

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

on

Economic Sector

for the year ended March 2012

**GOVERNMENT OF MAHARASHTRA
Report No. 4 of the year 2013**

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P R E F A C E

1. This Report on the audit of expenditure (Economic Sector) incurred by the Government of Maharashtra has been prepared for submission to the Governor of Maharashtra under Article 151 of the Constitution of India.
2. Chapter I of this Report covers auditee profile, authority for audit, planning and conducting of audit and responses of the departments to draft paragraphs. Highlights of audit observations included in this Report have also been brought out in this chapter.
3. Chapter II contains findings on the District-centric audit of Washim. Chapter III deals with the findings of transaction audit.
4. Audit observations on matters arising from the examination of Finance and Appropriation Accounts of the State Government for the year ended 31 March 2012 are presented separately.
5. The Report containing observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Reports containing observations on General and Social Sector, Revenue Sector and Social Sector (Rural Development and Water Conservation and Urban Development Departments) are presented separately.
6. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 2011-12 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2011-12 have also been included, wherever necessary.

CHAPTER - I

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CHAPTER I: INTRODUCTION

1.1 About this Report

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

Compliance audit refers to examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with. On the other hand performance audit, besides conducting a compliance audit, also examines whether the objectives of the programme/activity/department are achieved economically and efficiently.

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

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in implementation of selected schemes, significant audit observations made during the audit of transactions and follow-up on previous Audit Reports. Chapter II of this Report contains District-centric audit of Washim. Chapter III presents observations on audit of transactions in Government departments and autonomous bodies.

1.2 Audited Entity profile

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

A summary of the State Government's fiscal transactions during 2011-12 *vis-a-vis* the previous years is given in **Table 1**.

Table 1 : Summary of fiscal operations

(₹ in crore)

2010-11	Receipts	2011-12	2010-11	Disbursements	2011-12		
Section-A: Revenue					Non Plan	Plan	Total
105867.82	Revenue Receipts	121286.14**	106459.38	Revenue Expenditure	101519.15	22035.04	123554.19
75027.10	Tax revenue	87608.46	37704.23	General services	42352.03	500.85	42852.88
8225.04	Non-tax revenue	8167.70**	48282.06	Social services	40525.19	14287.02	54812.21
11419.78	Share of Union Taxes/Duties	13343.34	19285.36	Economic services	17743.52	7125.23	24868.75
11195.90	Grants from Government of India	12166.64	1187.73	Grants-in-aid and Contributions	898.41	121.94	1020.35
Section B : Capital							
17.28	Miscellaneous Capital Receipts	455.83	17963.37	Capital Outlay	2848.16	15031.38	17879.54
640.09	Recoveries of Loans and Advances	558.74	959.08	Loans and Advances disbursed			836.28
20739.78	Public debt receipts*	24452.56	4773.61	Repayment of Public Debt*			6458.35
0.00	Appropriation from Contingency fund	1000.00	850.00	Appropriation to Contingency fund			500.00
853.00	Contingency Fund	511.20	11.20	Contingency Fund			1000.00
48406.32	Public Account Receipts	53389.38	39557.62	Public Account Disbursements			46962.93
25559.36	Opening Cash Balance	31509.39	31509.39	Closing Cash Balance			35971.95
202083.65	Total	233163.24	202083.65	Total			233163.24

(Source : Finance Accounts of the respective years)

* Excluding ways and means advances and overdraft (Receipt : nil and Disbursement : nil)

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

1.3 Authority for audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The C&AG conducts audit of expenditure of the Departments of Government of Maharashtra under Section 13¹ of the C&AG's (DPC) Act. The C&AG is the sole auditor in respect of seven autonomous bodies which are audited under Sections 19(3)² and 20(1)³ of the C&AG's (DPC) Act.

