

CHAPTER III

AUDIT OF TRANSACTIONS

Audit of transactions of departments of the Government, their field functionaries as well as that of autonomous bodies brought out several instances of ineffective management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

3.1 Fraudulent drawal/misappropriation/embezzlement/losses

Public Health Department

3.1.1 Fraudulent payment of medical reimbursement claims

Medical reimbursement bills were passed without exercising proper checks by the Medical Superintendent of a rural hospital at Parli Vaijnath (Beed). This resulted in fraudulent payment of Rs 12.60 lakh.

As per provisions of the Bombay Financial Rules, 1959, Drawing Officer is required to ensure that no overcharge would occur due to any reasons. Further, as per guidelines issued (December 2000) by the Finance Department (FD) to the treasuries/sub-treasuries, the Treasury Officers should also scrutinise the claims before making payment.

Scrutiny (June 2007) of the records of the Medical Superintendent (MS), Rural Hospital (RH), Parli Vaijnath, District Beed, revealed that 101 medical reimbursement claims (MRC) were passed by the MS without exercising adequate checks during June 2002 to May 2007. It was noticed in audit that proper papers *i.e.*, sanction orders of the competent authority, doctor's prescriptions, cash memos in support of purchase of medicines *etc.*, were not enclosed with the bills though it was specified in the guidelines issued (March 2000) by the FD. Even blank sanction orders signed by MS were enclosed with the medical reimbursement bills. Thus, 101 medical bills involving amount of Rs 16.84 lakh were passed by the MS were suspected to be bogus bills.

On this being pointed out (June 2007), the Civil Surgeon (CS), Beed carried out a detailed investigation of the medical bills passed during June 2002 to May 2007 and intimated (October 2008) Audit that out of 132 bills investigated, 76 medical reimbursement claims amounting to Rs 12.60 lakh were found bogus and were liable to be recovered. Details of action taken and recovery made are awaited (March 2009). The matter required detailed investigation by the Government in all the districts.

The matter was referred to the Principal Secretary to the Government in March 2009. Reply had not been received (October 2009).

3.2 Excess payment/overpayment/wasteful/ infructuous expenditure

General Administration Department

3.2.1 Overpayment of incentive allowance

Irregular consideration of dearness pay for calculation of incentive allowance for the employees working in naxalite affected areas resulted in overpayment of Rs 4.58 crore in 16 offices in four districts.

In order to encourage the employees to work in naxalite affected areas, General Administration Department (GAD) of the Government of Maharashtra (GoM) decided (August 2002) to pay incentive allowance at the rate of 15 *per cent* of basic pay. In July 2004, Finance Department (FD) of GoM decided to merge 50 *per cent* of dearness allowance as dearness pay (DP) with the basic pay with effect from 1 August 2004 for calculation of certain allowances. However, no mention was made whether the DP would count for incentive allowance. In July 2006, FD clarified to Tribal Development Department that dearness pay should not be considered for calculation of incentive allowance. However, it was not circulated by FD to the Government departments/treasuries. It was only in September 2007, the clarification was circulated by the FD to all concerned.

Scrutiny of records of the Superintendent of Police, Gadchiroli and 15 other offices¹ in four² naxalite affected districts revealed (September 2007 to July 2008) that incentive allowance was paid at the rate of 15 *per cent* on basic pay plus dearness pay in spite of issue of the clarification by FD. This resulted in overpayment of incentive allowance. Audit noticed that before issue of clarification by FD in July 2006, during August 2004 to July 2006, 16 other offices had included dearness pay component to the basic pay for the calculation of incentive allowance resulting in overpayment of Rs 2.94 crore (Approximately). Although FD endorsed (July 2006) that dearness pay would not count for computation of incentive allowance, due to delay in circulating the clarification, the overpayment continued till August 2007 in 16 offices amounting to Rs 1.64 crore (Approximately). Total overpayment was thus aggregated to Rs 4.58 crore (**Appendix 3.1**).

¹ District Bhandara (Principal District & Session Judge, Industrial Training Institute (ITI),Lakhandur), District Gadchiroli (Filaria Hospital, NFC Unit, Principal District & Session Judge, Government Pleader & Public Prosecutor, Taluka Agricultural Officer, Mulchera, Superintendent, Pay & Provident Fund Unit, Collector, ITI, Mulchera), District Gondia (ITI, Arjuni Morgaon, Executive Engineer, EGS (PW) Division, Superintendent of Police, Assistant Surgeon, Government TB Hospital), District Yavatmal (ITI, Zari Jamni, District Judge-1 & Additional Session Judge)

² Bhandara 2 offices, Gadchiroli 8 offices, Gondia 4 offices, Yavatmal 2 offices

On this being pointed out, 11 offices stated (September 2007 to July 2008) that the matter would be referred to the GoM and higher authorities for clarification, reply from two offices³ are awaited, one office⁴ accepted the fact whereas two offices⁵ did not accept on the ground that dearness pay count even for the purpose of calculation of incentive allowance and that instruction was received only in September 2007.

Reply was not acceptable in view of the clarification already given by the FD.

The matter was reported to the Principal Secretary to the Government in March 2009. Reply had not been received (October 2009).

Planning Department

3.2.2 Inadmissible expenditure

MPLAD scheme funds were released for construction of a college building at Parli Vaijnath, Beed District run by a society and one of the members of the society was a relative of the recommending Member of Parliament. This resulted in inadmissible expenditure of Rs 50 lakh.

According to paragraph 3.21 of the guidelines (November 2005) on implementation of Member of Parliament Local Area Development Scheme (MPLADS), the funding is not permissible to a Society/Trust, if the recommending Member of Parliament (MP) or any of his/her family members⁶ is the President/ Chairman or Member of the Managing Committee or Trustee of the registered Society/Trust in question.

Scrutiny (May 2008) of records in the office of the Collector, Beed revealed that a late MP had recommended (January 2006) to the Collector, Beed an amount of Rs 50 lakh for construction of building of Nagnath Appa Halge Engineering College (College), Parli Vaijnath, District Beed from his MPLAD fund for the financial year 2005-06. Accordingly, Collector Beed, released (April 2007) Rs 50 lakh for the work. The work was executed by the Executive Engineer, Public Works Department, Ambajogai, which was completed in March 2008 at a cost of Rs 50 lakh. It was, however, noticed in audit (May 2008) that the College was run by Vaidyanath Sarvangin Vikas Sanstha (Society), Parli Vaijnath, District Beed and one of the members of the society was close relative (sister) of the late MP. As a member of the society was within family relation of the recommending MP, the release of funds from MPLADS for construction of college building of the society was irregular. This resulted in an inadmissible expenditure of Rs 50 lakh.

³ Principal District and Session Judge Bhandara, District Judge and Session Judge Yavatmal

⁴ Principal ITI Jarri Zamni, District- Yavatmal

⁵ Collector Gadchiroli, Executive Engineer EGS (PW) Division, Gondia

⁶ Family members would include the MP and MP's spouse and also their parents, brothers and sisters, children, grandchildren and their spouses and their in-laws

The Collector, Beed stated (May 2008) that as there was no mention of name of the recommending MP or his heirs in the society's records or agreement executed for execution of work under the scheme, the district authority could not verify the relationship.

The reply was not acceptable as it was the responsibility of the district authority to ensure compliance of the guidelines of MPLAD scheme.

The matter was reported to the Principal Secretary to the Government in March 2009. Reply has not been received (October 2009).

Urban Development Department

3.2.3 Excess payment of grant to Municipal Councils

Excess payment of dearness allowance grant of Rs 60.51 lakh made to three Municipal Councils during 2003-04 was not recovered or adjusted by the Collector, Amravati as of March 2009.

Government of Maharashtra in the Urban Development Department issued an order on 27 March 2000 which stipulated that the Municipal Councils (MCs) classified as A, B and C would be eligible to receive dearness allowance (DA) grants at 80 *per cent*, 85 *per cent* and 90 *per cent* respectively of expenditure incurred on payment of DA to officials of MCs.

Scrutiny of records of Collector, Amravati revealed (October 2007) that during 2003-04 and 2004-05 DA grants had been released by Collector, Amravati to three⁷ MCs in excess⁸ of the percentage prescribed by the Government in this regard. This has resulted in payment of excess grant of Rs 60.51 lakh to these MCs (**Appendix 3.2**). The amount was not recovered/adjusted as of March 2009 as the assessment of actual utilisation of grants was not done.

On this being pointed out (October 2007 and November 2008), the Commissioner and Director of Municipal Administration (Commissioner) stated (January 2009) that re-assessment of DA grant has been undertaken and excess grant paid, if any, would be adjusted from the grant payable during 2009-10.

The matter was referred to the Principal Secretary to the Government in March 2009. Reply had not been received (October 2009).

⁷ Achalpur (A Class), Anjangaon Surji (B Class) & Chikhaldara (C Class)

⁸ 90 *per cent* for 'A' class MCs and 100 *per cent* for 'B' & 'C' class MCs

Water Resources Department

Vidarbha Irrigation Development Corporation

3.2.4 Undue financial aid to the contractor

Payment of work advance of Rs 33.72 crore to two contractors though not provided for in contract, resulted in undue financial benefit.

