

CHAPTER - VI
FINANCIAL ASSISTANCE TO LOCAL BODIES
AND OTHERS

GENERAL

6.1 Grants and Loans

6.1.1 Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. The bodies/authorities by and large receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement certain programmes of the State Government. The grants are intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

6.1.2 During 2000-2001, financial assistance of Rs.833.87 crore was paid to various autonomous bodies. Information was received from 9[^] departments while 17 departments did not furnish the required information in spite of repeated reminds and personal visits. The organisations to which assistance was paid, were as under :

Organisation	Amount of assistance (Rupees in crore)
District Panchayats	288.83
District Rural Development Agencies	NA*
Universities and other Educational Institutions	NA*
Municipal Corporations and Municipalities	331.72
Co-operative Societies	NA*
Statutory bodies, authorities and others	213.32
Total	833.87

6.1.3 Accounts of bodies or authorities which receive grants and/or loans of not less than Rs.25 lakh in a financial year from the Consolidated Fund and the amount of such grants and/or loans being not less than 75 per cent of the total expenditure of those bodies or authorities are to be audited by the Comptroller and Auditor General of India.

[^] Finance, General Administration, Home, Labour and Employment, Legal, Legislature and Parliamentary Affairs, Ports and Fisheries, Roads and Buildings and Urban Development and Urban Housing Departments.

* NA : Information not furnished by the concerned departments.

In order to identify the institutions which attract audit by Comptroller and Auditor General, all Government departments were required to furnish to Audit every year detailed information regarding grants and/or loans given to various bodies and authorities and the expenditure incurred by the recipient bodies and authorities in preceding financial year by July every year. None of the 23 departments furnished this information as of July 2001. For the last three years except two ** departments no other department is furnishing this information.

The number of bodies/authorities, which received substantial grants and/or loans as intimated by the departments, but from which accounts had not been received by Audit were as under :

Sr. No.	Particulars	Numbers of bodies/ authorities
1	Body or authority from which accounts had not been received but selected for audit based on the accounts submitted by it for a year later	8
2	Body or authority which had failed to submit accounts for a particular year but had not received grants since then or the amount of grant received by it after the year had been less than Rs.25 lakh	6
3	Body or authority which had been receiving grants of more than Rs.25 lakh continuously and failed to submit the accounts consistently	15
	Total	29

6.1.4 Statutory audit arrangements

The audit of District Panchayats, including, Taluka and Gram (Village) Panchayats Universities and Municipalities are conducted by the Examiner, Local Fund Accounts. The audit of District Rural Development Agencies, Societies, other than Co-operative Societies, Trusts, Boards, etc. is conducted by Chartered Accountants. Audit of Co-operative Societies is conducted by the Registrar of Co-operative Societies. The accounts of Municipal Corporation are audited by the Chief Auditors appointed by the Corporations concerned.

Out of 25 District Panchayats, statutory audit was in arrears in respect of 12 and 23 District Panchayats for 1998-99 and 1999-2000 respectively. Out of 143 Municipalities, 10 Universities and 183 Taluka Panchayats, audit of three Municipalities was in arrears from 1996-97, audit of three Universities and nine Municipalities was in arrears from 1997-98, audit of six Universities, 27 Taluka Panchayats and 58 Municipalities was in arrears from 1998-99 and audit of all the ten Universities, 125 Municipalities and 137 Taluka Panchayats was in arrears from 1999-2000.

In terms of Government order of March 1965, Examiner, Local Fund Accounts was required to submit his Audit Report on the accounts of

** Labour and Employment and Legislative and Parliamentary Affairs.

District Panchayats and Taluka Panchayats annually to the State Legislature. The last such Audit Report tabled in March 2001 was for the year 1994-95. Thus, the legislature was not kept informed of the financial condition of these institutions even though audit was completed up to 1998-99 in most cases.

6.1.5 Where any grant or loan is sanctioned for any specific purpose from the Consolidated Fund, the Comptroller and Auditor General of India has to scrutinise the procedures by which the sanctioning authority satisfies itself of the fulfilment of conditions, subject to which such grant or loan is sanctioned. In the absence of requisite information from the department, the needful could not be done.

6.1.6 There was tardy response to Inspection Reports issued to District Panchayats/DRDAs as discussed in paragraph 6.4

6.1.7 The Comptroller and Auditor General of India also conducts audit of accounts of certain corporations/bodies/authorities when such audit is entrusted to him. The audit of 12 corporations/bodies/authorities had been entrusted to the Comptroller and Auditor General of India. Of these, the Audited accounts of Gujarat Housing Board, Gujarat Slum Clearance Board, Gujarat Rural Housing Board, Gujarat Municipal Finance Board and Gujarat Maritime Board were required to be laid before the Legislature. Though these organisations were required to submit the accounts to Audit within three months after closure of the financial year (i.e. by 30 June), this was delayed in several cases. The position as of June 2001 was as under :

Sr. No.	Name of body/authority	Year to which				
		Accounts were due	Accounts were submitted	Audit Report had been issued	Date of issue of Audit Report	Audit Report had been laid before legislature
1	Gujarat Municipal Finance Board	2000-2001	1999-2000	1998-99	19-07-2001	7-8-2001
2	Gujarat Maritime Board	2000-2001	1999-2000	1999-2000	30-03-2001	23-8-2001
3	Gujarat Housing Board	2000-2001	1999-2000	1997-98 1998-99	15-02-1999 01-03-2000	--
4	Gujarat Slum Clearance Board	2000-2001	1998-99 1999-2000	1997-98	29-07-2000	--
5	Gujarat Rural Housing Board	2000-2001	2000-2001	1999-2000	23-02-2001	--
6	State Electricity Regulatory Commission	1999-2000 2000-2001	1999-2000		--	--
7	Gujarat State Legal Authority	1999-2000 2000-2001		--	--	--

For the authorities at serial numbers 3 to 5 though the Audit Report was issued between February 1999 and February 2001, these have not yet been laid on the table of Legislature.

6.1.8 The audit of accounts of the bodies entrusted to the Comptroller and Auditor General of India is shown in Appendix-LXXIV.

6.1.9 The matter was reported to Government in July 2001; reply had not been received (September 2001).

SECTION – A REVIEWS

FORESTS AND ENVIRONMENT DEPARTMENT

6.2 Implementation of Environmental Acts and Rules in relation to Air Pollution and Waste Management

Highlights

To maintain the quality of air and check pollution the concerned Acts/Rules were to be implemented by the State Governments. The Gujarat Pollution Control Board responsible for its implementation in the State was not effectively implementing the provisions of Air Act, Hazardous Waste and Bio-Medical Waste Rules. Consequently large number of units are polluting the air and disposing of hazardous and bio-medical wastes without treatment with impunity.

Ninety five per cent of the industrial units in the State were functioning without consent under the Air Act. Board had no knowledge about the extent of pollution caused by these units.

(Paragraph 6.2.5.1)

Board did not evolve any mechanism to ensure that industrial units did not operate after rejection of consent or renewal thereof. Applications for consent of 7767 units were rejected upto March 2001.

(Paragraph 6.2.5.2)

The Board did not prepare comprehensive programme and plan for prevention, control or abatement of air pollution as required under the Air Act.

(Paragraph 6.2.5.5)

Only 0.03 lakh units out of 0.8 lakh units who were given consent installed air pollution control facilities.

(Paragraph 6.2.5.6)

In four regional offices only 11 *per cent* of the required samples were collected for monitoring installations of pollution control measures during 2000-2001.

(Paragraph 6.2.5.7)

None of the brick manufacturers in the State obtained consent under Air Act and installed fixed chimneys. These are emitting untreated pollutants in the air.

(Paragraph 6.2.5.10)

The Status of ambient air quality shown by the Board did not give correct picture of pollution level in the State.

(Paragraph 6.2.6.1)

Ninety-two *per cent* of industrial units in Hazardous Waste generating sector were functioning without authorisation from the Board. Several cases of injury/ damage to the health of people due to exposure to hazardous waste were reported from Vadodara and Vapi.

(Paragraph 6.2. 8.2 and 6.2.8.4)

Only 30 industrial units had the facility of incinerator for disposal of hazardous waste.

(Paragraph 6.2.8.3)

Though 0.03 lakh industrial units were granted authorisation under Hazardous Waste Rules, only 0.02 lakh units had the facility of safe disposal sites. Percentage of waste disposed off unscientifically ranged from 44 to 100 during 1996-2001.

(Paragraph 6.2. 8.4)

Only nine hospitals in the State obtained authorisation under BMW Rules. Rest were disposing of bio-medical waste alongwith municipal waste or burnt in the open compound. None of the private hospital in the State obtained authorisation of Board for disposal of bio-medical waste.

(Paragraph 6.2 9.1)

Bio-medical waste generated by five health institutions in Ahmedabad was packed in bags, dumped in the open and burnt in violation of provisions of BMW Rules.

(Paragraph 6.2.9.2).

Failure on the part of the Board to complete the procedural formalities in presenting the cases before courts resulted in cases being decided in favour of the industrial units.

(Paragraph 6.2.10.2)

No internal or external monitoring or evaluation has been carried out by the Board or by the State Government.

(Paragraph 6.2.11)

6.2.1 Introduction

Gujarat is one of the highest industrialised states in India having 1.72* lakh industrial units in small (1.69 lakh), medium and large (0.03 lakh) scale sectors. Of these 0.79 lakh industries (46 *per cent*) engaged in production/manufacturing of Chemical, Bio-medical, Petrochemical, Textile, Engineering, Ceramic products, etc. cause air pollution, and 0.43 lakh (25 *per cent*) industries generate hazardous waste.

To preserve the quality of air and control air pollution Government of India enacted the Air (Prevention and Control of Pollution) Act, 1981 (Air Act). Similarly, management of two types of wastes namely, hazardous, and bio-medical wastes is regulated by (i) Hazardous Waste (Management and Handling) Rules 1989 (HW Rules), and (ii) Bio-Medical Waste (Management and Handling) Rules, 1998 (BMW Rules) respectively.

6.2.2 Organisational setup

Gujarat Pollution Control Board, Gandhinagar (Board) plans, executes and advises the State Government on programmes for prevention control or abatement of air pollution and implements the rules in respect of waste management. The Board functions in co-ordination with and under the overall control of Forests and Environment Department (Department).

* No. of functioning industries as of March 2000 as per Commissioner of Industries' figures.

