government (February 2010). Reply has not been received (January 2011).

[25] (i) Khadakpurna Project Division, Deulgaonraja, District Buldhana under the CE, Amravati, (ii) Medium Project Division, Latur; Minor Irrigation Division, Latur; and Nandur Madhmeshwar Canal Division No 2, Wadigodri, District Jalna, under the CE, Aurangabad

3.4.4 Extra payment to a contractor

Irregular sanction of extra item rate list for the quantities executed within 125 *per cent* of tendered quantities led to extra payment of ₹ 1.38 crore.

An extra item is a new item of work required to be executed during execution but not included within the scope of work (Schedule B) and is payable at the prevailing Current Schedule of Rates (CSR) which is termed as Extra Item Rate List (EIRL). Further, quantity of a tendered item executed in excess of 125 *per cent* of the tendered quantity would be paid at the prevailing CSR or prevailing market rate as per clause 38 of tender.

The construction of earthen dam, head regulator, spillway and allied work of Kawara Nalla Minor Irrigation Tank, District Amravati was awarded (March 2006) to a contractor at an agreed cost of ₹ 13.17 crore for completion in 24 months. The specification for construction of embankment work stipulated that the material required for construction but not available from compulsory excavation shall be obtained from prescribed borrow areas and the tender rates were inclusive of all leads and lifts and no extra payment was to be made to the contractor.

Scrutiny (January 2009) of the records of the Executive Engineer, Amravati Irrigation Division, Amravati (EE) revealed that the Schedule B of the contract provided for construction of embankment for hearting zone of 1,78,659 cubic metre (cum) and casing zone 3,30,396 cum quantity at the weighted average rate[26] of ₹ 69.26 per cum and ₹ 69.58 per cum respectively, with approved quality material available from compulsory excavation, borrow area and contractor's own material. However, during execution, the contractor had demanded (March 2006, July and November 2007) the payments of earthwork for bringing the entire material from borrow area as the excavated quantity was unsuitable for hearting and casing embankment. Accordingly, the EE proposed (April 2008) EIRL based on current schedule of rates for a quantity of 1,05,456 cum at the rate of ₹ 109.80 per cum for hearting zone and a quantity of 1,83,412 cum at the rate of ₹ 136.32 per cum for casing zone, with selected material from borrow area. The Superintending Engineer Akola Irrigation Circle, Akola accorded sanction (July 2008) to the EIRL for bringing the material from borrow area. Till February 2010, the hearting zone quantity of 1,76,631.08 cum and casing zone quantity of 3,87,096.61 cum were executed, of which 1,05,456 cum and 183413 cum respectively were paid at EIRL rate. As the item executed was a tendered item and not a new item, sanction of extra item was irregular. Moreover, the quantities executed were within 125 *per cent* of tendered quantities. Thus, an extra payment of ₹ 1.38 crore was made to the contractor in violation of the contractual condition and tendered rates as detailed in **Appendix 3.5**.

[26] The weighted average rate is the average of the rate of compulsory excavated material *plus* rate of material from borrow area/ contractors own material use in the embankment work

The EE stated (October 2009) that the material obtained from cut off trench, approach and tail channel was found to be unsuitable for construction of hearting and casing embankment and that scope of work under EIRL for hearting and casing was different and hence EIRL was sanctioned. The reply was not acceptable as the contractor was bound by tender conditions and specifications and therefore the payment was beyond the contractual terms resulting in extra payment to contractor.

The matter was referred to the Government (March 2010). Reply has not been received (January 2011).

3.5 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*. However, Audit noticed instances where funds released by Government for creating certain public assets for the benefit of the community remained unutilised/ blocked and/or proved unfruitful/ unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few such cases have been discussed below:

Agriculture Department

3.5.1 Idle investment

Supply of Urea Briquette Machines without ensuring availability of raw material and electricity connection resulted in idle investment of ₹ 1.61 crore on 115 machines.

With a view to increase food production by 15 to 20 *per cent* and reduce expenditure on chemical fertilizers by 20 to 25 *per cent*, the Commissioner of Agriculture, Pune (CoA) decided (March 2007) to supply Urea Briquette Machines costing ₹ 1.40 lakh each to Agriculture Polyclinics for production of fertiliser tablets. The machines were to run from February to May every year with a minimum production of 100 MT per season for use of these tablets during cropping season[27] of rice.

Scrutiny of records of Taluka Fruit Nursery and Agriculture Polyclinic, Paratwada, District Amravati (July 2009) and Agriculture Polyclinic, Selsura, District Wardha (November 2009) and further information collected during February and April 2010, revealed that out of 117 machines supplied (during 2006-08) by the CoA to Agriculture Polyclinics and Seed Testing Laboratories located at various tehsils/villages in four[28] out of eight divisions in the State, 115[29] machines costing ₹ 1.61 crore were not put to use since the date of their

[27] June to September
[28] Amravati, Aurangabad, Latur and Nagpur
[29] One machine each was used by Latur and Nagpur

receipt (2006-08) by the respective Agriculture Polyclinics and Seed Testing Laboratories.

The reasons for non-utilisation of machines were stated by the Divisional Joint Directors of Agriculture, Amravati, Aurangabad, Latur and Nagpur (February and April 2010) as non-availability of funds for purchase of raw material *i.e.* Urea and Di-ammonium Phosphate and three phase electricity connection. Thus, supply of machines without ensuring availability of raw material and electricity connection resulted in idle investment of ₹ 1.61 crore over a period of two years. Besides, the objective of increasing food production was not achieved.

The matter was referred to the Government (May 2010). Reply has not been received (January 2011).

Co-operation, Marketing and Textiles Department

3.5.2 Injudicious financial assistance to a Co-operative bank

Sanction of loan to a Co-operative Bank at Nanded, despite its poor financial condition and subsequent conversion of the loan and Government share capital into grant resulted in extending injudicious financial assistance of ₹ 118.50 crore to the Co-operative bank.

The Nanded District Central Co-operative Bank Limited (NDCCB) is engaged in disbursal of short and medium term crop loans to farmers. National Bank for Agriculture and Rural Development (NABARD), during inspection in March 2000, noticed that the NDCCB had negative net worth and was not complying with the minimum capital requirement specified under Clause 11(1) of Banking Regulation Act, 1949 (Act). On account of its poor financial condition, the Reserve Bank of India (RBI) also imposed (October 2005) restrictions on acceptance and refund of deposits by it.

As the NDCCB was not in a position to provide crop loans to farmers, the Maharashtra Cabinet Committee decided (December 2005) to provide loan of ₹ 200 crore (₹ 100 crore for crop loan and ₹ 100 crore for ways and means) and ₹ 20 crore as share capital to NDCCB through Maharashtra State Co-operative Bank Limited (MSCB). Despite the Government guarantee (January 2006) for ₹ 100 crore, the MSCB declined (March 2006) to disburse the loan, on the ground of unsound financial position of the NDCCB.

Scrutiny of records (April 2010) of the Principal Secretary, Co-operation, Marketing and Textiles Department (Department) revealed that the Department sanctioned (March 2007) ₹ 20 crore to the NDCCB as share capital. In order to restore normalcy in banking operations and to lift the restrictions imposed by the RBI under the Act, the Maharashtra Cabinet

Committee decided (October 2007) to further sanction a loan of ₹ 100 crore[30] at an interest of six *per cent per annum* to the NDCCB so that its functioning could start and the negative net worth could turn positive. The loan was sanctioned in March 2008. The Administrator of the NDCCB proposed (June 2009) conversion of loan of ₹ 100 crore and share capital of ₹ 10 crore into grant. The proposal was turned down by the Finance Department, Government of Maharashtra (FD) in July 2009, as the NDCCB failed to improve its financial position. But, the Maharashtra Cabinet Committee approved (August 2009) the proposal with retrospective effect from March 2008.

However, inspection report of the NABARD (September 2009) revealed that:

- the net worth of the NDCCB remained negative at the end of the year 2008-09;
- the NDCCB's crop loan disbursements were on decline during 2004-09;
- the NDCCB had not complied with the directions issued by the RBI regarding acceptance and payment of deposits; and had defaulted on repayments to the MSCB.
- the borrowing power of the NDCCB under the Act remained 'Nil'; and
- the non-performing assets as a percentage to loans outstanding increased from 58.5 *per cent* as on 31 March 2008 to 70.7 *per cent* as on 31 March 2009

Further, inspection report of the NABARD for the year 2009-10 also revealed that the disbursement of loans and advances of the NDCCB had decreased from ₹ 710.94 crore to ₹ 442.07 crore during 2008-10. The liabilities of the NDCCB also declined by ₹ 310.67 crore[31] during the period 2007-10. Deposits with NDCCB reduced from ₹ 571.68 crore to ₹ 484.12 crore. The net worth remained negative during 2009-10.

Thus, the Government assistance of ₹ 118.50 crore [32] came in useful to the NDCCB only to discharge its liabilities, but the real objectives for sanctioning of the grant *i.e,* improvement of net worth and increasing crop loan disbursements, were not achieved.

The Government replied (August 2010) that the financial position of the NDCCB had improved after conversion of loan and share capital into grant. As a result, the RBI had given relaxation in certain conditions and now bank is in a position to refund and accept deposits up to ₹ 25,000.

The reply was not acceptable as the objective of improving the financial status of the NDCCB was not achieved as discussed above and the RBI intimated

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[30] Loan repayable as ₹ 25 crore in March 2009, ₹ 25 crore in March 2010 and ₹ 50 crore in March 2011 which was further extended up to March 2010, March 2011 and March 2012 respectively.

[31] Other liabilities: ₹ 870.25 crore (2007-08); ₹ 841.75 crore (2008-09) and ₹ 559.58crore (2009-10)

[32] Converted into grant= ₹ 110 crore and interest waived ₹ 8.50 crore

(December 2010) that the restrictions imposed on the NDCCB are still in force.

Higher and Technical Education Department and Social Justice, Cultural Affairs and Special Assistance Department

3.5.3 Idle Investment

Buildings for a new Industrial Training Institute at Rahatgaon, District Amravati for Scheduled caste students, staff quarters and hostels were not used for want of necessary staff and due to unsuitable location. This resulted in idle investment of ₹ 3.57 crore.

Social Justice, Cultural Affairs and Special Assistance Department of the Government of Maharashtra accorded administrative approval (April 2004 and January 2006) for construction of buildings for a new Industrial Training Institute (ITI) for scheduled caste boys and girls (₹ 2 crore), staff quarters and hostel buildings (₹ 2.18 crore) at Rahatgaon, District Amravati. This was in addition to an existing ITI. Twelve trades were to be started in the new ITI and 32 posts were to be created. The Director (Training), Vocational Education and Training, Mumbai was responsible for recruitment of staff.

Scrutiny of records of the Principal, ITI, Amravati (Principal) and the District Social Welfare Officer, Amravati (DSWO) revealed (November 2009) that the construction work of the buildings was completed at a cost of ₹ 3.57 crore[33] and the same was handed over[34] to the DSWO between December 2007 and July 2008. However, the buildings were not used though the possession was taken by the Principal. Out of the proposed 12 trades, only five trades could be started at the existing ITI building in August 2006 and all the 32 posts were vacant as of March 2010.

Thus, failure of the Principal to occupy the buildings and failure of the Director (Training), Vocational Education and Training, Mumbai to appoint necessary staff resulted in idle investment of ₹ 3.57 crore.

The Principal stated (March 2010) that the buildings could not be occupied since these were located at an unsuitable site and that no staff was appointed. The reply was not acceptable because the Deputy Director, Vocational Education and Training, Amravati, the nodal authority of the project and the Principal were involved in the selection of the site.

Thus, due to lack of co-ordination between DSWO and Director (Training), Vocational Education and Training, Mumbai neither the ITI was operationalised fully, nor the buildings were used for the purpose for which these were constructed at a cost of ₹ 3.57 crore. The main objective of the

[33] ₹ 1.67 crore for ITI building and ₹ 1.90 crore for hostels and staff quarters
[34] ITI building in December 2007 and hostels and staff quarters in July 2008

scheme *i.e.*, development of skill of the scheduled caste boys and girls was also not fully achieved.

The matter was referred to the Government (June 2010). Reply has not been received. (January 2011).

Housing Department

Maharashtra Housing and Area Development Authority

3.5.4 Blocking of funds due to sub-standard work

Construction of sub-standard tenements and non-development of the locality by the Amravati Housing and Area Development Board resulted in blocking of ₹ 0.42 crore incurred towards construction cost and ₹ 3.23 crore recoverable from tenants towards principal and other charges.

The Amravati unit of Maharashtra Housing and Area Development Authority (MHADA) constructed 599[35] tenements at Akoli in Amravati District. Of these, 568 tenements were allotted between March 2002 and March 2003 and 31 remained vacant due to lack of demand. The allotments were made after taking an initial payment[36]while the balance amounts[37] were treated as loans bearing interest[38].

Scrutiny of records (September 2008) revealed that, after payment of monthly instalments, other charges[39] and interest amounting to ₹ 82.78 lakh upto March 2004, 551(465 EWS and 86 LIG) tenants refused further payments citing sub-standard construction work, absence of potable/ piped drinking water and non-development of locality. Inspection carried out by the MHADA (September 2004) also revealed deficiencies in construction, inadequate provision of amenities and non-development of area around the tenements. On request by the tenants, the Government instructed (April 2005) Amravati unit of the MHADA to stop the recovery till completion of development of the locality and repair of the tenements. But the Government revoked the order in March 2006 citing blockage of funds as intimated by the Chief Officer, Amravati Board. However, the tenants opposed the recovery.

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35 475 for Economically Weaker Section (EWS) and 124 for Lower Income Group (LIG) during the years 2001 and 2002 at a total cost of ₹ 4.10 crore

36 ranging between ₹ 11,031 and ₹ 25,000 per tenement

37 ranging between ₹ 40,000 and ₹ 1.25 lakh

38 ranging between 9 *per cent* and 13 *per cent* repayable in 14 to 15 years in monthly instalments ranging between ₹ 500 and ₹ 2100

39 Other charges include land rent, establishment charges, insurance.





Sub-standard tenements (6 October 2010)

The MHADA resolved (June 2008) to waive off the interest on the loan component along with delayed payment charges amounting to ₹ 1.58 crore up to March 2008 subject to approval by the Government and payment of outstanding principal amount and other charges by the tenants within six months of the waiver of interest. The Government's decision was awaited as of October 2010.

The poor quality of work and inadequate development work in the locality due to inadequate supervision by the MHADA resulted in refusal of payment of monthly instalments and other charges by the tenants. This, along with the indecision of the Government regarding the collection/waiver of interest resulted in non-recovery of ₹ 3.23 crore from tenants and blocking of ₹ 0.42 crore on construction of 31 tenements lying idle.

The Government replied (October 2010) that no objection regarding defects in construction was reported by the tenants within the specified period. As the allotment was done in the year 2002 and complaints of the tenants regarding substandard quality of construction were raised after March 2004, the allegation was not accepted. Further, steps would be initiated for recovery of the due amounts from the beneficiaries.

The reply is not convincing as the MHADA's inspection report of September 2004 accepted deficiencies in construction of tenements.

Medical Education and Drugs Department

3.5.5 Unfruitful expenditure

Execution of defective works due to inadequate monitoring resulted in unfruitful expenditure of ₹ 1.21 crore on officers' quarters lying unused for over five years and extra expenditure of ₹ 12.50 lakh for repairs to administrative building.

The Government in Medical Education and Drugs Department (Department) approved (December 1998) the proposal for construction of buildings for

Maharashtra University of Health Sciences (MUHS), Nashik in two phases[40] for ₹ 30.73 crore. The Department appointed (October 1999) M/s. Swastik Architect as its Architect-Consultant for construction works of the University Complex. The Architect-Consultant was responsible for ensuring quality of construction, rectification of defects as well as obtaining completion certificate from the Municipal Corporation. A Project Co-ordination Committee (PCC) was constituted to monitor the project and achieve co-ordination and expeditious decision.

Scrutiny (April 2010) of records of the MUHS revealed that the Architect-Consultant had failed to obtain completion certificates (CC) and water connection for the officers' quarters as documents such as plan, blueprint, work design *etc.,* were not submitted to the Nashik Municipal Corporation (NMC) by him. As a result, the officer's quarters constructed at a cost of ₹ 1.21 crore remained unoccupied since their completion in April 2005. Further, due to defective works, the NMC issued (July 2003 and November 2006) only partial CCs for the administrative and library buildings which were occupied by the MUHS in January 2005 and November 2006 respectively. Despite this, the Department on the recommendation of the Architect-Consultant directed the MUHS to release full payment to the contractor for all the buildings.

Investigation (September 2005) conducted by the Public Works Department (PWD)[41] into the defects, as requested by the Department indicated inadequate monitoring as the reason for the defective works[42]. The Chief Engineer, PWD, Nashik Circle, urged (September 2005) the Department for early action to get the works repaired as the defect liability period would expire during November/ December 2005. The defects were not rectified by the contractors during the defect liability period. However, neither the Department nor the PCC initiated any action against the Architect-Consultant for his failure to ensure the quality of work.

The Department decided (March 2008) to release ₹ 25 lakh to the PWD for urgently needed repairs, out of which an expenditure of ₹ 12.50 lakh was incurred as of January 2009.

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[40] The Phase I of the project at an estimated cost of ₹ 13 crore was divided into three packages and awarded (July 1999) to three different contractors for construction of (i) Administrative Building, (ii) Library, Guest House, Officers Quarters and (iii) Compound wall, Entrance plaza, Internal roads

[41] Vigilance and Quality Control Circle, Public Works Department, Nashik

[42] Water seepages in all the buildings and falling of ceiling plasters. The stone plastering of outer walls of administrative building and guest house was also in a precarious condition and needed urgent replacement



Officers' quarters lying unused



Defective works

The Department and the PCC also did not ensure whether the Architect-Consultant had fulfilled his supervisory responsibilities before releasing the payment to the contractor. This resulted in execution of substandard work and consequent unfruitful expenditure of ₹ 1.21 crore on the unoccupied officers' quarters. Further, the failure of the Department to get the work repaired through the contractor within the defect liability period resulted in extra expenditure of ₹ 12.50 lakh on the occupied buildings. Besides, the MUHS is also left with unusable and dangerous buildings.

The Registrar, MUHS stated (June 2010) that the MUHS had communicated to the Government and Architect-Consultant about the defective works. Further, a draft legal notice to the Architect-Consultant had been submitted (January 2008) to the Government for approval, but had not yet been finalised (July 2010) despite a lapse of more than two years.

The matter was referred to the Government (July 2010). Reply has not been received. (January 2011).

Public Health Department

3.5.6 Idle investment on construction of hospital building

Failure to ensure availability of personnel concurrently with completion of the hospital building (March 2008) at Malvani, Malad and purchase of equipment, medicines *etc.* (March 2009) in anticipation of commencement of functions, resulted in idle investment of ₹ 4.09 crore.

Public Health Department, Government of Maharashtra (PHD) while considering the demand of people's representatives for provision of better medical facilities, administratively approved (October 2003) construction of a 60 bedded hospital at Malvani (Malad), Mumbai which was completed by the Public Works Department[43] in March 2008 at a cost of ₹ 3.93 crore.

[43] Executive Engineer, Building Construction Division, Public Works Department, Mulund, Mumbai (EE)

Scrutiny of records (January 2010) of the EE and information collected (March 2010) from the Director, Health Services, Mumbai (DHS) and Deputy Director, Health Services, Mumbai Circle, Thane (DDHS) revealed that the DHS placed a request with the Government[44] only in February 2008 for sanction of 82 posts of medical and paramedical staff required for functioning of the proposed hospital. Sanction for the same is still awaited (September 2010). Meanwhile, in March 2009, furniture, machinery, medical equipment, medicines, linen, computers and printers were purchased by the DDHS at a cost of ₹ 16.89 lakh for the hospital.

Though the Municipal Corporation of Greater Mumbai issued an occupation certificate (July 2009) for the constructed hospital building and the EE requested the DDHS (August 2009) to take over the possession of the building, the DDHS did not take possession as the required posts were not filled up by the Government. On a question raised in the Legislature in March 2010, the DDHS stated that efforts were made to start the hospital by deputing medical officers/staff from Konkan region. However, the same could not be done as large number of posts in Konkan region was vacant. The purchased material was kept in the office of the DDHS and the medicines which were nearing expiry date were transferred to District Hospitals, Raigad and Thane on loan basis.

Thus, the Department's failure to ensure availability of personnel concurrently with the completion of the hospital building resulted in non-commissioning of the building costing ₹ 3.93 crore for over two years. Further, other material/equipment worth ₹ 15.51 lakh[45] remained idle for 20 months. Moreover, the targeted beneficiaries were deprived of the intended medical facilities indicating defective planning and tardy implementation of public health projects.

Joint Director, Health Services, Mumbai stated (March 2010) that due to non-sanction of the required posts by the Government, the possession of the building could not be taken. It was anticipated that the required posts would be filled in by the Government and the hospital would start functioning, therefore, necessary equipment, medicines *etc.*, were purchased from the available grant. The local people have, however, been provided medical facilities by the municipal hospital in the locality.

The argument was not acceptable as the hospital, which was constructed with the aim of enhancing the existing facilities in the area, could not achieve the objective and the fact remains that an investment of ₹ 4.09 crore is lying unutilised for want of staff support.

The matter was referred to the Government (April 2010). Reply has not been received (January 2011).

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[44] Additional Chief Secretary, Public Health Department, Mantralaya, Mumbai

[45] Out of material/equipments worth ₹ 16.89 lakh purchased, medicines costing ₹ 1.38 lakh which are nearing expiry date were transferred to other District hospitals.

Public Works Department

3.5.7 Loss to Government

Stoppage of work due to poor financial planning and Department's failure to protect Government assets resulted in loss of ₹ 1.02 crore to the Government.

The construction work of 192[46] type II Government residential quarters at Ravi Nagar and Mental Hospital Transit Premises in Nagpur (MHTP) was awarded (August 1997) by the Executive Engineer, Integrated Unit (Medical) Public Works, Nagpur (EE), to a contractor at an agreed cost of ₹ 3.99 crore for completion in 24 months which was extended upto March 2004.

Scrutiny of the records (October 2009) of EE revealed that since the commencement of work, the provision of funds was inadequate due to which the contractor could not maintain the progress of work. After completing the work valuing ₹ 1.26 crore within the stipulated period, the contractor stopped the work at MHTP in March 2004. After stoppage of the work, theft of doors, windows frame, grills, kitchen platform, wash basin, *etc* took place between June 2004 and July 2006, which was reported to police by the EE. The issue of theft and damages to the building at MHTP was also raised (November 2005) in the State Legislative Assembly (LA). The Superintending Engineer, Public Works Circle, Nagpur (SE) informed (February 2006) the LA that the contractor was responsible for handing over the building after rectifying the omissions and therefore, there was no loss to the Government.

The contractor's request (October 2005) for withdrawal of the work under contract clause 15(2)[47] was also recommended by EE to SE in January 2006. However, the SE forwarded the withdrawal proposal to the Chief Engineer, Public Works Region, Nagpur (CE) only in April 2007 which was accepted in June 2007. The revised estimate of ₹ 2.83 crore for the balance work including damaged portion[48] was awarded (November and December 2007) to five contractors. The rectification of damaged works were completed (March, July 2010) at a cost of ₹ 1.02 crore.

Thus, poor financial planning led to stoppage of work by the contractor, and the Department's failure to protect the assets after the contractor left the work incomplete resulted in loss of ₹ 1.02 crore to the Government.

The EE stated (October 2009 and April 2010) that the work was lingering due to paucity of funds and that FIRs were lodged every time thefts occurred. He further added (December 2010) that there were reasons on record regarding delay in withdrawal of work.

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[46] 64 quarter at Ravi nagar and 128 quarter at mental hospital transit premises

[47] Clause 15(2) - The contractor shall be deemed to have been discharged from his obligations to complete the remaining unexecuted work under the contract.

[48] Assessed by SE in August 2007 at ₹ 83.67 lakh

The reply was not acceptable as work was withdrawn under clause 15 (2) with no liability to the contractor which indicated that the Department was responsible for premature stoppage of work. Besides, the Department did not take necessary steps to protect its assets.

The matter was referred to the Government (July 2010). Reply has not been received (January 2011).