Government directed (March 2000) that no clause regarding payment of mobilisation advance/ machinery advance should be incorporated in the contract. Two instances of irregular payment of advances to contractors in Jigaon Irrigation Project, Nandura were noticed in audit, as discussed below:

(A) The construction work of earthen dam, spillway, divide wall, approach and tail channel was awarded (November 2006) by the Executive Engineer, Mun Project Division,(EE) Vidarbha Irrigation Development Corporation (VIDC) to a contractor at 30.40 *per cent* above the estimated cost of Rs 216.45 crore for completion in 60 months. The work was awarded before forest clearance for the required land (16,557 hectares) was obtained. The contract terms stated that no claim on account of non-clearance of forest land would be entertained.

Scrutiny of the records (March and November 2008) of the Division revealed that the contractor was paid (November 2006) an advance of Rs 28.22 crore for mobilisation of men and machinery even though there was no provision in the contract for payment of any kind of advance and the request of the contractor for payment of advance was earlier rejected (June 2006) in the pre-bid meeting. The advance was to be recovered in forty equal installments with interest at 11.95 *per cent*. The contractor submitted bank guarantee for Rs 34.09 crore and forty post dated cheques covering the installments of principal and interest to the EE with the date of first installment effective on 30 December 2006.

It was observed that the cheques submitted to bank (January–April 2007) were dishonored due to non-availability of sufficient funds in contractor's account. However, the VIDC accepted (June 2007) the request of the contractor (February 2007) for re-scheduling of the installments due to non-availability of forest clearance. The repayment of advance and interest was re-scheduled from December 2007. The contractor again requested (January 2008) for re-scheduling of recovery from running account bill. The VIDC approved (August 2008) the contractor's request considering non-clearance of forest land by re-scheduling the recovery of advance from the first running account bill. In case of non-recovery of the proposed repayment from the running account bill, two *per cent* penal interest was to be charged on balance amount.

The forest clearance was received in November 2008. It was seen that principal and interest amounting to Rs 9.75 crore has been recovered from the

contractor and balance amount of Rs 27.28 crore including interest remained un-recovered as of March 2009.

(B) The work of fabrication and erection of radial gates, stop log gate, hoisting arrangement for the same project estimated to cost Rs 74.11 crore was awarded (1 November 2007) to another contractor for Rs 77.79 crore.

The contractor requested (12 November 2007) for payment of advance for mobilising men and machinery in work site though the contract did not provide for the same. The EE had earlier refused (November 2007) to entertain contractor's request as there was no provision in the contract. However, on the proposal (November 2007) of the Superintending Engineer and Chief Engineer Amravati, the VIDC sanctioned (December 2007) Rs 7.78 crore to the contractor as advance which was to be recovered from running account bill at prevailing prime lending rate and two *per cent* penal interest on the amount overdue. An advance of Rs 5.50 crore was paid in March 2008. The work was in progress and an amount of Rs 3.18 crore was recovered as of February 2009.

Thus, entertaining the contractors' request in violation of Government directives and contractual condition resulted in undue financial aid of Rs 33.72 crore to the contractors.

The EE stated (October 2008) that advances were paid as per request of the contractor after approval of VIDC. Reply from VIDC was awaited (August 2009).

The matter was referred to the Principal Secretary to the Government in March 2009. Reply had not been received (October 2009).

3.2.5 Extra contractual benefit

Sanction of extra item rate list for excess quantities of embankment work instead of regulating them under Clause 38 of contract resulted in extra contractual benefit of Rs 8.25 crore to the contractor.

Construction of earthen dam in RD 110 metre to 165 metre and 240 metre to 1,110 metre including gated spillway with approach and tail channel and head regulator for Sapan River Project, Taluka Achalpur, Amravati District, was awarded (October 2000) to a contractor at 21 *per cent* below the estimated cost of Rs 46.52 crore for completion by October 2006. As per clause 38 of the agreement the contractor was bound to carry out additional works if ordered in writing by the Engineer-in-charge and was entitled to revision of rates in respect of quantities executed beyond 125 *per cent* of tendered quantities. Accordingly, quantities in excess of 125 *per cent* were to be paid at current schedule of rates (CSR), increased or decreased by the percentage of tender premium or rebate.

Scrutiny of the records (January 2008) of Executive Engineer, Amravati Irrigation Division, Amravati revealed that the Sapan River Project was

originally planned (November 1995) for 28.94 MCM⁹ of storage capacity to irrigate 6,380 hectares of land. As the height of the dam was proposed to be increased by 4.5 metre, which would result in increase in quantities of work tendered, it was proposed (January 2005) to get the additional work done from the same contractor as he had quoted 21 *per cent* below the estimates. The contractor accepted (January 2005) to execute the additional work as per terms and conditions of the contract in force. Government approved (May 2005) the proposal in view of contractor's acceptance. During execution, quantity of material executed in the hearting zone increased marginally by 3.37 *per cent* and the quantity of casing material increased beyond 125 *per cent* till June 2008. However, Superintending Engineer, Akola Irrigation Circle, Akola sanctioned extra item rate list (EIRL) at CSR for the additional works. Accordingly, Rs 26.87 crore was paid to the contractor for additional quantities of material in hearting zone (Rs 4.35 crore) and in casting zone (Rs 22.52 crore). As per Clause 38, the rate was to be derived at CSR but reduced by 21 *per cent*. It was seen from 108th running account bill paid in June 2008 that out of 5.80 lakh cubic metre of quantities executed (against tendered quantity of 5.61 lakh cum) in hearting zone, quantity of 0.24 lakh cubic metre was paid at EIRL rate. Similarly, out of 46.68 lakh cubic metre of quantity executed¹⁰ in casing zone (against tendered quantity of 27.25 lakh cum), 13.62 cubic metre of quantity was paid at EIRL rate.

Thus, payment of EIRL for the quantities within and in excess of 125 *per cent* of the tendered quantity instead of paying them under Clause 38 has resulted in extra benefit of Rs 8.25 crore to contractor (**Appendix 3.3**).

The Government replied (November 2009) that due to change in drawing and design of earthen dam, quantities increased and the contractor was facing difficulty in getting hearting and casing material for which EIRL was paid. The Government further stated that had the work been executed at current price index, the cost would have gone upto Rs 94.83 crore as against the cost of Rs 59.49 crore incurred, resulting in savings of Rs 35.34 crore. Considering the benefit derived by Government there was no harm in adequately compensating the contractor.

The reply was not acceptable as sanction of EIRL without invoking Clause 38 was beyond the contractual condition. Further, the savings of Rs 35.34 crore is only notional and not a valid ground for payment under EIRL. Hence, payment for additional work done was to be regulated and paid as per Clause 38 of the contract instead of under EIRL.

⁹ Million Cubic Metre

¹⁰ Quantity in excess of 125 *per cent* was 12.62 lakh cum

3.2.6 Payment to contractor beyond contractual obligation

Irregular sanction and payment of extra item rate list on masonry works resulted in inadmissible payment of Rs 2.29 crore.

Construction work of central spillway, tail channels, irrigation-cum-power outlets and balance earth work of right and left flank of the Purna Medium Project (Achalpur Taluka) was awarded (February 2000) to a contractor at 14.20 *per cent* above the estimated cost of Rs 56.91 crore with stipulated period of completion of 72 months. As per conditions 8.3.1 and 11.12.3 (V) of specification applicable for the Schedule B¹¹ items of uncoursed rubble (UCR) masonry and colgrout masonry respectively, the items include cleaning the surface with air and water jets before laying next layer.

Scrutiny of the records (October 2008) of the Executive Engineer, Purna Medium Project Division, Achalpur revealed that the contractor had executed (February 2007) quantity for 2,48,092.115 cum of UCR masonry at the rate of Rs 836.75 per cum and 94,428.916 cum of colgrout masonry at the rate of Rs 1384.75 per cum and payment of Rs 30.98 crore was made (February 2007) to contractor for these items. The contractor requested (December 2007) the Superintending Engineer, Upper Wardha Project Circle, Amravati to make additional payment for cleaning by air and water jets for masonry preparation. Accordingly, extra item rate list (EIRL) for cleaning by air and water jets for UCR masonry and colgrout masonry amounting Rs 1.86 crore and Rs 0.43 crore respectively was sanctioned (March 2008) by Executive Director, Vidarbha Irrigation Development Corporation and payment of Rs 2.29 crore was made to the contractor.

Since the specification for masonry item in the tender was inclusive of cleaning by air and water jets, the sanction and payment of EIRL for this work was beyond the contractual obligation, resulting in inadmissible payment of Rs 2.29 crore to the contractor.

The Government stated (October 2009) that cost of treatment of cleaning UCR and colgrout masonry was not included while calculating the unit rate for the masonry as specified in the Schedule B and that there is a separate item in Schedule B in this work.

The reply was not acceptable as the item in Schedule B pertains to the foundation of the dam and the tender for UCR and colgrout masonry included all items of work 'complete as per specifications'. Thus, sanction of EIRL and payment thereof was beyond contractual provisions.

¹¹ It exhibits all the items with quantity, rate, unit and description of items to be executed with applicable specifications for the work awarded

3.2.7 Excess payment

Due to adoption of basic price index of an old period for calculation of price escalation there was an excess payment of Rs 1.13 crore to contractor.