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

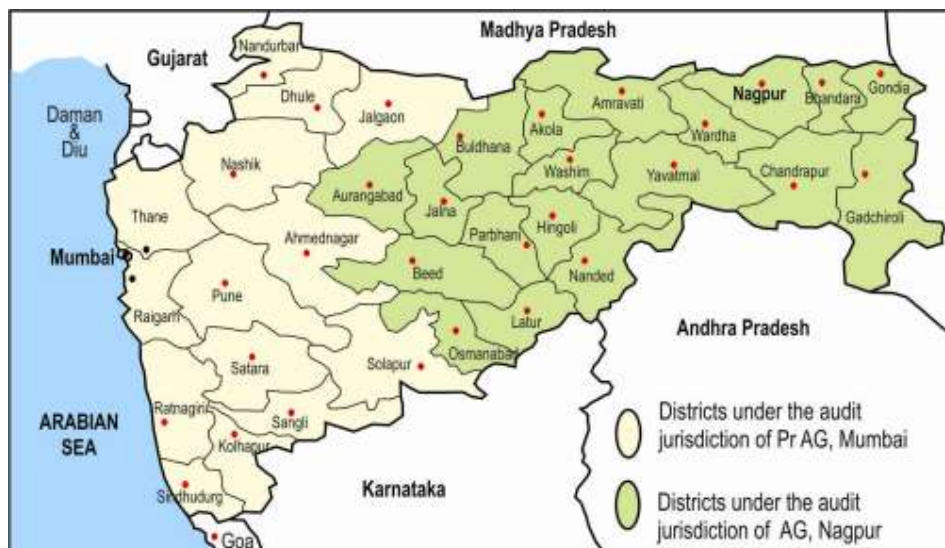
Under the directions of the C&AG, the offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur

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

² Audit of the accounts of a corporation established by law made by the Legislature of a State on the request of the Governor, in public interest

³ Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the C&AG and the Government

conduct the audit of the various Government departments and offices/autonomous bodies/institutions under them. While 16 districts from Konkan and Western Maharashtra fall under the audit jurisdiction of the Principal Accountant General (Audit)-I, Mumbai, the remaining 19 districts from Vidarbha and Marathwada are under the audit jurisdiction of the Accountant General (Audit)-II, Nagpur, as shown in the map.



1.5 Planning and conduct of audit

The audit process starts with the assessment of risk faced by various departments of the Government, based on expenditure incurred, criticality/complexity of activities, the levels of delegated financial powers and assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. During 2011-12, 3,193 party days were used to carry out audit of 436 units (compliance audit and performance audits) of the various departments/organisations. The audit plan covered those units/entities which were vulnerable to significant risks as per our assessment.

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

1.6 Significant audit observations

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

The present report contains one district-centric audit and 11 paragraphs. The significant audit observations are discussed below.

1.6.1 District centric audit of Washim

Recognising the importance accorded by the Planning Commission, Government of India for a district-centric approach to devolution of finances for integrated local area development, a District-centric audit of Washim district was carried out to assess the status and impact of implementation of socio-economic developmental activities in the district during 2007-12.

The review covered key social sector programmes relating to health, education, water supply, social welfare, employment generation and poverty alleviation as well as economic sector programmes relating to irrigation, agriculture etc.

Some of the significant findings are as follows:

- The District Planning Committee did not prepare an integrated district plan consolidating the plans of Panchayats and Municipal Councils for any year.

(Paragraph 2.1.6)

- There was shortage of Primary Health Centres and Sub Centres in the district with critical gaps in health care infrastructure and facilities.

(Paragraph 2.1.7.1)

- Adequate infrastructure facilities were not available in Government schools. Under Mid Day Meal Scheme, the objective to increase enrolment in primary and upper primary schools could not be achieved.

Non-procurement and idling of essential machinery and equipment for practical training with non-filling of vacant posts of instructors under Centre of Excellence Scheme aimed at upgrading the ITI in the district impacted the quality of training.