Water Resources Department

3.5.8 Idle investment

Two Lift Irrigation Schemes remained incomplete for more than a decade despite an investment of ₹ 4.22 crore due to failure to get electric connection and repairs to pumps and other electrical machineries.

The Ankhoda Lift Irrigation Scheme (LIS) on Deotari Nala in Chamorshi Taluka, District Gadchiroli, was administratively approved by the Government in October 1992 for ₹ 46.05 lakh to generate an irrigation potential of 570 hectares (Ha) of land. The project was revised subsequently in December 2004 for ₹ 2.80 crore. The work was started in April 1993 and was nearly completed in June 2007 at a cost of ₹ 2.73[49] crore except the work of cable and delivery pipes worth ₹ 0.26 lakh and repairs to panel board, transformer and pumps. Audit observed (May 2008 and March 2009) that though construction of pump house was completed in October 2005, the pumps were not installed as of January 2011. Due to passage of time, the pumps got rusted and the transformer and panel board needed repairs before its installation. The Deputy Engineer, Lift Irrigation Mechanical Sub-Division No.3, Chandrapur assessed (November 2009) the cost of repairs to the pumps and allied equipments at ₹ 32.84 lakh. However, no repairs were carried out and the LIS remained incomplete. As a result, no irrigation potential could be created as of January 2011 and no irrigation benefits could accrue to the beneficiaries despite spending ₹ 2.73 crore.

The Executive Engineer, Irrigation Division, Gadchiroli stated (January 2011) that repairs of pumping machinery, panel board and transformer was completed and installation of pumping machinery would be done by May 2011 after supply of electricity at the work site.

In another case, the Zendeanjan LIS, Taluka Shirpur, District Dhule was administratively approved by the Government in July 1999 for ₹ 1.11 crore to generate an irrigation potential for 321 Ha of land. The project was revised in January 2002 for ₹1.67 crore. The main work[50] was awarded (July 1999) on lump sum contract for ₹ 99.55 lakh and distribution system (August 2005) for

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[49] Main work- ₹ 84.47 lakh, Canal- ₹ 109.77 lakh, Pumping Machinery and Electricity– ₹ 24.96 lakh, Miscellaneous and work charge establishment- ₹ 5.72 lakh, Centage charges- ₹ 43.56 lakh and land acquisition-₹ 4.95 lakh = Total ₹ 273.43 lakh

[50] Main work included Intake chamber, Inlet pipe, Jack well cum pump house, Raising main, Delivery chamber, Land acquisition and pumping machinery.

₹ 24.82 lakh to a contractor by the Executive Engineer Minor Irrigation Division Dhule (EE). The works of LIS including distribution system were completed at a cost of ₹ 1.38 crore (May 2007). However, pumps installed in July 2000 remained to be tested as of July 2010 for want of electric supply which was supplied in May 2010. Despite EE's request (July 2000) for supply of electricity to the Superintending Engineer, Maharashtra State Electricity Board, Dhule (MSEB) and depositing ₹ 10.95 lakh (April 2002 and December 2008), the electric supply was made available only in May 2010 and testing was in progress till December 2010. Thus, the LIS remained incomplete although a period of more than 10 years had elapsed since the commencement of work in July 1999 and no irrigation benefits accrued to the beneficiaries despite spending of ₹1.49 crore.

The EE replied (January 2011) that the civil works were completed and testing of electrical parts and rising main was completed by sub-division at Shirpur. The reply was not acceptable as the sub-division's report showed that testing was in progress and could not be completed because of shortage of water. Besides, irrigation could not start till December 2010.

Thus, for want of small repairs and supply of electricity, an expenditure of ₹ 4.22 crore incurred on two LIS was rendered unfruitful. The objective of providing irrigation facility to 891 Ha of land of various beneficiaries also remained unfulfilled even after a decade.

The matter was referred to the Government (June 2010). Reply has not been received (January 2011).

3.5.9 Avoidable payment to contractor

Delay in settlement of contractor's claims, failure to observe the provision of Arbitration and Conciliation Act, 1996 and advice of legal advisor not to contest the arbitration award resulted in avoidable payment of ₹ 2.75 crore on account of interest.

As per the Arbitration and Conciliation Act, 1996 (Act), an Arbitrator has the power to award interest for the period under arbitration as well as future interest which should be reasonable.

Scrutiny (June 2009) of the records of the Executive Engineer, Majalgaon Canal Division No.VII, Gangakhed, District Parbhani (EE) revealed that a canal work[51] commenced in 1989 was completed in March 1998 and EE paid ₹ 2.37 crore upto March 1999 to the contractor for the work. The contractor had submitted (November 1994) 20 claims for ₹ 1.61 crore, which were rejected by the EE on the ground that nine claims were not acceptable and eleven claims were not in accordance with the tender conditions. The contractor appealed in December 1994 to Superintending Engineer, Jayakwadi Project Circle, Aurangabad (SE) and in August 1995 to Chief Engineer,

[51] Construction of earthwork, structures and selective lining on Minor no 40 at RD 78,630 metre and Distributory No. 41 at RD 79,440 metre of Majalgaon Right Bank Canal awarded (February 1989) at a tendered cost of ₹ 55.60 lakh.

Command Area Development, Irrigation Department, Aurangabad (CE). In the meeting held in October 1995, the CE discussed the claims and directed the EE and the contractor to submit detailed information and evidence such as proof for idleness of labour, material purchases, machinery, removal of silt, execution of more quantities etc. However, the matter remained unresolved, though it was under correspondence between CE and contractor upto November 2002 regarding claims, clarifications and demand. In November 2002, the contractor requested CE to appoint a sole Arbitrator under clause 53 of the contract. As the CE did not take any action within the stipulated period of 30 days i.e. till December 2002, the contractor appointed (January 2003) a sole Arbitrator[52] in terms of contract clause 53 to resolve his claims. After hearing both the parties, the Arbitrator accepted nine claims and declared the award (November 2004) in favour of the contractor for ₹ 3.92[53] crore inclusive of interest at the rate of 18 *per cent* for the period from April 1998 to November 2004.

On this, the legal advisor of Godavari Marathwada Irrigation Development Corporation, Aurangabad (GMIDC) advised (February 2005) not to contest the arbitration award and to try to reduce the award amount by negotiation. Accordingly, a meeting was held (May 2005) between Executive Director, GMIDC and the contractor. The contractor offered (May 2005) full and final settlement for ₹ 3.92 crore to be paid before 30 June 2005. However, the Governing Council of GMIDC requested (October 2005) the contractor for acceptance of principal amount (₹ 1.78 crore) and interest at the bank fixed deposit rates prevailing at that time. Meanwhile, the contractor filed (August 2005) execution petition in the District Court, Parbhani due to failure of the Department to make the payment pursuant to the award. The EE filed (March 2006) reply in the District Court (DC) objecting to executability of the award due to lack of inherent jurisdiction. The DC rejected (July 2006) the objection filed by the EE stating that the arbitration award was executable under clause 53 of tender. On this, a writ petition was filed in the High Court (HC), Aurangabad (August 2006) on the ground that the claim filed by the contractor was time barred by limitation and due procedure was not followed in the appointment of Arbitrator to decide the claim. The HC viewed (October 2007) that no interference in the impugned order was warranted. A special leave petition was filed by GMIDC in the Supreme Court of India which was also dismissed (March 2008) in view of the order passed by the HC. Accordingly, an amount of ₹ 4.40 crore was deposited (May 2008) in the DC. The DC passed (08 April 2009) an order on execution petition and final payment of ₹ 6.67 crore inclusive of the amount deposited was made (19 April 2009) to the contractor.

Thus, failure of the Department to dispose of the contractor's petition in time and observe the provision of the Act and legal advice resulted in avoidable payment of ₹ 2.75 crore (₹ 6.67 crore - ₹ 3.92 crore) on account of interest for the period from 01 December 2004 to 19 April 2009.

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[52] SE, Irrigation Project circle, Beed

[53] Principal amount ₹ 1.78 crore + interest ₹ 2.14 crore + award fees ₹ 0.40 lakh = ₹ 3.92 crore

The EE stated (March 2010) that the contractor had not accepted the compromise proposal. The reply was not acceptable in view of the clear provisions of the Act, suggestion of legal advisor and delay in settling the payment issue in time.

The matter was referred to the Government (May 2010). Reply has not been received (January 2011).

Water Supply and Sanitation Department

Maharashtra Jeevan Pradhikaran

3.5.10 Idle investment on a water supply scheme

Augmentation to water supply schemes in Tasgaon taluka completed (July 2004) at a cost of ₹ 22.21 crore remaining idle for the last six years due to non-utilisation.

Maharashtra Jeevan Pradhikaran (MJP) is an autonomous body of the State Government primarily for planning and execution of drinking water supply schemes in the State. The schemes are executed by the MJP on behalf of Municipal Corporations/Municipal Councils (MC)/Zilla Parishads (ZPs)/ Gram Panchayats (GPs) with Government grants, loans and popular contribution from local bodies. The Schemes, on their completion are handed over to the concerned local bodies for further operation and maintenance. As per Resolution issued by the Government in Water Supply and Sanitation Department (August 2005), the completed water supply schemes, if not taken over by the concerned ZP/VP, should be run and maintained by the MJP.

Scrutiny of records (November 2007) of the Executive Engineer (EE), MJP Works Division, Sangli and further information collected (January 2009) revealed that the augmentation to Savlaj and four other Regional Rural Water Supply (RRWS) schemes[54] (Phase I) in Tasgaon taluka of Sangli District was granted administrative approval (October 2003) by the Government for ₹ 25.20 crore. The scheme was meant for augmentation of the five RRWS schemes by providing water from Krishna River as source, since the Sidhewadi and Lodhe Minor Irrigation tanks which were the sources for the schemes had dried up. It was also meant to be a permanent solution to the drinking water scarcity of Tasgaon taluka which were fed by tanker water during seven to eight months in a year.

The scheme was awarded for ₹ 18.03 crore[55] during January - February 2004 with a stipulated period of completion of four months. The works were completed (May 2004 to July 2004) after incurring an expenditure of ₹ 22.21 crore. The trial run of the scheme was carried out during May 2004 and July

[54] Arawade, Banurgad, Jadhav wade and Ped Sawarde

[55] ₹ 1.29 crore (Group I), ₹ 1.74 crore (Group II), ₹ 12.61 crore (Group III), and ₹ 2.39 crore (Group IV)

2004. In February 2006, the ZP, Sangli requested the MJP to run the scheme. However, the MJP also did not run the scheme though stipulated in terms of the August 2005 Resolution. Thus, the infrastructure created under the scheme was lying idle since July 2004.

The Government replied (January 2009) that the scheme was designed to run during scarcity, as Sangli District falls under drought prone area. Since the rain fall in Sangli area was quite satisfactory from the year 2004 onwards; the scheme was not used. Further, it was considering a proposal (January 2008) submitted by the MJP to utilise the Savlaj RRWS scheme for augmenting five other schemes, which were facing water shortage.

The CE accepted (August 2010) that the expenditure incurred on the scheme remained idle. However, the reply was silent about utilisation of the scheme during droughts of 2008 and 2009. The fact remains that the scheme constructed at a cost of ₹ 22.21 crore as a permanent solution to the drought prone areas remained idle for over six years and piped potable water supply remained an elusive goal for the population of Tasgaon taluka.

3.5.11 Unfruitful expenditure on underground drainage scheme

Execution of an underground drainage scheme by Maharashtra Jeevan Pradhikaran without ensuring loan from financial institution resulted in delay in completion of the work for over five years. Besides, the envisaged civic benefits could not be extended to the people even after incurring an expenditure of ₹ 5.71 crore.

Government of Maharashtra, Water Supply and Sanitation Department (Department) accorded (September 1999) administrative approval (AA) for Sangli Underground Drainage Scheme Stage I, Phase I[56] of Sangli Miraj and Kupwad Municipality Corporation (Corporation) for ₹ 8.80 crore. The work was to be executed by the Maharashtra Jeevan Pradhikaran (MJP), Works Division, Sangli. Funds required for the work were to be raised by way of grant-in-aid from the Department (23.33 *per cent i.e.,* ₹ 2.05 crore), loans from financial institutions (66.67 *per cent i.e.,* ₹ 5.87 crore) and popular contribution (10 *per cent i.e.,* ₹ 88.05 lakh). It is the statutory responsibility of the MJP to raise loans from financial institutions for sewerage schemes. Accordingly, the Department sanctioned (September 1999) grant-in-aid of ₹ 2.05 crore and released the same to the MJP in May 2000. The MJP also received popular contribution of ₹ 0.88 crore[57] from the Corporation.

The Chief Engineer (CE), MJP, Pune Division accorded (January 2000) technical sanction (TS) for the work which was awarded (April 2001) to a contractor for ₹ 6.56 crore, without ensuring availability of funds. The work was to be completed in 36 months. The MJP subsequently raised (2002-03)

[56] Scope of the work involved providing, lowering, laying RCC pipes for primary and major secondary sewerage branches of sewer

[57] Popular contribution ₹ 88.05 lakh (₹ 65 lakh during 2001-02 and ₹ 23.05 lakh during 2002-03)

₹ 1.42 crore only as loan from the Life Insurance Corporation (LIC) against a demand of ₹ 2.42 crore, in view of the poor financial condition of the Corporation. Meanwhile, the contractor stopped the work in May 2005 due to paucity of funds. The work of laying of sewer lines (value: ₹ 4.77 crore) only was completed and ₹ 4.58 crore was paid up to April 2005. The MJP incurred a total expenditure of ₹ 5.71 crore[58] on the work including ₹ 1.36 crore from its own fund.

As the drainage water from the incomplete scheme spread to the adjoining road and populated areas, the Corporation decided (December 2006) to take over the scheme as it was and complete the balance work from its own sources. The EE of the Corporation requested (January 2007) the MJP to handover the work as it was along with an undertaking about the work executed. In November 2009, the Corporation requested the MJP to furnish a survey report on the status of work before taking over the project; but the MJP did not submit the same. The MJP has not handed over the scheme as expenditure of ₹ 1.36 crore incurred from its own source has not been repaid by the Corporation as of July 2010.

Thus, commencement and execution of the scheme by the MJP without tying up the necessary finances resulted in non-completion of the scheme for over five years and unfruitful expenditure of ₹ 5.71 crore. Besides, lack of co-ordination between the Corporation and the MJP resulted in denial of civic benefits to the residents of the municipal area despite their personal contribution.

The Commissioner, Corporation stated (November 2010) that the MJP has been asked to hand over the executed work along with a quality assurance certificate about the work executed.

The Government replied (January 2011) that the work could not be completed for want of loans from financial institutions. Further, the MJP being a Government organisation is not required to provide any quality assurance for works executed.

3.6 Regulatory issues and other points of interest

3.6.1 Outstanding Inspection Reports, Departmental Audit Committee Meetings, Follow-up on Audit Reports and Action Taken Notes

Failure to enforce accountability and protect the interests of Government

Outstanding Inspection Reports

The Pr. Accountant General (Audit) arranges conduct of periodical inspections of Government departments to test-check their transactions and verify the

[58] Payment to contractor ₹ 4.58 crore + Contingencies ₹ 28.15 lakh + Establishment and Tools & Plant charges: ₹ 85.07 lakh = ₹ 5.71 crore, which included ₹ 1.36 crore from its own fund

maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) which are issued to the heads of the offices inspected with copies to the next higher authorities. Half yearly reports of pending IRs are sent to the Secretaries of the concerned departments to facilitate monitoring of action taken on the audit observations included in these IRs.

The IRs issued up to December 2009, pertaining to 27 departments, disclosed that 20,558 paragraphs relating to 7,414 IRs were outstanding at the end of June 2010. Year-wise position of the outstanding IRs and paragraphs are detailed in the **Appendix 3.6**.

Departmental Audit Committee Meetings

In order to settle the outstanding audit observations contained in the IRs, Departmental Audit Committees have been constituted by the Government. During 2009-10, 9[59] out of the 27 departments convened 13 Audit Committee Meetings. Out of 1,474 paras discussed in the meetings, 753 paras were settled.

For ensuring prompt compliance and early clearance of the outstanding paragraphs, it is recommended that the Government should address this issue seriously and ensure that an effective procedure is put in place for (a) taking action against the officials who fail to send replies to IRs/paragraphs as per the prescribed time schedule, (b) recovering losses/outstanding advances/ overpayments pointed out in audit in a time bound manner and (c) revamping the system of responding to audit observations.

Follow up on Audit Reports

According to instructions issued by the Finance Department in March 1981, administrative departments were required to furnish Explanatory Memoranda (EMs) duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs included in the Audit Reports, within one month of presenting the Audit Reports to the State Legislature. The administrative departments did not however, comply with these instructions. The EMs in respect of 174 paragraphs/reviews for the period from 1988-89 to 2008-09 have not yet been received. The position of outstanding EMs from 2001-02 to 2008-09 is indicated in **Table 1**.

[59] Agriculture, Animal Husbandry, Dairy Development and Fisheries, General Administration, Higher and Technical Education, Law and Judiciary, Public Works, Revenue and Forests, Rural Development and Water Conservation, School Education and Water Resources.

Table 1: Position of outstanding explanatory memoranda

Audit Report	Date of tabling the Report	Number of Paragraphs and Reviews	Number of EMs received	Balance
2001-02	22 July 2003	51	46	5
2002-03	8 July 2004	48	38	10
2003-04	21 July 2005	48	33	15
2004-05	18 April 2006	39	32	7
2005-06	17 April 2007	38	31	7
2006-07	25 April 2008	47	26	21
2007-08	12 June 2009	51	22	29
2008-09	23 April 2010	32	6	26
Total		**354**	**234**	**120**

In addition to the above, EMs in respect of 59 paras relating to the period prior to 2002-03 were also outstanding. Department-wise details are given in **Appendix 1.1**.

Action Taken Notes

The Maharashtra Legislature Secretariat (MLS) Rules stipulate that Action Taken Notes (ATN) on the recommendations of the Public Accounts Committee (PAC) on those paragraphs of the Audit Reports that are discussed are required to be forwarded to the MLS duly verified by Audit. Likewise, ATNs indicating remedial/corrective action taken on the paras that are not discussed are also required to be forwarded to the PAC duly vetted by Audit. It was observed that there were inordinate delays and persistent failures on the part of a large number of departments in forwarding the ATNs on audit paragraphs. Year-wise details of such paragraphs are indicated in **Table 2**.

Table 2 : Position of outstanding action taken notes

Audit Report	Total number of paras in the Audit Report	Number of paras		ATN awaited in respect of paras	
		Discussed	Not discussed	Discussed	Not discussed
1985-86 to 1997-98	862	151	711	98	705
1998-99	47	10	37	10	37
1999-2000	55	7	48	4	48
2000-01	43	8	35	8	35
2001-02	51	9	42	9	42
2002-03	48	8	40	8	40
2003-04	48	2	46	2	46
2004-05	39	15	24	15	24
2005-06	38	1	37	1	37
2006-07	47	1	46	1	46
2007-08	51	–	51	–	51
2008-09	32	–	32	–	32
Total	**1,361**	**212**	**1,149**	**156**	**1,143**

CHAPTER IV

CHIEF CONTROLLING OFFICER BASED AUDIT OF GOVERNMENT DEPARTMENTS

4.1 Audit of Animal Husbandry Department

Executive summary

Development and protection of livestock are the primary objectives of the Animal Husbandry Department. Major activities of the Department include genetic improvement of livestock to increase productivity, prevention and control of livestock diseases, scientific research on breeding and feeding of livestock, poultry development and providing assistance to the weaker sections of the society, particularly in suicide prone and drought prone areas.

Audit of the Department for the period 2005-10 revealed institutional weaknesses in planning, implementation, monitoring as well as internal controls. Non-compliance with the rules and orders resulted in deficiencies in financial management, utilisation of assets and material management. Delivery of veterinary services, cattle and poultry development and providing assistance to the poor were far from satisfactory.

The Department did not chalk out annual plans for various activities/schemes though a five year plan for 2007-12 was prepared. Budget estimates for Plan schemes were finalised without obtaining inputs from the field offices. Budgetary grants were surrendered or lapsed due to deficient budgetary management. Grants were released to the Zilla Parishads without ensuring utilisation of grants paid earlier. In many cases, reconciliation of cash book balances with bank balances and surprise cash verification were not done.

Equipment procured for manufacturing vaccines, for analysis of blood samples and for measuring impurities in animal feed were lying idle due to poor planning, lack of trained manpower and chemical reagents. Central assistance for modernisation of laboratories remained unutilsed The Department did not have sufficient stock of life saving drugs. The targets set for castration, vaccination, operation and infertility treatment were not achieved.

Monitoring of the recovery of loans paid to poultry societies was deficient. The objectives of special package for drought prone areas were not achieved due to poor monitoring. Acute shortage of supervisory officers and Livestock Development Officers had adverse affect on delivery of veterinary services.

4.1.1 Introduction

The Mission of Animal Husbandry Department (Department), Government of Maharashtra (GoM) is to attain sustainable development and welfare of livestock through building a progressively modern and dynamic livestock-linked agricultural economy with continuously expanding production-base of milk and other forms of animal products. The objectives of the Department were as under:

- genetic improvement of livestock by scientific intervention to bring about increase in productivity;
- prevention and control of livestock diseases;
- encourage development and growth of poultry industry;
- create and maintain a "disease-free status" of major production areas to boost export of livestock products; and
- to create gainful self-employment to the weaker sections of the society.

During the recent past there were reports of outbreak of *Avian Influenza* (Bird Flu), huge payment of compensation to poultry owners, cases of farmer suicides and special package granted to suicide prone districts and deficiencies noticed during local audits. It was, therefore decided to examine the functioning of Animal Husbandry Department.

4.1.2 Organisational set up

The Secretary to Government of Maharashtra, Animal Husbandry, Dairy Development and Fisheries Department (Secretary) is the Chief Controlling Officer (CCO) and the head of the Department. The Commissioner, Animal Husbandry, Pune (Commissioner) is responsible for implementation of various programmes of the Department in the State. The State is divided into seven regions and each region is headed by a Regional Joint Commissioner, (RJC). At the district level, District Deputy Commissioner, (DDC) monitors the State sector activities while the local sector[1] activities are controlled by the District Animal Husbandry Officer (DAHO), Zilla Parishad (ZP). There is an Assistant Director of Accounts in the Commissionerate, who is responsible for overall financial control of the Department. There are 255 Drawing and Disbursing Officers in the Department.

The Central and State schemes are implemented by the State sector. The District schemes are implemented through ZPs, after the same are approved by District Planning and Development Committees[2] (DPDCs). Implementation of schemes and utilisation of grants by ZPs are monitored

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1 Local sector : Zilla Parishads, Panchayati Raj Institutions *etc.*

2 Chairman: Guardian Minister and Member Secretary: District Collector

during assessment of grants by the Commissioner/RJCs. The ZPs submit monthly expenditure statements to the Commissionerate.

The following organisations assist the Department in carrying out its activities:

- Disease Investigation Section (DIS) in Pune and seven Regional Disease Investigation Laboratories (DILs);
- District Veterinary Polyclinics and Taluka Veterinary Polyclinics (200);
- Grade I and II Veterinary Dispensaries (4,468) and mobile Veterinary Clinics (65);
- Institute of Veterinary and Biological Products at Pune (IVBP); and
- Maharashtra Live Stock Development Board (MLDB).

4.1.3 Audit objectives

The audit objectives were to assess whether:

- a livestock policy was framed, perspective plan was prepared for achieving the Department's objectives in a phased manner and the planning process was efficient;
- an effective monitoring system was in place and the internal controls were adequate;
- the funds provided were adequate, the financial management was in accordance with the financial rules and the budgetary procedure and financial reporting system was efficient ;
- the assets were effectively and efficiently maintained and periodical census of livestock was conducted;
- the Central and State Plan schemes were implemented on time with economy and efficiency and as per guidelines prescribed; and
- the human resources to meet the departmental mandate are optimum and also utilised optimally.

4.1.4 Audit criteria

The audit criteria adopted for bench marking the audit findings were:

- Rules, Notifications, Guidelines and instructions issued by the State and Central Governments from time to time;
- Maharashtra Budget Manual;
- Maharashtra Treasury Rules, 1968;
- Bombay Financial Rules, 1959;

- Maharashtra Contingent Expenditure Rules, 1965; and
- Departmental Manual for Office Procedures.