6.2.3 Audit Coverage

To assess implementation of provisions of various Acts/Rules relating to Air Pollution and Waste Management, relevant records of the Department, the Board and its four Regional Offices at Ahmedabad, Vadodara, Surat and Vapi, Directorate of Transport, Food and Civil Supplies Department, Commissioner of Health and Medical Services, Director of Medical Education and National Institute of Occupational Health for 1995-2001 were test checked (January to May 2001). Important points noticed are discussed below:

6.2.4 Financial arrangement and expenditure

No separate accounts were maintained by the Board for expenditure incurred under Air Act and HW Rules. However, during 1995-2000[#], as against Rs.32.12 crore provided in the budget of the Board, Rs. 14.84 crore were spent by the Board leaving a surplus of Rs. 17.28 crore.

6.2.5 Air Pollution due to emission from industries

6.2.5.1 Industries functioning without consent

Only 5 per cent of Industrial units obtained consent

Entire State was declared as air pollution control area in August 1984 and specified industries were required to obtain consent from the Board and meet the prescribed norms of emission. With the amendment of Air Act, in December 1987, all the industrial units were required to obtain consent from the Board. However, as against 1.72 lakh industrial units in the State only 0.10 lakh industrial units have applied for consent as of March 2001, out of which only 0.08 lakh (5 per cent) industrial units were granted consent. In respect of 0.02 lakh cases, consent was rejected. Thus 95 per cent of industrial units in the State were functioning without consent of the Board and were thus effectively not covered under the surveillance of the Board in regard to the provisions of the Air Act. Board had no knowledge about the extent of pollution caused by these units. Ahmedabad, Bharuch, Mehsana, Surat Vadodara and Valsad districts are affected the most by the industrial air pollution.

6.2.5.2 Renewal of Consent

Status of renewal of consent during 1996-2001 was as shown below:

Receipt and renewal of consent showed declining trend

Year	No. of industries required to renew consent	No. of industries applied for renewal	Percentage to total consents	No. of consents renewed	Percentage of renewal
1996-97	4855	2167	45	587	27
1997-98	5729	2885	50	1345	47
1998-99	6489	4016	62	2252	56
1999-2000	7493	4589	61	2482	54
2000-2001	7980	4759	60	2506	53

[#] Accounts for the year 2000-01 still not finalised.

Receipt of renewal applications ranged between 45 *per cent* and 62 *per cent* whereas consent was renewed for 27 *per cent* to 56 *per cent* of the cases. As Of March 2001, only two *per cent* of total units in the State were in operation with up to date consent. Further out of 7980 units required to renew consent, only 31 *per cent* did so.

No mechanism to monitor operation of units without consent

As of March 2001, 1695 applications for consent and 6072 applications for renewal of consent were rejected by the Board for not complying with requirements and files were closed. But, the Board did not evolve any mechanism to ensure that those industrial units (who were refused consent) did not operate after rejection of consent or non-renewal. Thus, there was serious possibility of violation of consent regime by a large number of polluting industries who were refused consent.

6.2.5.3 Consent Register

According to provision of Gujarat Air Rules, 1983, Consent Register is required to be maintained in Form No. XI, which was not adopted by the Board. The register maintained by the Board did not contain information on type of operation or process, consent classification, date of installation of air pollution control equipment, emission standards and consent conditions as required under Air Rules. As a result, various important parameters of control were absent and the administration of consent regime was ineffective.

6.2.5.4 Inadequate monitoring of consent

Out of 100 files selected for audit, the Board produced 41 files to audit. Test check of those files revealed the following:

(a) According to Section 21 of Air Act, consent is required to be obtained by the industries within three months from the date of declaration of air pollution control area (August 1984) or from the date of enactment of Air (Amendment) Act 1987, (December 1987) or before the commencement of business as the case may be. However, except one, none of the units obtained required consent within the stipulated time. There was delay ranging from three months (Shree Chemicals, Vapi) to more than 11 years (Sin-O-Chem products, Vapi) in obtaining consent.

(b) Consent is granted for a period of one year generally, and should be renewed after expiry of that period on payment of prescribed fees. However, none of the units test checked renewed the consent in time. In 21 cases, consent was not at all renewed for two to 15 years and in remaining 20 cases there was delay ranging from one month to 15 years. Thus, the units continued to pollute the atmosphere for periods ranging from nearly two years to 16 years (inclusive of delay in initial consent as well as renewal).

(c) If the consents were obtained and renewed, consent fee of Rs.6.04 lakh (ranging from Rs.7,000 to Rs.50,000 relating to period up to March 2001), could have been collected by the Board from 41 units alone. As against this, only Rs.1.92 lakh (ranging from Rs.500 to Rs.29,000) were received resulting in loss of revenue of Rs.4.12 lakh (ranging from R.1,500 to Rs.20,000) to the Board .

(d) No coercive action under Section 37 of the Air Act was initiated by the Board against any of the defaulting units operating without consent from the Board.

6.2.5.5 Environmental Statement

Poor receipt of Environmental Statements from units

Industrial units requiring consent under Air Act were required to submit environmental statement (environmental audit report) for the financial year to the Board on or before 15th May every year. Details of submission of statements for 1995-2000 was as under:

Year	Number of consented units	Number of units submitted environmental audit report	Percentage
1995-96	5183	292	6
1996-97	6057	187	3
1997-98	6817	250	4
1998-99	7821	281	4
1999-2000	8308	298	4

Percentage of environmental statement submitted to the total consent ranged from three (1996-97) to six (1995-96). Thus, important control mechanism to monitor the air pollution was practically non-functional.

6.2.5.6 No comprehensive programme or survey for control of pollution

Board failed to carryout comprehensive survey of industrial units

Under the provisions of Section 17 of the Air Act, Board was required to plan a comprehensive programme for prevention, control, or abatement of air pollution and to ensure its implementation. However, no programme was made and no survey was carried out to identify the industries causing air pollution as of May 2001 on the plea of shortage of staff and fund. Board had surplus fund and could have utilised services of outside agencies if their own resources were inadequate. Evidently, Board did not attach due priority to this important aspect of management and control of environmental pollution.

6.2.5.7 Air Pollution Control Facilities

Only 38 per cent units installed air pollution control facilities

As per the Air Act every person to whom consent was granted by the Board shall install and operate pollution control equipment of prescribed specification in the premises of the industry. However, as of March 2001, out of 0.08 lakh units only 0.03 lakh (38 per cent) units installed air pollution control facilities. Neither information for remaining units was available on record nor any action initiated by the Board against defaulting units.

6.2.5.8 Inadequate sampling

Belated categorisation of units under Air Act

For sampling and monitoring of installations of pollution control measures, under the Air Act industrial units were categorised into Red

(Highly polluting), Orange (Moderately polluting) and Green (Least polluting) only from 2000-2001. Collection of samples in test checked regional offices during 2000-2001 was as under:

Name	Category-wise number of industrial units			No. of samples required to be collected	No. of samples collected	Percentage of Col. 4 to Col. 3
	Red	Orange	Green			
1	2a	2b	2c	3	4	5
Ahmedabad	210	782	9	5657	134	2
Vadodara	93	1399	334	7046	1299	18
Surat	584	436	372	9124	703	8
Vapi	235	809	367	6423	520	8

Only 11 per cent samples collected

Thus, even in highly industrialised districts like, Vadodara, Surat and Vapi, collection of samples was only 11 *per cent* of the required number. The Board stated that samples of gaseous emission were required to be collected only from those industries who have air pollution control measures. The reply was not tenable, as inadequacy of monitoring of industrial emission by the Board would encourage the industrial units to escape from complying with the norms.

6.2.5.9 Emission by Thermal Power Stations

Non-monitoring of emission of TPSs

Under the Air Act emission standards of Suspended Particulate Matter (SPM), Sulphur Dioxide (SO₂), and Nitrogen Oxide (NO_x), prescribed for Thermal Power Stations (TPS) were 150 µg/CuM, (Microgramme per Cubic Meter) 100µg/CuM and 50 µg/CuM respectively. Board officials stated that three[♥] out of 20 TPS in the State were not complying with the prescribed standards. However, neither information relating to actual emission by TPSs nor concerned files were furnished to Audit for study. It is doubtful whether Board was monitoring the emissions from these highly polluting units.

6.2.5.10 Dumping of fly ash

To protect environment and prevent dumping of fly ash, Ministry of Environment and Forests issued a Notification in September 1999 for compulsory utilisation of at least 25 *per cent* of fly ash by manufacturers of bricks operating within 50 kilometers of coal based thermal power station. However, Brick Manufacturers Association refused (July 2000) to comply with the directive on the plea that even two *per cent* of ash would weaken the brick. Though 38.40 lakh MT of fly ash is dumped every year by thermal power stations mainly in Ahmedabad, Jamnagar, Kheda and Surat districts, Board did not carry out any study on the environmental hazards due to such improper non-disposal.

6.2.5.11 Installation of fixed chimneys by brick kilns

MOEF[#] extended (November 2000) the time limit to change over from moving chimneys to fixed chimneys for all categories of brick kilns by 30 June 2001 subject to furnishing of an affidavit and bank guarantee of Rs.0.30 lakh (large scale), Rs.0.20 lakh (medium scale) and Rs.0.10

[♥] GEB, Gandhinagar, GEB, Ukai and Vanakbori

[#] Ministry of Environment and Forests, New Delhi

lakh (small scale). However, none of the 0.01 lakh existing brick kiln owners in the State either furnished the affidavit and bank guarantee or changed over to fixed chimneys as of May 2001. Further, all of the brick kilns in the State were functioning without consent under Air Act and their emissions were not monitored by the Board.

**Un-reliable data
of air pollution**

6.2.6.1 National Ambient Air Quality Monitoring Project (NAAQMP)

Under NAAQMP, Central Pollution Control Board (CPCB) prescribed National Ambient Air Quality Standards for Sulphur Dioxide (SO₂), Nitrogen Oxide (NO_x), Suspended Particulate Matter (SPM), Respirable Particulate Matter (RPM), Lead (Pb), and Carbon Monoxide (CO) with adequate margin of safety, to protect the public health, vegetation and property.

A comparison of status of annual average of ambient air quality standards in four major cities^α in the State for 1996-2000 *vis-à-vis* norms (Appendix-LXXV) revealed that while the concentration of SO₂, and NO_x in these cities showed a declining trend and were well within the prescribed limits since 1996-97, that of SPM exceeded the standard by several times in Ahmedabad industrial and commercial areas in 1999-2000. Scrutiny of data for 1999-2000 relating to Automatic Monitoring Station, Ahmedabad revealed that there was no consistency in the figures shown in respect of SO₂, NO_x and SPM. Even the temperature was shown above 60°C (maximum 69.3°C) during April 2000. Moreover, the result of monitoring by CPCB for 1999-2000 at Ahmedabad showed the following result while those by GPCB (in bracket) had wide variation.