(Paragraph 2.1.7.2)

- Since the inception of Swarnajayanti Gram Swarajgar Yojana, only three *per cent* of the beneficiaries crossed the BPL status till March 2012 despite incurring an expenditure of ₹ 24.49 crore.

(Paragraph 2.1.7.3)

- Social infrastructure created such as Dr. Babasaheb Ambedkar Nyay Bhavan and renovated Central Jail were lying idle despite incurring an expenditure of ₹ 6.52 crore.

(Paragraph 2.1.7.5)

- The Zilla Parishad did not adhere to the time schedules with regard to submission, approval and publication of annual accounts. Internal audit wing was not established in DRDA, Washim.

(Paragraph 2.1.9)

1.6.2 Compliance audit of transactions

Audit has also reported several significant deficiencies in critical areas which impact the effective functioning of the Government departments. These are as under:

- The Public Works Department made a payment of ₹ 57.30 lakh to two contractors towards purchase of bitumen without obtaining original invoices as stipulated in the contract. Cross-verification by Audit subsequently revealed that the duplicate invoices on the basis of which the payments were admitted were forged.

(Paragraph 3.1.1)

- The Water Resources Department incurred an avoidable expenditure of ₹ 18.92 crore due to change in alignment of a canal work necessitated by failure in obtaining prior approval of Central Government under Forest (Conservation) Act, 1980.

(Paragraph 3.2.2)

- The action of two irrigation corporations to load excise duty in the estimates for erection of radial gates and allied works in execution of three irrigation projects resulted in undue benefit of ₹ 9.44 crore to contractors.

(Paragraph 3.2.3)

- Failure of the Water Resources Department to consult the Public Works Department before taking up the work of construction of protection bund in Bhandara city resulted in an avoidable extra expenditure of ₹ 12.83 crore.

(Paragraph 3.3.1)

- Improper planning and implementation of fresh water prawn hatchery project at Dapchari in district Thane led to an unfruitful expenditure of ₹ 7.88 crore.

(Paragraph 3.3.3)

- The action of the Water Resources Department/GMIDC to award a work without establishing the legal status of land not only led to stoppage of work after incurring an expenditure of ₹ 3.39 crore, it also jeopardized the recovery of the outstanding mobilization advance of ₹ 2.29 crore together with an accumulated interest of ₹ 81.74 lakh from the contractor.

(Paragraph 3.4.1)

1.7 Lack of responsiveness of Government to Audit

1.7.1 Inspection reports outstanding

The Accountant General (Audit) arranges to conduct periodical inspections of Government departments to test-check their transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with IRs which are issued

to the heads of the offices inspected with copies to the next higher authorities. Half-yearly reports of pending IRs are sent to the Secretaries of the concerned departments to facilitate monitoring of action taken on the audit observations included in these IRs.

The IRs issued upto December 2011 pertaining to seven departments disclosed that 8,442 paragraphs relating to 2,961 IRs were outstanding at the end of June 2012. Year-wise position of outstanding IRs and paragraphs are detailed in **Appendix 1.1**.

1.7.2 Response of departments to the draft paragraphs

The draft paragraphs and performance audit were forwarded demi-officially to the Principal Secretaries/Secretaries of the concerned departments between February and October 2012 with the request to send their responses within six weeks. The Government replies to eight out of 11 paragraphs featured in this Report were received and reply to District-centric audit was awaited. The replies, wherever received, have been suitably incorporated in the Report.

1.7.3 Follow-up on Audit Reports

According to instructions issued by the Finance Department in January 2001, administrative departments were required to furnish Explanatory Memoranda duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs included in the Audit Reports, within three months of presenting the Audit Reports to the State Legislature. The administrative departments however, did not comply with these instructions. The Explanatory Memoranda in respect of 37 paragraphs/reviews for the period from 1991-92 to 2010-11 have not yet been received. The position of outstanding Explanatory Memoranda from 2005-06 to 2010-11 is indicated in **Table 2** below.