4.1.5 Scope and methodology of audit

The offices of the Secretary and the Commissioner and four out of the seven RJCs[3] were selected for audit. Nine[4] districts in the selected four regions were identified for audit. In each selected district, a minimum of four units (two polyclinics under DDC and two Veterinary Dispensaries under DAHO, ZP) were selected along with the DDC and DAHO, ZP. The IVBP, DIS, the Assistant Commissioner of Animal Husbandry, Statistical Survey, Assistant Commissioner of Animal Husbandry, Central Hatchery, Pune and MLDB were also covered in audit. Records of 64 units including 35 DDOs were test-checked in the ten selected Districts (**Appendix 4.1**).

The CCO based audit of the Department was conducted during April-July 2010 and records for the period from 2005-06 to 2009-2010 were test-checked. Audit of the units under ZP was restricted to the period from 2007-08 to 2009-10 as records pertaining to earlier years were not made available. Audit objectives and the scope of audit were discussed with the Secretary in an entry conference held on 28 April 2010.

Audit findings were discussed with the Secretary in the exit conference held on 19 October 2010. The Department's replies to the audit findings were incorporated at appropriate places.

Audit findings

Institutional weaknesses

Defined mandate covering the areas of activities with objectives and goals supported by policy framework and planning based on reliable inputs, allocation of budgetary and human resources, internal control and monitoring mechanism are essential requirements for successful functioning of a Department. The institutional arrangements of the Department and weakness noticed in audit are discussed in succeeding paragraphs.

[3] Amravati, Aurangabad, Nashik and Pune Regions

[4] Akola, Amravati, Aurangabad, Jalna, Nandubar, Nashik, Pune, Sangli and Yavatmal

4.1.6 Planning

Though five year plan was prepared for 2007-12, it was not split into annual plans. Detailed plans were not chalked out for various activities of the Department

In order to achieve the Department's objectives and to ensure good governance with a cohesive approach towards animal husbandry, a State policy on various issues was required to be framed and perspective and annual plans were required to be drawn up for execution of various schemes.

On an audit enquiry, the Commissioner intimated that there was no perspective plan for implementation of various activities/schemes of the Department. Audit observed that a five year plan was prepared (February 2007) for 2007-12 by a study group appointed by the Government in January 2007. However, the five year plan was not segregated into annual plans and there was no detailed plan for various activities of the Department.

As per the mid-term review report of the five year plan for 2007-12, ₹ 88.69 crore (34 *per cent*) was spent on Plan outlay upto 2008-09 *i.e.,* in two out of five years.

Thus, it is evident that the Department functioned without any perspective plans and detailed programmes, as also reflected in the Commissioner's statement to Audit.

4.1.7 Monitoring mechanism and internal controls

4.1.7.1 Non-reconciliation of salary cash books with bank accounts

Twelve out of 35 DDOs test-checked did not reconcile cash book balances with bank balances

In August 2005, the Finance Department decided to distribute salary of employees through banks. Accordingly, the DDOs were directed to open a zero balance current account in any of the 14 notified banks from which transactions of pay and allowances only would be made. The DDOs are required to maintain a separate cash book for such transactions. At the end of each month, closing balances of cash book and bank statement are to be reconciled and certificate to that effect is to be recorded in the cash book. The DDOs are also to maintain a register of cheque books obtained from bank and submit a quarterly statement to the DDOs regarding delay in payment of salary by bank to employees.

Test-check (April-June 2010) of the records of 35 selected DDOs revealed that 12 DDOs did not reconcile the cash book balances with bank balances. Further, the DDOs did not maintain separate salary cash books and cheque registers to ensure timely disbursement of the salary. Total unreconciled balance in banks in respect of 12 units amounted to ₹ 44.84 lakh (**Appendix 4.2**).

During the exit conference, the Secretary stated (October 2010) that the Department had already instructed (September 2010) the DDOs concerned to reconcile the cash book balances with bank accounts.

4.1.7.2 Non-submission of required documents against advances drawn

The Department had not taken any action against the employees for non-submission of documents in support of utilisation of various advances

As per provisions of Bombay Financial Rules (BFRs), specified documents were to be submitted by the employees after sanction of various advances. As per the instructions contained in the Government Resolutions (GRs) of the Finance Department (January 2000), in case of non-fulfillment of the conditions stipulated in the sanction, the amount of advance should be recovered in lump sum along with penal interest.

Scrutiny (April-June 2010) of records of four selected RJCs[5] revealed that house building advances (HBA), motor car advances (MCA) and computer advances (CA) amounting to ₹ 18.61 crore were sanctioned to 914 employees during the period 2005-06 to 2009-10 (**Appendix 4.3**).

Though the required documents[6] were not furnished by the respective employees, no penal action was taken by the RJCs.

During the exit conference, the Secretary stated (October 2010) that instructions were issued to heads of the offices and the DDOs concerned to collect and scrutinise the required documents and initiate necessary action against the defaulting employees.

4.1.7.3 Surprise verification of cash

As per Rule 55 of the BFRs, surprise verification of cash balances was required to be conducted by the heads of offices at least once in a month to ensure that the balances in the cash books were physically available and no money had been misappropriated even temporarily.

Test-checks of the records (April-June 2010) in seven[7] out of 35 DDOs revealed that no surprise verification of cash balance was conducted by the heads of offices during the period 2005-10.

During the exit conference, the Secretary stated (October 2010) that the Department had instructed (September 2010) the DDOs concerned to verify the cash balances as per the provisions.

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5 Amravati, Aurangabad, Nashik and Pune,

6 **HBA:** -Agreement in Form A-1/A-2 of BFRs, purchase deed, mortgage deed in Form B-1/B-4, stamped receipt of payment, insurance of the property, utilisation certificate; **MCA:** -Agreement in Form-20 of BFRs, purchase receipt of vehicle, registration book, insurance policy, utilisaiton certificate; **CA:** Agreement in Form-20 of BFRs, proof of purchase, mortgage deed, insurance policy *etc.*

7 Commissioner of Animal Husbandry, Pune, Joint commissioner of Animal Husbandry, Amravati Region, Amravati, Joint Commissioner of Animal Husbandry , Diseases Investigation Section, Pune, District Deputy Commissioner of Animal Husbandry, Pune & Sangli, and Nashik Region, Joint Commissioner of Animal Husbandry IVBP, Pune

4.1.7.4 Maintenance of important registers/records

Monthly abstracts of bills were not drawn up by 6 DDOs and physical verification of dead stock articles was not done by 4 DDOs out of 35 test-checked

As per note 3 under Rule 277 of the Maharashtra Treasury Rules, 1968 (MTRs), the DDOs of the Department were required to review the register of bills every month with a view to watch the actual receipts against the bills submitted to the treasury/sub treasury and also on 31 March 2010 to prevent submission of fraudulent bills, if any.

It was noticed that six[8] out of the 35 DDOs test-checked (April-June 2010) did not conduct any such review of the Bills Register during 2005-10, as required under the MTRs. In the absence of monthly abstract in Bill Register, Audit could not verify the status of bills presented to the treasury to ascertain that no duplicate bills were presented and passed.

Further, as per the provisions contained in Maharashtra Contingent Expenditure Rules 1965, physical verification of dead stock articles was required to be carried out in June every year and a certificate to that effect was to be recorded in the register by the head of office. This had not been done in four[9] units during the audit period. In the absence of physical verification of Dead Stock Register by the head of the office, Audit could not ascertain whether the physical balances of dead stock articles agreed with the book balance.

During the exit conference, the Secretary stated (October 2010) that the Department had instructed (September 2010) the DDOs concerned to maintain the bill registers and dead stock registers as per the provisions.

4.1.7.5 Internal audit

There was 69 *per cent* shortfall in internal audit during 2009-10

Internal audit Wing, headed by the Assistant Director of Accounts, works under the Commissioner. Out of 13 posts sanctioned (May 2004) for Internal audit Wing, seven posts were lying vacant as of April 2010. Though the Commissioner fixed the periodicity of internal audit in March 2007, the internal audit was in arrears as shown in **Table 1**:

[8] Assistance Commissioner of AH, Central Hatchery, Pune; DDC of AH, Sangli; Joint Commissioner of AH, DIS, Pune; Joint Commissioner of AH, IVBP, Pune and Regional Joint Commissioner of AH, Amravati & Pune

[9] Assistant Commissioner of AH, Central Hatchery Pune; DDC of AH, Pune; Joint Commissioner of AH, DIS, Pune and Joint Commissioner of AH, IVBP, Pune

Table 1: Arrears of internal audit

Sl No.	Name of the Office/Units	No. of units	Norms fixed (units per year)	Number of units in which internal audit was in arrears		
				2007-08	2008-09	2009-10
1	District Deputy Commissioner of Animal Husbandry	35	17 (once in two years)	Nil	12	9
2	Veterinary Polyclinics	28	9 (once in three years)	2	Nil	7
3	District Artificial Insemination Centers	28	9 (once in three years)	9	6	9
4	Taluka Veterinary Polyclinics	172	58 (once in three years)	39	46	39
	Total	**263**	**93**	**50**	**64**	**64**
Source: Commissioner, AH, Pune						

The Secretary stated (November 2010) that internal audit could not be conducted as per the norms due to shortage of manpower and follow up for filling vacant posts is in progress.

As the internal audit is an important function, the Department could have deployed enough staff on priority basis. Though the shortage of manpower in the Department was 54 *per cent*, the shortfall in internal audit was 69 *per cent* during 2009-10.

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

Compliance with the financial rules, service code, and other Acts and rules framed for administration of the Department are necessary for efficient functioning of the Department. Instances of non-compliance with the financial rules and the Department specific rules are discussed in the following paragraphs.

4.1.8 Budget and financial reporting

4.1.8.1 Plan estimates finalised without inputs from field offices

According to the provisions contained in Para 29 of the Maharashtra Budget Manual (MBM), budget estimates for a financial year were to be consolidated by the head of the Department based on the proposals received from the subordinate offices and submitted to the Government by 15 October of preceding year.

The Commissioner finalised the Budget estimates for Plan schemes without obtaining inputs from the field offices

Scrutiny of records (July 2010) of the Commissioner revealed that every year the Commissioner convened a meeting of all the sections in the Commissionerate to monitor the implementation of different schemes and for estimation of 'Plan' outlay for the next year. Subsequently, a scheme-wise draft of the plan was prepared, on the basis of recommendations received from various sections of the Commissionerate and was submitted to the Secretary, who in turn forwarded the same to the Finance Department. Thus, the Plan estimates were finalised in the Commissionerate without obtaining any inputs from the field offices.

The details of Plan outlay proposed by the Department and outlay actually sanctioned by the Government during 2005-10 were as detailed in **Table 2**:

Table 2: Outlay proposed by the Department and sanctioned by the Government
(₹ in crore)

Year	Outlay proposed by the Department	Final outlay sanctioned by the Government
2005-06	1.89	1.81
2006-07	31.00	11.00
2007-08	24.11	20.07
2008-09	23.58	21.08
2009-10	22.09	27.38
Total	102.67	81.34
Source: Figures furnished by the Commissioner and the Department		

It would be seen that there was variation in outlay proposed by the Department and final outlay sanctioned by the Government. The total shortfall during the period from 2005-06 to 2009-10 was 21 *per cent*. The impact of shortage of funds has been brought out in paragraphs 4.1.11 and 4.1.12.

4.1.8.2 Delay in submission of budget proposals

During 2005-07 and 2009-10, there was a delay of three to four weeks in submission of budget proposals to the Government.

Scrutiny of records (July 2010) revealed that the budget proposals for the year 2007-08 and 2008-09 were submitted to the Government before the due date. However, there was a delay of three to four weeks in submission of budget proposals for the years 2005-06, 2006-07 and 2009-10 to the Government.

The Secretary replied (November 2010) that the proposals received from the subordinate offices could not be complied with due to shortage of manpower and stated that due care would be taken in preparation of the budget proposals in future.

4.1.8.3 Surrender/lapse of budget grants

The details of budget provision and expenditure incurred (Revenue and Capital heads) during the years 2005-06 to 2009-10 were detailed in **Table 3**.

Table 3: Budget provisions *vis-à-vis* expenditure

(₹ in crore)

Plan scheme (including capital outlay)					
Year	**Total Grant (original estimate + supplementary grant)**	**Expenditure**	**Savings/ Lapse (Percentage)**	**Surrender (Percentage)**	**Lapsed Grants (Percentage)**
2005-06	67.15	35.75	31.40 (46.76)	12.56 (18.70)	18.84 (28.06)
2006-07	98.73	68.80	29.93 (30.32)	28.36 (28.72)	1.57 (1.59)
2007-08	92.55	73.27	19.28 (20.83)	14.79 (15.98)	4.49 (4.85)
2008-09	64.55	47.73	16.82 (26.06)	14.17 (21.95)	2.65 (4.11)
2009-10	60.68	39.01	21.67 (35.71)	20.77 (34.23)	0.90 (1.48)
Total	**383.66**	**264.56**	**119.10**	**90.65**	**28.45**
Non-Plan scheme					
Year	**Total Grant (original estimate + supplementary grant)**	**Expendi-ture**	**Excess/ Saving (Percentage)**	**Surrender (Percentage)**	
2005-06	195.54	205.04	9.50 (4.86)	0.22 (0.11)	
2006-07	294.81	288.62	(-) 6.19 (2.10)	7.86 (2.67)	
2007-08	227.02	238.00	10.98 (4.84)	-	
2008-09	278.07	281.61	3.54 (1.27)	-	
2009-10	384.60	383.59	(-) 1.03 (0.27)	-	
Total	**1380.04**	**1396.86**	**16.80**	**8.08**	

Source : VLC Data

As per Para 37 of the MBM, the aim of preparation of the budget estimates should be to achieve as close an approximation to the actuals as possible. The need for every item must be fully scrutinised before provision for it is included and the amount should be restricted to the absolute minimum necessary. An avoidable extra provision in an estimate is as much a budgetary irregularity as an excess in the sanctioned expenditure.

Budget provisions were surrendered between 19 and 31 March every year. Even then, grants up to 28.06 *per cent* lapsed.

Scrutiny of records (April 2010) revealed that funds ranging from ₹ 12.78 crore (2005-06) to ₹ 36.22 crore (2006-07) were surrendered (for both Plan and Non Plan) between 19 and 31 March every year (in 2008-09 the surrender was made on 09 April 2009). Even after surrendering the funds, grants ranging from 1.48 *per cent* to 28.06 *per cent* could not be spent and lapsed under Plan scheme. Surrender and lapse of grants during the last five years indicated that the budget estimates were not accurate and implementation of projects/ schemes could not match the financial projections. Major savings under Plan scheme are detailed in **Appendix 4.4**.

The Secretary stated (November 2010) that budget proposals were prepared presuming receipt of matching grants from the Government of India (GoI). Non-receipt of grants from the GoI as presumed necessitated surrender of funds at the end of the financial year. However, due care would be taken in preparation of budget proposals.

4.1.8.4 Release of grants to ZPs without assessment

The district schemes are implemented through Zilla Parishads (local Sector). The funds approved by the DPDCs are released as grant-in-aid to ZPs through State budget. As per Appendix 22 of the BFRs, the Controlling Officers (COs) should release grants to the extent the ZPs can utilise before the close of the financial year and if excess grants were paid, the same were to be recovered by the COs. In January 2004, the Department declared all the RJCs as the COs for assessment of grants released to ZPs since 2002-03. The implementation of schemes and utilisation of grants by ZPs are monitored during assessment of grants by the Commissioner/Regional Joint Commissioners. The ZPs submit monthly expenditure statements to the Commissioner and expenditure of the grants was monitored by the RJCs at the time of assessment.

Assessment of grants of ₹ 623.36 crore released to 33 ZPs in 196 cases was pending for the period 2002-03 to 2009-10

Scrutiny of records (June 2010) of the Commissioner revealed that assessment of grants released to 33 ZPs was completed up to the year 2001-02. Assessment was not done in 2, 10, 23 and 29 ZPs during 2002-03, 2003-04, 2004-05 and 2005-06 respectively. No assessment was made after 2005-06. Though the assessment revealed excess release of grants of ₹ 7.07 crore to 20 ZPs (**Appendix 4.5**) during the period from 2001-02 to 2005-06, the same were not adjusted while releasing grant in the subsequent year. Assessment was pending in respect of grants amounting ₹ 623.36 crore in 196 cases in 33 ZPs (**Appendix 4.6**) during the period from 2002-03 to 2009-10. Continuous release of grants without assessing the grants already released to the ZPs was in violation of the provisions of the BFR and possibility of release of excess grants cannot be ruled out.

During the exit conference, the Secretary stated (October 2010) that out of excess grant of ₹ 7.07 crore released to 20 ZPs, ₹ 4.62 crore had already been recovered. The Secretary further stated (November 2010) that assessment of grants released up to 2006-07 would be completed in a phased manner by December 2010.

4.1.8.5 Pending loan recoveries from poultry societies

The Department sanctions loans to the poultry cooperative societies (PCSs) under Integrated Poultry Project (March 1989). The loans were repayable over a period of 14 years along with interest in 11 instalments from the fourth year. The Department sanctioned loan of ₹ 30.97 crore to 73 PCSs during the period from 1986 to 2006. However, fresh loans were not sanctioned to PCSs from 2005-06 onwards.

The Public Accounts Committee, Maharashtra (PAC) while discussing the Appropriation Accounts for the year 1994-95 recommended that the Government should chalk out a time bound programme to recover the loans disbursed to the PCSs in the State. The PAC reiterated (April 2005) that action should be taken on war footing to recover the outstanding loan of ₹ 42.34 crore (including interest) given to PCSs as on 31 March 2002.

However, as of March 2010, ₹ 87.47 crore (including interest) was recoverable from 73 PCSs, out of which ₹ 8.95 crore (including interest) only was recovered. Against ₹ 78.52 crore[10] due, ₹ 85.92 crore was shown as outstanding. The discrepancy of figures could not be explained to Audit by the Department. Out of 73 defaulting PCSs, 28 were closed and 19 were under liquidation. It was noticed that ₹ 33.97 crore was due from the 28 closed societies and ₹ 18.84 crore was due from the 19 societies under liquidation.

Despite PAC's recommendations, there was not much progress in recovery of loans given to poultry societies

In pursuance of the recommendations of the PAC (November 2000), a committee was formed (September 2002) consisting of DAHOs and DDCs of the District under the chairmanship of Chief Executive Officer, ZP to oversee the functioning of 26 functional societies. In case of societies under liquidation, liquidators were appointed. However, not much progress in recovery of loan was affected.

The Secretary stated (November 2010) that there was no separate machinery to recover the pending amounts. However, the Department would hold meetings with beneficiaries and with the Government approval, consider waiving off penal interest of societies coming forward for repayment of loan.

4.1.8.6 Non-crediting of service charges to Government accounts

Three out of the nine test-checked DAHOs retained the service charges of ₹ 3.18 crore collected during 2001-10 in the ZP accounts, instead of crediting the same into the Government account.

The Department fixed (April 2000) the rates for recovery of service charges for medical services provided through veterinary polyclinics and dispensaries. The Commissioner directed (April 2002) all ZPs to credit the service charges into Government accounts within three months from the date of recovery.

Scrutiny of records in respect of three[11] out of the nine test-checked DAHOs revealed that service charges collected during the period from 2000-01 to 2009-10 amounting to ₹ 3.18 crore (**Appendix 4.7**) were retained in ZP fund

[10] The outstanding loan amount worked out to (₹ 87.47 crore - ₹ 8.95 crore) = ₹ 78.52 crore

[11] Aurangabad, Pune and Sangli

instead of crediting the same into Government account. The amount included ₹ 1.47 crore pertaining to the period 2005-10. Further, the Department did not consider this income while allocating funds to the DAHOs.

The Secretary stated (November 2010) that all the RJCs were instructed to furnish region-wise information regarding service charges deposited at district level. Further, the GoM authorised (October 2010) the ZPs to utilise the service charges collected in lieu of the veterinary services provided from 1 November 2010, for maintenance of veterinary institutions in their districts.

The compliance was not tenable as retention of service charges was in contravention to the Commissioner's directives (April 2002).

4.1.8.7 Irregular drawal of funds

Rule 282 (ii) of the MTRs specifies that moneys should be withdrawn from treasury only if required for immediate disbursement.

As per Rule 302 to 309 of the MTRs and instructions issued by the Finance Department, GoM from time to time, detailed contingent (DC) bills for the amount drawn on Abstract Contingent (AC) bills should be submitted to the office of the Principal Accountant General (Accounts and Entitlements) within one month from the date of drawal of funds on AC bills.

The Department accorded sanction (March 2006) for drawal of ₹ 3.19 crore on AC bills for purchase of equipment under ASCAD scheme[12]. Accordingly, the Joint Commissioner, IVBP drew ₹ 3.19 crore on AC bills in March 2006 and disbursed advance of ₹ 94.36 lakh for purchase of equipment for fermentor technology and spent ₹ 4.57 lakh for purchase of refrigerator. It was noticed that advances were paid even before the designs for civil works were approved by the Deputy Drugs Controller, Mumbai. The balance ₹ 2.20 crore was credited to Civil Deposits in April 2007. The amount was again withdrawn between February and September 2008, out of which ₹ 1.65 crore was paid to the supplier (March 2008 and July 2008) and the balance amount of ₹ 55.12 lakh was credited into Government account between June and September 2008. The drawal of funds not required for immediate disbursement was in contravention of the provisions of the MTRs.

The Secretary stated (November 2010) that the DC bill was submitted in July 2010. The reply was not tenable as one DC bill for ₹ 2.39 crore was pending for clearance in Pr.A.G.(A&E), Maharashtra, Mumbai as of December 2010. No reply was given regarding drawal of funds on AC bill when the fund was not required for immediate disbursement.

Further, the Department accorded (30 March 2009) administrative approval for purchase of equipment required for fermentor technology and conversion

[12] Assistance to State for Control of Animal Disease (ASCAD) is a Centrally sponsored scheme consisting of components such as manufacturing of vaccines, actual vaccination, treatment, awareness/training, census of livestock *etc.*

of a hot room into cold room in main building of the IVBP at an estimated cost of ₹ 1.09 crore under the ASCAD scheme. The IVBP withdrew ₹ 1.05 crore from the treasury on 31 March 2009, out of which ₹ 27.33 lakh was paid (August-September 2009) to suppliers for supply of equipment and ₹ 5.26 lakh was paid (September 2009) to the Executive Engineer, Electrical Division, Pune for civil works. The balance amount of ₹ 72.58 lakh was credited to Civil Deposits in October 2009. During October to November 2009, ₹ 63.49 lakh was paid to the suppliers and ₹ 9.09 lakh was lying in the deposit head as of May 2010. While withdrawing funds from the treasury on 31 March 2009, the IVBP certified that equipment were received. However, the equipment was actually received during July to September 2009 as revealed from the delivery challan.

The Secretary stated (November 2010) that the amount was drawn to utilise budget provision within the same financial year. The supplier took 15 months to deliver the equipment. Therefore, the drawn amount was kept under the 'Civil Deposits'.

The reply was not acceptable as the amount was drawn on the last day of the financial year, hence it was not possible to utilise the budget provision within the same financial year. Further, withdrawal of funds on the basis of an incorrect certificate of receipt of material was irregular.

4.1.9 Utilisation of assets

4.1.9.1 Idle investment on equipment

The Institute of Veterinary Biological Products (IVBP), Pune manufactures bacterial and viral vaccines for contagious diseases in livestock. Government of Maharashtra, Animal Husbandry Department (Department) granted[13] administrative approvals (AA) for ₹ 1.63 crore regarding additions and alterations needed to the main building of the IVBP for introduction of Fermentor technology[14] (civil and electrical works). The Department deposited[15] ₹ 1.49 crore with the Public Works Department (PWD) for the deposit works and also accorded (March 2006) AA for ₹ 3.15 crore to purchase the equipment.

[13] November 2004, January 2005, October 2005 and March 2006

[14] To produce large volumes of better quality vaccines, which give an immunity of 9-12 months to animals whereas the conventional method gives immunity of 3-6 months only

[15] January 2006, April 2006 and March 2008

Procurement of equipment prior to appoint of consultant and delay in award/ completion of infrastructural work resulted in idle investment of ₹ 3.04 crore

Scrutiny (April 2010) of records of the Joint Commissioner, Animal Husbandry, IVBP, Pune revealed that contract for supply of equipment for the Fermentor technology was awarded (March 2006) to a supplier for ₹ 2.89 crore for supply within 10 months. The IVBP, being unfamiliar with the Fermentor technology requested (June 2006) the Executive Engineer (EE), PWD to appoint a Consultant for preparation of plans, drawings and estimates of buildings for installation of bacterial and viral vaccine equipment. However, the EE, PWD appointed the Consultant only in February 2007. Meanwhile, the equipment worth ₹ 33.72 lakh was received in November 2006.