	SO₂	Nox	SPM
Industrial area	19.3 (3)	30.9 (23)	550 (1003)
Residential Area	27.9 (12)	29.4 (5)	305 (331)
Commercial area	9 (2)	17.7 (11)	293 (1150)

Thus the readings taken by the monitoring station, Ahmedabad were not entirely reliable and the status of ambient air quality and pollution level in the State needed proper scrutiny. It was also noticed that regular monitoring of only SO₂, NO_x and SPM was done by the Board though RPM, Pb and CO were also to be monitored under NAAQMP.

6.2.6.2 Non functioning of NAAQMP

**16 monitoring
stations
discontinued**

There were 16 monitoring stations* set up by the Board to monitor air pollution of the ambient air. However, due to non-availability of funds from CPCB, those centres discontinued from 1 April 1997 even while the Board had enough surplus funds to maintain these monitoring stations. This would adversely affect the monitoring of ambient air

^α Ahmedabad, Rajkot, Surat and Vadodara

* Ahmedabad (3), Bharuch (2), Jamnagar (1), Rajkot (1), Surat (4), Vadodara (4), Vapi(1)

quality. Reasons for discontinuation of funding by CPCB were not furnished.

6.2.6.3 Other aspects of air pollution

Study for air pollution not carried out

Other important aspects of air pollution like odours, acid rain, thermal discharge, ozone depletion, etc. which cause environmental degradation also require regular monitoring. The Board did not carry out any study in respect of these aspects except acid rains during monsoon season in 2000 which showed no acidity in the rain water samples.

6.2.6.4 Status of noise pollution

Average noise level during October 2000 in eight cities*, as per records of the Board was between 75 decibels and 114 decibels as against the norms of 65 decibels indicating noise pollution between 15 and 75 per cent. However, regular monitoring of noise pollution was not carried out by the Board.

6.2.7 Vehicular pollution

Vehicular population in the State increased from 0.45 million in 1981 to 5.19 million in 2000. Vehicular density per 100 person in three major cities is Vadodara (11), Surat (12) and Ahmedabad (14). Further, 75-85 per cent of total vehicles in these cities are two/three wheelers which significantly contribute to pollution. Moreover, due to high vehicular density on urban areas the speed of vehicles at peak hours is 6-22 km/hr which also increases pollution.

(a) Pollution Under Control (PUC) Certificates

Issuance of PUC certificates not monitored

Rule 115(7) of the Central Motor Vehicle Rules, 1989 (CMV Rules) requires all vehicles over one year old to carry a PUC Certificate issued after checking pollution level of the vehicle, by a testing station authorised by the Transport Department. Test check of records of Director of Transport revealed that as on 31 March 2001, 454 agencies were issued licenses for issue of PUC Certificates in the State. However, number of PUC Certificates issued by those agencies was not monitored by the Director. During 1997-2001, 0.76 lakh, cases were registered in 20 districts against vehicles for not carrying PUC Certificates.

(b) Checks for emission standards

The Director of Transport did not carry out any check for compliance of emission standards by vehicles as required under rule.

* Ahmedabad, Bharuch, , Jamnagar, Mehsana Rajkot, Surat, Vadodara, and Vapi

(c) Use of unapproved fuel by auto rickshaws

Use of kerosene, adulterated petrol and adulterated diesel and other such unapproved fuels in the Vehicles was prohibited. However, it was seen that during 1996-99, in Ahmedabad City alone, cases were registered against 0.10 lakh out of 0.75 lakh Auto Rickshaws (13 per cent) for using Kerosene.

(d) Adulterated fuel

Similarly, during 1998-2000, eight Petrochemical units* were found involved in adulteration of petrol and sold 3.14 crore liters of solvent (an adulterant) valued Rs. 42.90 crore to various petrol pumps in Ahmedabad, Mehsana, Panchmahals and Vadodara districts. Seventy-one persons were arrested and out of that 37 were in jail. Though, action was taken against these offending units damage caused to the environment due to adulterated fuel was not assessed.

6.2.8 Hazardous Waste Management

6.2.8.1 Inventory of Hazardous waste generation

As per HW Rules 1989, industries generating specified categories of hazardous wastes are required to obtain authorisation of the Board for either collection, reception, treatment, transfer, storage or disposal of such waste. Authorisation fees range between Rs.0.01 lakh and Rs.0.10 lakh per unit per year. Scrutiny revealed that though inventory on industry-wise generation of hazardous waste in seven industrial estates in three districts (Ahmedabad, Bharuch and Valsad) was carried out in 1993-94, that for the entire state was not prepared by the Board as of May 2001. Vadodara district is affected the most by the hazardous waste generating units followed by Ahmedabad, Valsad, Surat, Bharuch, Kheda and Mehsana.

6.2.8.2 Industries functioning without authorisation

As per records of the Industries Commissioner, there were 0.43 lakh industrial units in hazardous waste generating sector in the State as of March 2000. However, only 0.03 lakh industrial units (7 per cent) were issued authorisation under HW Rules. Remaining 0.40 lakh industrial units (93 per cent) were functioning without any authorisation from the Board. The disposal of hazardous waste generated by those industrial units was not monitored by the Board. In addition, there was annual loss of Rs. four crore in the form of authorisation fee worked out at the minimum rate of Rs.0.01 lakh per unit per year. No arrangement has been made by the Board to cover these units. The Board stated that it is planning to carry out inventory of hazardous waste through expert agencies.

**Only 7 per cent
units authorised
under HW
Rules**

* (1) Ankini Petrochem Ltd. (2) Atlas Petrochem, (3) Deep Industries (4) Deepa Petrochem, (5) Hans-Dhrup Petrochem, (6) Jal-Hi Petrochem, (7) R.S. Petrochem and. (8) Yash Organics Ltd.

Disposal of waste without treatment

6.2.8.3 Treatment of hazardous waste

Only 30 industrial units in the whole State had the facility of incinerator. The waste generated by the remaining units was disposed off without proper treatment causing pollution.

6.2.8.4 Hazardous Waste Disposal Sites

Disposal of hazardous wastes is the last option in the various methods such as waste-minimisation, recycling and reuse, treatment and disposal. However, land disposal was the only option practiced in the State. Under the provisions of HW Rules, the State Government or the occupier was responsible for identifying the hazardous waste disposal sites. Details of hazardous waste disposal sites in the State as of March 2001 were as shown in Appendix-LXXVI.

Inadequate facilities of disposal sites

(a) Though 0.03 lakh industrial units were granted authorisation by the Board under HW Rules, only 0.02 lakh units have the facility of safe disposal sites. The remaining units were disposing of hazardous waste in unsafe sites.

(b) The first disposal site was put into operation only in December 1997 i.e. after eight years from the date of enactment of HW Rules.

(c) No common sites were set up by the Board in the State.

(d) A comparative chart of year-wise generation of hazardous waste and disposal facility during 1996-2001 was as under:

Year	Estimated Quantity (lakh MT)	Waste generated by benefited units (lakh MT)	No. of disposal sites	No of units benefited by the sites	Waste disposed off unscientifically	
					Quantity (lakh MT)	Percentage
1	2	3	4	5	6	7
Up to 1996-97	4.26	-	Nil	-	4.26	100
1997-98	4.26	0.37	2	759	3.33	78
1998-99	4.26	1.50	4	1260	2.76	65
1999-2000	4.26	2.33	9	1812	1.93	45
2000-2001	4.26	2.38	14	1815	1.88	44

Percentage of unscientific disposal of waste declined from 100 to 44 during 1996-2001. This was due to the fact that estimates for generation of hazardous waste made in 1996-97 were not revised subsequently. In 1995, 1019 hazardous waste generating industries in only seven industrial estates had no safe disposal facilities. The Board agreed that entire quantity of hazardous waste generated in the State was disposed off in the open land unscientifically. There were 60[♥] illegal sites in the State. Inadequate facilities for safe disposal resulted in indiscriminate disposal of hazardous waste at illegal sites by industries. This had adverse impact of on human health and environment as discussed below:

♥ Ahmedabad (8), Anand (1) Bharuch (20), Mehsana (7), Panchmahals (2), Surat (8), Vadodara (8) and Vapi (6)

(a) As reported by Factory Inspectorate Surgeon Vadodara, 43 workers residing nearby a chromium sulphate manufacturing industry were suffering from nasal septum perforation and 23 from sensitising dermatitis due to the exposure to the waste dumped by the industry for the last 20 years.

(b) Indian Petrochemicals Corporation Limited (IPCL), dumped its untreated waste on dumpsite located on a hill which washed down into the nearby Mahi river and contaminated its water. There were instances of the dumps catching fire during afternoons.

(c) At an uncontrolled dumpsite in Vapi, there were cases of people who had burnt the soles of their feet while walking near the dumping ground.

6.2.8.5 Annual returns

Low receipt of annual reports from units

According to HW Rules, every occupier and operator of facility was required to send annual returns to the Board in the prescribed form. The position of Annual returns received by the Board was as shown below:

Year	No. of authorisations granted	No. of annual returns received	Percentage of annual returns received
1995-96	1466	230	16
1996-97	1849	300	16
1997-98	2453	504	21
1998-99	2971	527	18
1999-2000	3212	715	22

During 1995-2000, 16 to 22 *per cent* Annual Returns were received out of total authorisation granted. Board stated that notices were issued to 350 industries in 1997-98, 372 industries in 1998-99 and 489 industries in 1999-2000.

6.2.9 Bio-Medical Waste (BMW)

Bio-medical waste means any waste generated during diagnosis, treatment or immunisation of human beings or animals or related research activities. BMW Rules provide that every occupier or an institution generating bio-medical waste shall ensure that such waste is handled without any adverse effect to human health and environment.

6.2.9.1 Schedule for bio-medical waste treatment facilities

The following schedule was prescribed by the Government for installation of waste treatment facilities like incinerator, autoclave, microwave, etc.