Table 2: Status of submission of Explanatory Memoranda during 2005-11

Audit Report	Date of tabling the Report	Number of Paragraphs and Reviews	Number of EMs received	Balance
2005-06	17 April 2007	12	8	4
2006-07	25 April 2008	21	20	1
2007-08	12 June 2009	22	18	4
2008-09	23 April 2010	14	14	-
2009-10	21 April 2011 & 23 December 2011	13	10	3
2010-11	17 April 2012	15	5	10
Total		97	75	22

In addition to the above, Explanatory Memoranda in respect of 15 paragraphs relating to the period prior to 2005-06 were also outstanding. Department-wise details are given in **Appendix 1.2**.

1.7.4 Action Taken Notes

The Maharashtra Legislature Secretariat Rules stipulate that Action Taken Notes (ATNs) on the recommendations of the Public Accounts Committee (PAC) on those paragraphs of the Audit Reports that are discussed are required to be forwarded to the Maharashtra Legislature Secretariat duly verified by Audit. Similarly, ATNs indicating remedial/corrective action taken on the paragraphs that are not discussed are also required to be forwarded to

the PAC duly vetted by Audit. Year-wise details of such paragraphs for the period 1985-86 to 2010-11 are indicated in **Table 3** below.

Table 3: Year-wise status of pending ATNs

Audit Report	Total number of paragraphs in the Audit Report	Number of paragraphs		ATN awaited in respect of paragraphs	
		Discussed	Not discussed	Discussed	Not discussed
1985-86 to 1997-98⁴	862	151	711	98	705
1998-99	21	3	18	3	18
1999-2000	25	4	21	3	21
2000-01	16	2	14	2	14
2001-02	22	-	22	-	22
2002-03	15	1	14	1	14
2003-04	21	-	21	-	21
2004-05	17	5	12	5	12
2005-06	12	5	7	5	7
2006-07	21	5	16	5	16
2007-08	22	11	11	11	11
2008-09	14	-	14	-	14
2009-10	13	-	13	-	13
2010-11	15	-	15	-	15
Total	234	36	198	35	198

As could be seen, there were inordinate delays and persistent failure in forwarding ATNs on audit paragraphs.

⁴ Combined figures of General, Social & Economic Sectors

CHAPTER - II

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DISTRICT-CENTRIC AUDIT 9 to 31

2.1 District-centric audit of Washim

Chapter II

Planning Department

2.1 District-centric audit of Washim

Recognising the importance accorded by the Planning Commission, Government of India for a district-centric approach to devolution of finances for integrated local area development, a district-centric audit of Washim district was carried out to assess the status and impact of implementation of socio-economic developmental activities in the district during 2007-12.

The review covered key social sector programmes relating to health, education, water supply, social welfare, employment generation and poverty alleviation as well as economic sector programmes relating to irrigation, agriculture etc. Some of the significant findings are highlighted below.

Highlights

The District Planning Committee did not prepare an integrated district plan consolidating the plans of Panchayats and Municipal Councils for any year.

(Paragraph 2.1.6)

There was shortage of Primary Health Centres and Sub Centres in the district with critical gaps in health care infrastructure and facilities.

(Paragraph 2.1.7.1)

Adequate infrastructure facilities were not available in Government schools. Under Mid Day Meal Scheme, the objective to increase enrollment in primary and upper primary schools could not be achieved.

(Paragraph 2.1.7.2)

Non-procurement and idling of essential machinery and equipment for practical training with non-filling of vacant posts of instructors under Centre of Excellence Scheme aimed at upgrading the ITI in the district impacted the quality of training.

(Paragraph 2.1.7.2)

Since the inception of Swarnajayanti Gram Swarajgar Yojana, only three per cent of the beneficiaries crossed the BPL status till March 2012 despite incurring an expenditure of ₹ 24.49 crore.