Tender for work of providing and laying 1200 mm rising main and delivery chamber of Rajegaon Kati Lift Irrigation Scheme (LIS) estimated to cost Rs 7.49 crore was invited (January 2004) with the date of submission by 24 March 2004. The lowest offer of Rs 11.54 crore (54 *per cent* above) was recommended (May 2004) by the Chief Engineer, Irrigation Department, Nagpur for acceptance by Government. The tender originally contained price variation clause with all material clubbed together. Government directed (August 2004) to call for revised offer from the contractors, considering the new price variation clause which provided for separate formula for steel and cement.

Scrutiny of records (September 2008) of the Executive Engineer, Medium Project Division, Gondia (EE) revealed that the EE asked (August 2004) all the bidders to submit their revised offers considering the inclusion of revised price escalation clause before 13 September 2004. The revised offers of the bidders were opened on 13 September 2004 and the lowest offer (of same contractor who was also the lowest in original offer) of Rs 11.47 crore (53 *per cent* above) was accepted. The work order was given on 19 March 2005 for completion in 36 months. As per new price variation clause the price adjustment on account of labour, material, cement, steel and petrol oil lubricant shall be calculated considering the basic price index for the quarter preceding the month prescribed for receipt of tender.

Since bidders were directed to submit their revised offers by September 2004, the price indices for the quarter June 2004 to August 2004 only were to be considered and accordingly price escalation of Rs 89.27 lakh was payable. Scrutiny revealed that in respect of all the components, the Division considered basic indices of December 2003 to February 2004 and paid price escalation of Rs 2.02 crore till August 2008, resulting in excess payment of Rs 1.13 crore. This excess payment on escalation will continue as the project is still in progress.

The EE stated (September 2008) that base indices were taken as per the original date of submission of tender and accordingly price escalation was paid. Hence, there was no excess payment.

The reply was not acceptable as the bidders had submitted the revised offers after considering the revised price variation clause in September 2004, price indices for the quarter June 2004 to August 2004 should have been considered. Thus, payment of price escalation considering the indices of December 2003 to February 2004 was irregular and has resulted in excess payment of Rs 1.13 crore to the contractor.

The matter was referred to the Principal Secretary to the Government in March 2009. Reply had not been received (October 2009).

3.2.8 Extra expenditure

Failure of the department to include component of water cushion in the tender despite having technical sanction, resulted in extra expenditure of Rs 35.23 lakh.

As per manual of Minor Irrigation Works (Manual), in case the vertical drop of waterfall was more than 1.50 metre, water cushion is necessary as a protective work to minimise or avoid the possibility of scouring in the foundation bed to safeguard the waste weir. Administrative approval and financial sanction for Banegaon Minor Irrigation Tank (MI Tank) for Rs 8.06 crore was accorded by Government of Maharashtra in May 2001. Technical sanction to detailed plan and estimate of main work of earthen dam waste weir and appurtenant works for Rs 4.40 crore based on district schedule of rates (DSR) for the year 2000-01 was accorded (December 2002) by the Chief Engineer, Irrigation Department Aurangabad (CE). The sanctioned estimate *interalia* included a lump sum provision of Rs 24.56 lakh (against estimated cost of Rs 80.06 lakh as per DSR 2000-01) for execution of water cushion in the waste weir as the vertical drop of water fall was estimated to range from 1.20 meters to 3.80 meters.

Scrutiny of records (November 2008) of the Executive Engineer Minor Irrigation Division Jalna (EE) revealed that the work of MI tank was awarded (December 2003) to a contractor at 11.84 *per cent* above the estimated cost of Rs 4.39 crore on lump sum contract without including the work of water cushion in the tender though it was technically sanctioned. But Central Design Organisation (CDO) Nasik while according the approval to the drawing and designs of the project (February 2004) asked to provide for water cushion to the project as the vertical drop of water fall ranged between 2.45 metre and 6.25 metre. Accordingly, CE sanctioned (March 2006) additional work of water cushion at an estimated cost of Rs 99.84 lakh based on DSR for the year 2005-06. As per agreement, additional work was to be paid at current DSR with yearly revision of cost. A total payment of Rs 1.25 crore was made to the contractor upto December 2007 for construction of water cushion of the project.

Thus, failure of the Department to include the component of water cushion in the tender despite having technical sanction, resulted in extra expenditure of Rs 35.23 lakh¹² as compared to the estimated cost based on DSR 2000-01.

On this being pointed out the EE stated (November 2008 and March 2009) that execution of water cushion work was not included initially but while approving the detailed project estimate, CDO, Nasik suggested execution of

¹² Rs 124.77 lakh – Rs 89.54 lakh (Rs 80.06 lakh + Rs 9.48 lakh *i.e.*, 11.84 % above)=
Rs 35.23 lakh

water cushion work and then it was proposed as additional work and was sanctioned by the CE. The reply of the EE was not acceptable as the water cushion being a technical necessity as per provisions of MI Manual to safeguard waste weir from scouring was already in the original estimate sanctioned by CE in December 2002. The exclusion of this item in the tender for the work was not prudent and resulted in extra expenditure of Rs 35.23 lakh.

The matter was referred to Principal Secretary to the Government in April 2009. Reply had not been received (August 2009).

3.2.9 Payment beyond contractual obligation

Excess payment of Rs 32 lakh was made to contractor due to irregular sanction of extra lead charges for hearting material.

The construction work of earthen dam, waste weir, falls in tail channel, head regulator and allied works of Dastapur Minor Irrigation Tank in Washim District was awarded (March 2007) to a contractor at 21.44 *per cent* above the estimated cost of Rs 5.41 crore for completion in three years. As per the special condition of contract, the contractor was required to satisfy himself as to the nature and location of work. Further, contractor had given a declaration that he was thoroughly conversant with the local conditions regarding all construction material and the rates quoted were inclusive of all leads and lifts and that he would not put forth any claims in this regard.

Scrutiny of the records (November 2008) of the Executive Engineer, Minor Irrigation Division, Washim (EE) revealed that the contract provided an item for constructing embankment for hearting zone with material from excavation, from borrow area for 91,965 cubic meter (cum) at the weighted rate of Rs 76.85 per cum. During execution, desired quantity and quality of hearting material from the designated quarry could not be obtained as sample taken in river bed to decide the quality of hearting material was rejected (June 2008) by Soil Testing Sub Division Akola. Hence, the contractor brought material from other quarry at a longer distance and completed 1,03,149 cum (110.83 *per cent* of tendered quantity) hearting item up to 13th RA Bill which was paid (September 2008) at tendered rate of Rs 76.85 per cum. The contractor demanded (May 2007) payment at new rate for bringing material from longer lead. The EE proposed extra item in July 2008 for payment of extra lead charges and the SE sanctioned the same in August 2008 for 73,448 cum of material at the rate of Rs 146.25 per cum¹³.

The Division made the payment for EIRL in October 2008 for 73,523 cum of material amounting to Rs 1.07 crore. Since the contractor had given a

¹³ Based on the current schedule of rate (2005-06) plus 10 *per cent* for quarry development

declaration and also the quantity executed was within limit of Clause 38,¹⁴ the quantity was payable at tendered rate. Thus, the sanction and payment of EIRL for extra lead charges was irregular and resulted in excess payment of Rs 32 lakh¹⁵ to the contractor which is beyond the contractual obligations.

The EE stated (November 2008) that the EIRL was made applicable for the quantity which was brought beyond the anticipated area. The EE further stated (January 2009) that there are no norms for testing of material at source from where the material is to be brought.

The reply was not acceptable as the provisions of Public Works Department hand book (Chapter VI) lay down the norms for investigation of material at the time of preparation of project. Further, the rate derived in the tender was a weighted rate after considering all the sources and respective leads and the contractor had himself given a declaration which forms part of the agreement that he was conversant with site conditions and that the rates quoted by him were inclusive of all lead and lifts and that he would not claim any extra lead charges.

The matter was referred to the Secretary to Government in April 2009. Reply had not been received (October 2009).

3.3 Violation of contractual obligations/undue favour to contractors and avoidable expenditure

Housing Department

Maharashtra Housing and Area Development Authority

3.3.1 Undue benefit to a trust

Charging land premium for land actually allotted in December 2007 as per a defunct pricing policy, instead of the existing revised pricing policy resulted in undue benefit to a Trust and loss of Rs 9.66 crore to the Maharashtra Housing & Area Development Authority.

As per pricing policy laid down by Maharashtra Housing and Area Development Authority (MHADA) in 1992, premium for the land allotted to public charitable trusts should be 50 per cent to 75 per cent of current market value as decided by the MHADA on the merit of each case. This was

¹⁴ Clause 38 of agreement provided for execution of item beyond 125 per cent of tendered quantities at current schedule of rate or prevailing market rate increased or decreased by the percentage which the total tendered amount bears to estimated cost of work put to tender. Thus, 91,965 cum + 25% additional = 1,14,956 cum was payable at tendered rate

¹⁵ 73,448 cum x Rs 84.53 (Rs 76.85 per cum + 10% quarry development) =Rs 62,08,559 + 21.44% tender premium = Rs 75,49,674. Excess expenditure = Rs 1.07 crore – Rs 0.75 crore = 0.32 crore (Rs 32 lakh)

subsequently amended vide resolution of June 2003, which envisaged that premium for land meant for educational and hospital purposes should be 75 *per cent* of the market value. Rate of the land as per the Government ready reckoner at the time of issue of allotment letter should be deemed to be the market value of land. This resolution was made applicable to all such cases in respect of which allotment letters were to be issued subsequent to the date of resolution (21 June 2003).