A	Hospitals and nursing homes in towns with population of 30 lakh and above	by 30 June 2000 or earlier
B	Hospitals and nursing homes in towns with population below 30 lakh	
	(a) with 500 beds and above	by 30 June 2000 or earlier
	(b) with 200 beds and above but less than 500 beds	by 31 December 2000 or earlier

Non-monitoring of waste of private hospitals

However, it was noticed that out of 62 Government hospitals in the State only 48 hospitals installed incinerators. Remaining hospitals disposed off waste unscientifically by mixing with municipal waste, burnt within the premises, etc. Further, only 9 hospitals were issued authorisation under BMW Rules. Moreover, none of the private hospitals in the State applied for authorisation nor did the Board carry out inventorisation of bio-medical waste in the State to assess generation and plan programme for disposal thereof.

6.2.9.2 Improper disposal of bio-medical wastes

Disposal of Bio-medical wastes without observing norms

BMW Rules requires that bio-medical waste shall be segregated, packed, treated and disposed of following the procedure prescribed under the Rules. Scrutiny of inspection reports of the Bond in respect of five major medical institutions in Ahmedabad revealed the following:

- (1) Civil Hospital Ahmedabad - The wastes were packed in bags, dumped within the premises and burnt in open though incinerator was available.
- (2) Gujarat Cancer Research Institute - Waste was not segregated or properly collected and was dumped in open.
- (3) Institute of Kidney diseases and Research - Waste was not segregated, needles and syringes were not shredded. Everything was incinerated,
- (4) Rajasthan Hospital - Labeling was not done; incinerator did not have stack monitoring facility and
- (5) V.S. Hospital - Waste bags were dumped in open and leveled beneath municipal garbage.

6.2.10. Other points

6.2.10.1 Loss of Revenue

Non-monitoring of consent applications resulted in loss of revenue upto 32.74 crore

The industrial units are required to pay consent fee for obtaining consent and its renewal under the Act. As per Schedule I under Rules 9(2) of Gujarat Air (Prevention and Control of pollution) Rules, 1983 (Air Rules) and revised and updated vide Department Notification of October 1997 the consent fees varies from Rs.2,000 to Rs.10,000 per year depending on the type of industry. In respect of 1.64 lakh

industries in the State, this meant annual loss of revenue of Rs.32.74 crore of the Board considering the minimum of Rs.2000 leviable per unit.

6.2.10.2 Status of Court/legal cases

Procedural lapses in presenting cases in courts

Under Section 22A of Air Act, the Board can make application to a Court, not inferior to that of a court of First Class Magistrate, for restraining apprehended pollution of air by industries. As of March 2000 prosecution was launched against 333 industrial units. Out of this only 46 (14 *per cent*) cases were decided in Board's favour and 146 (44 *per cent*) cases were decided against them. The Board attributed this to procedural lapses *viz.* non-preparation of *Panchnamas*, defective resolutions of the Board, incomplete Inspection Reports, non-preparation of maps while taking samples, etc. This indicated that the cases were processed half-heartedly. Moreover, 141 cases (42 *per cent*) were pending in the Court for more than five years. The delay in disposing of the cases could potentially cause serious damages to the environment.

6.2.10.3 Annual Report

Belated preparation/submission of Annual Reports by the Board

The Board was required to prepare annual report within four months of the end of financial year for submission to the State Government and nine months to State Legislature. It was noticed that the Report were sent at a delay of 11 months (1996-97) to 15 months (1997-98) to the Government and 3 months (1995-96) to 14 months (1997-98) in placing the report before the State Legislature. Report for 1998-99 was sent to Government after 12 months, the same was not placed before the Legislature and Report for 1999-2000 was not prepared (May 2001) though it was required to be sent to Government by July 2000 and placed before Legislature by December 2000.

6.2.11 Monitoring and evaluation

Monitoring and evaluation not carried out

No internal or external monitoring or evaluation of the activities, working and functioning to judge the impact of implementation of the environmental acts and rules in relation to air pollution and waste management and impact on the environment and inhabitants was carried out by the Board or by the State Government (May 2001).

6.2.12. Conclusion

The review highlights

- (a) Over all coverage of prevention and compliance as per the Act and Rules were insignificant
- (b) Inventorisation of Hazardous Waste and Bio-medical waste was incomplete.

6.2.13 The matter was reported to Government in July 2001; reply has not been received (September 2001).

**NARMADA, WATER RESOURCES AND WATER
SUPPLY DEPARTMENT**

6.3 Accelerated Rural and Urban Water Supply Programmes

Highlights

To provide safe drinking water to villagers in a sustainable manner Government of India launched various Water Supply Programmes since 1972-73. However, despite spending over Rs.1014 crore during 1997-2001, 11 per cent habitations were still without any source of water and 33 per cent habitations were partially covered. Thus objective of the programme was not fully achieved. There was slow progress in respect of urban Water Supply Programmes, non-involvement of local people in execution and maintenance of water supply schemes added to financial burden on State resources. Quality of water supply was not ensured.

As against pending claims of Rs.43.29 crore of the State under ARWSP as of 1999-2000 claims of Rs.41.91 crore were lodged to Government of India.

(Paragraph 6.3.4(i)(a))

Under Accelerated Urban Water Supply Programme though the expenditure under seven schemes was only Rs.0.45 crore (18 per cent) Central assistance amounting to Rs.2.55 crore was released by Government of India in violation of programme guidelines.

(Paragraph 6.3.4(b))

In the absence of assured and sustainable source, 81 per cent of habitations of Saurashtra region were facing acute water scarcity since last three years.

Uncontrolled exploitation of sub-soil water for agriculture purpose and lack of monitoring of such wastage of ground water led to alarming depletion of water table.

(Para 6.3.5.(I) (a) (i))

Unsanctioned excess expenditure of Rs.25.44 crore on 15 schemes was debited to Accelerated Rural Water Supply Programme instead of Minimum Need Programme in violation of scheme guidelines.

Rupees 51 crore being expenditure on 11 schemes under Minimum Need Programme and Accelerated Urban Water Supply Programme was booked under Accelerated Rural Water Supply Programme.

(Paragraph 6.3.5(I)(a)(ii))

Out of 0.45 lakh bores drilled during 1997-2001, 0.07 lakh bores failed involving an expenditure of Rs.10.16 crore.

Expenditure of Rs.0.45 crore proved unfruitful due to drilling of bores in contaminated sub-soil water.

(Paragraph 6.3.5(I)(b)(ii) and (iii))

Government of India assistance of Rs.0.63 crore released for 23 defluoridation plant remained unutilised for six years.

Twenty six defluoridation plants costing Rs.2.24 crore remained defunct due to non maintenance by local bodies and failure of sources.

(Paragraph 6.3.6(a)(i) and (ii))

Operation and maintenance cost of Rs.46.12 crore relating to popular contribution was not recovered from panchayats and local bodies.

(Paragraph 6.3.8)

Gujarat Water Supply and Sewerage Board irregularly retained Rs.27.66 crore received for sector reform.

(Paragraph 6.3.9)

6.3.1 Introduction

The population of Gujarat State as per census of 1991 was 4.13 crore of which 65 *per cent* was residing in rural area. The State is divided into three physiographical group viz. Gujarat, Saurashtra Peninsula and

Kachchh, Banaskantha and Mehsana districts in north Gujarat and entire of Saurashtra and Kachchh are scarcity prone zones. The problem of salinity ingress is causing concern in a radius of 50 km. from the 1600 kms. coastline.

The Accelerated Rural Water Supply Programme was launched to cover all the rural habitations in the country to provide safe drinking water by end of Eighth Plan period. Since the objective was not achieved, the Programme continued to be implemented during Ninth plan period. With the introduction of National Drinking Water Mission (1986) which was re-named as Rajiv Gandhi National Drinking Water Mission (RGNDWM) in 1991, all the previous programmes viz. Accelerated Rural Water Supply Programme (ARWSP), Sub-mission, Desert Development Programme (DDP) etc. were merged into it. The primary objective was to supply a minimum level of 40 litres per capita per day (LCPD) quality drinking water to all rural inhabitants (30269) from sustainable sources. For towns with population of less than 20000, Accelerated Urban Water Supply Programme (AUWSP) was launched by GOI in 1993-94. There were 30269 habitations in the State.

6.3.2 Organisational set-up

The programmes were implemented by Narmada, Water Resources and Water Supply Department (NWRWSD) through Gujarat Water Supply and Sewerage Board (GWSSB).

6.3.3 Audit Coverage

Implementation of ARWSP for 1997-2001 and AUWSP for 1993-2001 was reviewed through test-check of records of NWRWSD, GWSSB office at Gandhinagar, three zone offices at Ahmedabad, Rajkot and Vadodara and 20* divisions between October 2000 and April 2001. Important points noticed are mentioned below.

6.3.4 Financial Management

(i) Financial outlay and expenditure

(a) ARWSP

The allocation of Central assistance under ARWSP was subject to matching provision/expenditure by the State under Minimum Need Programme (MNP). Release under ARWSP was not to exceed the provision for rural water supply under MNP. The funding pattern for sub-mission projects taken-up after April 1999 was in the ratio of 75:25 by the Central and State Governments. Up to 20 per cent of ARWSP fund released to State was to be utilised for this purpose.

* Ahmedabad (2), Amreli (1), Bhavnagar (2), Godhra (2), Himatnagar (1), Jamnagar (2), Junagadh (3), Mehsana (1), Palanpur (1), Rajkot (2), Sidhpur (1), Vadodara (2).

Year-wise details of funds allotted, released and expenditure incurred thereagainst were as under:

Year	Funds Allotted		Funds Released		Expenditure		(Rupees in crore) (+) Excess (-) Saving	
	ARWSP	MNP	ARWSP	MNP	ARWSP	MNP	ARWSP	MNP
1	2	3	4	5	6	7	8	9
1997-98	57.38	103.50	55.40	115.47	49.22	113.05	(-) 6.18	(-) 2.42
1998-99	63.26	165.10	69.51	164.07	63.11	147.95	(-) 6.40	(-) 16.12
1999-2000	60.28	205.43	74.42	206.33	136.96	217.15	(+) 62.54	(+) 10.82
2000-2001	70.85	200.10	170.85	189.62	146.24	139.97	(-) 24.61	(-) 49.65
Total	251.77	674.13	370.18	675.49	395.53	618.12	(+) 25.35	(-) 57.37

Source: Gujarat Water Supply and Sewerage Board (GWSSB).

Short claim of Rs.1.38 crore from GOI

Scrutiny of proposal of GWSSB for releasing second installment for 2000-2001 revealed that as against actual pending claims of Rs.43.29 crore due under ARWSP as of 1999-2000 from GOI, only Rs.41.91 crore was claimed resulting in short claim of Rs.1.38 crore.