(Paragraph 2.1.7.3)

Social infrastructure created such as Dr. Babasaheb Ambedkar Nyay Bhavan and renovated Central Jail were lying idle despite incurring an expenditure of ₹ 6.52 crore.

(Paragraph 2.1.7.5)

The Zilla Parishad did not adhere to the time schedules with regard to submission, approval and publication of annual accounts. Internal audit wing was not established in DRDA, Washim.

(Paragraph 2.1.9)

2.1.1 District profile

District Washim was formed on 1 July, 1998 after bifurcation of the existing Akola district. Washim district is located in the western part of Vidarbha region. Akola lies to its North, Amravati to North-East, Yavatmal to East, Hingoli to South and Buldhana to West.

As per census of 2011, the population of the district was 11.97 lakh which was 1.06 *per cent* of total population of the State (1,123.73 lakh). Out of 11.97 lakh, rural population was 9.86 lakh (82.37 *per cent*) and urban population was 2.11 lakh (17.63 *per cent*). The rate of literacy in the district was 81.70 *per cent* and sex ratio (Male: Female) was 1000:926.

2.1.2 Administrative set-up

The District Planning Committee (DPC) headed by Guardian Minister is the apex body at the district level for planning the implementation of development Schemes. The District Collector (DC) is the Member Secretary of the DPC and the sanctioning authority for all development programmes. The DC is assisted by the District Planning Officer (DPO) for implementation and monitoring of the Schemes. The administrative set-up of the district is depicted in **Appendix 2.1.1**.

The Chief Executive Officer (CEO), Zilla Parishad (ZP), Washim is the administrative head of the ZP as well as the Chairman of the District Rural Development Agency (DRDA). The CEO is assisted by the Project Director (PD), DRDA who ensures coordination between DRDA and Panchayat Raj Institutions (PRIs) *viz.* Block Development Officers (BDOs) of Panchayat Samitis (PSs) and Secretaries of Gram Panchayats (GPs).

The DRDA is a registered society and is the principal organ at the district level to oversee the implementation of various Schemes in rural areas through the line departments of PRIs.

2.1.3 Audit objectives

The objectives of audit were to assess whether:

- planning for various programmes was systematic;
- funds for various programmes were adequately managed;
- implementation of Schemes/programmes was effective; and
- an effective monitoring and internal control mechanism was in place.

2.1.4 Audit criteria

Audit findings were benchmarked against the following criteria:

- District annual plans;
- Guidelines of the concerned programmes/Schemes; and
- State Government rules and regulations like General Financial Rules, Maharashtra Treasury Rules.

2.1.5 Scope and methodology of audit

The audit was conducted from January to June 2012 for the period 2007-12. The district level offices, Municipal Councils (MCs) at Mangrulpir and Washim and office of three BDOs⁵ along with 49 GPs of these blocks were selected by random sampling technique. Records relating to health, education, water supply, housing, agriculture, irrigation *etc.* were scrutinized.

An entry conference was held on 17 May 2012 with the Principal Secretary (Planning), Mantralaya, Mumbai wherein the audit objectives, audit criteria and scope of audit were discussed. An exit conference was held on 22 January 2013 with the Divisional Commissioner, Amravati.

Audit findings

2.1.6 Planning

The 74th amendment to the Constitution mandated establishment of a DPC for consolidating the plans prepared by the Panchayats and MCs in the district.

Scrutiny of the records (May 2012) of DPO revealed that the DPC was constituted in March 1998. The DPC, however, did not consolidate the plans prepared by the Panchayats and MCs into an Integrated District Plan for any year.

Given the fact that an expenditure of ₹ 1,116.44 crore had been incurred by the district authorities on Schemes/activities during 2007-12, absence of consolidation of plans into integrated development plan for the district as a whole was violation of the Constitutional provision above.

During exit conference (January 2013), the Divisional Commissioner, Amravati accepted the audit observation.