Scrutiny (April 2009) of the records of the land branch, Mumbai Board, revealed that a plot of land admeasuring 10,000 sq mts reserved for hospital, was allotted by the Government (October 2000) to Nargis Dutt Memorial Trust (Trust) for establishing a hospital under the terms and conditions of the allotment and pricing policy of the MHADA.

In pursuance of the Government decision, a letter was issued to the Trust (November 2000) to furnish necessary information and documents. Instead, the Trust after a period of one year, requested MHADA (November 2001) to allot the land on lease at a nominal lease rent of one rupee *per annum* for 99 years on renewal basis. MHADA, accordingly, resolved (July 2002) to allot the land on lease for 30 years at the nominal lease rent of one rupee *per annum*, without charging any premium¹⁶ subject to the condition that the hospital provided free medical facilities to the staff of MHADA and their dependents. Since the resolution was not in accordance with the pricing policy and there was loss to MHADA, the matter was referred (July 2002) to the Government for approval which was never received.

In July 2006, on the request of the Trust, the land was handed over to them on caretaker basis, in order to protect it from encroachment on obtaining a specific undertaking from the trustee that the rate fixed by the Government should be binding on the Trust and actual construction would be taken up after formal allotment of the land.

It was also noticed that a formal allotment letter, duly approved by Chief Officer, Mumbai Board, was issued to the Trust, for the first time (December 2007) intimating land premium of Rs 21.37 crore, (75 *per cent* of the ready reckoner rate of 2007) calculated as per the existing pricing policy, for payment within 30 days. However, after lapse of one year (December 2008), the Trust requested the MHADA to allot the land for Rs 11.71 crore at the premium prevailing in 2002 when the resolution for allotment was passed. This request was accepted by the MHADA in its meeting held in January 2009. Accordingly, a revised allotment letter and demand for Rs 11.71 crore was issued (February 2009) to the Trust. As of February 2009, the Trust paid Rs 2.93 crore.

¹⁶ Rs 11.71 crore recoverable at 50 *per cent* of land cost as per prevailing pricing policy, at ready reckoner rate of 2002

Thus, charging land premium for land actually allotted in December 2007 as per a defunct pricing policy, instead of the existing revised pricing policy resulted in undue benefit to the Trust and a resultant loss of Rs 9.66 crore (Rs 21.37 crore – Rs 11.71 crore) to MHADA.

The Vice President, MHADA stated (May 2009) that the land was allotted by the Government and there was no loss or undue benefit to the Trust, as the MHADA was empowered to allot certain reserved plots at concessional rates to hospitals. The reply was not tenable as the concessional rate as per the prevailing pricing policy (2003) of MHADA was 75 per cent of the ready reckoner rate of 2007, when the final allotment was made.

The matter was referred to the Secretary to the Government in May 2009. Reply had not been received (October 2009).

Public Health Department

3.3.2 Avoidable expenditure

Failure to install capacitor to maintain the power factor above optimum level has resulted in avoidable expenditure of Rs 36.29 lakh.

According to power tariffs of Maharashtra State Electricity Distribution Company Limited (MSEDCL) for a High Tension Consumer (HTC), whenever the average power factor (PF)¹⁷ over a billing cycle or a month, whichever is lower, is below 90 per cent of power used against total supply, penal charges shall be levied by the MSEDCL to the consumer at the rate of two per cent of the amount of monthly energy bill. Installation of capacitor¹⁸ helps in improving / maintaining the PF above 90 per cent. Public Works Department (Electrical wing) which maintains the electrical installations should be well aware of this requirement.

Scrutiny of records (March 2008 and February 2009) of the Swami Ramanand Teerth Rural Medical College and Hospital (MCH) Ambajogai, District Beed revealed that MCH was a HTC but did not install capacitors until June 2008. Due to this, the average power factor could not be maintained above 90 per cent and ranged between 79 to 89 per cent during April 2000 to June 2008. As a result MCH paid a penalty ranging from Rs 9,374 to Rs 11,0308 every month which aggregated to Rs 36.29 lakh for the period. Thus, non-installation of capacitors¹⁹ to maintain power factor resulted in avoidable expenditure of Rs 36.29 lakh in the form of payment of penalty.

¹⁷ Power factor is the ratio between the voltage and current. If the PF is less than one, the supply of current will be more with accompanying transmission losses

¹⁸ Capacitor is a device used to store electric charge, consisting of one or more pairs of conductors separated by an insulator

¹⁹ Installation of two capacitors valued Rs 1.43 lakh is prudent for user of HT line

The Dean, MCH stated (February 2009) that as the requirement of capacitors for maintaining PF above 90 *per cent* was not brought to notice by the Public Works Department (Electrical) before May 2006, the same could not be installed. The capacitors were eventually installed in July and October 2008, after Audit pointed out the lapses, which helped in maintaining the PF above 90 *per cent*.

The contention of the Dean, MCH was not tenable as he did not take any action till May 2006 though monthly electricity bill from April 2000 clearly exhibited penal charges on account of low power factor. Thus, failure of MCH in taking prompt action to avoid penal charges and further delay in installation of capacitor has resulted in avoidable expenditure of Rs 36.29 lakh.

The matter was referred to the Secretary to the Government in March 2009. Reply had not been received (October 2009).

Public Works Department

3.3.3 Loss to the Government and undue benefit to a developer

Allotment of the work of commercial exploitation of land owned by Regional Transport Officer, Andheri without tendering and incorrect valuation of the property in calculating the developer's income and profit, resulted in undue benefit of Rs 73.45 crore to the developer.

As per the instructions (March 2002) of the Government in Public Works Department (PWD), commercial exploitation of Government land through private developer should be done by call of tenders. The profit to the developer should not be more than 20 *per cent* of the total investment on the project. The sale price of the property to be developed for commercial exploitation should be considered as the highest of three rates, *viz.*, ready reckoner rate, prevailing market rate to be assessed by survey and cost of construction. Further, the saleable built up area (BUA) was to be increased by 25 *per cent* as per practice²⁰. The proposal is to be approved by the Cabinet Infrastructure Committee (CIC).

Regional Transport Officer (RTO), Andheri, Mumbai accepted the proposal of a private developer²¹ to develop a plot of land owned by RTO on public private partnership and forwarded the proposal to the designated PWD. As per the proposal the developer was to construct property valued Rs 100 crore²² for Government. In return, BUA of 43,769.51 sq mts was allowed to be commercially exploited by the developer. This was approved (August 2006) by the CIC and an agreement was entered into by the Government (November 2006).

²⁰ As per the directions issued by the Chief Architect, PWD in other case

²¹ Who was allotted the work of development of an adjacent slum area

²² BUA of 7,013 sq mts for RTO building at a cost of Rs 10.52 crore and some other buildings worth Rs 89.48 crore

Scrutiny (March 2009) of the related records in the PWD revealed that the project was allotted to the developer without tendering on the plea that it would not fetch attractive market value due to the existence of adjacent slums. It was, however, noticed that market survey was not conducted by the Department to come to this conclusion. Further, the profit margin to the developer was worked out to Rs 2.39 crore (**Appendix 3.4**) considering the expenditure required to be incurred by the developer (Rs 205.51 crore) and income that would accrue from property to be developed by him for commercial exploitation. However, while calculating the sale value of property to be developed, the Department considered the ready reckoner rate of Rs 47,500 per sq mt for 2005, instead of the ready reckoner rate of Rs 58,500 per sq mt prevailing in 2006, when the agreement was made. Besides, the saleable BUA was not increased by 25 *per cent*. As result the income of the developer was understated.

Considering the above, the profit works out to Rs 114.45 crore *i.e.*, 55.74 *per cent* of the investment as against the ceiling of 20 *per cent* (Rs 41.10 crore). Thus, there was an undue benefit of Rs 73.45 crore to the developer (**Appendix 3.4**).

The matter was referred to the Secretary to the Government in May 2009. Reply had not been received (October 2009).

3.3.4 Undue benefit to the private developer

Disregard to the Government instructions to consider market rate in feasibility report as well as recommendations of a Committee of Secretaries to collect enhanced upfront value resulted in undue benefit of Rs 8.77 crore to a developer.

As per the instructions (March 2002) of the Government in Public Works Department (PWD), commercial exploitation of Government land through private developer should be done by call of tenders. The profit to the developer should not be more than 20 *per cent* of the total investment on the project. The sale price of the property to be developed for commercial exploitation should be considered as the highest of three rates *viz.*, ready reckoner rate²³, prevailing market rate to be assessed by survey and cost of construction. Further, the saleable built up area (BUA) was to be increased by 25 *per cent* as per practice. The proposal is to be approved by the Cabinet Infrastructure Committee (CIC).

Scrutiny (February 2009) of records at Mantralaya (PWD), revealed that CIC approved (November 2005) a feasibility report for development of Government property in Mumbai at Fort and Andheri areas involving development of 17,364.19 square meters constructed area with parking area of 5,344.70 square meters for Government. In turn the developer would be allowed to commercially exploit a BUA of 13,600 square meters at Andheri.

²³ The rate of land and buildings fixed by the Government for stamp duty purpose

The CIC while approving the project observed that the rate considered while preparing the feasibility report was the ready reckoner rate. Hence, it directed (November 2005) the Department to consider the market rate while inviting tenders to attract realistic and viable bids. There were no records to show that this was done by the Department.