The plan and drawings of the bacterial vaccine equipment prepared (April 2007) by the Consultant and submitted by the PWD (July 2007) were approved by the Deputy Drugs Controller, Central Drugs Standard Control Organisation, Mumbai (DDA) in August 2007.

The PWD[16] granted technical sanction for the electrical (November 2007) and civil works (December 2007) for ₹ 1.59 crore and the work was awarded (March 2008) to a contractor for ₹ 1.49 crore with a period of completion of six months. However, the work is not yet complete (November 2010).

The plan and drawings prepared by the consultant, of buildings for installation of the viral vaccine equipment were submitted by the PWD to the DDA for approval in March 2008. However, the approval of the DDA was received only in February 2009. This work has also not been completed.

Meanwhile, the supplier supplied all the equipment costing ₹ 2.89 crore by April 2008, which could not be installed due to non-completion of civil and electrical works. As the warranty period of the equipment had expired, the supplier demanded (August 2009) ₹ 15 lakh for servicing of the equipment, which was sanctioned (October 2009) by the Department.

Non-introduction of new technology resulted in stoppage of production and IVBP had to purchase vaccines worth ₹ 2.99 crore from open market

The procurement of the equipment prior to appointment of a consultant for preparation of plan and drawings and the delay in award/completion of infrastructural work resulted in idle investment of ₹ 3.04 crore on equipment purchased for Fermentor technology. Further, non-introduction of the new technology resulted in suspension of production of bacterial and viral vaccines from October 2007 and October 2009 respectively. As a result the IVBP had to purchase vaccines worth ₹ 2.99 crore from open market during 2007-08 to 2009-10.

The Joint Commissioner, IVBP stated (April 2010) that the delay was caused due to several changes made by the DDA in the design for the civil works. As the technology was new to the IVBP, there were errors in implementation also. Since the IVBP was unfamiliar with the technology, it appointed a Consultant to help in its implementation.

[16] The Chief Engineer, Electrical Division and Executive Engineer, PWD, Pune.

The reply did not explain why the consultant was not appointed prior to procurement of equipment. Moreover, if the consultant was familiar with the technology, it is unclear as to why so many modifications were made in plans and drawings.

In another case, the Department accorded (December 2005) sanction for ₹ 38.57 lakh to purchase three equipment. In order to introduce good manufacturing practices (GMP) specified under Drugs and Cosmetic Rules, 1945, the IVBP purchased the equipment at a cost of ₹ 35.19 lakh during May and August 2006. However, the equipment were not put to use even as of April 2010 as the equipment meant for fermentor technology were not yet commissioned, which resulted in idle investment of ₹ 35.19 lakh. Further, one year warranty period of the equipment had also expired and the security deposit was refunded (October 2009) to the supplier.

The Secretary stated (November 2010) that the civil work was nearing completion and the equipment would be installed and put to use immediately after completion of the civil work.

4.1.9.2 Non-utilisation of Central assistance provided for modernisation of district laboratories

GoI, Ministry of Agriculture, Department of Animal Husbandry and Dairy sanctioned (June 2005) ₹ 1 crore for five laboratories (₹ 20 lakh each) in Maharashtra under Centrally sponsored scheme of ASCAD in 2005-06 for strengthening/ modernisation of Disease Diagnostic Laboratories (DDL) to meet the norms of Good Laboratory Practices (GLP)[17]. The expenditure of ₹ 20 lakh was to be shared on 75:25 basis between the GoI and the GoM. In March 2006, the Department identified five laboratories[18] for strengthening and modernisation.

Out of five laboratories, work of DDL Nashik was completed in July 2008. The works at Akola, Aurungabad, Chiplun and Pune Districts were to be undertaken by the PWD as deposit contribution works for which ₹ 73.41 lakh[19] were transferred to respective PWD divisions during March 2006 to February 2007. Expenditure of ₹ 10 lakh was incurred on DDL Aurungabad and the balance ₹ 63.41 lakh was lying unutilised with the PWD. The work order for the DDL Pune was issued only in June 2010 and the work of DDL Chiplun was not yet started (June 2010) as the PWD could not find a contractor competent to execute work with GLP norms. In the estimates of works for the DDL Akola and Aurungabad, the GLP norms were not incorporated in the estimates. Hence, even the expenditure of ₹ 10 lakh incurred on the DDL, Aurungabad proved unfruitful and the funds of ₹ 63.41 lakh remained idle with the PWD for more than three years.

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[17] GLP: System of quality assurance appropriate to the infrastructure of pharmaceutical products specified under the Drugs and Cosmetics Act, 1945.

[18] Akola, Aurangabad, Chiplun, Nashik and Pune.

[19] Akola- ₹ 20 lakh, Aurungabad ₹ 20 lakh Chiplun ₹ 13.41 lakh and Pune-₹ 20 lakh

The Secretary stated (November 2010) that the laboratory building at Chiplun was in bad condition and the RJC, Mumbai submitted a proposal to the Government for construction of a new building. As regards laboratories at Akola, Aurangabad and Pune, civil works could not be completed due to non-availability of contractors for completion of the work as per the GLP norms.

4.1.9.3 Non-utilisation of High Performance Thin Layer Chromatography (HPTLC) system

In order to maintain International Standards for exports, the levels of pesticides, hormones, antibiotics, heavy minerals and metals in food materials should be kept at specified limits. The HPTLC system measures the residual content of impurities in food items exported.

The Department accorded administrative approval (February 2006) for import of one HPTLC system costing ₹ 49.85 lakh for the RDIL, Pune. The system required a technician for its operation and reagents for its functioning.

HPTLC system, procured at a cost of ₹ 49.85 lakh and installed in June 2006 could not be put to use in the absence of technician and reagents.

Scrutiny of records (May 2010) of the Commissioner revealed that the HPTLC system installed in June 2006 could not be used for want of technician. The Assistant Commissioner, RDIL, Pune had not submitted any proposal for the post of technician to operate the system. Moreover, the chemical reagents required for testing were also not procured by the RDIL. In June 2008, the RDIL, Pune requested for transfer of the machine to the DIS, Pune as it was not being used, indicating lack of planning by the Assistant Commissioner, RDIL, Pune.

Thus, non-utilisation of HPTLC system resulted in idle investment of ₹ 49.85 lakh and the facilities of diagnosis and investigation were not available to the exporters.

The Secretary stated (November 2010) that the Department wanted the diagnosis work to begin immediately. Therefore, necessary instructions were issued to the RDIL to obtain the chemicals and reagents required.

4.1.9.4 Blood analyser not used

Under the State scheme of 'Strengthening of Veterinary Polyclinics', a blood analyser costing ₹ 5.10 lakh was purchased and installed (December 2006) in Aundh Veterinary Polyclinic, Pune for analysing blood samples of animals to detect early symptoms of various diseases. The machine could not be put to use since October 2008 for want of reagents.

The Secretary stated (November 2010) that the budget provision was made in 2010-11 to procure chemical reagents and the blood analyser would be put to use.

4.1.10 Weaknesses in project and scheme implementation

4.1.10.1 Medical checkup of the milch animals distributed under various schemes

As per the Commissioner's directives (March 2007), it was mandatory for the DAHOs to conduct five medical tests of animals being purchased under various schemes within one week from the date of purchase and the results thereof were to be communicated by the DAHOs to every beneficiary within one month. The RJCs were entrusted with monitoring the scheme in co-ordination with the DDCs and to furnish the consolidated report on medical checkups conducted on new cattle purchased, to the Additional Commissioner, Disease Control and Live Stock Development.

It was noticed that four DAHOs[20] out of nine test-checked districts did not conduct such tests in respect of all the 4,855 animals distributed (2007-08 to 2009-10) to 1,622 beneficiaries under various schemes (**Appendix 4.8**).

DAHOs of Sangli, and Amravati agreed (June 2010) to conduct the tests in future. DAHOs, Aurangabad and Jalna (June 2010) stated that such instruction was not received in their offices but agreed to conduct the test in future.

The Secretary stated (November 2010) that collection of samples in some districts were tedious due to non-cooperation by the beneficiaries and the Commissisoner had withdrawn the orders for medical tests due to practical problems involved.

The reply was not acceptable as the Department did not educate the beneficiaries about the advantages of conducting the prescribed tests. Further, the decision to discontinue the system of conducting medical tests of animals being distributed to beneficiaries under various schemes has the potential of having an adverse impact on the achievement of the objectives of the schemes.

Material and stores management

4.1.11 Non-availability of priority equipment in District veterinary polyclinics/taluka mini polyclinics

The Commissioner issued (January 2007) two lists of instruments and equipment required for District polyclinics and taluka mini polyclinics respectively, which were essential on day to day basis for proper diagnosis and treatment of live stock. These lists include 209 first priority and 14 second priority equipment required to be purchased for District polyclinics and 188 first priority and 10 second priority equipment for taluka mini polyclinics.

Test-check (May-June 2010) of records in respect of eight out of nine selected districts (except Nandurbar District where District polyclinic was not

[20] Amravati, Aurangabad, Jalna and Sangli

established) and 16 taluka mini polyclinics revealed that out of 209 first priority instruments required in District polyclinics, the number of instruments available was between 56 in Amravati and 138 in Jalna. Availability of second priority instruments was between four and nine, while there were none available in Yavatmal. In the Taluka Polyclinics, out of the 188 first priority instruments required, the number of instruments available was between 22 at Dharava in Yavatmal District and 89 at Ambad in Jalna District. No second priority instrument was available except one at Akot, and Barshi Takli in Akola District and two at Shirur in Pune District, out of 10 required (**Appendix 4.9**). In spite of issuing priority lists, the Commissioner had covered only 16 first priority and one second priority equipment under the rate contract. The Assistant Commissioner stated that the shortage of priority equipment at majority of service outlets was due to shortage of funds.

The Secretary had not given any specific reply for non-procurement of priority equipment.

4.1.12 Non-availability of life-saving drugs

As per Government Order (December 2007), the Department identified 44 life saving drugs to be provided free of cost to cattle owners for treatment of livestock.

In the District polyclinics, taluka mini polyclinics and veterinary dispensaries of six districts out of the nine test checked districts, most of these life saving drugs were out of stock for periods ranging from one to 29 months depriving the cattle owners of the free facility.

Life-saving drugs were found out of stock for periods ranging from 1 to 29 months in the district and taluka polyclinics.

The Secretary stated (November 2010) that medicines were procured as per availability of funds from District Planning Committees concerned. However, the Department had submitted a proposal for revision of financial norms for purchase of medicines.

Service delivery

In order to prevent and control the outbreak of various diseases and to provide treatment to ailing livestock, the Department extends various facilities *viz.*, vaccination, diagnostic facilities, treatments and surgeries through its network of service outlets.

Audit scrutiny of the selected units (64) of the Department revealed that implementation of various projects was delayed due to deficient project management. Audit observed significant short fall in achieving the targets as well as deficiency in utilisation of equipment and the scheme funds.

4.1.13 Poultry development

As per the 18th Livestock Census 2007, the poultry population of the State was 2.32 crore. The egg production in the State was between 352 crore and 405 crore during 2005-06 and 2009-10. The four Central Hatcheries at

Aurangabad, Kolhapur, Nagpur and Pune facilitate the availability of improved variety of chicks.

4.1.13.1 Shortfall in production

There was shortfall of eggs and chicks production in four Central hatcheries ranging from 17 *per cent* to 97 *per cent* as compared to the targeted production during 2005-10.

The target and achievement of the Central Hatchery, Pune for the period from 2005-06 to 2009-10 was as shown in **Table 4**.

Table 4: Target and achievement of eggs and chicks production

(in lakh)

Year	Eggs			Chicks		
	Target	Achievement	Percentage of shortfall	Target	Achievement	Percentage of shortfall
2005-06	7.00	3.72	47	3.20	1.34	58
2006-07	6.85	2.40	65	5.14	0.32	94
2007-08	7.00	2.97	58	3.20	1.55	52
2008-09	7.00	3.04	57	3.20	1.82	43
2009-10	7.00	2.32	67	3.20	1.24	61
Source: Assistant Commissioner of AH, Central Hatchery, Pune						

There was shortfall of 47 *per cen*t to 67 *per cen*t in egg production and 43 *per cen*t to 94 *per cent* in chick production during 2005-06 to 2009-10.

The Secretary stated (November 2010) that the shortfall in production was due to old parent stock used for breeding and the outdated machinery, which were now replaced and the production was expected to improve.

4.1.13.2 Payment of compensation to farmers for *Avian Influenza* (Bird Flu)

Outbreak of *Avian Influenza* (Bird Flu) disease was first noticed in Navapur, District Nandurbar in February 2006. However, due to misgivings about the disease, consumption of poultry products was significantly reduced in Maharashtra. As a result, poultry farmers incurred heavy losses during 2005-07. As of February 2006, there were 6,195 poultry farms in Maharashtra having capacity of 1.96 crore broiler birds and 0.89 crore layer birds. To safeguard the poultry business, the GoM sanctioned (April 2006) ₹ 80 crore as assistance to poultry farmers in the State, out of which ₹ 72.15 crore was disbursed to the poultry farmers as compensation for culling of birds through the Department and the balance was surrendered.

During April 2006 to March 2007, the Department issued five resolutions granting compensations of ₹ 80 crore at varying rates to farmers/poultry owners (**Appendix 4.10**). The following irregularities were noticed in disbursement of compensation by the Department.

Excess payment of compensation

The DDC, Nashik received ₹ 13.69 crore for granting compensation to poultry farmers in the year 2006-07. Out of this, compensation of ₹ 13.68 crore was paid to 2311 farmers and contract farmers in 2006-07.

Scrutiny of records (June 2010) revealed that the DDC, Nashik paid compensation of ₹ 3.44 crore at 70 *per cent* to 843 individual and contract farmers *vide* GR dated 02 February 2007. Subsequently, vide GR dated 30 March 2007 compensation was raised to 100 *per cent* from 70 *per cent*. As there were no fresh claimants for compensation, the balance grant of ₹ 1.24 crore was paid to the 843 beneficiaries to whom 70 *per cent* was paid prior to 30 March 2007 though there was no such provision in the GR. Implementation of the provisions of GR dated 30 March 2007 with retrospective effect resulted in excess payment of ₹ 1.24 crore. Similarly, an excess payment of ₹ 1.20 lakh was noticed in Yavatmal District. Further, in Sangli District, compensation of ₹ 1.90 lakh was paid (December 2006) to eight beneficiaries at 60 *per cent* instead of 42 *per cent* (60 *per cent* of earlier sanctioned compensation of 70 *per cent*) vide GR dated 12 October 2006, resulting in excess payment of ₹ 0.57 lakh.

Compensation of ₹ 1.26 crore paid to farmers/contractors in *Bird Flu* affected Districts was found irregular.

In respect of Nasik and Yavatmal Districts, the Secretary stated (November 2010) that the available funds were utilised for granting 100 *per cent* compensation as there were no other beneficiaries available and in respect of Sangli District, the occurrence of excess payment was admitted by the Secretary. Further, he stated that there was confusion at field level regarding the effective dates of implementation of various GRs.

The reply was not acceptable as the GR dated 30 March 2007 did not provide for grant of additional 30 *per cent* compensation with retrospective effect.

4.1.13.3 Non-payment of compensation for destroyed eggs

The Government declared (February 2006) Navapur Municipal Council, Nandurbar District and three km beyond its boundary as eradication area for *Bird Flu*. Accordingly, Government directed that the entire stock of diseased poultries and poultries in-contact be destroyed along with all the poultry products and waste materials. The Commissioner reported (June 2010) to the Department that 14.59 lakh eggs belonging to 20 poultry farms were destroyed in the District. The GoI fixed (February 2008) ₹ 2 per egg as compensation for the eggs destroyed. Accordingly, compensation for the District worked out to ₹ 29.18 lakh. The expenditure was to be shared equally by the GOI and the GOM under ASCAD scheme. The Commissioner however, released (March 2010) only ₹ 6.98 lakh to the DDC. As the norms for payment of compensation were not finalised by the GoM, the Department surrendered the entire fund on 30 March 2010.

The Secretary stated (November 2010) that the GoM had provided the State share in the budget during 2007-08 and 2009-10. However, sanction was not

accorded by the Government for disbursement of compensation, as the norms for payment of compensation were not finalised.

4.1.13.4 Idling of funds sanctioned for establishment of Central Hatchery

The Department accorded (March 2006) administrative approval for ₹ 13 lakh to purchase equipment and construction of hatchery at Amravati in place of the existing one. Though the PWD handed over the building in September 2008 to the Department, it could not obtain electricity connection and the equipment purchased could not be used as of October 2010. As a result, the poultry farmers of Akola, Buldhana, Washim and Yevatmal Districts were deprived of the benefits and the unit could not earn the projected annual income of ₹ 4.12 lakh, due to non-functioning of the Hatchery.

Further, as per restructuring of the posts (May 2004), the sanctioned strength for Central Hatchery was 13 posts. However, the DDC, Amravati while forwarding the proposal for Central Hatchery at Amravati in November 2005, committed to the Commissioner to carry out the functions of the Central Hatchery with existing seven posts by internal adjustments to avoid additional establishment expenditure. Subsequently, in June 2007, the DDC Amravati demanded another six posts for the Central Hatchery which was rejected by the Commissioner, Animal Husbandry, Pune, citing the initial commitment. As a result, the Hatchery could rear only 400 birds against the capacity of 1000 birds.

The Secretary stated (November 2010) that the Hatchery would be operated with full capacity from November 2010.

4.1.13.5 Cattle and buffalo development

As per the 18th Livestock Census 2007, there were 79.32 lakh cows and buffaloes in the State as against 87.44 lakh in the Census 2003 indicating a decline of 9.28 *per cent* in the cattle population.

Maharashtra stood at sixth place in overall milk production in India. The milk production in Maharashtra increased from 6,769 thousand MT to 7,679 thousand MT (13.44 *per cent*) during 2005-10 as detailed in **Table 5**. However, production was much less compared to the production in Andhra Pradesh, which registered a growth rate of 36.87[21] *per cent* during 2005-10.

[21] Andhra Pradesh: 7,624 to 10,435: increase of 36.87 *per cent*

Table 5: Comparative status of milk production

(in thousand MT)

Sl. No.	Year	India	Andhra Pradesh (All India percentage)	Maharashtra (All India percentage)
1	2005-06	97,066	7,624 (7.85)	6,769 (6.97)
2	2006-07	1,00,869	7,939 (7.87)	6,978 (6.92)
3	2007-08	1,04,840	8,925 (8.51)	7,210 (6.88)
4	2008-09	1,08,465	9,570 (8.82)	7,455 (6.87)
5	2009-10	1,12,360	10,435 (9.29)	7,679 (6.83)
Source: Assistant Commissioner, AH, Statistical Survey, Pune				

4.1.13.6 Shortfall in achievement of targets

The genetic improvement, conservation of native breeds, disease control, animal health and treatment for infertility are the major activities of the Department. All these activities are being undertaken through district polyclinics, mini polyclinics and veterinary dispensaries under the administrative control of the respective DDCs and DAHOs by assigning specific targets.

In nine test-checked districts, shortfalls ranging up to 78 *per cent* were noticed in achievement of targets set for castration, vaccination, *etc.*, during 2007-10

Scrutiny (May-June 2010) of the targets and achievement reports on castration, vaccination, operation and infertility for the period from 2007-08 to 2009-10 in nine selected districts revealed that there was shortfall in achievement of targets ranging up to 78 *per cent* (**Appendix 4.11**) as detailed in **Table 6**.

Table 6: Activity-wise shortfall during 2007-08 to 2009-10

Name of the activity	Shortfall range
Castration	upto 55 *per cent*
Operation	upto 69 *per cent*
Treatment of infertility	upto 78 *per cent*
Vaccination	upto 46 *per cent*
Source: Nine selected DDCs	

The Secretary stated (November 2010) that the shortfall in achievement of targets was due to vacancies in the Department.

4.1.13.7 Distribution of milch animals

The Department implemented various cattle improvement programmes to increase the milk production such as cross-breeding programmes in cows and buffaloes, training of farmers on cross-breeding and animal husbandry practices *etc*.

To provide self-employment to farmers, the Department introduced (January 2000) a scheme of distribution of Milch animals. The scheme contained three plans *viz.,* Special Component Plan (SCP) for distribution of three animals and two animals each under Tribal Sub Plan (TSP) and Other Tribal Sub Plan

(OTSP). The guidelines of the scheme to be implemented through DAHOs stipulated the following:

- The subsidy admissible would be 50 *per cent* and the balance 50 *per cent* cost would be either bank credit or beneficiary contribution
- The cost of the animal was fixed as ₹ 14,000 for cow and ₹ 16,000 for buffalo.
- The LDO should carry out physical verification of each animal distributed under the scheme and report the details to the DAHO.
- The DAHO should conduct physical verification of 10 *per cent* of the animals distributed.
- In case of misutilisation of the subsidy by the beneficiary, criminal proceedings were to be initiated.
- The beneficiary should maintain the animals for minimum period of three years.

Scrutiny of records revealed that in seven[22] out of nine test-checked ZPs, subsidy of ₹ 10.98 crore was paid for 13,552 animals distributed to 4,785 beneficiaries (**Appendix 4.12**). However, no quarterly reports regarding present status of animals distributed under the scheme were submitted by the respective Extension Officers (EOs) to the DAHOs. There was no evidence to show that the DHAOs conducted physical verification of 10 *per cent* of the animals distributed to the beneficiaries. In the absence of the status reports of animals distributed, the achievement of objectives of the scheme could not be ascertained in audit. In Nandurbar and Amravati Districts, the quarterly reports were furnished by the Extension Officers to the DHAOs. In DAHO, Amravati and veterinary dispensary Grade-I Taluka Purandar, Pune, 38 (eight cows and 30 buffalos) Milch animals involving subsidy of ₹ 2.96 lakh, out of 57 animals distributed to 19 beneficiaries were sold during 2007-08 to 2008-09 (**Appendix 4.13**). However, the DAHO had not initiated any action against the beneficiaries.

During the exit conference, the Secretary stated (October 2010) that the quarterly reports were not submitted and the physical verification of animals could not be carried out due to shortage of manpower.

4.1.13.8 Unfruitful subsidy due to sale of milch animals under Chief Minister Package

The GoM observed (February 2006) that the cases of farmers' suicides in six districts[23] of Vidarbha Region were directly related to the depletion of financial conditions and burden of loans on farmers. Accordingly, the Department (February 2006) floated Chief Minister Package of ₹ 30 crore for the six suicide prone districts to supplement and strengthen the financial

[22] Akola, Aurangabad, Jalna, Nashik, Pune, Sangli, Yavatmal
[23] Akola,. Amravati, Buldhana, Yavatmal, Wasim and Wardha

resources of the farmers. It was envisaged that the scheme of distribution of Milch animals, sheep and goats and poultry would supplement the income of farmers. The Package was to be implemented through the Commissioner and Punyashlok Ahilya Devi Sheli Mendhi Corporation. The Package provides for distribution of two large animals or group of 10 sheep and one goat and the cost was considered as ₹ 30,000 and ₹ 28,000 respectively. The subsidy available under the scheme to the beneficiary was 75 *per cent* of the cost and the balance 25 *per cent* was beneficiary's contribution or bank credit. As per the guidelines, the beneficiary was not allowed to sell the animals for five years.

The Chief Minister Package was merged in November 2006 with the Prime Minister Package which was introduced by the GoI in August 2006.

The objectives of special packages could not be achieved even after providing financial assistance of ₹ 7.26 crore to beneficiaries in three test-checked Districts

The DDCs of Akola, Amravati and Yavatmal Districts received ₹ 7.66 crore towards the Packages and the funds were fully utilised (March 2006 to March 2007) for distribution of 6090 Milch animals to 3395 beneficiaries. Scrutiny of status reports (March 2010) of the three DDCs revealed that out of the 6090 animals distributed 2249 animals were not available with farmers as these were either sold (517 animals), dead (466 animals) or non-traceable (1266 animals). Thus, the objective of providing subsidy of ₹ 58.16 lakh[24] in respect of 517 animals sold proved unfruitful. Further, accrual of the benefits of the scheme in respect of animals not traceable involving subsidy of ₹ 1.42 crore[25] could not be ascertained.