2.1.6.1 Shortfall in conduct of meetings

The DPC was to meet every quarter to review the progress of implementation of the development Schemes. The District Vigilance and Monitoring Committee (DVMC) was to meet every quarter to review and monitor proper utilization of Government funds received under various centrally sponsored Schemes, take remedial action to prevent financial irregularities and keep a watch on the implementation of the programmes.

⁵ Malegaon, Mangrulpir and Washim

Audit scrutiny revealed that DPC and DVMC met only 12 and 5 times respectively against required twenty times during 2007-12.

The Divisional Commissioner accepted the audit observation.

2.1.6.2 Below Poverty Line census

As per guidelines issued by Ministry of Rural Development, GoI, BPL census should be conducted at the beginning of each five year plan. However, the BPL census 2002 in district Washim was completed in 2005-06 *i.e.*, just a year before completion of 10th five year plan period (2002-07). As a result, out of 88,698 rural BPL beneficiaries identified, only 40,999 beneficiaries could be benefited under Swarnajayanti Gram Swarojgar Yojana (SGSY) and housing Schemes during 2006-12.

The Divisional Commissioner stated that remaining 47,699 beneficiaries would be covered in census 2011.

Implementation of Schemes

2.1.7 Social services

Audit findings are as under:

2.1.7.1 Health and drinking water

National Rural Health Mission

The National Rural Health Mission (NRHM) was launched by the GoI on 12 April 2005 for the period 2005-12 throughout the country. The mission aimed at providing accessible, affordable, accountable, effective and reliable healthcare facilities in the rural areas.

The District Health Officer (DHO), ZP and Civil Surgeon (CS), General District Hospital are responsible for providing health care services to the people in the district through a network of one Government District Hospital (DH), seven Community Health Centers (CHCs), 25 Primary Health Centers (PHCs) and 153 Sub-Centers (SCs). Records of one Government District Hospital, Two⁶ CHCs, 13⁷ PHCs and 18⁸ SCs were test checked.

Planning

The NRHM strives for decentralized planning and implementation arrangements to ensure that need based and community owned District Health Action Plans (DHAPs) become the basis for interventions in the health sector. The District Health Society (DHS) is required to prepare Perspective Plan for entire mission period (2005-12). However, no perspective plan was prepared.

⁶ Malegaon and Mangrulpir

⁷ Aasegaon, Ansing, Jaulka, Kasola, Kata, Kiniraja, Medshi, Mohari, Pardi Takamor, Shelubazar, Shirpur, Tondgaon and Wanoja

⁸ Borala, Chandai, Chivra, Kekatumra, Kondala Zamre, Malegaon 2, Marsul, Pangari Kute, Pardi, Phalegaon, Poti, Rajura, Shirpur1, Tandali Bk, Tandali Shewai, Tarhala, Tondgaon 1 and Warla

Household survey

As per NRHM frame work, 50 *per cent* household survey by 2007 and 100 *per cent* by 2008 was aimed at for understanding the health care needs of the rural population, resource mapping and also to assess how other determinants influenced health of households such as drinking water, sanitation, employment and access to other facilities. However, household survey was not conducted by the DHS in the district.

Facility survey

In order to set up a benchmark for quality of service and identify the input needs, facility survey was to be conducted *cent per cent* by December 2008 for each facility in CHCs, PHCs, SCs and DHs. These surveys were expected to provide critical information in terms of infrastructure and human resource gaps and accordingly required to be addressed through planning process. Scrutiny revealed (April 2012) that the facility survey was not conducted in three (out of seven) CHCs, 10 (out of 25) PHCs and 63 (out of 153) SCs.

The Divisional Commissioner accepted the audit observation.

Public Report on health

The NRHM is committed to publishing public report on health at the State and the district levels to report to the community at large, on the progress made in the mission activities. However, no such report was published in Washim district. As a result, the community was not aware of the available health care facilities or the ongoing activities in the district.