The tenders were called in May 2006, to be submitted by 28 September 2006. In August 2006, the Secretary, PWD introduced in the tender an additional clause 'the developer who offers highest upfront payment would be entrusted the property for development'. The minimum amount of the same was, however, not fixed. In response, eight bids were received in September 2006 of which six were rejected by the Evaluation Committee headed by the Superintending Engineer, Mumbai. Of the two eligible tenderers, the offer with upfront payment of Rs 12.96 crore from M/s Vilayati Ram Mittal, Mumbai was the highest. The Secretary, Finance, to whom the proposal was referred for concurrence, observed (April 2007) that considering the market rates the profit to the developer would be almost 40 *per cent* and recommended negotiation with the developer for enhancing the amount of upfront payment or failing which re-tendering should be done. However, on the directions (April 2007) of the CIC, negotiations were held (May 2007) with the developer by a Committee comprising Secretaries of Public Works, Finance and Planning Departments. The developer accepted that the value of the BUA to be commercially exploited and sold by him would be Rs 130 crore, as against Rs 95 crore shown in the bid. He also stated that extra expenditure of Rs 43.50 crore was required to be incurred on various components and offered upfront payment of Rs 13.23 crore as there was uncertainty in the market. The Committee assessed the additional expenditure by contractor as Rs 32.30 crore and recommended upfront payment of about Rs 22 to Rs 24 crore.

The CIC of Ministers, however, concurred (May 2007) with the developer's views regarding higher cost of construction and accepted his offer ignoring the views of the Committee of Secretaries. Accordingly, an agreement for the project was made (July 2007) between the Government and the developer.

Thus, the disregard of the Government instructions to consider the market rates while preparing the feasibility report and recommendations of the Committee of Secretaries resulted in undue benefit of Rs 8.77 crore (Rs 22 crore - Rs 13.23 crore) to the private developer.

The matter was referred to the Secretary to the Government in May 2009. Reply had not been received (October 2009).

Water Resources Department

3.3.5 Irregular payment of mobilisation advance

Mobilisation advance of Rs 15 crore was given to contractor in contravention of the contract conditions.

The work of construction of earthen dam, spillway tail channel, water supply and power outlay on Shahi river at Shahpur (Thane District), was awarded (September 2008) to a contractor for Rs 367.94 crore (41.18 *per cent* above the estimated cost of Rs 260.61 crore), with stipulated period of completion as 60 months. However, the tender did not contain the clause regarding payment of MA. In the pre-bid meeting held on 2 July 2008 it was again clarified that there was no provision for machinery and mobilisation advance.

Scrutiny (January 2009) of the records of the Executive Engineer, Minor Irrigation Division, Thane, however, revealed that on the request of the contractor, the Executive Director, Konkan Irrigation Development Corporation (KIDC), sanctioned and paid (December 2008) MA of Rs 15 crore to the contractor at an interest rate of 12 *per cent* to speed up the work by mobilising machinery and material required for the work, levelling of site and creating on site infrastructure for the workers.

However, as of July 2009, the work has not been started and the proposal for acquisition of private land and forest land was in progress.

Thus, payment of mobilisation advance in contravention of the tender conditions was irregular. Further, the main objective to speed up the work was not achieved as the land acquisition process has not been completed. Besides, the tendering procedure was vitiated as the other tenderers were not aware of the benefit of receiving such an advance while quoting their offers.

The matter was referred to the Secretary to the Government in May 2009. Reply had not been received (October 2009).

3.3.6 Avoidable extra expenditure

Inadequate survey and non-consideration of Government directives while preparing the estimate resulted in avoidable extra expenditure of Rs 32.10 lakh.

Under the project “Modernisation of Godavari Canal” the work of strengthening of arch culvert at chainage 2080 meter on Godavari Left Bank Canal (Work-I) and strengthening of aqueduct at chainage 25920 meter on Godavari Left Bank Canal (Work-II) estimated to cost Rs 1.23 crore and Rs 2.10 crore respectively, were awarded in August 2003 and July 2006 to contractors A and B with stipulated periods of completion of six months and 24 months respectively.

As per clause 38 of the agreement, the contractor was liable to execute up to 25 per cent over the tender quantities of each item at the tendered rate. The quantities in excess of the above limit were to be paid at the rates based on the schedule of rates of the year in which the item was executed.

Scrutiny (September 2008) of the records of the Executive Engineer (EE), Nasik Irrigation Division, Nasik revealed that while Work-I was completed in December 2006, Work-II was in progress for which extension was granted up to March 2010. As of July 2009, an expenditure of Rs 6.45 crore was incurred on the works. The above included an amount of Rs 1.82 crore paid for execution of excess quantities by 25 per cent over the tendered quantities in case of certain items. The increase in quantities in respect of Work-I was due to increase in the width of the canal service road and inspection road and strengthening of 28 meter length of arch culvert, as the wing walls were very weak. The increase in quantities in respect of Work II was due to additional work of strengthening of wing walls and trough which were found to be weak and distorted during actual execution.

The guidelines regarding increase in the width of service road were issued by the Government in December 1995. Since the estimate was prepared in January 2003, these provisions should have been considered. Further, the existing structure of the Godavari Left Canal was 90 years old and its life had almost completed. Had a detailed survey been conducted before preparation of the estimates these aspects could have come to notice. Action as above would have avoided the extra expenditure of Rs 45.66 lakh incurred on these items due to payment of the same at current district schedule of rates as shown in the **Appendix 3.5**. The avoidable excess expenditure works out to Rs 32.10 lakh considering an escalation of 10 per cent, as per normal practice.

The EE stated (September 2008) that at the time of preparation of the estimate, the wing wall above the existing ground level seemed repairable. During execution of work some stones of the foundation and masonry of wing wall was found distorted. The lime mortar used for this masonry had been deteriorated. Since there was a possibility of collapse of wing walls and disturbance in rotation of the canal, the works were carried out with the approval of the competent authority. The extra liability on this account was Rs 19.86 lakh only.

The reply was an admission of the fact that proper survey and investigation were not carried out while preparing the estimates. Further, the extra liability of Rs 19.86 calculated by the EE was considering 20 per cent price escalation against the 10 per cent as per normal practice.

The matter was referred to the Secretary to Government in May 2009. Reply had not been received (October 2009).

3.4 Idle investments/idle establishments/blocking of funds, delays in commissioning of equipments and diversion/misutilisation of funds

Higher and Technical Education Department

3.4.1 Blockage of funds

Sanction and release of grant to Shivaji University by the Government for laying of synthetic track without specifying any time schedule for its utilisation as well as improper survey of site and delay in finalisation of the site by the University resulted in blockage of Rs 1.17 crore for over five years.

The Higher and Technical Education Department, Government of Maharashtra, sanctioned (March 2004) a grant of Rs 1.80 crore to the Shivaji University, Kolhapur (University) for construction of an international standard 400 meter synthetic running track in its campus for developing international level sportsmen. Accordingly, the Director of Higher and Technical Education, Pune paid (May 2004) the first instalment of Rs 1.17 crore (65 per cent of Rs 1.80 crore) to the University. The sanction order, however, did not stipulate any time schedule for utilisation of the amount as required under the Bombay Financial Rules, 1959.

Scrutiny (July 2008) of the records of the University revealed that the University deposited (August 2006) Rs 47.96 lakh with the Executive Engineer, National Highway Division VII, Kolhapur (EE) for execution of the work as a deposit work only after receipt of the detailed estimate, as decided by the University in its meeting held in October 2004. Since the site selected by the University for the work was prone to water logging, the University authorities in consultation with various sports experts and the public decided (January 2008) to construct a new sports complex on a site in the University campus which was free from water logging and easily accessible to the public. Accordingly, an estimate for the work for Rs 5.51 crore was submitted by the EE in April 2008. Since the estimated cost was much higher than the sanctioned cost, the University Building and Works Committee resolved in April 2008 to revise the same. Subsequently, a revised estimate for Rs 2.55 crore submitted (July 2008) by the EE was administratively approved by the Committee in its meeting held in August 2008. The tendering process of the work was in progress as of May 2009.

Thus, sanction and release of grant to the University by the Government without specifying any time schedule for its utilisation as well as inadequate survey of site and delay in finalising the site by the University resulted in blockage of Government funds of Rs 1.17 crore for over five years. Besides,

the objective of developing international level sportsmen through the envisaged sports infrastructure got defeated.

The matter was referred to the Secretary to Government in April 2009. Reply had not been received (October 2009).

Home Department

3.4.2 Idling of kitchen equipment

Procurement of kitchen equipment for Police Training Schools (PTSS) before construction of kitchen and providing the required infrastructure such as gas pipeline etc., resulted in idling of equipment worth Rs 97.74 lakh in four PTSS.

The Director General of Police (DGP), Maharashtra decided (March 2006) to purchase seven sets of kitchen equipment²⁴ for seven²⁵ Police Training Schools (PTSS).

Scrutiny of records (April 2007) of DGP and information obtained (December 2008 to January 2009) from seven PTSS revealed that the contract for supply of kitchen equipment was awarded (March 2006) to lowest tenderer M/s. Amini Industries, Mumbai (supplier) at Rs 24.95 lakh per set, to be delivered in 90 days. As per the supply order, 90 *per cent* payment was to be made within 15 days from the date of receipt of equipment by the consignee and the remaining 10 *per cent* within 30 days of inspection of the equipment. For this purpose, Rs 1.75 crore was drawn (March 2006) on an abstract contingent bill to avoid lapse of budget grant.