The Secretary, however, did not reply regarding the action taken on the beneficiaries who sold the animals.

4.1.13.9 Unfruitful subsidy under Prime Minister Package

The Government of India, Ministry of Agriculture, Department of Animal Husbandry, Dairy Development and Fisheries decided (August 2006) to implement a special livestock and fisheries sector package for six[26] suicide prone districts in the State to provide supplementary source of income to the farming population in these States. An amount of ₹ 27 crore was sanctioned to the State during 2006-07 to 2009-10. The scheme provides payment of 75 *per cent* subsidy for purchase of two animals for each family.

As per the guidelines of the scheme, the beneficiary was not allowed to sell the animal within three years from the date of purchase and it was mandatory for the beneficiary to produce the animal at the time of verification. The beneficiary should contribute 25 *per cent* of the cost of animals. However, there was no provision in the guidelines for periodical verification of the animals distributed to the beneficiaries.

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[24] 517 X ₹ 15,000 X 75 *per cent*

[25] 1,266 X ₹ 15,000 X 75 *per cent*

[26] Akola, Amravati, Buldhana,Wardha, Washim and Yevatmal

Scrutiny of status reports for March 2010 in respect of three[27] districts out of six suicide prone districts revealed that out of 10,210 animals distributed during the package period, only 7,361 animals (72 *per cent*) were found available with the beneficiaries during physical verification by the departmental officers. As per the verification reports, 509 animals were dead, 473 were sold and 1,867 could not be verified as they were not in possession of the beneficiary at the time of verification.

Thus, the objective of the scheme could not be achieved despite release of subsidy of ₹ 1.06 crore[28] for 473 animals sold, whereas accrual of the benefits could not be ascertained in respect of subsidy of ₹ 4.20 crore[29] provided for 1,867 animals not in possession of the beneficiaries.

The Secretary had not given specific reply regarding the action taken on the beneficiaries who sold the animals.

4.1.13.10 Shortfall in Artificial Insemination Programme

The Artificial Insemination (AI) is a major programme of the Department for augmenting the livestock through cross breeding. There are 29 AI centres in the State. The district-wise target for AI programme remained the same during 2005-10. The achievement of the AI programme against the targets set in the nine test-checked districts during 2005-06 to 2009-10 is shown in **Table 7**:

Table 7: Target and achievement of Artificial Insemination

(Figures in lakh)

District	Target	2005-06		2006-07		2007-08		2008-09		2009-10	
		Achievement	Percentage of short-fall	Achievement	Percentage of short-fall	Achievement	Percentage of short-fall	Achievement	Percentage of short-fall	Achievement	Percentage of short-fall
Akola	0.38	0.23	39.47	0.21	44.74	0.35	7.89	0.36	5.26	0.38	-
Amravati	0.51	0.33	35.29	0.33	35.29	0.45	11.76	0.43	15.69	0.46	9.80
Aurangabad	1.07	0.72	32.71	0.63	41.12	0.70	34.58	0.62	42.06	0.63	41.12
Jalna	0.38	0.24	36.84	0.23	39.47	0.23	39.47	0.24	36.84	0.24	36.84
Nandubar	0.17	0.05	70.59	0.09	47.06	0.10	41.12	0.11	35.29	0.11	35.29
Nashik	1.50	0.49	67.33	0.65	56.67	0.62	58.67	0.71	52.67	0.81	46.00
Pune	3.19	1.80	43.57	1.62	49.22	1.43	55.17	1.58	50.47	1.65	48.28
Sangli	2.27	1.56	31.28	1.67	26.43	1.64	27.75	1.82	19.82	1.99	12.33
Yavatmal	0.47	0.36	23.40	0.35	25.53	0.38	19.15	0.35	25.53	0.30	36.17
Source: Commissioner, AH, Pune											

Thus, there was shortfall ranging from 5.26 *per cent* (Akola in 2008-09) to 70.59 *per cent* (Nandurbar in 2005-06) during 2005-06 to 2009-10.

[27] Akola, Amravati and Yavatmal
[28] 473 X ₹ 30,000 X 75 *per cent*
[29] 1,867 X ₹ 30,000 X 75 *per cent*

In reply, the Secretary attributed (November 2010) the shortfall to shortage of manpower.

4.1.13.11 Shortage of manpower

The sanctioned strength and the men-in-position of the Department as on March 2009 and March 2010 were as detailed in **Table 8**.

Table 8: Sanctioned strength *vis-à-vis* men in position

Category	Sanctioned strength	Men in position (March 2009)	Men in position (March 2010)	Vacancies (March 2009) (percentage)	Vacancies (March 2010) (percentage)
Class I	2,467	2,088	2,037	379 (15)	430 (17)
Class II	390	115	192	275 (71)	198 (51)
Class III	1,869	1,537	1,476	332 (18)	393 (21)
Class IV	1,876	1,662	1,605	214 (11)	271 (14)
Total	**6,602**	**5,402**	**5,310**	**1,200 (18)**	**1,292 (20)**
Source: Commissioner of Animal Husbandry					

There was an acute shortage of manpower in core cadres of Assistant Commissioners and the LDOs

Shortage of manpower in key posts includes 207 Assistant Commissioners and 376 Livestock Development Officers (LDOs) (**Appendix 4.14**), who were responsible for the functions of polyclinic and dispensaries in the State. Acute shortage in these core cadres had the potential of adversely affecting the animal health care programmes. Further, the Department failed to achieve the targets for major activities. Despite the severe shortage of manpower, the Commissioner did not take action to redeploy the 46 idle personnel in the IVBP where production of vaccines remained suspended between November 2007 and October 2009 and the idle staff were paid salary of ₹ 1.69 crore. It was only in March 2010 that the IVBP took up the matter with the Commissioner for redeployment of the staff.

The Secretary stated (November 2010) that the filling up of the vacant LDO posts was pending at the Government level. Further, there is a one year ban on recruitments from the year 2009.

4.1.13.12 Veterinary dispensaries without Livestock Development Officers

Prevention, control of contagious disease outbreak and treatment of ailing livestock form part of the important activities of the Department. Veterinary polyclinics, veterinary dispensaries (ZPs), check posts and veterinary mini-polyclinics have vital role in prevention, control and treatment of the livestock during disease outbreak.

For effective implementation of these activities, a major re-organisation of the Department was carried out in May 2004. Under the re-organisation, 172 taluka veterinary mini polyclinics were to be established by upgrading the existing 170 veterinary dispensaries (two new mini polyclinics were

established at Babhalgaon, Latur and Ichalkarnjee, Kolhapur). In the newly established mini polyclinics, 860 posts of various cadres[30] were sanctioned including 172 posts of LDOs. As of April 2010, only 66 taluka veterinary mini polyclinics could be established as the Government did not fill up the remaining posts of LDOs. Therefore, 106 mini polyclinics could not be made functional even after six years.

The Secretary stated (November 2010) that the proposal for creation of 106 posts of LDOs was pending with the Government. Further, there was a one year ban on recruitment from the year 2009.

4.1.14 Conclusion

Audit of Animal Husbandry Department for the period 2005-10 revealed institutional weakness in planning, implementation and monitoring. The Department had not drawn up annual and detailed plans though a five year plan was prepared for 2007-12. The Department's non-compliance with the rules and orders resulted in deficiencies in financial management. Budget estimates for Plan schemes were finalised without obtaining inputs from field offices. Budgetary grants were surrendered or lapsed due to deficient budgetary management. Grants were released to the Zilla Parishads without ensuring utilisation of grants paid earlier. In many cases, reconciliation of cash book balances with bank balances and surprise cash verification were not done. Monitoring of the recovery of loans paid to poultry societies was deficient. Equipment procured for manufacturing vaccines, for analysis of blood samples and for measuring impurities in animal feed were lying idle due to poor planning, lack of trained manpower and chemical reagents. Service delivery by the Department was also far from satisfactory. There were shortages of life saving drugs in veterinary dispensaries. The Department did not achieve the targets set for castration, vaccination, operation and infertility treatment. Central assistance for modernisation of laboratories remained unutilised. Compensations paid to the farmers/ contractors of *Bird Flu* affected poultries were irregular. The objectives of special package for drought prone areas were not achieved due to poor monitoring. Acute shortage of manpower in core cadres adversely affected the implementation of animal health care programmes. Internal audit was not conducted as per the norms due to shortage of manpower.

4.1.15 Recommendations

- Realistic budget estimates should be prepared to avoid surrender/lapse of grants and the mismatch between the projection and the implementation of the schemes.

[30] One post each of the Assistant Commissioner, Livestock Development Officer, Livestock Supervisor, Senior Clerk and Attendant.

- As directed by the Public Accounts Committee, the Government should take effective steps to recover the long pending loans given to the poultry cooperative societies.
- Facilities created for manufacture of vaccines should be operationalised early for research and effective disease control.
- An efficient monitoring mechanism should be set up by the Government to ensure that the animals are retained by the beneficiaries so that programme objectives are achieved.



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APPENDIX 1.1

(Reference: Paragraph 1.7 & 3.6.1; Pages 10 & 124)

Statement showing no. of paragraphs/reviews in respect of which Government explanatory memoranda (UORs) had not been received

Sr. No.	Name of Department	Upto 2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Total
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	**16**	**2**	**2**	**–**	**2**	**–**	**1**	**23**
2	Food, Civil Supplies and Consumer Protection	**–**	**1**	**–**	**–**	**1**	**–**	**–**	**2**
3	General Administration	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
4	Home	**–**	**–**	**1**	**–**	**3**	**3**	**3**	**10**
5	Housing	**3**	**–**	**–**	**–**	**–**	**1**	**–**	**4**
6	Higher and Technical Education	**–**	**–**	**–**	**1**	**–**	**–**	**1**	**2**
7	Law and Judiciary	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
8	Medical Education & Drugs	**7**	**3**	**–**	**1**	**2**	**1**	**–**	**14**
9	Planning	**5**	**–**	**1**	**–**	**1**	**2**	**1**	**10**
10	Public Health	**4**	**2**	**–**	**–**	**3**	**1**	**3**	**13**
11	Public Works	**–**	**–**	**–**	**–**	**–**	**8**	**3**	**11**
12	Revenue and Forests	**6**	**–**	**1**	**2**	**1**	**2**	**–**	**12**
13	Rural Development and Panchayat Raj	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
14	Rural Development and Water Conservation	**8**	**–**	**–**	**–**	**1**	**1**	**1**	**11**
15	Social Justice and Special Assistance	**7**	**2**	**–**	**1**	**1**	**–**	**–**	**11**
16	Tribal Development	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
17	Urban Development	**5**	**3**	**1**	**–**	**2**	**3**	**1**	**15**
18	Water Resources	**3**	**1**	**1**	**2**	**1**	**2**	**7**	**17**
19	Water Supply and Sanitation	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
20	Women and Child Development	**5**	**1**	**–**	**–**	**1**	**–**	**–**	**7**
21	School Education and Sports	**–**	**–**	**–**	**–**	**1**	**–**	**1**	**2**
22	Environment	**–**	**–**	**–**	**–**	**1**	**2**	**–**	**3**
23	Maharashtra Legislature Secretariat	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
24	Public Works and Water Resources		**–**	**–**	**–**	**–**	**1**	**–**	**1**
	Total	**69**	**15**	**7**	**7**	**21**	**29**	**26**	**174**

Appendix 2.1

(Reference: Paragraph 2.1.3 and 2.1.7.2; Pages 13 and 18)

Details of projects selected for audit

Sr. No.	Name of the Division	No. of projects	Name of the project	Taluka/District
Major projects				
1	Talamba Major Project Division, Ambadpal	1	(i) Talamba	Kudal/Sindhudurg
2	Tillari Dam Division Konalkatta, District-Sindhudurg	1	(i) Tillari Dam	Sawantwadi/Sindhudurg
3	Tillari, Canal Division, No. 1, Charathe, Sawantwadi		(ii) Tillari Canal	
Medium and Minor projects				
4	Thane Minor Irrigation, Kalwa, Thane.	4	(i) Domihira (ii) Pawale (iii) Srimant (iv) Waygholpada (nearly completed)	Jawhar/Thane Murbad/Thane Peth/Nashik Peth/Nashik
5	Raigad Irrigation division No. 2, Konkan Bhawan, Navi Mumbai	3	(i) Wagh (ii) Pawale (iii) Dhasai (nearly completed)	Mokhada/Thane Mokhada/Thane Murbad/Thane
6	Minor Irrigation Division, Kamarli, Pen	1	(i) Panhalghar	Mahad/Raigad
7	Minor Irrigation Division, Chiplun, District Ratnagiri	11	(i) Gadnadi (Medium) (ii) Pimpalwadi (iii) Bholwali (iv) New Mandve (v) Poynar (vi) Chavanwadi (vii) Kondivali (viii) Kakewadi (ix) Jamada (x) Talwat (xi) Tangar	Sangmeshwar/Ratnagiri Khed/ Ratnagiri Mandangad/ Ratnagiri Khed/ Ratnagiri Khed/ Ratnagiri Rajapur/ Ratnagiri Khed/ Ratnagiri Rajapur/ Ratnagiri Rajapur/ Ratnagiri Khed/ Ratnagiri Dapoli/ Ratnagiri
8	Medium Project Division, Ambadpal, Kukdal, Sindhudurg	4	(i) Devghar (Medium) (ii) Nardave (Medium) (iii) Shirsinge (iv) Tarandale	Kankavali/Sindhudurg Kankavali/Sindhudurg Sawantwadi/Sindhudurg Kankavali/Sindhudurg
9	Irrigation Project Division, Ratnagiri	2	(i) Muchkundi (ii) Arjuna (Medium)	Lanja/ Ratnagiri Rajapur/ Ratnagiri
10	Minor Irrigation Division, Sindhudurg	3	(i) Rangwa (ii) Sakharpa (iii) Panhale	Sangmeshwar/ Ratnagiri Sangmeshwar/ Ratnagiri Lanja/ Ratnagiri
Total		**30**		

Appendix 2.2

(Reference: Paragraph 2.1.7.1 ; Page 17)

Details of expenditure incurred on projects (₹ in crore)

Sr. No.	Name of the project	Total Estimated Cost	Expenditure as on 31.3.2003	Balance cost as on 1.4.2003	2003-04	Expenditure incurred during					
						2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
						Revised Estt. cost	Revised Estt. cost	Revised Estt. cost	Revised Estt. cost	Revised Estt. cost	Revised Estt. cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(I) 75 *per cent* and above											
1	Hetawane	208.54	176.73	31.81	20.86	8.37	14.25	12.03	11.25	12.30	9.10
						275.00	329.90	-	-	-	-
2	Tulyachapada	4.54	3.96	0.57	0.09	0.05	0.04	0	0	0	0.42
						4.66	6.14	-	4.96	-	-
3	Wagh	28.02	22.48	5.54	6.00	1.14	0.93	0.02	0	0	0.12
						32.71	35.02	-	-	-	28.02
4	Dhasai	4.50	4.37	0.14	0.19	0.002	0.05	0.21	0.02	0	-
						5.07	9.14	-	7.25	-	-
5	Panhalghar	6.07	5.31	0.76	0.07	0.01	0.20	0.27	0	0.20	0.53
						6.23	7.57	-	-	4.38	7.57
6	Awashi	20.49	18.03	2.47	1.13	0.62	0.57	1.08	0.10	0.01	0.16
						21.19	22.54	-	32.22	-	20.49
7	Panchanadi	4.02	3.94	0.08	0.11	0.001	0.0003	0.005	0.01	0	-
						4.24	4.52	-	-	-	-
7	Gadgadi	24.50	21.23	3.27	1.54	0.51	0.77	3.83	0.44	1.25	1.84
						26.75	59.10	-	-	73.28	24.50
9	Kondiwali	10.02	9.31	0.72	0.71	0.20	0.34	0.05	0.17	0.11	0.05
						10.67	10.67	-	11.47	-	8.49
10	Sheel	16.67	13.37	3.30	0.38	0.39	2.60	1.81	0	0.57	0.55
						17.00	19.03	-	17.47	-	16.67
11	Morawane	6.57	5.89	0.68	0.78	0.69	0.49	0.004	1.06	0.02	0
						7.12	10.16	-	10.81	-	-
12	Panderi	7.29	6.55	0.74	0.03	0.003	1.39	0.10	0	0.01	-
						7.35	8.02	-	-	-	-
13	Bholwali	17.36	13.48	3.89	0.31	0.15	0.83	1.91	0.17	0.16	0.52
						17.75	20.22	-	25.66	-	16.18
14	Panhale	7.02	5.95	1.07	0.11	0.04	1.48	0.28	0.63	1.41	0.23
						10.29	15.40	-	-	21.56	3.80

Appendix 2.2 (contd.)											
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
15	Berdewadi	24.62	18.49	6.13	3.20	0.74	0.57	1.92	0.95	1.46	6.05
						31.36	27.45	-	71.53	-	63.08
16	Talwade	8.57	6.52	2.05	1.09	3.83	1.13	1.06	0	0.20	1.19
						13.23	14.79	-	15.69	20.71	12.58
17	Sakharpa	12.53	7.61	4.92	1.07	0.11	1.56	0.51	0.28	0.19	0.38
						12.90	14.85	-	-	19.60	12.79
Total expenditure		**411.33**	**343.22**	**68.14**	**37.67**	**16.856**	**27.2003**	**25.089**	**15.08**	**17.89**	**21.14**
(II) 50 to 75 *per cent*											
1	Gadnadi	112.80	71.22	41.58	1.96	0.38	10.15	25.04	56.36	62.12	98.74
						157.41	167.57	-	419.72	-	419.81
2	Deoghar	174.98	97.52	77.46	13.98	17.91	33.60	25.82	16.23	15.92	12.32
						227.08	249.79	-	-	325.00	249.79
3	Kalwali Dharwali	10.86	5.67	5.17	2.38	0.60	0.39	0.40	0	0	0.07
						18.51	21.84	-	23.42	-	10.86
4	Pali Bhutawali	18.27	11.13	7.14	1.90	3.45	1.70	1.53	1.37	1.79	2.73
						20.85	33.96	-	-	43.70	33.96
5	Sirsadi	10.01	5.16	4.85	2.93	5.10	0.31	0.05	0	0.28	0.14
						14.94	16.37	-	18.88	-	10.01
6	Pimpalwadi	58.48	37.49	20.99	6.08	10.33	5.96	4.22	10.63	0.28	0.65
						59.82	73.10	-	82.11	87.48	58.48
7	Talwat	12.48	8.79	3.69	1.03	0.81	2.48	0.55	0.11	0.25	0.26
						13.85	17.22	-	20.39	-	12.48
7	Rangaw	5.69	2.86	2.83	0.33	0.01	0.82	2.86	7.10	11.88	7.37
						8.40	20.74	-	17.87	30.86	17.86
9	Dendonwadi	17.43	10.04	7.39	0.58	0.21	1.39	2.84	1.62	2.13	1.90
						23.74	23.74	-	-	33.83	12.44
10	Shivdav	4.67	3.20	1.47	0.274	0.19	0.39	0.49	0.18	0.23	0
						5.31	5.05	-	5.13	-	4.67
11	Nadhavade	7.35	4.69	2.67	1.49	3.53	1.26	1.4142	0.76	0.77	1.28
						11.35	14.82	-	15.04	36.39	12.95
Total expenditure		**433.02**	**257.77**	**175.24**	**32.934**	**42.52**	**58.45**	**65.2142**	**94.36**	**95.65**	**125.46**

Appendix 2.2 (concld.)											
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(III) Less than 50 *per cent*											
1	Talamba	388.19	30.41	357.78	2.71	0.38	7.73	2.86	5.75	1.18	10.44
						423.91	510.00	-	759.65	816.65	-
2	Nardave	189.90	66.68	123.22	14.12	1.51	21.44	43.89	13.40	28.15	31.20
						287.36	306.64	-	446.70	-	446.71
3	Nageshwari	35.53	9.90	25.64	2.18	1.27	2.78	2.57	2.60	0.67	0.69
						38.10	42.84	-	-	65.45	35.53
4	Poynar	34.75	10.51	24.24	0.12	0.003	3.28	4.87	0.01	0.52	1.50
						37.21	45.17	-	-	77.79	34.75
5	Shelarwadi	27.72	4.44	23.28	6.13	0.004	3.63	0.49	0.40	3.16	11.89
						30.06	51.46	-	52.44	72.54	12.68
6	New Mandve	43.43	15.40	28.03	0.21	0.07	4.46	0.84	0.28	0.75	0.78
						46.26	50.76	-	-	-	50.76
7	Chawanwadi	20.51	5.70	14.81	0.48	0.001	3.68	1.39	0.01	0.48	0.37
						21.97	34.61	-	-		20.51
8	Shirsinge	58.41	28.16	30.25	2.04	0.37	0.33	10.73	27.46	0.72	14.26
						61.56	71.16	-	240.11	-	58.41
9	Talere	4.68	0.34	4.35	0.18	0.01	5.60	0.60	0.31	0.04	2.15
						7.16	12.86	-	13.68	-	12.44
10	Otav	4.50	1.34	3.17	0.11	0.003	1.35	6.86	4.31	3.40	4.92
						6.93	13.93	-	25.02	31.02	0.64
Total expenditure		**807.62**	**172.88**	**634.77**	**28.28**	**3.621**	**54.28**	**75.10**	**54.53**	**39.07**	**78.20**

Appendix 2.3

(Reference: Paragraph 2.1.7.2 and 2.1.7.3; Pages17 and 23)

Statement showing pending land acquisition cases

Sr. No.	Name of the project	Year	No. of pending cases submitted to SLAO (date of submission)	Pending area in ha.	2/3rd amount deposited with SLAO (₹ in lakh)	Remarks
1	Gadnadi	2006-07	2 (06.01.2006)	25.09	8.15	Section-4 declared
2	Gadgadi	2004-05 o 2 006-07	4 (16.04.2004, 06.01.2006, 06.01.2006, 06.01.2006)	25.69	11.32	Section-6 declared
3	New Mandwe	2006-07	1 (17.07.2006)	20.01	12.78	On award
4	Talwat	2006-07	2 (14.07.2006)	9.26	6.20	Section-6 declared and on award
5	Bholwali	2005-06	1 (23.12.2005)	8.91	35.00	Section-6 declared
6	Shirshadi	2006-07	1 (06.02.2006)	0.15	10.80	Section-6 declared
7	Pimpalwadi	2006-07 to 2007-08	7 (31.03.2008, 02.02.2006, 02.02.2006, 05.04.2008, 02.02.2006, 06.02.2008, 03.02.2006)	81.92	94.40	1 case – Section-6 declared 2 cases :on award 2 cases : Section-4 declared 1 case: on (9)(11) enquiry
8	Awashi	2007-08	1 (13.03.2008)	8.02	6.27	Section-4 declared
9	Panderi	2005-06	1 (16.09.2005)	3.97	3.69	Section-6 declared
10	Morwane	2007-08	1 (05.02.2008)	2.79	2.79	On (9)(11) enquiry
11	Kudup	2007-08	1 (16.05.2007)	116.15	88.26	On award
12	Dendonwadi	2004-05 to 2007-08	4 (Not available)	10.94	31.27	On award
13	Nadhwade	2006-07	2 (Not available)	0.22	1.48	To be declared under Section-4
14	Talere	2005-06	1 (Not available)	1.09	6.33	On award
15	Shivdawa	2005-06	1 (Not available)	4.42	7.38	Pending for declaration under Section-4
16	Berdewadi	2005-06	2 (Not available)	8.23	17.50	On award
17	Sakharpa	2003-04 to 2004-05	3 (Not available)	5.23	4.16	1 case: Pending for Section-4 declaration 2 cases - Pending for Section-6 declaration
18	Rangwa	2005-06	3 (Not available)	22.57	2.92	On award
19	Tilari Major Project	2005-06 to 2007-08	19 (Not available)	65.67	903.46	6 cases – declared under Section-4 13 cases to be declared under Section-4
20	Aruna Medium Project	2006-07	6 (Not available)	662.27	527.00	On award
	Total		**63**	**1082.60**	**1781.16 i.e., ₹ 17.81 crore**	