Capacity building

The NRHM framework targets provision of one SC for a population of 5,000 (3,000 in tribal area), one PHC for a population of 30,000 (20,000 in tribal area), one CHC for one lakh population (80,000 in tribal/desert area). According to population census 2011, there was a need for 33 PHCs and 197 SCs. Against which, only 25 PHCs and 153 SCs were running in the district, resulting in shortage of eight PHCs and 44 SCs.

The Divisional Commissioner accepted the audit observation.

Non-availability of infrastructure

It was seen (June 2012) from the records of DHS that out of total seven CHCs, 25 PHCs and 153 SCs in the district, one CHC, three PHCs and 44 SCs were not having their own buildings.

Further, in two CHCs, 13 PHCs and 18 SCs test-checked, the available infrastructure was inadequate. The position as on March 2012 was as under:

Position of infrastructure at health care centers

Particulars	No. of centers where infrastructure not available		
	CHCs	PHCs	SCs
Designated Government building	--	2	2
Waiting room for patients	1	3	NA
Labour Room	--	2	2
Operation Theatre	--	3	NA
Emergency/Casualty Room	--	5	NA
Residential facilities for staff	1	2	2
Separate utility for Male and Female	--	3	9
Waste disposal system	--	1	6
Suggestion Box	--	2	11
NA- Not Applicable			
(Source: Departmental figures)			

Lack of basic health care services

The basic health care services required to be provided in the health centers were not available. Non-availability of health care services in two CHCs and 13 PHCs test-checked are detailed below:

Services	No. of centers where services were not available	
	CHCs	PHCs
Blood storage	1	NA
New born care	1	2
24 X 7 deliveries	--	1
X-rays	2	NA
Ultra-sound	2	NA
ECG	1	NA
Obstetric care	2	NA
Emergency services (24 hours)	--	2
Family Planning (Tubectomy and Vasectomy)	--	1
Medical Termination of Pregnancy (MTP) services	--	7
Intra-natal examination of gynaecological conditions	--	2
Pediatrics	2	NA
NA- Not applicable		
(Source: Departmental figures)		

Non-installation of express feeder for uninterrupted power supply in hospitals

In order to ensure uninterrupted power supply to the patients admitted in intensive care unit, casualty, operation *etc.*, the CS proposed (October 2006) installation of 11 KV express feeder. Between August 2008 and October 2010, ₹ 49.18 lakh was paid to Executive Engineer (EE), Public Works (Electrical) Division, Amravati. However, the work was not started even after a lapse of nearly four years resulting in inconvenience to patients.

Similarly, for installation of express feeder in CHC, Karanja Lad, an amount of ₹ 18.89 lakh was paid (February 2009) to the Executive Engineer, Maharashtra State Electricity Distribution Company Limited (MSEDCL),

Amravati. The work of installation of express feeder was not started even after expiry of three years.

The Divisional Commissioner accepted the audit observation.

Significant delay in commissioning of blood component separation unit

A blood component separation unit (BCSU) is very crucial as patients often need particular constituents of blood such as red blood cells, white blood cells, plasma and platelets. That way one unit of blood can be used for three to four patients and the available blood can be used effectively.

Audit observed that though one BCSU was purchased for DH in 2007-08 at a cost of ₹ 23 lakh, the related civil works were completed in December 2010 at a cost of ₹ 7.27 lakh and electrification in June 2012 at a cost of ₹ 5.94 lakh. The unit was yet to be commissioned (January 2013) for want of license from Food and Drugs Administration, GoM. Thus, the intended benefit of BCSU, even after investing ₹ 36.21 lakh, could not be availed of by the patients in DH for more than four years.

Achievement against performance indicators under NRHM

Shortfall in achievement of infant mortality rate

The NRHM prescribes national targets for reducing infant mortality rate (IMR)⁹, reducing morbidity and mortality rate and increasing cure rate of different endemic diseases covered under various national programmes.