(ii) Expenditure in last quarter

In disregard of Guidelines of the programme that 35 per cent of available funds should be utilised during the last quarter of the year, GWSSB spent 64 per cent of available fund in the last quarter of 1998-99. Reasons for heavy expenditure in the last quarter in violation of instructions were attributed by GWSSB (August 2001) to late receipt of fund from GOI.

(iii) Inadmissible payment of departmental charges

Charging of ETP in excess of 5 per cent resulted in excess claim of Rs.5.69 crore

Guidelines of ARWSP provide that provisions for contingencies/ establishment, tools and plants (ETP) charges should be limited to 5 per cent of estimated cost of schemes. Though the vehicles deployed for execution of work were part of ETP charges, provision for vehicles was included as separate item and charges at the rate of 17.85 per cent were levied on the total cost. This resulted in excess claim of Rs.5.69 crore from GOI in respect of 23 schemes approved during 1997-2001 (Appendix-LXXVII).

(b) AUWSP

Cent per cent GOI assistance was released in contravention of scheme guidelines

Funding pattern of AUWSP was : 50 per cent by Central Government, 45 per cent by State Government and 5 per cent by beneficiary panchayats/local bodies (LBs).

During 1993-2001, GOI sanctioned 15 schemes at an estimated cost of Rs.19.03 crore. Year-wise funds released by GOI and State Government and expenditure incurred there against were as under:

(Rupees in crore)

Year	Opening Balance	Grant released		Total	Expenditure incurred	Balance
		GOI	State Govt including LBs			
1993-94	--	0.71	-	0.71	--	0.71
1994-95	0.71	0.87	1.58	3.16	--	3.16
1995-96	3.16	0.27	2.00	5.43	0.42	5.01
1996-97	5.01	0.70	1.50	7.21	0.57	6.64
1997-98	6.64	--	0.50	7.14	1.73	5.41
1998-99	5.41	--	1.40	6.81	0.59	6.22
1999-2000	6.22	3.48	1.00	10.70	3.66	7.04
2000-2001	7.04	--	5.43	12.47	5.70	6.77
Total		6.03	13.41	19.44	12.67	6.77

As per pattern of assistance 25 per cent of the Central share was to be released on selection of scheme second instalment of 50 per cent was payable on submission of UCs of atleast 50 per cent of amount released. The remaining installment was payable on utilisation of 80 per cent of fund already released. However, Central assistance of Rs.2.55 crore for eight schemes was released in violation of scheme guidelines (Appendix-LXXVIII).

No expenditure on Surajkaradi scheme was incurred till March 2001, despite release of GOI assistance of Rs.0.10 crore in 1993-94. Though, the expenditure on remaining seven schemes was only Rs.0.45 crore (18 per cent), GOI released cent per cent of its share. Scrutiny of records of three completed schemes (Bantwa, Dharmapur, Okha) revealed that as a result of delay in completion of schemes ranging from the period 9 months to 15 months, there was excess expenditure of Rs.0.26 crore on their completion.

During 1995-2001, 13 schemes were taken up for execution at a cost of Rs.15.42 crore however, 5 per cent contribution of Rs.0.58 crore was not recovered from 11 out of 13 Local Bodies.

6.3.5 Physical performance

(I) ARWSP

(a) Selection of schemes

Under RGNDWM, State Empowered Committee (SEC) was constituted in May 1996 which was to approve water supply schemes under ARWSP, MNP, DDP and Quality Problem (QP) after clearance by Scientific Source Finding Committee (SSFC) constituted for ensuring sustainability of water sources.

(i) Coverage of NC/PC villages

For identification of habitations having no source of water within 1.6 km. or those habitations where available water was biologically

and chemically contaminated, GOI conducted survey in 1992-93. The survey was revalidated in 1994 by the agencies appointed by the State and GOI., according to which there were 30269 habitations in the State out of which 21994 habitations (73 per cent) were fully covered till March 1997. The position of coverage of remaining 8275 (NC:1722, PC:6553) habitations during 1997-2001 was as under :

Year	Target			Achievement		
	NC*	PC	Total	NC	PC	Total
1997-98	800	700	1500	733	660	1393
1998-99	800	1000	1800	552	1254	1806
1999-2000	300	1500	1800	144	1512	1656
2000-2001	100	1100	1200	103	892	995

Failure of sources resulted in re-emergence of NC habitations

Though, priority was to be given to NC category habitations, their coverage sharply declined during 1999-2000, while those for PC increased during these years. As a result, 190 habitations were left without potable water as of March 2001. GWSSB attributed reasons to inaccessible terrain and difficulties in finding out reliable source. Scrutiny of records revealed that even the habitations categorised as FC and PC were not getting water as per prescribed quantity. In the absence of assured and sustainable source 3911, habitations out of 4819 habitation (81 per cent) of Saurashtra region were facing acute water scarcity during last three years. Failure of successive monsoon, increase in demand of water, uncontrolled withdrawals of water for agricultural purpose aided by concessional power tariff and non-monitoring of such withdrawal by legislation led to depletion of water table alarmingly.

(ii) Regional Water Supply Schemes

Out of 189 schemes approved till March 1999 at an estimated cost of Rs.1059 crore under various programmes, 66 schemes were completed upto March 2001 at a cost of Rs.186.20 crore and 123 schemes were in progress of which 68 schemes were under ARWSP/QP and DDP.

Expenditure of Rs.25.44 crore in excess of sanctioned cost was met out of ARWSP

Expenditure in excess of sanctioned cost was to be met out of State Plan funds. Analysis of 15 schemes executed by 9 divisions revealed that excess expenditure of Rs.25.44 crore, (Appendix-LXXIX) over the sanctioned cost was irregularly met out of ARWSP in contravention of provisions of scheme guidelines.

Expenditure of Rs.51 crore was overstated under ARWSP

In 11 schemes approved under MNP (eight) and AUWSP (three) expenditure of Rs.51 crore (Appendix-LXXX) was booked under ARWSP leading to overstating of expenditure against GOI grant.

* FC Fully covered (providing water upto 40 LPCD)
PC Partially covered (providing water below 40 LPCD)
NC Not covered

Test-check of progress reports relating to performance of water supply schemes revealed that as against national average cost of Rs.0.02 crore per habitation, the cost of supplying drinking water in the State ranged between Rs.0.08 crore in 1997-98 to Rs.0.22 crore in 1999-2000. GWSSB attributed (August 2001) reasons of high cost to inclusion of expenditure on rejuvenation programme, coverage under SC/ST habitations, work carried out for relief measures, installation of hand pumps and 10 to 15 *per cent* of allocation for M&R to regional water supply scheme.

(b) Drilling Programme

(i) Performance of Rigs

Out of 69 rigs, 41 rigs were withdrawn from operation between February 1996 and February 2000; six rigs were used for flushing of bores and only 22 rigs were in operation. Their performance during 1997-99 varied from 20 to 55 *per cent* in respect of bores and 21 to 45 *per cent* for depth in meterage compared to target.

(ii) Unfruitful expenditure on failed bores

**Expenditure of
Rs.10.16 crore on
failed bores proved
unfruitful**

Sites of bores were required to be selected on the basis of geo-hydrological and geophysical investigation. Out of 0.45 lakh bores drilled during 1997-2000, 0.07 lakh bores failed resulting in unfruitful expenditure of Rs.10.16 crore. In Panchmahals district, bore sites were selected by MP/MLA and Village Sarpanch. The percentage of failure of bores in Saurashtra region ranged from 23 *per cent* to 53 *per cent* during this period.

(iii) Bilateral Assisted Projects

**Expenditure of
Rs.0.45 crore on
drilling of bores
proved unfruitful**

Netherlands Government aided Ghogha Regional Water Supply Scheme was implemented by GWSSB at a cost of Rs.46 crore for providing safe drinking water to 3.47 lakh population of 79 villages of Bhavnagar district, from Shetrunji storage reservoir located at a distance of 23 km. As sub-soil water in the area was contaminated by excessive nitrate, fluoride and salinity due to intrusion of sea water, it was planned (September 1997) to supply surface water. The scheme is to be completed by August 2002. Scrutiny of records revealed that as the scheme based on proposed source was not found feasible due to insufficient rain in catchment area, it was decided (March 1999) for execution of individual water supply scheme for 51 villages on sub-soil water and supply water in remaining villages from Mahi pipeline network system. However, out of 235 bores drilled up to March 2001 at a cost of Rs.0.45 crore, 199 bores failed (85 *per cent*) to yield potable water resulting in infructious expenditure on failed bores.

(iv) Installation of hand pumps

Handpumps were installed for the benefit of individual instead of community

There were 1.22 lakh hand pumps (HP) in the State as of March 2001 of which 0.53 lakh HPs were installed during 1997-2001. In Panchamahals and Dahod Districts there were 0.35 lakh HPs (28 per cent of total HPs in the State) of which 0.22 lakh HPs were installed during 1997-2001. Instead of installation of HPs in community places like common village lands, schools etc. they were installed near the houses of individual persons or in the agriculture land of private person. Spot verification (Panchamahal district) conducted by audit revealed that as against norms of one HP within a distance of 1.6 km. in plain or 100 meter in hilly area fixed by GOI, there were 10 HPs within a radius of 100 meters, and the population served by each HP was less than 25 persons, against norms of 50 persons fixed by State Government (November 1994). Further, as against normal depth of 60 meters for 100 mm bore, in two HPs actual depth of bores was 30 meters (Dhanol School) and 49 meters (Bhamaiya Anganwadi) and payment for 60 meters was made for Bhamaiya Anganwadi bore to the rig operator. Similarly, spot verification of HPs at Bedala village of Rajkot district revealed shortage of 2 HPs (24 HPs against 26 HPs) as per divisional records. GWSSB stated (August 2001) that bore at Dhanol school was drilled by the Forest department and hence the details of actual depth was not available with GWSSB. The bore at Bhamiyya Anganwadi was very old and was filled up due to loose strata. The reply was not tenable as the strata in Godhra region was of hard rock and there was no possibility of filling of bore to the extent of 11 metres.