Appendix 2.4
(Reference: Paragraph 2.1.7.3; Page 23)
Statement showing balance amounts lying with SLAO

(₹ in lakh)

Sr. No.	Name of the project	Year	No. of cases	2/3rd advance amount deposited with SLAO	Final awarded value of lands	Unutilised balance amount lying with SLAO
1	Nadhawade	2003-04	2	54.77	49.22	5.55
2	Arjuna Medium Project	2004-05 to 2008-09	6	711.50	653.70	57.80
3	Tilari Major Project	2005-06 to 2006-07	5	616.14	265.63	350.51
	Total		**13**	**1382.41**	**968.55**	**413.86**
				i.e., ₹ 13.82 crore	**i.e., ₹ 9.69 crore**	**i.e., ₹ 4.14 crore**

Appendix 2.5
(Reference: Paragraph 2.1.7.3; Page 23)
Statement regarding funds yet to be deposited by the Department

(₹ in lakh)

Sr. No.	Name of Project	No. of cases	Amount of award declared (Date)	Advance deposited	Balance amount to be paid
1	Gadnadi	2	5.88 (10.11.09) + 22.06 (1.9.09) 27.94	2.06 + 6.00 8.06	3.82 + 16.06 19.88
2	Pimpalwadi	1	33.03 (23.9.09)	17.79	15.24
3	Awashi	1	22.40 (10.2.10)	10.00	12.40
4	Ozar	1	85.00 (30.1.10)	40.00	45.00
5	Asaga	1	120.38 (2.4.10)	34.46	85.92
6	Talere	1	18.63 (N.A.)	6.33	12.30
7	Rangwa	1	0.17 (N.A.)	0.05	0.12
8	Berdewadi	2	46.71(N.A.)	17.50	29.21
9	Tarandale	4	1037.75 (N.A.)	336.64	701.11
	Total	**14**	**1392.01**	**470.83**	**921.18**
			i.e., ₹ 13.92 crore		**i.e., ₹ 9.21 crore**

N.A.: Not available

Appendix 2.6

(Reference: Paragraph 2.1.8.5; Page 27)

Statement showing selected projects in respect of which excess expenditure over revised administrative approval was incurred

(₹ in crore)

Sr. No.	Name of the Project	Original Admn. Approval/Date	Revised Admn. Approval (RAA)and Date	Actual expenditure as 31.3.2010	Excess expenditure over RAA
1	Wagh	9.96/14.10.85	28.01/3.11.01	29.35	1.34
2	Pimpalwadi	5.21/11.3.81	58.48/12.9.03	74.40	15.92
3	Kondivali	0.56/10.11.82	8.49/14.11.02	10.50	2.01
4	Bholwali	0.57/6.9.82	16.18/28.2.03	18.72	2.54
5	Tarandale	9.75/9.12.96	27.77/26.7.07	40.36	12.59
6	Panhale	0.49/16.10.87	3.80/27.9.94	10.65	6.85
7	Sakharpa	3.97/5.8.94	12.79/22.11.05	13.01	0.22
8	Talwat	0.64/5.1.81	12.48/3.2.00	14.14	1.66
9	Domihira	4.46/16.10.85	23.99/19.1.01	75.12	51.13
10	Rangav	0.93/7.7.85	17.86/10.8.09	31.58	13.72
11	Tangar	0.27/13.12.77	7.48/29.12.97	8.49	1.01
12	Shirsinge	10.46/21.8.83	58.41/11.10.99	81.48	23.07
	Total	**47.27**	**275.74**	**407.80**	**132.06**

Appendix 2.7

(Reference: Paragraph 2.1.8.8; Page 29)

Accumulated liabilities of the KIDC as on 31 March 2010

Sr. No.	Name of the project	Amount of liability as on 31 March 2010 (₹ in crore)	Sr. No.	Name of the project	Amount of liability as on 31 March 2010 (₹ in crore)
1	Bhatsa	122.6500	**36**	Berdewadi	0.8306
2	Surya	28.2592	**37**	Shivdav	0.0200
3	Talamba	17.0121	**38**	Chinchwadi	1.0923
4	Tillari	16.1455	**39**	Ozar	6.0708
5	Deharaji	143.8000	**40**	Kakeywadi	25.1980
6	Hetawane	6.6481	**41**	Talwade	0.0246
7	Jamada	93.4603	**42**	Shil	2.6846
8	Gadnadi	122.9252	**43**	Chawanwadi	6.8801
9	Aruna	12.7278	**44**	Morawane	0.9655
10	Deoghar	8.6882	**45**	Yelondwadi	1.6128
11	Nardawe	40.2745	**46**	Kudup	21.8998
12	Korle Satandi	39.4780	**47**	Poynar	22.4323
13	Sarambala	63.8242	**48**	Shelarwadi	14.3302
14	Wagh	0.8000	**49**	Pimpalwadi	1.5406
15	Sambarkund	0.0400	**50**	Kondiwali	0.0197
16	Padale	0.7000	**51**	Talwat	3.7517
17	Dhasai	0.1200	**52**	New Mandve	13.9950
18	Kushiwali	4.2153	**53**	Otaw	3.5000
19	Nadhawade	4.1000	**54**	Panchnadi	0.9626
20	Lendi	4.5400	**55**	Awashi	1.8188
21	Domihira	6.2215	**56**	Shirsadi	1.2635
22	Pawale	0.6234	**57**	Rangaw	3.2300
23	Kholsapada	12.2165	**58**	Gadgadi	55.0812
24	Kotheri	5.9450	**59**	Sakharpa	0.0512
25	Nageshwari	4.2181	**60**	Tarandale	12.8183
26	Amboli	4.5280	**61**	Talere	0.8937
27	Pali-Bhutawali	2.6529	**62**	Dendonwadi	0.8065
28	Tide	0.7674	**63**	Shirshinge	37.6401
29	Panderi	0.1687	**64**	Kariwade	2.1944
30	Bholwali	0.4812	**65**	Birdi	10.8261
31	Panhale	0.0461	**66**	Roshani	0.6900
32	Asaga	10.6048	**67**	Kalwali-Dharwali	0.6800
33	Muchkundi	5.1155	**68**	Panhalghar	0.2200
34	Nirukhe	1.6600	**69**	Koyana	0.1251
35	Sutarwadi	0.1444	**70**	Arjuna	24.9210
		Grand total			**1066.8730**

Appendix 2.8
(Reference: Paragraph 2.1.9.5; Page 34)
List of 38 projects in respect of which irrigation potential and water storage were not created

Sr. No.	Name of the Project	Expenditure (₹ in crore)
1	Talamba	61.44
2	Deharaji	12.79
3	Sambarkund	3.36
4	Sarambala	42.33
5	Aruna	87.33
6	Lendi	29.98
7	Kushiwali	2.31
8	Kholsapada	2.05
9	Kalwali-Dharwali	10.43
10	Kotheri	5.53
11	Nageshwari	23.49
12	Asaga	2.06
13	New Mandve	22.82
14	Poynar	20.21
15	Shelarwadi	29.67
16	Kudup	1.79
17	Chawanwadi	12.57
18	Ozar	2.87
19	Nirukhe	0.05
20	Shirsinge	81.48
21	Pawale	3.63
22	Birwadi	6.01
23	Nampada	4.15
24	Tiler	0.38
25	Wadshetwawe	21.22
26	Yelondwadi	0.18
27	Munchkundi	35.79
28	Tide	0.13
29	Birdi	8.86
30	Kachurli	0.68
31	Jamada	106.65
32	Padale	22.77
33	Chinchwadi	15.38
34	Kakeywadi	11.54
35	Talwat	14.14
36	Talere	9.61
37	Shirale	0.67
38	Ambai	1.34
Total		**717.69**

Appendix 2.9

(Reference: Paragraph 2.1.9.5; Page 34)

List of 15 projects in respect of which full water storage was created but projected irrigation potential not created as on June 2009

Sr. No	Name of Projects	Expenditure (₹ in crore)	IP projected (IP in ha.)	IP created (Percentage)
1	Wagh	29.35	842	608 (72)
2	Sakharpa	13.01	429	10 (2)
3	Pimpalwadi	74.40	2472	2026 (82)
4	Tillari	837.46	9680	5066 (52)
5	Srimant	24.02	1319	1292 (98)
6	Dewghar	231.07	8122	1991 (25)
7	Hetawane	266.36	11021	2046 (19)
8	Awashi	21.73	978	823 (84)
9	Talwade	15.34	427	70 (16)
10	Bhatsa	393.87	42550	13,812 (32)
11	Surya	408.67	27188	23,088 (85)
12	Roshani	25.77	690	345 (50)
13	Panchnadi	4.01	153	122 (80)
14	Diwalwadi	5.02	444	241 (54)
15	Dabhichiwadi	3.44	0	0 (0)
Total		**2,353.52**		

Appendix 2.10

(Reference: Paragraph 2.1.9.6; Page 34)

Utilisation of irrigation potential

Name of Project	Year of gorge filling	IP projected/created (crop area) (ha.)	Range of utilisation of actual IP (in ha)	Average percentage utilisation of projected IP during 2004-05 to 2008-09	Water Storage projected/ created as of March 2010.	Expenditure incurred up to March 2010 (₹ in crore)	Remarks
1. Dhasai*	1984	459/459	62.24 to 132.27	21 *per cent*	4.480/ 4.480	5.36	Various defects were noticed in canals and underground pipelines were broken.
2.Tulyacha pada*	1995	212.55/ 212.55	0 to 45.53	12 *per cent*	1.930/ 1.930	4.47	Actual irrigation of the command area was started from 2001-02 due to leakages in canals and breakage of underground pipelines though the headwork was completed in 1995.
3. Wagh*	2001	841.50/ 608.85	16.50 to 28.46	12 *per cent*	10.30/ 10.30	29.23	Out of 10.560 k.m. of RBC, construction work of "0 to 7.893 km and 8.753 to 10.560 km. was completed; leaving a patch of 860 metre due to dispute of PAP. This land was not acquired till date. Hence water supply from the dam could not reach to the end user.
4. Shivdawa	1990	343/343	9.29 to 28.46	21 *per cent*	2.687/ 2.687	5.06	
5. Tillari*	2003 and 2006	6676/ 3494	150	0.02 *per cent*	462.17/ 462.17	825.79	
6. Panchnadi	1985-86	114/91	16.05 to 17.42	14 *per cent*	1.460/1.460	4.01	
7. Awashi	1998-99	575/484	2 to 7.94	0.8 *per cent*	11.151/ 11.151	21.43	
8. Wayghol pada*	2001	437/437	160 to 310	58 *per cent*	4.869/ 4.869	11.84	
9. Shinde	2000	254/254	60 to 122.36	38 *per cent*	1.171/ 1.171	3.49	
10. Cholmukh	2005	480/480	60 to 151.35	26 *per cent*	3.240/ 3.240	9.02	
					Total	**919.70**	

* Test-checked projects

Appendix 2.11

(Reference: Paragraph 2.1.9.6 ; Page 35)

Underutilisation of irrigation potential in terms of crop pattern

Name of the project	IP projected/ created (ha)	Percentage of approved crop pattern	Range of actual area irrigated (ha)	Water charges recovered/ charges due 2004-05 to 2008-09 (₹ in lakh)	Remarks
1. Dhasai	459/459	Kharif crop = 25 Perennial crop= 10 Rabi crop = 70 Vegetables = 20 Double Hangami Crop = 10	62.24 to 132.27	1.22/2.79	Crop area of paddy reduced from 58.90 ha.to 5.859 ha. during 2004-05 to 2008-09. Total crop area was decreased from 98.25 ha. to 97.05 ha. during 2004-05 to 2008-09 except in the year 2005-06.
2.Tulyachapada	212.55/ 212.55	Rabbi: Paddy= 40 Wheat= 10 Pulses= 30 Vegetables= 15	18.53 to 45.53	0.10/0.33	Paddy was not cultivated during 2004-05 to 2006-07 and in 2008-09. During 2007-08 paddy was cultivated in 1.85 ha.
3. Wagh	841.50/ 608.85	Kharif: Paddy = 40 Vegetables= 15 Rabbi: Paddy= 30 Vegetables=20 Pulses = 15 (Groundnut) Mango = 25	16.50 to 28.46	0.04/0.29	Crops like Jowar and groundnut were not cultivated and cultivation of paddy, wheat, fruits, *etc.*, was reduced drastically
4. Shivdawa	343/343	Kharif: Paddy = 65 Rabbi : Paddy = 20 Groundnut = 5 Horticulture = 40 Pulses = 30 Chillies= 5	9.29 to 28.46 ha.	1.42/1.42	Paddy was cultivated only in 0.60 to 2.76 ha. during 2004-05 to 2008-09.
5. Tilari	6676/ 3494	Kharif = 50 Rabbi = 60 Perrenial= 35	67.50 to 40.57 ha.	-	In Rabbi season, paddy was cultivated in 5.24 ha. in 2007-08 and in 6.42 ha. in 2008-09.
6.Waygholpada	437/437	Kharif: Two seasonal = 10 Paddy = 25 Rabbi: Paddy = 70 Two seasonal= 10 Vegetables= 20	160 to 310 ha.	1.54/1.78	Paddy was not cultivated in the irrigated area during 2005-06 to 2009-10.
7. Shinde	254/254	Rabbi: Gram= 70 Vegetables=10 Suntlower=10 Wheat= 10	60 to 122.36 ha.	0.76/0.52	33 to 40 *per cent* of the created IP was utilised.
8. Cholmukh	480/480	Rabbi: Gram=10 Vegetables= 10 Wheat=20 Groundnut=10 Paddy=10 Sugarcane=5 Garden=5 Kharif-Hybrid=30	60 to 151 ha.	0.39/0.39	12 to 31 *per cent* of the created IP was utilised.

Appendix 2.12
(Reference : Paragraph 2.2.1; Page 41)
List of medical colleges in Maharashtra

Government Medical Colleges

(1) Grant Medical College, Mumbai, (2) B.J. Medical College, Pune, (3) GMC, Miraj, (4) Rajashree Chhatrapati Shahu Maharaj GMC, Kolhapur, (5) Dr. Vaishampayan Memorial GMC, Solapur, (6) Shri D. H. GMC, Dhule, (7) GMC, Aurangabad, (8) Shri Shankarrao Chavan GMC, Nanded, (9) Swami Ramanand Tirth Rural Medical College, Ambejogai, (10) GMC, Latur, (11) GMC, Nagpur, (12) Indira Gandhi GMC, Nagpur, (13) GMC, Akola and (14) S.V. Naik GMC, Yavatmal

Medical colleges under Municipal Corporations

(1) Seth G.S. MC, Mumbai, (2) Topiwala National MC, Mumbai, (3) Lokmanya Tilak MC, Mumbai and (4) Rajiv Gandhi MC, Thane

Medical colleges under Central Government

(1) Armed Force MC, Pune and (2) Mahatma Gandhi Institute of Medical Sciences, Sewagram

Private medical colleges

(1) K.J. Somaiya MC, Mumbai, (2) Terna MC, Mumbai, (3) MAEER MIT's MIMER MC, Talegaon Dabhade (Pune), (4) Dr. Vasantrao Pawar MC, Nashik, (5) Pad. V.V. Patil Foundation MC, Ahmednagar, (6) MIEMER MC, Latur, (7) NKP Salve Institute of Medical Science and Research Centre, Nagpur, (8) Dr. Punjabrao Deshmukh Memorial MC, Amravati, (9) Smt. Kashibai Navale MC, Narhe Ambegaon (Pune), (10) JMF's ACPM MC, Dhule and (11) Godawari Foundation's Dr. Ulhas Patil MC, Jalgaon

Medical colleges having status of Deemed University

(1) Pad. D.Y. Patil MC, Nerul (Mumbai), (2) MGM's MC, Kamothe, Navi Mumbai, (3) Pad. D.Y. Patil Women's College, Pune, (4) Krishna Institute of Medical Sciences, Karad (Satara), (5) PDYPES's D.Y. MC, Kolhapur, (6) PMT's Rural Medical Foundation MC, Lone, (Ahmednagar), (7) MGM MC, Aurangabad, (8) Jawaharlal Nehru MC, Sawangi (Wardha), (9) Bharati Vidyapeeth MC, Pune and (10) Bharati Vidyapeeth Deemed University MC, Sangli

Appendix 2.13
(Reference Paragraph 2.2.1, Page 41)
List of Government medical colleges along with attached hospitals and health units

Sl. No.	Name of the Govt. Medical Colleges	Sanctioned intake capacity	Attached Hospitals and Health Units	Bed strength
1	Grant Medical College, Mumbai	200	1. Sir J.J.Group of Hospitals, Mumbai	1352
			2. G.T. Hospital, Mumbai	521
			3. St. Georges Hospital, Mumbai	467
			4. Kama & Albless Hospital, Mumbai	505
			5. Urban Health Centre, Bandra, Mumbai	50
			6. Health Unit, Palghar	16
2	B. J. Medical College, Pune	200	1. Sasoon General Hospital, Pune	1288
			2. Health Unit, Shirur, Pune	17
3	Government Medical College, Miraj	100	1. Government Medical College & Hospital, Miraj	120
			2. Pd. P.V.Patil General Hospital, Sangli	388
			3. Health Unit, Tasgaon	27
4	Shri Bhausaheb Hire Government Medical College, Dhule	50	1. Shri B. Hire Govt. Medical College and Hospital, Dhule	508
5	Dr. V.M. Medical College, Solapur	100	1. Cht. Shivaji Maharaj General Hospital, Solapur	733
6	R.C.S.M. Medical College, Kolhapur	100	1. Pramila Raje Memorial Civil Hospital, Kolhapur	500
7	Government Medical College, Aurangabad	150	1. Government Medical College and Hospital, Aurangabad	1028
			2. Health Unit, Paithan	30
8	Government Medical College, Nanded	50	1. Government Medical College and Hospital, Nanded	508
9	Swami Ramanand Tirth Rural Medical College, Ambejogai	50	1. Swami Ramanand Tirth Rural Medical College and Hospital, Ambejogai	518
10	Government Medical College, Latur	100	1. Civil Hospital, Latur	500
11	Government Medical College, Nagpur	200	1. Government Medical College and Hospital, Nagpur	1001
			2. Super Speciality Hospital, Nagpur	120
			3. Health Unit, Saoner	40
12	Indira Gandhi Government Medical College, Nagpur	100	1. Indira Gandhi Government Medical College and Hospital, Nagpur	594
			2 Dr. Babasaheb Ambedkar Hospital and Research Centre, North Nagpur	240
13	Shri Vasantrao Naik Government Medical College, Yavatmal	100	1. Shri Vasantrao Naik Government Medical College and Hospital, Yavatmal	570
			2. Shri Vasantrao Naik Government Medical College and Women's Hospital, Yavatmal	80
14	Government Medical College, Akola	100	1. Civil Hospital, Akola	500
		1,600		**12,221**

Appendix 2.14
(Reference Paragraph 2.2.8.2; Page 53)
Unit-wise details of Post Graduate courses (degree and diploma) not started

Sl. No.	Name of the Unit	Degree courses	No. of sanctioned posts	Diploma courses	No. of sanctioned posts
1	SRTR, Ambejogai	Chest & TB	1	–	–
		Ortho	1	Ortho	1
		Psychiatry	1	–	–
		Radiology	2	Radiology	2
		Skin & VD	1	–	–
2	GMC, Aurangabad	Chest & TB	2	–	–
		Psychiatry	1	–	–
		Radiotherapy	2	–	–
		Skin & VD	1	–	–
3	GMC, Miraj	Chest & TB	1	–	–
		ENT	1	ENT	1
		Ortho	2	Ortho	2
		Psychiatry	1	–	–
		Radiology	2	Radiology	2
		Radiotherapy (Cobalt)	1	–	–
		Skin & VD	1	–	–
4	GMC, Nagpur	Psychiatry	1	Psychiatry	1
		Radiotherapy	1	–	–
		Skin & VD	2	–	–
5	B.J. MC, Pune	Forensic Medicine	2	–	–
	5 Units	**20 Courses**	**27 Posts**	**6 Courses**	**9 Posts**

Appendix 2.15

(Reference: Paragraph 2.3.8.1; Page: 77)

Difference in amount of budget estimates as per civil estimate books and as per BEAMS databases

(₹ in thousand)

Sr. No.	Year	Grant No.	As per White Book	As per BEAMS database	Difference
1	2010-11	I-03	20311237	20312537	1300
2	2010-11	H-03	1185120	1187183	2063
3	2010-11	H-04	358801	359200	399
4	2010-11	H-06	14645572	14841514	195942
5	2010-11	H-07	10311478	10350320	38842
6	2010-11	H-08	3624308	3698531	74223
7	2010-11	H-09	80000	168000	88000
8	2010-11	K-01	251438	251788	350
9	2010-11	K-07	7225523	7225535	12
10	2010-11	B-01	60465323	60467432	2109
11	2010-11	B-05	1327917	1327925	8
12	2010-11	T-02	6902824	7312547	409723
13	2010-12	T-05	23921993	23922437	444
		Total	**150611534**	**151424949**	**813415**

Appendix 3.1

(Reference : Paragraph 3.1.1; Page 85)

Difference in amounts credited into treasury *vis-à-vis* departmental cash book

Sr. No.	Major Head	As per departmental cash book			As per Treasury records	Difference (5 – 6) (in ₹)
		Date	Challan No.	Amount shown as remitted into the treasury (in ₹)	Amount actually remitted into the treasury (in ₹)	
1	2	3	4	5	6	7
1.	0435	22-05-07	35	1,14,410	14,410	1,00,000
2.	0435	30-05-07	36	1,47,850	47,850	1,00,000
3.	0435	1-06-07	37	1,34,425	34,425	1,00,000
4.	0435	2-06-07	38	1,61,560	61,560	1,00,000
5.	0435	14-06-07	39	1,69,595	69,595	1,00,000
6.	0401	1-07-08	03	2,18,000	18,000	2,00,000
7.	0401	1-07-08	4	2,22,000	22,000	2,00,000
8.	0435	8-07-09	9	1,04,550	4,550	1,00,000
Total				**12,72,390**	**2,72,390**	**10,00,000**

Appendix 3.2

(Reference : Paragraph 3.2.5; Page 93)

Statement showing excess payments to contractors

Sr. No.	Name of the Work	Name of the Contractor	Estimated Cost	Contract Value (Contractor's percentage)	Contract value when compared to the CSR (2006-07)	Value of the excess quantity executed beyond 125 *per cent*	Actual payment made	Payment entitled	Excess payment (8-9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	LBS Road Part I	M/s RPS Infra Projects Ltd.	₹ 5.57 crore	₹ 6.74 crore (21% above)	9.66% below	₹ 2.92 crore	₹ 3.53 crore (21% above)	₹ 2.64 crore (9.66% below)	**₹ 0.89 crore**
2	LBS Road Part II	M/s R K Madhani	₹ 2.78 crore	₹ 3.48 crore (25% above)	4.08% below	₹ 0.84 crore	₹ 1.05 crore (25% above)	₹ 0.81 crore (4.08% below)	**₹ 0.24 crore**
3	LBS Road Part III	M/s Eagle Construction	₹ 3.13 crore	₹ 3.76 crore (20.07% above)	5.61% below	₹ 0.97 crore	₹ 1.16 crore (20.07% above)	₹ 0.92 crore (5.61% below)	**₹ 0.24 crore**
4	LBS Road Part IV	M/s Rachna Construction	₹ 3.20 crore	₹ 3.87 crore (21% above)	6.94 % below	₹ 1.79 crore	₹ 2.17 crore (21% above)	₹ 1.67 crore (6.94 % below)	**₹ 0.50 crore**
5	LBS Road Part V	M/s Rohit Enterprises	₹ 3.10 crore	₹ 3.71 crore (19.80 % above)	6.96 % below	₹ 2.38 crore	₹ 2.85 crore (19.80 % above)	₹ 2.21 crore (6.96 % below)	**₹ 0.64 crore**
6	SV Road Part I	M/s R K Madhani	₹ 2.61 crore	₹ 3.22 crore (23.34 % above)	5.92 % above	₹ 1.77 crore	₹ 2.18 crore (23.34 % above)	₹ 1.87 crore (5.92 % above)	**₹ 0.31 crore**
7	SV Road Part II	M/s R K Madhani	₹ 1.73 crore	₹ 2.14 crore (23.91% above)	5.92 % above	₹ 1.38 crore	₹ 1.71 crore (23.91% above)	₹ 1.46 crore (5.92 % above	**₹ 0.25 crore**
8	SV Road Part III	M/s S V Jivani	₹ 2.39 crore	₹ 2.99 crore (25% above)	5.93 % above	₹ 0.66 crore	₹ 0.83 crore (25% above)	₹ 0.70 crore (5.93 % above)	**₹ 0.13 crore**
9	SV Road Part IV	M/s R K Madhani	₹ 1.79 crore	₹ 2.17 crore (21.47 % above)	5.92 % above	₹ 0.74 crore	₹ 0.90 crore (21.47 % above)	₹ 0.78 crore (5.92 % above)	**₹ 0.12 crore**
10	SV Road Part V	M/s Prime Engineers	₹ 2.66 crore	₹ 3.32 crore (25 % above)	5.75% above	₹ 0.71 crore	₹ 0.89 crore (25 % above)	₹ 0.75 crore (5.75% Above)	**₹ 0.14 crore**
11	SV Road Part VI	M/s Prime Engineers	₹ 4.24 crore	₹ 5.30 crore (25 % above)	4.19% above	₹ 0.63 crore	₹ 0.79 crore (25 % above)	₹ 0.66 crore (4.19% above)	**₹ 0.13 crore**
Total									**₹ 3.59 crore**