Since the approved plans and drawings of the kitchens²⁶ were not received by the supplier, he was unable to manufacture and supply the equipment to the PTSS and requested (April 2006) for an extension of the delivery period by 90 days from the date of approval of the final plan schedule. The payment was, however, made (May 2006) to M/s. Amini Industries before the receipt of equipment, contrary to the provisions of supply order.

Further scrutiny revealed that the kitchen equipment was supplied to the seven PTSS between August 2006 and March 2007. Out of this, equipment costing Rs 97.74 lakh supplied to four²⁷ PTSS were lying unutilised as of March 2009 due to incomplete works of gas pipeline, water and electric supply and non-completion of construction of the new mess buildings *etc.* Further, the guarantee period of one year from the date of supply of the equipment also expired in March 2008.

²⁴ 66 items in one set; some are dish washing machine (Rs 2.80 lakh), chapati rolling machine (Rs 1.75 lakh), vertical deep freezer (Rs 58 lakh), vertical refrigerator (Rs 0.53 lakh)

²⁵ Akola, Jalna, Khandala, Marol-Mumbai, Nagpur, Nanveej, Solapur

²⁶ Four were under construction and three were being modified.

²⁷ Khandala, Marol, Nanveej, Solapur

The Additional Director General of Police, Training and Special Units confirmed (March 2009) that the kitchen equipment could not be put to use for the reasons stated above.

Hence the award of contract without assessing the availability of infrastructure and failure to provide the required infrastructure on time in these PTSs resulted in idling of kitchen equipment costing Rs 97.74 lakh for two to three years.

The matter was reported to the Principal Secretary to the Government in April 2009. Reply had not been received (October 2009).

3.4.3 Unfruitful expenditure on patrolling boats

Lack of timely and appropriate action to carry out repairs resulted in idling of speed boats costing Rs 1.34 crore and rendering their cost unfruitful.

Under the Modernisation of Police Force scheme, the Government of Maharashtra, Home Department approved (March 2002) purchase of six high speed boats for Rs 2.68 crore (at Rs 44.61 lakh per boat) from M/s. Craftway Engineers Ltd. (supplier), Mumbai for patrolling the coastal areas of the State. In March 2002, the Director General of Police had placed a purchase order with the supplier, who supplied²⁸ the boats between October 2002 and November 2004.

Scrutiny of the records (September and December 2008) of Superintendent of Police (SP), Raigad and SP, Navi Mumbai revealed that the speed boats named 'Vashishthi', 'Indrayani' and 'Pranhita' were lying idle from April 2006, March 2006 and April 2006 respectively for want of major repairs to engines and gear boxes.

It was also observed that the Department consulted the Custom Marine Department and two firms (boat builder and repairer) regarding frequent failures of the boats. They opined (July and August 2007) that it would be nearly impossible to operate Duo Prop (DP) driven vessels with an outboard gear system in and around Mumbai harbour, due to presence of floating/semi-submerged debris consisting of plastic, wood, nylon rope *etc.* They suggested (July 2007) the following :

- (i) To interchange usable parts from old DP drive gear boxes and assemble into workable gear boxes and install on vessels which operate in relatively unpolluted water.

²⁸ Name of Boat	Supplied to	Date of supply
Vashishthi and Krishna	SP, Raigad	26/03/2004 24/11/2004
Tapi	SP, Ratnagiri	04/04/2004
Pranhita and Indrayani	SP, Navi Mumbai	08/04/2004 09/10/2002
Savitri	SP, Sindhudurg	24/11/2004

(ii) To convert the remaining vessels which were to operate in Mumbai, into conventional gear/propeller shaft/propeller driven mechanism (in board engine), using the existing Volvo Penta engines and replacing the DP drive with appropriate gear ratio and making necessary modification in the vessel and hull.

Accordingly, a proposal for repair of the boats was submitted by the Director General of Police to the Government in November 2007, which was approved in September 2008. The work order was issued in February 2009 and the work is in progress (July 2009)

Thus, the Department failed to take timely action to get the boats repaired. This resulted in idling of the boats for over a period of three years rendering their cost Rs 1.34 crore unfruitful. Besides, this could also adversely affect coastal security due to lack of the patrolling of the coastal area which may lead to events like terrorist attack through sea route.

The matter was referred to the Principal Secretary the Government in May 2009. Reply had not been received (October 2009).

Housing Department

Maharashtra Housing and Area Development Authority

3.4.4 Idle investment on construction of office units

Construction of office units without firm demand, contrary to the stipulation made in the administrative approval, by the Pune Housing and Area Development Board resulted in idling of office units costing Rs 1.57 crore for over a period of seven years.

Maharashtra Housing and Area Development Authority (MHADA) administratively approved (June 1997) construction of a commercial complex consisting of 11 shops and 10 office units on first and second floors respectively in Phulenagar, Yeravada, Pune at an estimated cost of Rs 1.66 crore. It was stipulated that before tendering the work, it should be ensured that there was 100 *per cent* demand for the shops/office units by conducting local enquiry and survey.

Scrutiny (February 2009) of the records of the Pune Housing and Area Development Board, Pune (PHADB), an office unit of MHADA revealed that tenders for the work were called for in December 1998 and work order was issued in June 1999 for Rs 64.70 lakh. Contrary to the stipulation made in the administrative approval, the first enquiry made in October 1999 could fetch demand for only 10 shops. Despite poor demand the PHADB went ahead with the construction of all the office units instead of restricting it to the shops on the ground floor and completed the same in November 2001 at a cost of Rs 2.38 crore.

Despite efforts made in February 2001, January 2002, November 2004 and October 2006 by the PHADB for selling the shops/office units, eight office units costing Rs 1.57 crore remained unsold as of May 2009.

Thus, non-assessment of firm demand for the office units before taking up their construction and not taking any action, other than inviting offers, such as the feasibility of allotment of the same to Government departments/organisations or semi-Government organisations resulted in eight office units costing Rs 1.57 crore lying idle for more than seven years.

The matter was referred to the Secretary to the Government in May 2009. Reply had not been received (October 2009).

Law and Judiciary Department

3.4.5 Unfruitful expenditure on franking machines

Forty five franking machines costing Rs 38.06 lakh remained unutilised with 45 Courts for three to five years due to failure to repair the faulty/damaged machines, obtain licence and arrange training to staff.

Printing of the service postage stamp was discontinued and substituted with the public postage stamps since 1 January 2002. Considering the advantage of franking machine in terms of security and accounting, Law and Judiciary Department of the Government purchased (September 2004 to September 2006) 433 franking machines²⁹ from M/s. Kilburn Office Automation Ltd. Bishnupur, West Bengal (a rate contract firm) at a total cost of Rs 3.58 crore for supplying the machines to all district courts, sessions courts and their subordinate courts.

Scrutiny of records (October 2007) of the Chief Metropolitan Magistrate, Esplanade Court, Mumbai and information obtained (January to December 2008) from other Courts in the State revealed that out of 45 machines costing Rs 38.06 lakh supplied to 45 courts between September 2004 and September 2006, 29 machines (cost: Rs 25.22 lakh) were not used at all since procurement (September 2004 and September 2006). Remaining 16 machines (cost: Rs 12.84 lakh) were used for varying periods from 25 days (total franking done for Rs 200 at Civil Court Junior Division, Pen, Raigad) to 27 months (total franking done for Rs 10,278 at Civil Court, Junior Division, Vasai). The machines could not be used due to non-repair of the faulty/damaged machines, lack of trained operator and failure to obtain license from post office. It was also observed that though the purchase was made centrally by the Department, no arrangement was made with the supplier for training of the operator of the machines and for future repairs. The courts also failed in getting the faulty/damaged franking machines repaired, arranging training to staff and obtaining licence. This resulted in non-utilisation/ underutilisation of

²⁹ To pay postage through franked impression instead of service postage stamps

45 franking machines rendering the expenditure of Rs 38.06 lakh unfruitful. The courts were functioning without the franking machines (service postage stamp is substituted by public postage stamps) for a period of three to five years. The Department failed to correctly assess the requirement for purchase of the costly machines for these courts as also plan for their utilisation thereafter.

The matter was reported to the Principal Secretary to the Government in March 2009. Reply had not been received (October 2009).

Rural Development and Water Conservation Department

3.4.6 Idle investment on construction of Minor Irrigation tanks

Failure of the Executive Engineer, Minor Irrigation (LS) Division, Ratnagiri to acquire land for the canals of a Minor Irrigation tank resulted in idle investment of Rs 6.64 crore.

As per para 251 of the Maharashtra Public Works Manual (MPWM), work should not be commenced without acquiring the entire land required for it. Scrutiny (January 2008) of the records of the Executive Engineer, Minor Irrigation (LS) Division, Ratnagiri (EE) revealed that the technical sanction for the work of construction of dam, spillway and head regulator of MI scheme³⁰ at Juwathi in Ratnagiri District was accorded by the Chief Engineer, Minor Irrigation (Local Sector), Pune in February 1999, stipulating that the status of land acquisition should be considered before commencement of the work. The work was started in March 1999 and completed in December 2004. The work of right bank canal (RBC) awarded to a contractor (April 2001) was completed (March 2003) only up to 2.260 km out of the total length of 3.505 km at a cost of Rs 27.07 lakh. The balance work of RBC work and the work of LBC remained incomplete as the required land was not acquired.