(v) Solar Photo Voltaic (SPV) Pumping System

Twelve Solar Photo Voltaic (SPV) Pumping systems were installed in the State upto March 2001 at a cost of Rs.0.50 crore. Records of zone office Rajkot, revealed that four out of five SPVs installed in Surendranagar district prior to 1997 at a cost of Rs.0.26 crore were inoperative for one year to five years due to failure of sources. Out of five pumps installed at Dwarka, three SPVs (cost Rs.0.10 crore) were inoperative due to inadequate discharge of water from the source. Thus the investment of Rs 0.36 crore on SPVs was largely unfruitful.

(II) AUWSP

The selection of towns under AUWSP was done by State Level Committee (SLC) constituted for the purpose, which selected 15 towns up to March 2001 after considering the Detailed Project Report (DPR) prepared in respect of individual town which inter alia stipulated establishment of 95 per cent dependability and reliability of water sources.

The position of completion of schemes selected by SLC and sanctioned by GOI, was as under :

Year	Number of schemes sanctioned	Number of schemes under progress	Number of schemes completed and commissioned	Number of defunct schemes/schemes not commenced
1995-96	6	-	6	-
1996-97	2	1	-	1
1999-2000	7	6	-	1
Total	15	7	6	2

Water supply scheme for Surajkaradi town approved by GOI in 1996 at a cost of Rs.0.18 crore could not be executed due to non reliability of source proposed in DPR and non approval of the Irrigation Department to the proposed alternative source of water. As a result, GOI assistance of Rs.0.10 crore released in 1993-94 remained unutilised with GWSSB.

Sub-soil based water supply schemes failed due to insufficient discharge of water

In Barwala town sources developed by drilling five tubewells at a cost of Rs.0.03 crore failed in chemical tests. Water was finally supplied by taping Mahi-Pariej based pipeline. Thus, expenditure of Rs.0.14 crore on development of sub-soil based source, pump and machinery and 2100 mtrs of pipeline from pump house to underground sump proved unfruitful. An expenditure of Rs.0.17 crore incurred for development of source for Khedbrahma scheme proved unfruitful due to insufficient discharge of water.

6.3.6 Sub-mission

Sub-mission projects were taken-up for tackling problem of excess flourosis, arsenic, brackishness, iron etc. in water by installing primarily defluoridation plants.

Defluoridation Plants

GOI sanctioned 353 defluoridation (DF) plants at a cost of Rs.19.01 crore. Test-check of records of GWSSB and Banaskantha, Mehsana and Sabarkantha divisions revealed as under.

(i) Rupees 0.63 crore was released by GOI during 1994-95 (Rs.0.30 crore) and 1995-96 (Rs.0.33 crore) for installation of 23 DF plants. However, plants were not installed till March 2001.

Expenditure of Rs.2.24 crore proved unfruitful due to non-maintenance of DFP by LB

(ii) Out of remaining 330 DF plants sanctioned during March 1994 at a cost of Rs.18.38 crore, 211 plants were commissioned up to March 2001 at a cost of Rs.17.11 crore. As against admissible Central assistance of Rs.13.56 crore for installation of these plants GOI released Rs.8.75 crore till 1998-99. DF plants were to be maintained by village panchayats after three years of commissioning but 26[♦] DF plants installed at a cost of Rs.2.24 crore in two districts were defunct

♦ Himatnagar-14(Rs 1.38 crore), Palanpur-11(Rs 0.78 crore) and Sidhpur-1(Rs 0.08 crore)

as of March 2001 as their possession was not taken over by village panchayats (23 plants) and failure of source (3 plants). The plants were reportedly not taken over by the panchayats due to high cost of maintenance. This defeated the objective of sub-mission programme and left rural population in 23 villages of Banaskantha (9) and Himatnagar (14) Districts exposed to fluosis contamination by supplying untreated water.

(b) Nitrate contamination

Although the records of Central Laboratory, Gandhinagar during 1997-2000 revealed that 851 villages in the State were contaminated by nitrate beyond permissible limit and Kheda district alone having 185 affected villages, no remedial action for providing nitrate free water was taken so far due to uneconomical cost of treatment of water as stated by the Director, Jalseva Training Institute Gandhinagar. GWSSB stated (August 2001) that water in Kheda district was contaminated by nitrate due to excessive use of fertiliser by farmers and that all the villages were supplied nitrate free water through regional water supply schemes. This was not tenable as water samples drawn from drinking water sources indicated presence of excess nitrate.

6.3.7 Water Quality Testing Laboratories

**Performance of
Water testing
laboratories was very
low**

Against the requirement of 25 laboratories for analysing water quality (25 districts), 9 laboratories were functioning in the State. Sixteen districts have no laboratory. As against 0.54 lakh samples to be tested per year by a laboratory as per guidelines, actual samples received and checked ranged between 0.14 lakh (1997-98) and 0.19 lakh (1999-2000) signifying idle capacity.

Deputy Director, Central Laboratory, Gandhinagar stated (November 2000) that testing of single sample includes chemical analysis for 13 parameters and bacteriological examination for 3 parameters and as such there was enough work load with the laboratories. Reply was not tenable, as target for testing ought to have been fixed after taking into account all these factors.

GWSSB attributed the reasons for non establishing of 16 laboratories to wide coverage of habitations under regional water supply schemes and that regular testing of water was being done at lifting point. This contention was not tenable as the records of Commissioner of Medical Services indicated increasing trend of waterborne disease from 32000 in 1997 to 46000 in 2000 including 653 deaths on account of consumption of contaminated water during this period.

6.3.8 Operation and maintenance

(i) Non-recovery of popular contribution

Popular contribution of Rs.46.12 crore remained unrealised

As per orders of the State Government of May 1983, operation and maintenance of Regional Water Supply Scheme (RWSS) of "no source villages" was entrusted to GWSSB. Popular contribution towards water charges at Rs.5 per capita per annum (Rs.6 from February 1992) as per 1981 census and at Rs.14 per capita per annum (From May 1993), as per 1991 census, was recoverable for supply of drinking water from the grants payable to Panchayats by State Government and placed at the disposal of GWSSB.

It was noticed that popular contribution of Rs.46.12 crore (covering 3831 villages and one town) was in arrears as of March 2000 and recovery was not effected from the grants paid to Panchayats.

GWSSB stated that non-payment of popular contribution was reported to Government (February 2000) and the Recovery Officer appointed by Government was pursuing the matter. Non-recovery might lead to stoppage of supply of water in the long run.

(ii) Unfruitful expenditure on defunct schemes

Expenditure of Rs.14.30 crore on defunct scheme proved unfruitful

Guidelines of ARWSP provided that Water Supply Scheme for piped water supply/gravity feed was to be designed for 20 years. Four schemes (one each in Amreli and Bhavnagar districts and two in Ahmedabad district) completed between 1994 and 1999 at a cost of Rs.14.30* crore were lying defunct for period over one year due to failure of source. Apparently bad planning led to unfruitful expenditure on execution. GWSSB stated (August 2001) that though the schemes were prepared based on surface water and availability of ground water, it could not survive due to non revival of source on account of frequent failure of monsoon.

(iii) Non maintenance of records of assets

For three schemes (Savli, Panna and Sasoi) audit scrutiny revealed that registers of assets created and of inventories were not maintained as required. In the absence of these basic records the correctness of value of assets created could not be verified in audit.

6.3.9 Sector Reform

With a view to involve community participation in planning, execution and maintenance of rural water supply scheme and to ensure effective use of scarce resources, GOI launched sector reform programme from 1999-2000. The programme aimed at building of demand driven approach among end users with their participation in scheme through

* Alampur(Rs.0.33 crore), Khambhala(Rs.3.80 crore), Matrala(Rs.0.02 crore) Umralla(10.15 crore)

decision making role in choice, design and management with sharing of capital cost and bearing of operation and maintenance charges.

Under this programme GOI sanctioned (March 2000) three pilot projects of Rs. 40 crore each for Mehsana, Rajkot and Surat districts. Respective District Water and Sanitation Mission (DWSM) was responsible for implementation of the programme under the supervision of GWSSB and collection of 10 *per cent* of capital cost as people's contribution.

GWSSB irregularly retained Rs.27.66 crore under sector reform

The records of GWSSB and three DWSM revealed that though Programme envisaged release of fund directly to DWSMs, GOI released (March 2000) Rs.11.22 crore for each DWSM through GWSSB, which in turn released (June-July 2000) only Rs. two crore to each DWSM and irregularly retained the balance of Rs.27.66 crore. The DWSM did not incur any expenditure and they did not collect peoples' contribution as required. Thus the project despite availability of funds did not start.

GWSSB spent Rs.0.12 crore on preparation of Draft Project Report (DPR) (Rs.0.6 crore) and training of district level and taluka level functionaries (Rs.0.6 crore). Rupees 0.04 crore was spent on preparation of DPR for Dahod project not included in the programme. No activities of any of the projects were started.

6.3.10 Information, Education and Communication (IEC) Projects did not take off

Low priority to IEC

To create awareness on the safe drinking water and sanitation facilities among rural mass, GOI sanctioned (March 1996) four projects for Banaskantha, Kheda, Rajkot and Vadodara at a cost of Rs.1.76 crore to be shared equally by Central and State Governments. GOI released (March 1996) Rs.0.44 crore as the first installment. Though IEC cell constituted (1995) under GWSSB was responsible for implementation of project within time frame of one year, it accorded low priority to the project. Only Rs.0.72 crore including State's share was spent (June 2000) as a result the second installment of assistance of Rs.0.44 crore was not received from GOI.

6.3.11 Human Resources Development

Percentage of shortfall in imparting training ranged between 91 to 92 *per cent*

To involve local functionaries like Panchayats, Non-Government Organisations (NGOs) etc. in managing the system GWSSB established (October 1996) Human Resources Development (HRD) cell for training, with assistance from Central (Rs.0.90 crore) and State (Rs.1.00 crore) Governments. However, due to vacancies in key posts, shortfall in training ranged between 91 *per cent* in 1999-2000 and 92 *per cent* in 1997-98. Even expenditure incurred on imparting training to grass-root level functionaries (Hand Pump Mechanics) proved

unfruitful as no practical training was given to them. Low priority to the programme resulted in non-utilisation of Rs.1.00 crore.

6.3.12 Water Supply Management

Water supply schemes were not self supportive

For effective and efficient management of scheme, establishment of sound fiscal methods including proper collection and accountal of receipt was to be ensured.

Record of three out of four schemes (Bantwa, Mendarda, Okha) under AUWSP commissioned and handed over to LB revealed that annual maintenance cost was more than estimated income by 70 per cent to 157 per cent from water tax and schemes were not self supporting.