Appendix 3.3

(Reference : Paragraph 3.3.2; Page 100)

Irregular inclusion of rates for the secondary blasting in wet condition

Item as per Schedule B of tender	Tendered quantity cum	Schedule B Rate ₹ per cum	Tendered rate ₹ per cum	Quantity proposed under EIRL cum	Rate sanctioned ₹ per cum	Extra rate ₹ per cum (6-4)	Quantity executed and paid at enhanced rates till June 2010 in cum	Amount paid ₹ in lakh (8*6)	Payable amount ₹ in lakh (8*4)	Extra expenditure ₹ in lakh (9-10)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Excavation in hard strata using controlled blasting as per specification *etc.*	42,047	240.65	252.51	42,381.56	383.65 (based on ISR for the year 2005-06)	131.14	69,006.75	264.74	174.25	90.49
				26,302.35	440.70 (based on ISR for the year 2007-08)	188.19	--	--	--	--
						Total	**69,006.75**	**264.74**	**174.25**	**90.49**

Appendix 3.4

(Reference : Paragraph 3.4.3; Page : 105)

Inclusion of Central Excise duty on total cost of fabrication

Name of division	Name of work/ Rate of Central Excise duty added	Date of work order/ stipulated period of completion/ extension	Agreement cost ₹	Latest bill paid	Amount of bill (₹ in crore)	Component	Excise duty on Fabrication Cost (₹ per MT)	Quantity executed (MT)	Total Amount (₹ in lakh)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Executive Engineer, Lower Wardha Project Division, Wardha (CE, GP, Nagpur)	Manufacturing and erection of radial gates, Hoist, Goliath crane and River Sluice of Lower Wardha Project /**16.32 *per cent***	29 November 2006/ 24 months/ Up to December 2009	24.95 crore (21.45 *per cent* above the estimated cost of ₹ 20.54 crore)	11 RA bill of August 2009	24.73	Radial Gate	11,832	874	103.41
						Stop log Gate	11,342	323.019	36.64
						Hoist	14,362	141.651	20.35
						Goliath Gate	19,502	334.046	65.15
						Bridge	9,710	13.174	1.28
								Total	**226.53**
								After tender *per cent*	**275.12**
Executive Engineer, Nandur Madhmeshwar canal division 2 Wadigodri District Jalna (CE, Aurangabad)	Construction of Mangrul Low Level Barrage including providing and fixing Automatic gates, Taluka- Ghansavangi/ **16.32 *per cent***	25 May 2006/48 month	71.85 crore (14.23 *per cent* above the estimated cost of ₹ 62.90 crore)	59 RA bill of March 2009	98.64	Stop log gate	9,710	262.5	25.48
						Hoist bridge	10,214	889.01	90.80
						Hoist machinery	19,991	293.04	58.58
								Total	**174.86**
								After tender *per cent*	**199.74**
	Construction of Loni Savangi High Level Barrage including vertical lift type gates, Taluka- Partur/ **16.32 *per cent***	18 April 2006/ 36 month	74.14 crore (5.40 *per cent* above the estimated cost of ₹ 70.34 crore)	37 RA bill of April 2009	85.37	Stop log gate	9710	1240.5	120.45
						Hoist bridge	4814	234.661	11.29
						Granty crane	4812	33.51	1.61
								Total	**133.35**
								After tender *per cent*	**140.55**
	Construction of Raja Takli Low Level Barrage . Taluka- Ghansavangi/ **16.32 *per cent***	19 May 2006/ 48 month	63.16 crore (14.28 *per cent* above the estimated cost of ₹ 55.27 crore)	39 RA bill of June 2009	86.51	Stop log gate	9710	209.625	20.35
						Hoist bridge	10214	572.647	58.49
						Hoist machinery	19991	188.418	37.67
								Total	**116.51**
								After tender *per cent*	**133.15**

Appendix 3.4 (contd.)									
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**
	Construction of Balance civil work including piers., Deck slab and gates of Jogladevi Low Level Barrage including Automatic type gates, Taluka- Ghansavangi/ **16.32 *per cent***	21 December 2006/ 36 month	51.64 crore (14.86 *per cent* above the estimated cost of ₹ 44.97 crore)	37 RA bill of May 2009	79.09	Godbole gate	8394	846	71.01
						Hoist bridge	10214	760	77.63
						Stoplog gate	13056	250	32.64
						Hoist machinery	19991	175	34.98
								Total	**216.26**
								After tender *per cent*	**248.40**
Executive Engineer, Khadakpurna project Division, Deolgaoraja, District Buldhana (CE, Amravati)	Fabrication and erection of spillway radial gate, stoplog gate, Hoisting arrangement, Goliath crane and railing arrangement of Khadakpurna Project,/ **16 *per cent***	6 April 2007/24 month/	31.45 crore(19.70 *per cent* above the estimated cost of ₹ 26.27 crore)	12 RA bill of January 2009	23.54	Radial Gate	11600	685.744	79.54
						Stoplog Gate	11120	198.134	22.03
						Hoist	9520	-	
						Goliath Gate	19120	-	
								Total	**101.57**
								After tender *per cent*	**121.58**
Executive Engineer, Minor Irrigation Division, Latur (CE, Aurangabad)	Construction of Dhanegaon High Level Barrage (Dam) including vertical lift type gates, Taluka- Nilanga/ **16.32 *per cent***	3 April 2006/35 month/	62.06 crore(8.64 *per cent* above the estimated cost of ₹ 57.13 crore)	23 RA bill of August 2009	65.65	Stop log gate	**9710**	**1057.613**	**102.69**
						Hoist bridge	**4814**	**265.879**	**12.8**
						Goliath crane	**4812**	**155.786**	**7.49**
								Total	**122.98**
								After tender *per cent*	**133.61**

Appendix 3.4 (concld.)									
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**
Executive Engineer, Medium Project Division, Latur (CE, Aurangabad)	Construction of Kasara pohegaon High Level Barrage (Dam) including vertical lift type gates, Taluka-latur/ **16 *per cent***	3 March 2006/35 month/	38.54 crore (4.89 *per cent* above the estimated cost of ₹ 36.46 crore)	26 RA bill of March 2009	45.45	Stop log gate	**9710**	**684.531**	**66.46**
						Hoist bridge	**4814**	**135.627**	**6.53**
						Goliath crane	**4812**	**104.89**	**5.05**
								Total	**78.04**
								After tender *per cent*	**81.86**
	Construction of Wanjarkheda High Level Barrage (Dam) including vertical lift type gates, Taluka-latur/ **16 *per cent***	10 March 2006/36 month/	45.39 crore (4.91 *per cent* above the estimated cost of ₹ 43 crore)	31 RA bill of September 2008	38.71	Stop log gate	**9710**	**785.21**	**76.24**
						Hoist bridge	**4814**	**124.82**	**6.01**
						Goliath crane	**4812**	**72.55**	**3.49**
								Total	**85.74**
								After tender *per cent*	**89.95**
	Construction of Dongargaon High Level Barrage including earthen Dam and vertical lift type gates across Manjra River, Taluka- Nillanga/ **16 *per cent***	10 March 2006/36 month/	47.78 crore (4.95 *per cent* above the estimated cost of ₹ 45.32 crore)	26 RA bill of August 2009	43.35	Stop log gate	**9710**	**750.07**	**72.83**
						Hoist bridge	**4814**	**207**	**9.96**
						Goliath crane	**4812**	**135**	**6.50**
								Total	**89.29**
								After tender *per cent*	**93.70**
						Grand Total			**1,345.13**
						Grand Total after tender *per cent*			**1,517.66**

Appendix 3.5

(Reference : Paragraph No 3.4.4; Page 106)

Details of items included in extra item rate list

Item No	Particular	Schedule B quantity in cum	Tendered rate ₹ per cum	125 *per cent* of tendered quantity cum	EIRL rate ₹ per cum	Quantity executed			Amount paid for quantity at EIRL rate ₹	Quantity Payable at tendered rate ₹	Extra Expenditure ₹ (10-11)
						At tendered Rate in cum	At EIRL rate in cum	Total Quantity in cum			
1	2	3	4	5	6	7	8	9	10 (6x8)	11 (4x8)	12
6	Providing embankment for hearting zone with approved quality impervious soils including material available from compulsory excavation,/ from borrow area and contractors own material including placing in layers of thickness not less exceeding 23 cm loose, breaking clods, watering and mechanical compaction *etc*	178659	78.69	223324	109.80	71175.08	105456	176631.08	11579069	8298333	**3280736**
7	Embankment for casing zone with approved quality pervious soils either from available through excavation, or from borrow area material or contractors own material including placing in layers of thickness not less exceeding 23 cm loose, breaking clods, watering and mechanical compaction *etc*	330396.33	79.05	412995	136.32	193311.237	183412	376723.237	25002724	14498719	**10504005**
Total									**36581793**	**22797052**	**13784741**

Appendix 3.6

(Reference : Paragraph 3.6.1; Page 123)

Department wise outstanding Inspection Reports/paras issued upto December 2009 but outstanding as on 30 June 2010

Sr. No.	Name of Department	Mumbai/ Nagpur	Upto 2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		Total	
			IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	Mumbai	62	115	18	30	38	56	45	146	49	175	17	71	229	593
		Nagpur	110	168	20	25	39	75	77	175	107	377	126	346	479	1166
		Total	**172**	**283**	**38**	**55**	**77**	**131**	**122**	**321**	**156**	**552**	**143**	**417**	**708**	**1759**
2	Co-operation and Textiles	Mumbai	57	108	14	41	10	25	11	43	29	68	10	39	131	324
		Nagpur	132	186	20	37	31	66	30	56	36	81	50	117	299	543
		Total	**189**	**294**	**34**	**78**	**41**	**91**	**41**	**99**	**65**	**149**	**60**	**156**	**430**	**867**
3	Employment and Self- Employment	Mumbai	2	2	2	3	2	3	0	0	6	15	0	0	12	23
		Nagpur	0	0	1	1	0	0	3	7	3	8	1	1	8	17
		Total	**2**	**2**	**3**	**4**	**2**	**3**	**3**	**7**	**9**	**23**	**1**	**1**	**20**	**40**
4	Environment	Mumbai	0	0	0	0	0	0	0	0	1	3	1	2	2	5
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**3**	**1**	**2**	**2**	**5**
5	Finance	Mumbai	3	7	3	4	3	4	6	11	4	14	3	10	22	50
		Nagpur	8	13	2	2	2	2	2	2	5	12	7	12	26	43
		Total	**11**	**20**	**5**	**6**	**5**	**6**	**8**	**13**	**9**	**26**	**10**	**22**	**48**	**93**
6	Food ,Civil Supplies and Consumer Protection	Mumbai	3	5	1	2	2	7	2	3	3	4	2	6	13	27
		Nagpur	0	0	1	1	0	0	2	3	4	11	5	12	12	27
		Total	**3**	**5**	**2**	**3**	**2**	**7**	**4**	**6**	**7**	**15**	**7**	**18**	**25**	**54**
7	General Administration	Mumbai	3	3	0	0	5	6	3	5	12	33	5	16	28	63
		Nagpur	1	1	1	1	2	3	6	8	3	12	3	3	16	28
		Total	**4**	**4**	**1**	**1**	**7**	**9**	**9**	**13**	**15**	**45**	**8**	**19**	**44**	**91**
8	Higher and Technical Education	Mumbai	37	48	9	11	12	24	28	71	31	80	16	60	133	294
		Nagpur	79	119	18	25	29	59	34	85	61	166	37	103	258	557
		Total	**116**	**167**	**27**	**36**	**41**	**83**	**62**	**156**	**92**	**246**	**53**	**163**	**391**	**851**
9	Home	Mumbai	63	90	29	45	18	24	37	102	49	173	23	146	219	580
		Nagpur	40	75	30	94	11	58	27	110	23	107	31	125	162	569
		Total	**103**	**165**	**59**	**139**	**29**	**82**	**64**	**212**	**72**	**280**	**54**	**271**	**381**	**1149**
10	Housing	Mumbai	1	2	0	0	2	4	2	7	5	12	0	0	10	25
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	**1**	**2**	**0**	**0**	**2**	**4**	**2**	**7**	**5**	**12**	**0**	**0**	**10**	**25**

Appendix 3.6 (contd.)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
11	Industries, Energy and Labour	Mumbai	23	41	5	14	5	10	7	17	17	49	3	19	60	150
		Nagpur	15	17	4	9	13	34	9	14	13	23	11	23	65	120
		Total	**38**	**58**	**9**	**23**	**18**	**44**	**16**	**31**	**30**	**72**	**14**	**42**	**125**	**270**
12	Law and Judiciary	Mumbai	16	19	7	11	9	18	6	21	22	73	5	12	65	154
		Nagpur	1	1	5	5	11	18	23	31	17	32	54	132	111	219
		Total	**17**	**20**	**12**	**16**	**20**	**36**	**29**	**52**	**39**	**105**	**59**	**144**	**176**	**373**
13	Mah. Legislature Secretariat	Mumbai	0	0	1	5	0	0	1	3	1	2	1	7	4	17
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	**0**	**0**	**1**	**5**	**0**	**0**	**1**	**3**	**1**	**2**	**1**	**7**	**4**	**17**
14	Medical Education and Drugs	Mumbai	37	61	10	27	6	12	15	40	17	85	15	107	100	332
		Nagpur	19	32	8	18	10	29	11	49	12	58	11	62	71	248
		Total	**56**	**93**	**18**	**45**	**16**	**41**	**26**	**89**	**29**	**143**	**26**	**169**	**171**	**580**
15	Planning	Mumbai	2	3	1	1	1	1	1	1	0	0	1	4	6	10
		Nagpur	0	0	0	0	1	1	0	0	0	0	4	6	5	7
		Total	**2**	**3**	**1**	**1**	**2**	**2**	**1**	**1**	**0**	**0**	**5**	**10**	**11**	**17**
16	Public Health	Mumbai	78	125	24	39	14	39	22	78	18	94	13	103	169	478
		Nagpur	53	90	27	51	65	155	60	246	47	143	41	168	293	853
		Total	**131**	**215**	**51**	**90**	**79**	**194**	**82**	**324**	**65**	**237**	**54**	**271**	**462**	**1331**
17	Public Works	Mumbai	37	61	22	25	20	32	50	128	65	226	39	231	233	703
		Nagpur	103	195	33	75	47	144	56	184	43	166	54	318	336	1082
		Total	**140**	**256**	**55**	**100**	**67**	**176**	**106**	**312**	**108**	**392**	**93**	**549**	**569**	**1785**
18	Revenue and Forests	Mumbai	179	312	44	147	43	106	84	254	66	251	25	141	441	1211
		Nagpur	532	907	139	291	182	484	148	403	169	489	119	392	1289	2966
		Total	**711**	**1219**	**183**	**438**	**225**	**590**	**232**	**657**	**235**	**740**	**144**	**533**	**1730**	**4177**
19	Rural Development and Water Conservation	Mumbai	23	36	6	12	7	20	10	36	11	39	5	33	62	176
		Nagpur	104	205	22	50	33	118	29	116	26	145	24	136	238	770
		Total	**127**	**241**	**28**	**62**	**40**	**138**	**39**	**152**	**37**	**184**	**29**	**169**	**300**	**946**
20	Social Justice and Special Assistance	Mumbai	53	90	8	20	14	33	50	115	17	51	6	32	148	341
		Nagpur	24	41	22	55	19	49	21	65	28	91	29	87	143	388
		Total	**77**	**131**	**30**	**75**	**33**	**82**	**71**	**180**	**45**	**142**	**35**	**119**	**291**	**729**
21	School Education and Sports	Mumbai	40	60	13	30	6	15	8	25	19	78	5	19	91	227
		Nagpur	66	206	21	151	34	289	53	648	62	574	43	340	279	2208
		Total	**106**	**266**	**34**	**181**	**40**	**304**	**61**	**673**	**81**	**652**	**48**	**359**	**370**	**2435**

Appendix 3.6 (concld.)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
22	Tourism and Cultural Affairs	Mumbai	7	12	2	7	4	8	2	4	2	5	2	12	19	48
		Nagpur	1	1	0	0	7	7	1	2	1	4	6	15	11	29
		Total	**8**	**13**	**2**	**7**	**11**	**15**	**3**	**6**	**3**	**9**	**8**	**27**	**30**	**77**
23	Tribal Development	Mumbai	13	17	4	14	7	16	7	13	22	95	5	32	58	187
		Nagpur	19	34	19	48	15	50	16	71	21	79	27	90	117	372
		Total	**32**	**51**	**23**	**62**	**22**	**66**	**23**	**84**	**43**	**174**	**32**	**122**	**175**	**559**
24	Urban Development	Mumbai	8	16	2	4	6	8	0	0	11	32	1	8	28	68
		Nagpur	2	32	1	2	4	53	5	12	6	9	3	7	21	115
		Total	**10**	**48**	**3**	**6**	**10**	**61**	**5**	**12**	**17**	**41**	**4**	**15**	**49**	**183**
25	Water Resources	Mumbai	23	29	6	9	8	8	29	50	23	59	12	55	101	210
		Nagpur	242	431	62	133	59	157	72	216	59	214	87	341	581	1492
		Total	**265**	**460**	**68**	**142**	**67**	**165**	**101**	**266**	**82**	**273**	**99**	**396**	**682**	**1702**
26	Women and Child Development	Mumbai	21	35	8	24	9	14	6	21	11	20	26	78	81	192
		Nagpur	14	29	28	52	10	17	15	36	9	21	12	26	88	181
		Total	**35**	**64**	**36**	**76**	**19**	**31**	**21**	**57**	**20**	**41**	**38**	**104**	**169**	**373**
27	Water Supply and Sanitation	Mumbai	4	5	1	2	1	2	3	5	0	0	1	4	10	18
		Nagpur	1	1	2	2	4	7	5	7	2	2	17	33	31	52
		Total	**5**	**6**	**3**	**4**	**5**	**9**	**8**	**12**	**2**	**2**	**18**	**37**	**41**	**70**
	Total	**Mumbai**	**795**	**1302**	**240**	**527**	**252**	**495**	**435**	**1199**	**511**	**1736**	**242**	**1247**	**2475**	**6506**
		Nagpur	**1566**	**2784**	**486**	**1128**	**628**	**1875**	**705**	**2546**	**757**	**2824**	**802**	**2895**	**4939**	**14052**
		Grand Total	**2361**	**4086**	**726**	**1655**	**880**	**2370**	**1140**	**3745**	**1268**	**4560**	**1044**	**4142**	**7414**	**20558**

Appendix 4.1
(Reference: Para 4.1.5; Page 128)
Details of the offices/units test-checked

District		Office/Unit audited
Mumbai	1	The Secretary, ADF Deptt, Mantralaya, Mumbai
Pune	2	Commissioner of Animal Husbandry, Maharashtra State, Pune-1
	3	R.J.C. of Animal Husbandry, Pune region, Pune
	4	J.C. of Animal Husbandry, I.V.B.P., Pune
	5	J.C. of Animal Husbandry, D.I.S., Pune
	6	D.D.C. of Animal Husbandry, Pune
	7	D.A.H.O., Z.P., Pune
	8	A.C. of Animal Husbandry, Statistical Survey, Pune
	9	A.C. of Animal Husbandry, Central Hatchery, Pune
	10	A.C. of Animal Husbandry, District PolyClinic, Pune
	11	A.C. of Animal Husbandry, Mini PolyClinic, Shirur, Pune
	12	Taluka Veterinary Dispensary, Grade-I, Chakan, Khed, Pune
	13	Taluka Veterinary Dispensary, Grade-I, Parinche, Purandar, Pune
Sangli	14	D.D.C. of Animal Husbandry, Sangli
	15	D.A.H.O., Z.P., Sangli
	16	A.C. of Animal Husbandry, District PolyClinic, Sangli
	17	A.C. of Animal Husbandry, Mini PolyClinic, Islampur, Sangli
	18	Taluka Veterinary Dispensary, Grade-I, Ashta, Sangli
	19	Taluka Veterinary Dispensary, Grade-I, Palush, Sangli
Nashik	20	R.J.C.of Animal Husbandry, Nashik region, Nashik
	21	D.D.C. of Animal Husbandry, Nashik
	22	D.A.H.O., Z.P., Nashik
	23	A.C. of Animal Husbandry, District PolyClinic, Nashik
	24	A.C. of Animal Husbandry, Mini PolyClinic, Sinnar, Nashik
	25	Taluka Veterinary Dispensary, Grade-I, Vani Kasabe, Nashik
	26	Taluka Veterinary Dispensary, Grade-I, Igatpuri, Nashik
Nandurbar	27	D.D.C. of Animal Husbandry, Nandurbar
	28	D.A.H.O., Z.P., Nandurbar
	29	A.C. of Animal Husbandry, Mini PolyClinic, Navapur, Nandurbar
	30	Taluka Veterinary Dispensary, Grade I, Shahada, Nandurbar
	31	Taluka Veterinary Dispensary, Grade I, Taloda, Nandurbar
Akola	32	C.E.O., Maharashtra Live Stock Development Board, Akola
	33	D.D.C. of Animal Husbandry, Akola
	34	D.A.H.O., Z.P., Akola
	35	A.C. of Animal Husbandry, District Polyclinic, Akola
	36	A.C. of Animal Husbandry, Mini PolyClinic, Balapur, Akola
	37	Taluka Veterinary Dispensary, Grade I, Balapur, Akola
	38	Taluka Veterinary Dispensary, Grade I, Akot, Akola
Amravati	39	R.J.C. of Animal Husbandry, Amravati region, Amravati
	40	D.D.C. of Animal Husbandry, Amravati
	41	D.A.H.O., Z.P., Amravati
	42	A.C. of Animal Husbandry, District PolyClinic, Amravati
	43	A.C. of Animal Husbandry, Mini PolyClinic, Morshi, Amravati
	44	Taluka Veterinary Dispensary, Grade-I, Tivasa, Amravati
	45	Taluka Veterinary Dispensary,Grade-I, Nandgaon, Amravati
Yavatmal	46	D.D.C. of Animal Husbandry, Yavatmal
	47	D.A.H.O., Z.P., Yavatmal
	48	A.C. of Animal Husbandry, District PolyClinic, Yavatmal
	49	A.C. of Animal Husbandry, Mini PolyClinic, Darwha,Yavatmal
	50	Taluka Veterinary Dispensary, Grade-I, Kalamb, Yavatmal
	51	Taluka Veterinary Dispensary, Grade-I, Babhulgaon, Yavatmal

Appendix 4.1 (concld.)		
District		**Office/Unit audited**
Aurangabad	52	R.J.C. of Animal Husbandry, Aurangabad region, Aurangabad
	53	D.D.C. of Animal Husbandry, Aurangabad
	54	D.A.H.O., Z.P., Aurangabad
	55	A.C. of Animal Husbandry, District PolyClinic, Aurangabad
	56	A.C. of Animal Husbandry, Mini PolyClinic, Paithan, Aurangabad
	57	Taluka Veterinary Dispensary, Grade-I, Chauka, Aurangabad
	58	Taluka Veterinary Dispensary, Grade-I, Sultanpur, Khultabad, Aurangabad
Jalna	59	D.D.C. of Animal Husbandry, Jalana
	60	D.A.H.O., Z.P., Jalana
	61	A.C. of Animal Husbandry, District PolyClinic, Jalana
	62	A.C. of Animal Husbandry, Mini PolyClinic, Ambad, Jalana
	63	Taluka Veterinary Dispensary, Grade-I, Golapangiri, Jalana
	64	Taluka Veterinary Dispensary, Grade-I, Ranjanai, Jalana