The land acquisition proposals for RBC and LBC were submitted to the Revenue Department in May 2001 and October 2002 respectively. Amount of Rs 33 lakh demanded (November 2003) by the Special Land Acquisition Officer for acquisition of land for LBC (Rs 15 lakh) and RBC (Rs 18 lakh) was deposited only in May 2008 and May 2009 respectively. Further, approval to the revised estimate of the work for Rs 7.83 crore submitted to the Government in March 2003 was still awaited (March 2009). As of March 2009, an expenditure of Rs 6.64 crore was incurred on dam proper and part of canal and land acquisition.

Thus, delays in submission of proposal for acquisition of the land required for the canals, in payment of the requisite amounts to the revenue authorities and

³⁰ Construction of MI scheme at Juwathi in Ratnagiri District, with an irrigation potential of 168 hectares was administratively approved by the Rural Development and Water Conservation Department of the Government in June 1999 for Rs 4.15 crore

in sanction of the revised estimate resulted in non-construction of the canals and consequent non-utilisation of the MI Tank.

EE stated (January 2008) that the work was not completed due to non-completion of land acquisition procedure, which was in progress. He further stated (January 2009) the work would be started after obtaining revised administrative approval to the scheme.

The replies of EE were not tenable as the commencement of work without acquiring the land was contrary to the provisions of MPWM and stipulations made in the technical sanctions. This resulted in idle investment of Rs 6.64 crore besides depriving the beneficiaries of the proposed irrigation facilities.

The above points were referred to the Secretary to the Government in April 2009. Reply had not been received (August 2009).

Public Works Department

3.4.7 Idle investment on incomplete bridge

Commencement of the work without ascertaining the status of land acquisition, delays in execution of work by the contractors, delays in termination of the contracts in case of failure to carry out the work by the contractor resulted in an idle investment of Rs 1.21 crore.

The Public Works Department of the Government of Maharashtra administratively approved (June 1998) the work of a major bridge across Sina river near Malikpeth village in Solapur District for Rs 1.71 crore with the objective of connecting six³¹ villages to the taluka head quarters. The Chief Engineer, Pune Region (CE) accorded technical sanction to the work in January 2000.

Scrutiny (February 2009) of the records of the Executive Engineer, Public Works Division No 2, Solapur (EE) revealed that the work of construction of the bridge was awarded (April 2001) to contractor A for Rs 1.20 crore with stipulated period of completion as 18 months (September 2002). However, during execution, a project affected farmer obtained stay order against execution of the work in July 2002 from the District Court. Though the Mumbai High Court awarded (February 2004) final judgment in favour of the Government, the contractor refused to execute the work on the ground that the construction cost has increased. The work was, therefore, withdrawn under clause 18 (c)³² of the agreement by CE in December 2004. The contractor executed work costing Rs 44.74 lakh which was paid in June 2005.

The balance work was awarded (May 2005) to contractor B at the estimated cost of Rs 1.06 crore with stipulated period of completion of 18 months. The

³¹ Malikpeth, Markhed, Dagaon, Valuj, Mangoshi and Dahitane

³² Clause 18 : No compensation is payable to the contractor for restriction of work to be carried out

contractor executed work costing Rs 48.78 lakh till May 2006. As the contractor did not complete the work despite several notices (October 2005 to October 2006) the work was withdrawn (January 2007) by the EE under clause 34³³ of the agreement *i.e.*, at the risk and cost of the contractor.

The balance work estimated to cost Rs 83.09 lakh work was then split up into eight parts, of which five were awarded (January to February 2007) to unemployed engineers (UEs), as per directives, of the Superintending Engineer, Solapur (SE). This was contrary to the provisions contained in Para 201 of the Maharashtra Public Works Manual which states that in case of reinforced cement concrete bridges, tenders should be invited from firms specialised in such work. The remaining three works were not awarded as of May 2009.

As there was continuous flow of water in the river during the years 2006-07 and 2007-08 the work could not be completed. Subsequently, the UEs were also reluctant to complete the work due to increase in the rates of cement and steel. An expenditure of Rs 27.88 lakh was incurred on these balance works till then. Also, due to non-provision of adequate funds, two of the above contracts were terminated. The total expenditure incurred on these works as of May 2009 was Rs 1.21 crore and the revised estimate of balance work (Rs 0.80 crore) was proposed in June 2008 which was not sanctioned as of May 2009.

Thus, commencement of the work without ascertaining the status of land acquisition, delays in execution of work by the contractors, delays in termination of the contracts in case of failure to carry out the work by the contractor resulted in an idle investment of Rs 1.21 crore. Besides, the villagers were deprived of the benefit of a proper bridge.

In reply, EE stated that there was no budget provision for this work since last two years and the work was hampered as the contractor's bills were pending.

The fact remains that the non-completion of the bridge resulted in idle investment of Rs 1.21 crore.

The matter was referred to the Secretary to the Government in May 2009. Reply had not been received (October 2009).

³³ Clause 34: In case of abandonment of the work by the contractor, the work of the contractor be measured up and to take such unexecuted part thereof out of his hands and give it to another contractor to complete. All expenses incurred on advertisement for fixing a new agency and such other expenses incurred in getting the unexecuted work done by the new contractor and the value of the work done shall be final and conclusive against the contractor

Water Resources Department

3.4.8 Idle investment on minor irrigation tank

Non-provision of funds in time by Maharashtra Krishna Valley Development Corporation resulted in idle investment of Rs 6.24 crore on a minor irrigation tank.

The Maharashtra Krishna Valley Development Corporation (MKVDC) accorded administrative approval (October 1996) for the work of Minor Irrigation (MI) Tank at Pangari, District Satara for Rs 4.11 crore, which was revised to Rs 10.06 crore in July 2003 on account of increase in cost of construction and land acquisition and change in scope of work. The project with 3.5 km irrigation canal envisaged an irrigation facility for 290 hectares of land.

Construction of MI Tank was awarded in January 1997 to a contractor for Rs 3.09 crore with a stipulated period of completion of two years, which was extended from time to time till 31 May 2007. On contractor's assurance (March 2009) to complete the balance work, the Chief Engineer also granted extension of the period of completion till December 2010. An expenditure aggregating Rs 6.24 crore was incurred on the project during the period 1996-2007.

Scrutiny (March 2009) of the records of the Executive Engineer, Dhom Irrigation Division, Satara revealed that the gorge filling was completed in June 2000 without carrying out the pitching work due to inadequacy of funds. The pitching work was required to be completed before gorge filling as the project is located in heavy rainfall area. However, considering the financial position and possible difficulties in raising funds, the MKVDC directed (January 2002) the divisions to stop all the works immediately. Accordingly, the work was stopped.

Due to incomplete pitching work and heavy rainfall during 2005 to 2007, sinking, scouring, washing away of embankment /spillway and leakages in down stream of the dam were observed which posed a risk to the safety of the dam. However, for want of funds the work remained incomplete³⁴ as of May 2009. Further, due to lack of funds the acquisition of private land for the canal was not done (May 2009) even after eight years of impounding water in the tank.

Thus, non-provision of funds in time by MKVDC resulted in languishing of the project for over ten years rendering the investment of Rs 6.24 crore incurred on the project idle. Besides, the intended benefit of irrigation did not accrue to the beneficiary farmers.

³⁴ Construction of main earthen dam, irrigation conduit, irrigation well and spill way have been completed

The EE stated (March 2009) that indirect benefits like increase in water table of the wells in nearby villages and use of water by farmers for lift irrigation were accruing. He further stated (August 2009) that during this year, the project is incorporated for finance through NABARD.

The reply was not tenable as the project had been taken up mainly to facilitate irrigation of 290 hectares through 3.5 km canals which remained to be achieved. The indirect benefits of the project are insignificant considering the original objectives of taking up the project and the investment made on it. Further, considering the huge investment already made in the project, necessary steps for providing funds for completion of the work would have been taken much earlier.

The matter was referred to the Secretary to the Government in May 2009. Reply had not been received (October 2009).

Water Supply and Sanitation Department

3.4.9 Unfruitful expenditure on water supply scheme

Due to change in scope of the work after issue of the work order, lack of funds and delay in sanction of the revised estimate by Maharashtra Jeevan Pradhikaran, a water supply scheme in Kopargaon Taluka remained incomplete for more than 10 years after spending Rs 8.21 crore.

The works³⁵ of the Regional Rural Water Supply Scheme Savali Vihir and five³⁶ other villages in Kopargaon Taluka was administratively approved (August 1998) by the Water Supply and Sanitation Department of the Government for Rs 7.23 crore and technically sanctioned (January 1999) by the Chief Engineer, Maharashtra Jeevan Pradhikaran³⁷ (MJP), Nasik Region. The work was awarded (January 1999) to a contractor for Rs 4.53 crore with stipulated period of completion as 24 months.