6.3.13 Monitoring and Evaluation

(a) ARWSP

No study for evaluating impact of programme was done

For collection of information, maintenance of data and timely submission of reports and returns to GOI and monitoring work at field level, Monitoring and Investigation unit (M&I unit) was set-up under GWSSB with GOI and State assistance on 50:50 basis. As per instructions of GWSSB (March 1994) Chief Engineer, superintending Engineer and Executive Engineers while visiting the site were required to inspect the quality of work, suggest remedial action and submit note to next higher authorities. While reports etc. were dispatched in time, no records relating to visits or inspection notes of officers were maintained as per requirement. Neither the State Government nor any NGO conducted any studies for evaluating impact of the programme in the State.

(b) AUWSP

No monitoring of scheme was done

To facilitate proper monitoring separate scheme-wise accounts were required to be maintained. However, no scheme-wise accounts were maintained by test-checked divisions.

6.3.14 Suggestions

In view of the study by audit it is suggested that:

(i) As large number of water supply schemes based on surface water and sub-soil water sources failed due to rapid drying of source, alternative strategy of execution of schemes based on permanent water source should be explored for ensuring sustainable safe drinking water supply.

(ii) Measures for arresting run of rain water through traditional system of water harvesting, with active support of NGOs, Panchayatiraj institutions etc. should be adopted to check rapid depletion of sub-soil water table.

(iii) Awareness need be created among users of ground water to treat it as a socio-economic resource instead of a free commodity, by withdrawing the subsidies.

(iv) IEC activities required to be strengthened for generating awareness on value of water and its conservation.

6.3.15 The matter was reported to Government in June 2001; reply has not been received (September 2001).

SECTION – B PARAS

PANCHAYATS, RURAL HOUSING AND RURAL DEVELOPMENT DEPARTMENT

6.4 Lack of response to Audit findings

Audit of District Panchayat and District Rural Development Agencies is conducted under Section 14 of CAG's (DPC) Act, 1971. Accountant General (Audit) – (AG (Audit)) conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. Following these inspections, Inspection Reports (IRs) are issued to the Heads of offices inspected with a copy to the next higher authorities. Government rules etc. provide for prompt response by the executive to the IRs issued by AG to ensure corrective action and accountability for the deficiencies, lapses, etc. noticed during his inspection. The Heads of offices and next higher authorities are required to rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Heads of the Department by the Office of the AG (Audit). A half yearly report of pending inspection reports is sent to the Secretary of the Department in respect of pending IRs, to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued up to December 2000 pertaining to Panchayats, Rural Housing and Rural Development Department disclosed that 343 paragraphs(237 paragraphs of District Panchayat (DP), Ahmedabad and 106 paragraphs of District Rural Development Agency (DRDA), Valsad relating to 73 IRs (DP 64 IRs and DRDA 9 IRs)remained outstanding at the end of June 2001. Of these, 13 IRs (10 IRs of DP, Ahmedabad and 3 IRs of DRDA, Valsad) containing 38 paragraphs (28 paras* of DP, Ahmedabad and 10 paras** of DRDA, Valsad) had not been settled /replied to for more than 10 years. Year-wise position of the outstanding IRs and paragraphs are detailed in the Appendix-LXXXI. Even the initial replies which were required to be received from the Heads of offices within four weeks from the date of issue were not received in respect of 21 IRs for DP, Ahmedabad and DRDA, Valsad issued between 1984-85 and 2000-2001. As a result, serious irregularities commented upon in these IRs as detailed in Appendix-LXXXII had not been settled as of June 2001.

* 1984-85-1 and 1989-90-27

** 1983-84-3, 1988-89-3 and 1992-93-4

A review of the pending IRs in respect of Panchayats, Rural Housing and Rural Development Department and Agriculture and Co-operation and Rural Development Department revealed that the Head of the Offices, whose records were inspected by AG, and Development Commissioner and Commissioner of Rural Development did not send any reply to a large number of IRs/Paragraphs as required. This indicated their failure to initiate action in regard to the defects, omissions and irregularities pointed out in IRs by AG. The Secretaries of the Panchayats, Rural Housing and Rural Development Department and Agriculture and Co-operation and Rural Development Department, who were informed of the position through half yearly reports, also failed to ensure that the concerned officers of the Department take prompt and timely action based on the IRs issued by the office of the AG.

Lack of action against the defaulting officers thus facilitated the continuation of serious financial irregularities and loss to the Government despite Audit observations.

It is recommended that Government should carry out a serious review of the matter to ensure that higher executive responsiveness to audit observations and findings is quick ensuring remedial action and frame procedure for initiating action (a) against the officials who failed to send replies to IRs/Paras as per the prescribed time schedule and (b) follow up action to recover loss/outstanding advances/overpayments in a time bound manner.

The matter was reported to Government in July 2001; reply has not been received (September 2001).

PORTS AND FISHERIES DEPARTMENT

GUJARAT MARITIME BOARD

6.5 Irregular payment of donation

Rs.10 crore was donated by GMB to a registered Society at the instance of the Government without any justification and in violation of the provision of the Act

Gujarat Maritime Board (GMB) is an autonomous body constituted under the Gujarat Maritime Board Act, 1981 (Act). This Act did not provide for payment of any kind of donation. Further, as per instructions issued by Ports and Fisheries Department (June 1997) no donation exceeding Rs.50,000 should be paid by public sector undertaking without permission of Government.

On the basis of a proposal received from the Government of Gujarat, GMB sanctioned (September 1999) donation of Rs.10 crore to Gujarat Council of Science City, Gandhinagar (GCSC) established by Government of Gujarat as a society registered under Societies Registration Act, 1860 and paid Rs. five crore each in October 1999 and August 2000. A scrutiny revealed that although GCSC had nothing to do with GMB, Additional Chief Secretary (ACS), General Administration Department informed (July 1999) Secretary, Ports and Fisheries Department and Vice Chairman and Chief Executive Officer of GMB (VC&CEO) to donate Rs.10 crore as suggested in the meeting chaired by the Chief Minister. GMB, despite the absence of any provision of the Act for payment of any donation or without permission of the Government resolved (September 1999) to donate Rs.10 crore to GCSC. After making such payment, Board approached Government (March and April 2000) for granting permission to donate Rs.10 crore to GCSC. However, the Ports and Fisheries Department did not accord any proper sanction and the Under Secretary intimated (April 2000) VC&CEO: "If donation could be given, do so." VC&CEO construed this as sanction of Government and the Chairman of the Board approved (June 2000) the proposal for payment of remaining amount.

Thus, Rs.10 crore was irregularly donated by the GMB to a society despite the absence of any provision in the Act and without permission of Government.

The CEO of the Board stated (August 2000) that payment of donation of Rs.10 crore to GCSC was as per the decision taken in the meeting under the chairmanship of Chief Minister and GCSC was a part of the Government. Hence, the question to obtain separate sanction from the Government did not arise.

This was not tenable as GMB Act did not provide for donation.

The matter was reported to Government in December 2000; reply has not been received (October 2001).

6.6 Irregular purchase of Flats by Gujarat Maritime Board

Government compelled GMB to purchase 31 flats costing Rs.7.19 crore in Mumbai and to hire out the same at low rent to the Government

Gujarat Maritime Board (GMB) is vested with the functions of administration, control and management of minor ports in the State of Gujarat.

Gujarat Maritime Board Act, 1981 (Act), stipulates that funds which cannot immediately be applied shall be deposited in the State Bank of India or any bank as defined in Banking companies Acquisition and Transfer of Undertakings Act, 1970 or invested in such public securities as may be determined by the Board.

The Roads and Buildings Department informed (February 1999) Ports and Fisheries Department regarding decision of the Government to purchase flats at Mumbai through GMB for residential accommodation of employees of Government of Gujarat. The Ports and Fisheries Department in turn directed GMB (April 1999) to purchase 31 Flats (consisting of built up area 28768.85 sq. feet) at Mumbai and hand over the possession of those flats to Roads and Buildings Department at an annual rent of Rs one lakh. Principal Secretary to Chief Minister also informed (February 1999) Secretary, Ports and Fisheries Department that the Chief Minister had directed to see that the process was completed expeditiously. Accordingly, GMB purchased (May 1999) 31 Flats at the rate of Rs.2500 per sq. feet from Mumbai Housing and Area Development Board (MHADB) and as against Rs.6.82 crore payable for 27289.92 sq. feet paid Rs.7.19 crore without ascertaining the actual area which resulted in excess payment of Rs.37 lakh (Rs.7.19 crore less Rs 6.82 crore). The action of Government in compelling GMB in purchasing immovable property on behalf of Government of Gujarat and renting out at the nominal annual rent of Rs one lakh were in contravention of activities of GMB and provision of investment of the Act. This resulted in blocking of Rs.7.19 crore of GMB in a property which was not needed by GMB and which had nothing to do with the activities of GMB for more than one and half years beside unauthorised payment of Rs.37 lakh without proper checks before purchase. These flats are lying unoccupied as of July 2001.

GMB stated (August and November 2000) that being a government undertaking action was taken as per Government directives and matter was under correspondence with MHADB for recovery of irregular payment of Rs.37 lakh. Government has not furnished any reply in this matter (October 2001) though it was reported in April 2001.

6.7 Investment in violation of provisions of Act and Government instructions

GMB Chairman unauthorisedly decided to invest huge funds of GMB in Co-operative Banks in violation of provisions of Act and Government instructions. Rs.4.48 crore are blocked in litigation for more than five years with consequent losses

Gujarat Maritime Board (GMB) Act, 1981 (Act) provides that surplus fund should be deposited only with Nationalised Bank or in such Public Securities controlled by the State Government as may be

determined by the Board. Further, as per Government Resolution of July 1995, surplus funds available with State Public Sector Enterprises, Boards, Corporations and Other agencies set up by government were required to be deposited in (i) non-interest bearing Personal Ledger Account with Government Treasuries if such funds were created from the grants, loans, contributions, subsidy etc. received from Government, and (ii) Government owned companies *viz.* Gujarat State Financial Services (GSFC) and Gujarat Industrial Investment Corporation (GIIC) as an inter-corporate deposit if such funds were created from other than those received from the Government. GSFC/GIIC would pay rate of interest, which would be at least one *per cent* higher than the maximum approved by Reserve Bank of India for term deposit.