Appendix 4.2
(*Reference: Para 4.1.7.1; Page: 129*)
The details of amounts to be reconciled in various offices

Sl. No	Name of the Office	Closing balance of salary/general cash book	Closing balance as per bank statement	Difference
1	Comm. Of A.H., M.S.Pune,	₹ 1,28,356/- (28-02-2010)	₹ 1,47,154/- (28-02-2010)	₹ 18,798/-
2	Jt. Comm. Of A.H.Pune Region	₹ 1,00,185/- (30-04-2010)	₹ 7,50,176/- (30-04-2010)	₹ 6,49,991/-
3	Dist. Dy.Comm. of A.H. , Khadki,Pune	₹ 15,316/- (30-04-2010)	₹ 21,28,224 (30-04-2010)	₹ 21,12,908
4	Asst. Comm. of A.H. Statistical Survey, Pune	Nil (30-04-2010)	₹ 1,94,405/- (30-04-2010)	₹ 1,94,405/-
5	Jt.Comm. of A.H. IVBP, Pune	₹ 57,192/- (28-02-2010)	₹ 1,20,939/- (28-02-2010)	₹ 63,747/-
6	Jt.Comm. of A.H., D.I.S, Aundh, Pune.	₹ 32,06,502/- (31-03-2010)	₹ 23,44,844/- (31-03-2010)	₹ 8,61,658/-
7	Dist.Dy Comm of A.H. Nashik	Nil (31-05-2010)	₹ 2,82,491/- (31-05-2010)	₹ 2,82,491/-
8	Jt.Comm. of A.H., Nashik	₹ 55/- (30-04-2010)	₹ 6,249/- (30-04-2010)	₹ 6,194/-
9	Jt.Comm. of A.H., Aurungabad	₹ 12,500/- (31-03-2010)	₹ 14,760/- (31-03-2010)	₹ 2,260/-
10	Dist. Dy.Comm.A.H. Aurungabad	₹ 4,99,002/- (30-04-2010)	₹ 6,88,387/- (30-04-2010)	₹ 1,89,385/-
11	Dist. Dy.Comm. A.H. Jalna	₹ 9,64,123/- (31-05-2010)	₹ 10,26,712/- (31-05-2010)	₹ 62,589/-
12	Dist. Dy.Comm. A.H. Nandurbar	Nil (31-03-2010)	₹ 39,447/- (31-3-2010)	₹ 39,447/-
Total				**₹ 44,83,873**

Source: Cash Books and Bank Statements

Appendix 4.3

(*Reference: Para 4.1.7.2; Page: 130*)

Statement of HBA/MCA/CA sanctioned during the year 2005-06 to 2009-10

(₹ in lakh)

	HBA		MCA		CA		Total sanctioned	
	No. of Emp	Amount	No. of Emp	Amount	No. of Emp	Amount	No. of Emp	Amount
Jt. Comm, Pune								
2005-06	11	23.16	2	0.90	-	-	13	24.06
2006-07	12	41.67	6	5.61	9	1.80	27	49.08
2007-08	36	96.90	12	11.44	26	5.20	74	113.54
2008-09	47	179.40	21	15.69	10	2.00	78	197.09
2009-10	49	202.91	14	11.86	31	6.20	94	220.97
Total	**155**	**544.04**	**55**	**45.50**	**76**	**15.2**	**286**	**604.74**
Jt. Comm, Nashik	17	51.68	8	3.26	6	2.40	31	57.34
2005-06	30	71.78	9	5.98	31	6.20	70	83.96
2006-07	16	55.87	7	4.95	12	2.40	35	63.22
2007-08	10	30.20	4	4.83	9	1.80	23	36.83
2008-09	10	37.53	17	9.46	26	5.20	53	52.19
2009-10								
Total	**83**	**247.06**	**45**	**28.48**	**84**	**18.00**	**212**	**293.54**
Jt. Comm. Aurangabad	22	77.49	8	5.63	17	7.65	47	90.77
2005-06	–	–	6	5.46	–	–	6	5.46
2006-07	20	120.41	6	6.49	26	5.20	52	132.10
2007-08	31	143.66	16	11.99	19	3.80	66	159.45
2008-09	26	112.29	8	5.22	21	4.20	55	121.71
2009-10								
Total	**99**	**453.85**	**44**	**34.79**	**83**	**20.85**	**226**	**509.49**
Jt. Comm, Amravati	44	197.13	21	17.88	25	5.00	90	220.01
2007-08	33	157.38	16	8.80	10	2.00	59	168.18
2008-09	13	56.11	5	4.44	23	4.60	41	65.15
2009-10								
Total	**90**	**410.62**	**42**	**31.12**	**58**	**11.60**	**190**	**453.34**
Grand Total	**427**	**1655.57**	**186**	**139.89**	**301**	**65.65**	**914**	**1861.11**

Source: Respective Regional Joint Commissioners

Appendix 4.4
(*Reference: Para 4.1.8.3; Page: 135*)
Major savings under Plan scheme

(₹ in crore)

Year	Particular	FMG	Savings
2005-06	OTSP	1.32	0.67
	Establishment of Vet. Mini polyclinic	3.79	0.70
	Control of bird flu	13.68	2.64
2006-07	Control of foot and mouth disease (75 *per cent*)	22.78	16.89
	Control of foot and mouth disease (25 *per cent*)	12.97	4.73
	Strengthening of Central hatchery	3.85	2.35
2007-08	ASCAD (75 *per cent* Central)	3.12	1.98
	Control of foot and mouth disease (75 *per cent*)	12.37	4.22
2008-09	ASCAD (75 *per cent* Central)	3.12	1.43
	Creation of FMD free Zone	2.00	1.27
	Control of foot and mouth disease (75 *per cent*)	12.40	4.61
	SCA (Milch animals)	14.52	1.16
2009-10	Creation of FMD free Zone	2.00	1.58
	Control of foot and mouth disease (25 *per cent*)	3.58	1.40
	Control of foot and mouth disease (75 *per cent*)	13.76	1.78
	Cattle census (100 *per cent* Central)	3.00	2.08
	Marathwada Vikas Package	3.50	2.99
Total		**131.76**	**52.48**

Source: Commissioner, AH

Appendix 4.5
(Reference: Para 4.1.8.4 , Page 135)
Recoverable amounts from Zilla Parishads

(₹ in lakh)

Sr.no.	Name of the Z.P.	2001-02	2002-03	2003-04	2004-05	2005-06
1	Ratnagiri	18.20	NR	NA	NA	NA
2	Nashik	0.60	NA	NA	NA	NA
3	Latur	NR	18.58	NA	NA	NA
4	Thane	NR	38.67	NA	NA	NA
5	Raigad	NR	34.10	NA	NA	NA
6	Bhandara	NR	NR	3.30	NA	NA
7	Chandrapur	NR	NR	115.85	NA	NA
8	Buldhana	NR	NR	77.75	NA	NA
9	Washim	NR	NR	61.74	NA	NA
10	Jalana	NR	NR	1.76	NA	NA
11	Hingoli	NR	NR	82.12	NA	NA
12	Gadhachiroli	NR	NR	NR	9.96	NA
13	Amaravati	NR	NR	NR	84.87	NA
14	Pune	NR	NR	NR	10.46	NA
15	Solapur	NR	NR	NR	6.02	NA
16	Sangli	NR	NR	NR	13.15	NA
17	Yavatmal	NR	NR	NR	NR	10.51
18	Akola	NR	NR	NR	NA	44.71
19	Kolhapur	NR	NR	NR	NR	53.86
20	Dhule	NR	NR	NR	NR	20.59
21	Burdha	NR	NR	NR	NA	NA
22	Nagpur	NR	NR	NA	NA	NA
23	Gondia	NR	NR	NR	NR	NA
24	Aurangabad	NR	NR	NR	NA	NA
25	Parbani	NR	NR	NR	NA	NA
26	Beed	NR	NR	NR	NR	NA
27	Usmanabad	NR	NR	NA	NA	NA
28	Nanded	NR	NA	NA	NA	NA
29	Sindhudurg	NR	NR	NA	NA	NA
30	Satara	NR	NR	NR	NA	NA
31	Nandubar	NR	NR	NR	NA	NA
32	Ahmednagar	NR	NR	NR	NA	NA
33	Jalgaon	NR	NR	NA	NA	NA
	Total	**18.80**	**91.35**	**342.52**	**124.46**	**129.67**
	Grand total	**₹ 706.80 lakh**				

Source: Commissioner, AH

NR – No recovery due

NA – No assessment made

Appendix 4.6
(*Reference: Para 4.1.8.4 ; Page: 135*)
Grant released to Zilla Parishads without assessment
(₹ in lakh)

Sr.no.	Name of Z.P.	2002-03	2003-04	2004-05	2005-06
1	Nanded	319.80	341.17	399.13	433.31
2	Nashik	363.81	359.15	400.68	503.90
3	Nagpur	-	188.98	189.74	213.08
4	Latur	-	193.61	280.70	255.39
5	Usmanabad	-	137.14	211.96	225.23
6	Thane	-	297.10	300.75	350.38
7	Raigad	-	180.39	184.27	223.47
8	Ratnagiri	-	176.78	184.11	207.41
9	Sindhudurg	-	135.51	143.14	170.92
10	Jalgaon	-	279.09	304.62	347.62
11	Bhandara	-	-	111.20	113.99
12	Wardha	-	-	157.09	182.87
13	Chandrapur	-	-	256.52	302.76
14	Akola	-	-	164.05	-
15	Buldhana	-	-	224.40	208.78
16	Washim	-	-	121.65	129.01
17	Aurangabad	-	-	186.20	224.09
18	Jalana	-	-	130.69	144.99
19	Parbhani	-	-	158.92	174.97
20	Hingoli	-	-	143.18	84.40
21	Satara	-	-	330.44	383.58
22	Ahmednagar	-	-	366.99	482.79
23	Gondia	-	-	-	116.89
24	Gadhachiroli	-	-	-	301.28
25	Amaravati	-	-	-	229.52
26	Beed	-	-	-	273.55
27	Pune	-	-	-	378.36
28	Solapur	-	-	-	428.69
29	Sangli	-	-	-	280.82
30	Nandurbar	-	-	139.82	173.20
	Total	**683.61**	**2,288.92**	**5,090.25**	**7,545.25**

Source: Commissioner, AH

Note:- Assessment of ZP Yavatmal, Kolahapur and Dhule were carried out upto 2005-06. Hence, these ZPs were not included in the table

Grand total up to	2005-06	₹ 15,608.03 lakh
Grant released to 33 Z.P.s in 2006-07		₹ 9,409.50 lakh
Grant released to 33 Z.P.s in 2007-08		₹ 9,923.91 lakh
Grant released to 33 Z.P.s in 2008-09		₹ 11,122.11 lakh
Grant released to 33 Z.P.s in 2009-10		₹ 16,272.36 lakh
Total unassessed grant up to 2009-10		**₹ 62,335.91 lakh**

Appendix 4.7
(Reference: Para 4.1.8.6; Page: 136)
Statement showing details of service charges retained by Z.Ps. in their district funds

(₹ in lakh)

Year	Zilla Parishad Sangli	Zilla Parishad Pune	Zilla Parishad Aurangabad
2000-01	12.46	8.35	4.85
2001-02	13.14	20.54	11.67
2002-03	13.56	20.82	5.53
2003-04	10.30	19.02	-
2004-05	12.45	18.06	-
2005-06	14.42	18.76	-
2006-07	9.22	23.10	-
2007-08	8.76	16.30	-
2008-09	10.77	15.42	-
2009-10	12.16	18.07	-
Total	**117.24**	**178.44**	**22.05**
Grand Total	**₹ 3.18 crore**		
Source: Respective DAHOs			

Appendix 4.8
(Reference: Para 4.1.10.1 ; Page: 142)
Details of Milch animals distributed without medical check-up

Year	District	No. of animals	No. of beneficiaries	Amount (₹ in lakh)
2007-08	Sangli	318	106	23.95
	Aurangabad	673	226	52.84
	Jalna	465	157	38.32
	Amravati	261	87	21.82
2008-09	Sangli	318	106	23.95
	Aurangabad	657	219	51.73
	Jalna	588	196	49.79
	Amravati	360	120	29.78
2009-10	Sangli	318	106	23.95
	Aurangabad	507	169	39.77
	Jalna	390	130	29.37
	Total	**4,855**	**1,622**	**385.27**
Source: Respective DAHOs (ZP)				

Appendix 4.9

(Reference: Para 4.1.11; Page 143)

Statement showing availability of priority equipment and instruments in District and Taluka Mini Polyclinics

Sr. No.	Name of Polyclinic	First priority equipments/ instruments available	Percentage of availability	Second priority equipments/ instruments available	Percentage of availability
District Polyclinics					
1	Aundh, Pune	58/209	27.75	7/14	50
2	Yavatmal	89/209	42.58	0/14	0
3	Nashik	132/209	63.16	5/14	35.71
4	Amravati	56/209	26.79	8/14	57.14
5	Sangli	72/209	34.45	4/14	28.57
6	Aurangabad	99/209	47.37	8/14	57.14
7	Jalna	138/209	66.03	9/14	64.28
8	Akola	107/209	51.20	8/14	57.14
Taluka Mini Polyclinics					
1	Shirur, Pune	67/188	35.64	2/10	20
2	Darwha, Yavatmal	22/188	11.70	0/10	0
3	Sinnar, Nashik	58/188	30.85	0/10	0
4	Morshi, Amaravati	75/188	39.89	0/10	0
5	Nandurbar	51/188	27.13	0/10	0
6	Sahada, Nandurbar	51/188	27.13	0/10	0
7	Taloda, Nandurbar	51/188	27.13	0/10	0
8	Akkalkuwa, Nandurbar	51/188	27.13	0/10	0
9	Navapur, Nandurbar	51/188	27.13	0/10	0
10	Ambad, Jalna	89/188	47.34	0/10	0
11	Paithan, Aurangabad	71/188	37.77	0/10	0
12	Akot, Akola	81/188	43.09	1/10	10
13	Balapur, Akola	71/188	37.77	0/10	0
14	Barshitakli, Akola	70/188	37.23	1/10	10
15	Mrtizapur, Akola	75/188	39.89	0/10	0
16	Patur, Akola	69/188	36.70	0/10	0

Source: Assistant Commissioner, AH, District Poly clinics/mini poly clinics concerned

Appendix 4.10
(*Reference Para 4.1.13.2; Page : 144*)
Provisions for payment of compensation to farmers for *AVIAN Influenza* (Bird Flu)

Sr. No.	Date of GR	Compensation sanctioned
01	29 April 2006	Compensation of ₹ 20 per bird. In case of contract farming 40 *per cent* to farmer and 60 *per cent* to contractor and in case of individual farmer rearing birds on his own 100 *per cent* compensation.
02	20 June 2006	i) The number of birds was to be decided on the basis of the areas of the poultry farm. ii) The compensation was given in the following stages : **For broiler birds :-** ₹ 500 to ₹ 10,000: 100 *per cent* (₹ 20 per bird) ₹ 10,000 to ₹ 30,000: 85 *per cent* (₹ 17 per bird) ₹ 30,000 to ₹ 50,000 and above: 70 *per cent* (₹ 14 per bird) **For layer birds :-** ₹ 500 to ₹ 20,000 : 100 *per cent* (₹ 20 per bird) ₹ 20,000 to ₹ 40,000: 85 *per cent* (₹ 17 per bird) ₹ 40,000 to ₹ 50,000 and above 70 *per cent* (₹ 14 per bird). iii) In case of farmer rearing birds on his own, 100 *per cent* compensation was given but where contract farming was in existence, farmers were paid 40 *per cent* of the amount and contractor was paid 60 *per cent* of the amount.
03	12 October 2006	The compensation under contract farming was restricted to 70 *per cent* of earlier sanctioned amount (*i.e.,* 70 *per cent* of 60 *per cent* sanctioned amount as per G.R. dated 29 April 06 and 20 June 06).
04	02 February 2007	(i) Poultry farmers to be paid financial assistance at 70 *per cent* of the amount payable as per G.R. dated 29 April 2006 and 12 October 2006. (ii) Compensation for contractors was disallowed.
05	30 March 2007	(i) Compensation to the contractor was allowed at 70 *per cent* of the 60 *per cent* sanctioned earlier. (ii) Farmers in contract farming were allowed 100 *per cent* of the 40 *per cent* (restricted to 70 *per cent* of the 40 *per cent* earlier).

Appendix 4.11

(Reference: Para 4.1.13.6 ; Page: 147)

Targets and achievements in technical works during 2007-2010

Sr. No	Name of the District	Name of the work	2007-08		2008-09		2009-10	
			Target	Achievement (Percentage)	Target	Achievement (Percentage)	Target	Achievement (Percentage)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Pune	Castration	39400	28299 (72)	39,400	27079 (69)	39400	28408 (72)
		Vaccination	3785000	2528698 (67)	3785000	2049741 (54)	3785000	2687214 (71)
		Operation	38717	27537 (71)	38717	25937 (67)	38717	27161 (70)
		Infertility	110027	30812 (28)	–	–	110027	49983 (45)
2	Sangli	Castration	20200	14315 (71)	20200	17294 (86)	19045	17240 (91)
		Vaccination	–	–	2595865	1621522 (62)	3000000	1638725 (55)
		Operation	27300	8911 (33)	27300	8918 (33)	9809	9445 (96)
		Infertility	48450	20858 (43)	48450	20075 (41)	68124	29768 (44)
3	Nashik	Castration	50275	41947 (83)	–	–	53931	47158 (87)
		Vaccination	3108599	2910231 (94)	3314459	2050572 (62)	–	–
		Operation	100970	31789 (31)	–	–	54868	48615 (89)
		Infertility	53350	24486 (46)	73247	29128 (40)	77070	48310 (63)
4	Yavatmal	Castration	–	–	50926	47450 (93)	52593	47375 (90)
		Vaccination	1219947	1078526 (88)	1351541	941742 (70)	1038200	858301 (83)
		Operation	–	–	50203	49259 (98)	54660	52306 (96)
		Infertility	–	–	75987	64484 (85)	84965	60879 (72)
5	Aurangabad	Castration	–	–	34765	29651 (85)	35436	30753 (87)
		Vaccination	–	–	1313557	792628 (60)	1991719	1329185 (67)
		Operation	–	–	32028	28837 (90)	33305	31924 (96)
		Infertility	18407	17212 (94)	93699	20956 (22)	92763	20966 (23)
6	Jalna	Castration	24250	17592 (73)	24250	17199 (71)	24250	19812 (82)
		Vaccination	–	–	–	–	678000	607457 (90)
		Operation	23525	15684 (67)	23525	11711 (50)	23525	16907 (72)
		Infertility	13228	6613 (50)	13228	6573 (50)	13280	7590 (57)

Appendix 4.11 (concld.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
7	Amravati	Castration	31837	28943 (91)	31837	29193 (92)	32133	30150 (94)
		Vaccination	1157395	927564 (80)	1157395	811258 (70)	892385	816721 (92)
		Operation	30167	27524 (91)	30167	27759 (92)	30541	29481 (97)
		Infertility	45186	27304 (60)	45186	40110 (89)	59472	46928 (79)
8	Nandur-bar	Castration	50150	22805 (45)	20713	20649 (99)	12164	19893 (164)
		Vaccination	997400	801299 (80)	1009957	1090429 (108)	1259200	930410 (74)
		Operation	25750	17431 (68)	16528	19905 (120)	21895	19465 (89)
		Infertility	20800	20672 (99)	27405	16946 (62)	23773	16298 (69)
9	Akola	Castration	17500	12337 (70)	17950	11072 (62)	15000	11090 (74)
		Vaccination	385000	415908 (108)	435000	392164 (90)	639435	468525 (73)
		Operation	19000	13273 (70)	20850	13010 (62)	20850	12156 (58)
		Infertility	16500	10928 (66)	13005	12519 (96)	13005	15064 (116)

Source: DDCs concerned

Appendix 4.12
(Reference: Para 4.1.13.7 ; Page: 148)
Statement showing distribution of Milch animals

Year	Dist.	Number of animals	Number of beneficiaries	Amount (₹ in lakh)
2007-08	Pune	456	185	42.12
	Sangli	318	106	23.95
	Aurangabad	673	226	52.84
	Nashik	1737	630	146.02
	Jalna	465	157	38.32
	Yavatmal	750	430	61.50
2008-09	Pune	2490	830	195.38
	Sangli	318	106	23.95
	Aurangabad	657	219	51.73
	Nashik	1740	580	145.21
	Jalna	588	196	49.79
	Yavatmal	480	160	39.78
2009-10	Pune	639	213	48.69
	Sangli	318	106	23.95
	Aurangabad	507	169	39.77
	Nashik	120	40	10.00
	Jalna	390	130	29.37
	Akola	429	143	35.99
	Yavatmal	477	159	39.88
	Total	**13,552**	**4,785**	**1,098.24 i.e., ₹ 10.98 crore**

Source: DAHOs concerned

Appendix 4.13
(*Reference: Para 4.1.13.7; Page: 148*)
Statement showing the details of sale of animals

Sr. No	Year	Name of the beneficiaries	Village/Taluka	Type of animal	No. of animals given	No. of animals sold
1	2007-08	G.M Niswade	Pala /Morshi	buffalo	3	1
2		S.M Kukde	-do-	-do-	3	2
3		G.T Meshram	Mangrul/Morshi	-do-	3	1
4		S.S. Meshram	-do-	-do-	3	1
5		S.M. Ingale	-do-	-do-	3	1
6		M.S Modake	-do-	-do-	3	1
7	2008-09	B.B. Harle	Jarud/ Varud	Cow	3	2
8		J.P Wankhade	Aashtagaon/ Morshi	Buffalo	3	1
9		C.N Gharde	-do-	-do-	3	3
10		J.G. Tagde	-do-	-do-	3	1
11		R.P. Meshram	-do-	-do-	3	3
12		B.Y Harle	Jarud/ Varud	Cow	3	2
13		Janardhan Bhanwanji	Satnur/ Varud	Buffalo	3	3
14		B.G Somkuwar	-do-	-do-	3	3
15		T.P Dhoke	-do-	-do-	3	3
16		S.W. Bagde	-do-	-do-	3	3
17		Hirawati Madukar	-do-	-do-	3	3
18		K.J Dhivar	Hargude/Purandar	Cow	3	2
19		Smt. A.S. Bhosale	-Do-	Cow	3	2
Total					**57**	**38**

Source: DAHO, Amravati and Pune

Appendix 4.14
(Reference: Para4.1.13.11; Page: 151)
Statement showing vacancies in key posts in Class I and Class II cadres

Sr. No.	Name of Department	Sanctioned posts	Filled posts	Vacant posts	Percentage
Vacancies in Class I cadre					
1	Commissioner of Animal Husbandry	01	01	-	-
2	Additional Commissioner of Animal Husbandry	01	-	01	100
3	Joint Commissioner	12	05	07	58
4	Deputy Commissioner	52	36	16	31
5	Dy. Director (Food Development)	01	-	01	100
6	Dy. Director (Statistic)	01	-	01	100
7	Asstt. Commissioner of Animal Husbandry	367	160	207	56
8	Asstt. Director	02	02	-Nil-	0
9	Sr. Administrative Officer Group (A)	04	04	-Nil-	0
10	L.D.O. Group (A)	2,024	1,827	197	10
11	Asstt. Director of A/cs (Class-I)	01	01	-	0
Vacancies in Class II cadre					
1	Administrative Officer Group (B)	15	08	07	47
2	Food Development Officer	08	-Nil-	08	100
3	LDO Group (B)	357	178	179	50
4	Personnel Asstt Group (B)	03	02	01	33
5	Audit Officer Group (B)	01	-	01	100
6	Accounts Officer Group (B)	01	01	-Nil-	0
7	Research Officer	01	01	-Nil-	0
8	Research Development Officer	03	02	01	33
9	Dy. Registration, Engg.	01	-	01	100

Source: Commissioner, AH