Scrutiny (March 2005) of the records of the Superintending Engineer, MJP Circle, Ahmednagar and information collected (December 2008 and May 2009) from the Executive Engineer, MJP Works Division, Sangamner revealed that the Member Secretary, MJP approved (April 1999) one storage tank for two villages (Rui and Shingave) and another tank for four other villages subject to the condition that the work should be completed within the sanctioned cost. It was also stipulated that an undertaking be obtained from the contractor that he would carry out the work at the tendered rates. Accordingly, the work was divided into two groups, Group I pertaining to

³⁵ Water treatment plant, elevated service reservoir/ground service reservoir, gravity main leading main, pumping machinery and distribution system

³⁶ Rui, Nimgaon Nigoj, Nimgaon Korhale, Savali Vihir Khurd and Shingave

³⁷ Government body entrusted with the work of planning and execution of water supply and sewage schemes on behalf of Municipal Corporations, Municipal Councils, Zilla Parishads and Gram Panchayats

four³⁸ villages and Group II pertaining to two villages (Rui and Shingave). The work was stopped in March 2000 after incurring an expenditure of Rs 3.78 crore due to shortage of funds and the work was withdrawn (April 2005) from the contractor.

The works were reawarded (January 2006) to two other agencies for Rs 1.62 crore (Group I) and Rs 1.75 crore (Group II) on the same terms and conditions of the original contract with stipulated period of completion as 14 months. The work was not completed as of June 2009 after incurring expenditure of Rs 8.21 crore up to March 2009 for want of sanction to the revised estimates submitted to the Government in January 2003. The balance works included the works of gravity main, water treatment plant and elevated/ground storage reservoir (20 per cent) and the works of Leading Main and Head works (10 per cent).

Scrutiny (July 2009) of records in Water Supply and Sanitation Department of the Government revealed that the revised estimates were processed only in April 2009 reportedly due to non-availability of relevant records.

Thus, due to change in scope of work after issue of the work order, non-provision of funds and inordinate delay in sanction of the revised estimates, the scheme remained incomplete for over 10 years rendering the expenditure of Rs 8.21 crore unfruitful. Besides, the objective of providing drinking water to the beneficiaries was also not achieved.

The Financial Advisor and Chief Accounts Officer, MJP confirming the facts stated (May 2009) that after approval to the revised estimates and funds are made available, the scheme could be commissioned within three months. The Government concurred (June 2009) with the reply of MJP.

The Government did not clarify the position of sanctioning the revised estimates, arranging funds and completion of the works.

3.5 Regulatory issues and other points of interest

Water Resources Department

3.5.1 Irregular sanction of advance

The award of work before acquisition of land and sanction of an advance of Rs 10 crore to a contractor for setting up of infrastructure even before submitting the proposal for land acquisition was irregular.

As per the Forest Conservation Act (FCA), 1980, prior approval of the Government of India (GoI) for use of forest land for non-forest purpose is mandatory. The FCA also states that if the proposed work involves forest as well as non-forest land, work should not be started in the non-forest land until

³⁸ Nimgaon Nigoj, Nimgaon Korhale, Savali Vihir Bk and Savali Vihir Khurd

the approval of GoI is received for release of forest land. Further, as per para 251 of the Maharashtra Public Works Manual (MPWM), no work should be started without acquiring the entire land required for it.

Scrutiny (August 2008) of the records of the Executive Engineer, Raigad Irrigation Division No.2, Navi Mumbai (EE), a unit of the Konkan Irrigation Development Corporation, Thane (KIDC), revealed that the work of dam proper, its appurtenant works, left bank canal and right bank canal of Deharji Medium Project at Vikramgad in Thane District estimated to cost Rs 84.61 crore was awarded (July 2006) to a contractor for Rs 103.33 crore with a stipulated period of completion of 72 months. As per the agreement, work advance can be paid for speeding up the work if requested by the contractor. The Executive Director, KIDC, on the request of the contractor sanctioned (March 2007) an advance of Rs 10 crore for setting up of infrastructure and speeding up the work. The EE paid (April 2007) the amount after obtaining a bank guarantee for Rs 14 crore from the contractor. As per conditions attached with the sanction, the advance along with interest at 13 *per cent* was to be recovered in installments from the running account (RA) bills in such a way that the entire amount would be recovered by the time 75 *per cent* of the work was completed. Further, till the commencement of the work, the contractor was required to pay quarterly interest.

As per the tender agreement, the Government had to acquire the private land (300 hectares) and obtain clearance for forest land (531 hectares) between October 2006 and September 2008. The proposal for acquiring private land was submitted to the Collector during June and July 2007 and that of forest land to GoI in June 2009. The work has not been started and no site infrastructure set up as of June 2009 due to non-acquisition of land.

It was also observed that as against the amount of Rs 5.60 crore interest amount due from the contractor as of March 2009, only Rs 65 lakh has been recovered since the post-dated cheques issued by the contractor were not honoured by the bank.

In reply the EE stated (August 2008) that the tenders were called for and finalised with the approval of Government. Advance was sanctioned as per tender condition for setting up of infrastructure and speeding up the work. The reply is not tenable as the work was awarded in contravention of the provisions of FCA/MPWA. Further, the advance of Rs 10 crore was sanctioned to the contractor for setting up of infrastructure at site, even before the submission of land acquisition proposal.

Thus, award of work before acquisition of land and sanction of an advance of Rs 10 crore to a contractor for setting up of infrastructure even before submitting the proposal for land acquisition was irregular.

The matter was referred to the Secretary to the Government in April 2009. Reply had not been received (October 2009).

General

Finance Department

3.5.2 Functioning of Treasuries

The major irregularities noticed during inspection of 33 treasuries and the Pay and Accounts Office, Mumbai by the Accountants General (Accounts and Entitlement), Mumbai and Nagpur during 2008-09 are brought out in the following paragraphs:

Overpayment of pension

Overpayment of pensionary benefits of Rs 1.57 crore was made during 2008-09 on account of incorrect calculation of dearness relief, non-adjustment of provisional Death cum Retirement Gratuity, non-reduction of pension due to payment of commuted value of pension, non-reduction of family pension from the specific date mentioned in the pension payment orders *etc.*

Non-closure of inoperative Personnel Ledger Accounts

As per Rule 495 of the Maharashtra Treasury Rules (MTR), 1968 and para 585 (2) of the Maharashtra Treasury Manual (MTM), Personnel Deposits (PDs)/Personnel Ledger Accounts (PLAs) of the various designated officers of the Government (Administrators) which are not operated for more than three continuous accounting years are to be closed and the balances in such PDs and PLAs are to be credited to Government Accounts. It was, however, noticed that 40 PLAs which were not operated for more than three years had not been closed. Further, the balance of Rs 1.79 crore lying in 24 such PLAs was not credited to the Government account.

Non-reconciliation of Personnel Deposits and Personnel Ledger Accounts

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

It was, however, noticed that there were differences between the Administrators' balances and treasuries' balances in 90 cases, between the treasuries' balances and sub-treasuries' balances in 340 cases and between the sub-treasuries' balances and the Administrators' balances in 166 cases. Besides, annual certificate of balances as on 31.03.2008 had not been submitted by 327 Administrators.

3.5.3 Outstanding Inspection Reports, Departmental Audit Committee Meetings, Follow-up on Audit Reports and Action Taken Notes

Failure to enforce accountability and protect the interests of Government

Outstanding Inspection Reports

The Accountant General (Audit) arranges to conduct periodical inspections of Government departments to test-check their transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) which are issued to the heads of the offices inspected with copies to the next higher authorities. Half yearly reports of pending IRs are sent to the Secretaries of the concerned departments to facilitate monitoring of action taken on the audit observations included in these IRs.

The IRs issued up to December 2008, pertaining to 28 departments, disclosed that 23,727 paragraphs relating to 8,381 IRs were outstanding at the end of June 2009. Year-wise position of the outstanding IRs and paragraphs are detailed in the **Appendix 3.6**.

Departmental Audit Committee Meeting

In order to settle the outstanding audit observations contained in the IRs, Departmental Audit Committees have been constituted by the Government. During 2008-09, 10³⁹ out of the 28 departments convened 28 Audit Committee meetings. 3,398 paras were discussed in the meetings and 1,602 paras were settled.

For ensuring prompt compliance and early clearance of the outstanding paragraphs, it is recommended that the Government should address this issue seriously and ensure that an effective procedure is put in place for (a) taking action against the officials who fail to send replies to IRs/paragraphs as per the prescribed time schedule, (b) recovering losses/outstanding advances/overpayments in a time bound manner and (c) revamping the system of responding to audit observations.

Follow up on Audit Reports

According to instructions issued by the Finance Department in March 1981, administrative departments were required to furnish Explanatory Memoranda (EMs) duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs included in the Audit Reports, within one month of presenting the Audit Reports to the State Legislature. The administrative

³⁹ Agriculture, Animal Husbandry, Dairy Development and Fisheries, Higher and Technical Education, Home, Housing, Public Health, Public Works, Revenue and Forests, Social Forestry, Rural Development and Water Conservation, Water Resources and Water Supply and Sanitation

departments did not however, comply with these instructions. The position of outstanding EMs from 2001-02 to 2007-08 is as indicated in **Table 1**.

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	36	12
2003-04	21 July 2005	48	32	16
2004-05	18 April 2006	39	32	7
2005-06	17 April 2007	38	29	9
2006-07	25 April 2008	46	21	25
2007-08	12 June 2009	51	3	48
Total		321	199	122

In addition to the above, EMs in respect of 72 paras relating to the period prior to 2001-02 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 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
Total	1329	212	1117	156	1111

The aforesaid points were reported to the Chief Secretary and Principal Secretary to the Government in October 2009. Reply had not been received.