Test-check of record of GMB (April 1999) revealed that in contravention of provisions of the Act and Government instructions, Chairman, Vice-Chairman and Chief Executive Officer and Financial Controller decided to deposit surplus funds amounting to Rs.4.48 crore in term deposits for 12 months each with Ahmedabad Urban Co-operative Bank between December 1995 and October 1996 (Rs.2.75crore) and Ahmedabad Mahila Nagrik Co-operative Bank during 1996 (Rs.1.73 crore) in view of the amendment made to Section 74(2) of the GMB Act 1981 in 1996. However, perusal of the Act revealed that it was not in consonance with the Government order of July 1995 as the same did not permit the Board to invest its surplus funds in Co-operative Banks. On maturity (between February 1996 and December 1997) both the Co-operative Banks did not honor the payment (Principal and Interest thereon) of Rs.5.20 crore. Two civil suits were filed (during 1997 and 1998) against the co-operative Banks and the Hon'ble Courts delivered judgments in favour of GMB (April and July 1998). Accordingly, execution petitions were filed (February 2000) for further action of recovery of amount. However, no amount was recovered as of August 2001. Further, since the banks were practically defunct chances of recovery of principal and interest were bleak. This resulted in loss of interest of Rs.2.41 crore on principal amount of Rs.5.20 crore from the date of maturity of deposits to September 2001. This was also pointed out in audit to GMB in July 1999 and in October 2000.

Thus, unauthorised decision by VC and CEO to invest Rs.4.48 crore in Co-operative Banks in violation of GMB Act and Government instructions resulted in blocking of public fund for more than five years and consequent losses. This calls for investigation by the Government and fixing responsibilities for financial mismanagement.

The matter was reported to Government in March 2000; reply has not been received (September 2001).

6.8 Unnecessary favour to a private party

GMB was virtually compelled to purchase useless property at Ghogha and Surat for Rs.84.71 lakh to favour a private party

Gujarat Maritime Board, Gandhinagar (GMB) allotted (June 1991) land admeasuring 6000 square meters each at Surat and Ghogha ports to a private company (company[♦]) on lease at the rate of Rs. 100 per 10 square meter per annum for running a Hovercraft Ferry Service by the company between Surat and Ghogha. The company started Ferry Service in November 1992 and closed its operation in February 1993 due to technical defects and non-availability of skilled and experienced pilots.

As the company was not able to run the service, the company approached the Chief Minister and represented to sell out the properties constructed at both the ports to GMB. The Secretary to Chief Minister, in turn, issued instructions (December 1996) to GMB to solve the issue in 'an amicable fashion'.

In response, GMB clearly expressed their unwillingness (February 1997) to purchase the property constructed at Surat Old Port which was 25 kms away from main site and 55 kms away by road and was not useful to GMB. GMB also intimated to Government that as per clause-3 of lease agreement it was not obligatory on the part of GMB to purchase the structure.

However, within a month of this objection to the purchase of the property, GMB decided (March 1997) to purchase both the properties at Surat and Ghogha ports on the plea that at Ghogha the building would be useful to GMB and at Surat it would either be sold out to Surat Municipal Corporation or disposed off by giving advertisement in news papers. Scrutiny revealed that the revised decision was made by VC & CEO on the basis of Chief Minister's remarks on the valuation report to consider party's request. Both the properties were purchased by GMB (June 1997) at a total cost of Rs.80.74 lakh. Possession of buildings was taken over in July 1997 and payment of Rs.76.85 lakh made between June 1997 and February 1998 to the company after adjusting of Rs. 3.89 lakh being the cost of stamp papers and Municipal taxes. GMB further incurred expenditure of Rs.4.69 lakh on purchase of stamp papers and registration fees and Rs.3.17 lakh on security of building at Surat during July 1997 to November 2000. Both the buildings were lying unutilised for 4 years since their purchase with little prospect of any disposal.

[♦] New India Business House Ltd., Bhavnagar.

Thus, a totally unnecessary purchase of property having no utility or gain was forced on GMB by the Chief Minister's Secretariat against public interest. The decision solely benefited the private party at the cost of GMB who are now saddled with an unproductive and useless asset on which Rs.84.71 lakh was spent unnecessarily.

The matter was reported to Government in January 2001; reply has not been received (September 2001).

6.9 Unnecessary expenditure of Rs.77.80 lakh on advertisement campaign

GMB carried out advertisement campaign for National Maritime Day in contravention of instructions and unnecessarily wasted Rs.77.80 lakh

As per the power delegated by the Government (October 1993) under Gujarat Maritime Board Act, 1981, (Act) Vice Chairman and Chief Executive Officer (VC&CEO) of Gujarat Maritime Board (GMB) was competent to incur non-recurring contingent expenditure on advertisements relating to the ports and harbours upto Rs.1.50 lakh per annum and Rs.0.10 lakh in each case. Further, Ports and Fisheries Department directed all Public Sector Undertakings (June 1997) not to issue advertisements costing more than Rs.0.30 lakh.

Test-check of records of GMB (September 2000) revealed that as per directives of the Chief Minister, GMB decided (March 1999) to come out with full page advertisement to highlight the major achievements attained in port sector pursuant to the implementation of the "port policy" and advertisements at a cost of Rs.76.65 lakh (within the State Rs. 31.65 lakh; outside the State Rs.45 lakh and outside the country Rs.1.15 lakh) were carried out on 5 April 1999 (National Maritime Day) in 95 Gujarati News Papers within the State, 10 English Newspapers within and outside the State and one news paper outside India.

Following points were noticed:

(i) Orders relaxing the ban to incur expenditure on advertisement in excess of Rs.0.30 lakh was not obtained from Government while incurring such huge amounts on advertisements.

(ii) Instead of entrusting the work of carrying out advertisements outside the State to Information Department of the State Government it was carried out through an agency without inviting competitive rates and payment of service charges amounting to Rs.4.52 lakh was made to the agency.

(iii) Instead of publishing advertisement in leading national dailies it was published in all local Gujarati papers with low circulation resulted in avoidable expenditure of Rs.31.65 lakh.

(iv) Ports and Fisheries Department instructed GMB on 8 April 1999 to keep the expenditure on advertisement outside the State through the private agency within the limit in which the same work could be done through Information Department. However, payment of bills of the Agency for Rs.45 lakh was made by GMB without ascertaining the rates from Information Department.

(v) The average amount spent on advertisement outside State was Rs.4.5 lakh compared to Rs.0.33 lakh spent within the State i.e. 1364 *per cent* higher.

(vi) Information Department irregularly issued work order for advertisement on 12 April 1999 to a London based Gujarati weekly and it was published on 16 April 1999 i.e. after 11 days of the event and payment of Rs.1.15 lakh had to be made by GMB.

Thus, expenditure of Rs.77.80 lakh incurred by VC&CEO was irregular beside avoidable expenditure of Rs. 31.65 lakh and depriving GMB of the competitive rates.

Vice Chairman and Chief Executive Officer, GMB stated (September and November 2000) that it had requested the State Government in March 1999 to sanction an estimated amount of Rs.70 lakh for advertisement in and outside Gujarat. Government issued sanction for incurring expenditure on advertisement on 8 April 1999. However in the absence of competitive rates possibility of malpractice cannot be ruled out.

Secretary, Ports and Fisheries Department stated (July 2001) that the entire proposal regarding advertisement was conceived as per directive of Chief Minister and people should know the development and potential available in the State and therefore, giving advertisement in all Gujarati papers of Gujarat was necessary and expenditure cannot be termed as avoidable. Further, it was stated that rates were invited from two National dailies which offered low discount. Thus, it was in the best interest of GMB to get the work done through private agency. The reply was not tenable as the directives of Chief Minister can not be construed as a formal Government order which was required to be based on analysis of the relevant facts and the possible benefits to be derived from such campaign.

**URBAN DEVELOPMENT AND URBAN HOUSING
DEPARTMENT**

GUJARAT MUNICIPAL FINANCE BOARD

**6.10 Wasteful expenditure in construction of new office
building**

**Selection of incompetent contractor and architect for
construction of office building led to faulty construction and
wasteful expenditure of Rs.66.46 lakh**

The Gujarat Municipal Finance Board, Gandhinagar (Board) entrusted the work of construction of their office building estimated to cost Rs.60 lakh to a contractor at his tendered cost of Rs.74.20 lakh (23.66 percent above the estimate) in May 1992 with the stipulated date of completion in December 1993. Time was extended up to March 1994. After executing the work valued Rs.50 lakh upto December 1993, contractor showed no progress in work as of April 1994. Assistant Executive Engineer noticed (April 1994) that due to faulty workmanship and use of material of inferior quality the work carried out by the contractor was of poor quality. With the consent of original contractor, rectification work carried out in December 1995 at a cost of Rs.2.12 lakh did not serve any purpose and shifting of office could not be done from hired building at Ahmedabad. The contract was terminated in April 1996. The Board and the contractor filed (April 1997) suits against each other in Arbitration Tribunal.

Scrutiny revealed (August 1998) that Board failed to contact Public Works Department (PWD), the authorised agency of the State Government for construction of office building. They entered into an agreement on their own with an architect (February 1992) for the purpose. The architect was *inter alia* responsible to supervise execution and advise the Board of the progress and quality of the work. The architect certified nine running accounts bills for a total amount of Rs.59 lakh and payment of Rs.59.51 lakh (including payment of four extra items and material at site) was made to the contractor up to January 1994 and Rs.2.87 lakh were spent on other items.

The Vigilance Commissioner to whom the matter was referred by Urban Development and Urban Housing Department asked (September 1998) the Chief Engineer, Quality Control, Roads and Buildings Department, Government of Gujarat for investigation of irregularities and defects in construction and submit a report by October 1998.

The report submitted (March 2000) by Roads and Buildings Department to the Urban Development and Urban Housing Departments with a copy to the Vigilance Commissioner *inter alia*

revealed faulty and poor workmanship by the contractor and failure of the architect in supervising periodically the execution of work as per specification and required quality. It suggested demolition of the existing structure and fresh execution of the work. The report also recommended for punitive action against the architect and the contractor.

Although there was clear failure of the architect in advising the Board regarding quality, specification and progress of work, no action was initiated against him for his failure and/or breach of agreement as of September 2001.

Thus, failure of the Board in consulting authorised agency like PWD regarding construction of their office building and executing agreements with the architect and the contractor in a faulty manner resulted in wasteful expenditure of Rs.66.46 lakh. Beside this led to recurring liability of rent and Municipal Taxes on hired building to the tune of Rs.18.77 lakh (March 2001).

The matter was reported to Government in March 1999; reply has not been received (September 2001).



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Rajkot
The

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