The State Government fixed target of IMR at 25 per 1000 live births by 2010. As against this, the achievement in the district was below target at 48 in 2008, 37 in 2009, 38 in 2010, 36 in 2011 and 35 in 2012.

The Divisional Commissioner accepted the audit observation.

Shortfall in administration of iron folic acid and tetanus toxoid

One of the major means of safe motherhood is to register all the pregnant women before they attain 12 weeks of pregnancy and provide them with services, such as, four antenatal check-ups, 100 or more iron folic acid (IFA) tablets, two doses of tetanus toxoid (TT), advice on the correct diet, vitamin supplements and in case of complications, referring them to specialised gynaecological care. The details of administration of IFA and TT dosages to pregnant women during 2007-12 were as under:

⁹ IMR is the number of infant deaths (one year of age or younger) per thousand live births

Administration of IFA and TT dosages

Year	No. of pregnant women registered at health centre (CHC, PHC and SC)	No. of pregnant women not receiving 100 days IFA tablets	Percentage of pregnant women not receiving 100 days IFA tablets	No. of women not given TT dosages	Percentage of women not given TT dosages
2007-08	21,758	4,023	18.48	1,147	5.27
2008-09	22,878	13,646	59.64	327	1.43
2009-10	23,096	--	--	1,595	7.40
2010-11	22,128	986	4.45	1,102	4.98
2011-12	22,153	19,087	86.16	2,320	10.47

(Source: DHS, Washim)

As could be seen, the percentage of pregnant women not receiving hundred days IFA tablets was significant (86.16 *per cent*) in the year 2011-12 and percentage of women not given TT dosages also increased to 10.47 *per cent* in the year 2011-12 from 5.27 *per cent* in 2007-08.

The Divisional Commissioner accepted the audit observation.

Family Planning

Family planning includes terminal method to control total fertility rate and spacing method to improve couple protection ratio¹⁰ through vasectomy for male and tubectomy for female.

The details of targets fixed and achieved were as under:

Target and achievement in respect of vasectomy/tubectomy

Year	Target fixed		Target achieved		Percentage of shortfall	
	Vasectomy	Tubectomy	Vasectomy	Tubectomy	Vasectomy	Tubectomy
2007-08	460	8,740	75	5,393	84	38
2008-09	415	7,881	282	6,290	32	20
2009-10	415	7,881	104	6,575	75	17
2010-11	659	5,931	32	6,164	95	Nil
2011-12	659	5,931	11	5,473	98	8

(Source: DHO, Washim)

The percentage of shortfall in vasectomy increased from 32 *per cent* in 2008-09 to 98 *per cent* in 2011-12, whereas, the shortfall in tubectomy came down from 38 *per cent* to 8 *per cent* during 2007-12.

The Divisional Commissioner stated that action would be taken to motivate the people.

¹⁰ CPR is the percentage of the women in the age group of 15-49 years, protected from pregnancy/child birth in the year under consideration for a specific area

Drinking Water

Rural Water Supply Scheme

Under National Rural Drinking Water Programme, GoI issued (April 1999) modified guidelines which included community management of drinking water Schemes.

Non-transfer of completed water supply works to user agency

As per Section 100 of ZP and PS Act, 1961 and Section 45 (i) of Mumbai GP Act, 1958, the projects under rural water supply scheme (RWSS) are to be constructed by Maharashtra Jeevan Pradikaran (MJP) on agency basis and are required to be taken over by local bodies after completion for operation and maintenance. The maintenance of Schemes was to be done by the concerned local body out of their own resources.

Scrutiny of records (April 2012) of ZP, Washim revealed that 13 RWSSs completed by MJP at a cost of ₹ 78.42 crore during 1986-2011 were not taken over by the local bodies as of March 2012 as detailed below:

List of completed Regional Water Supply Schemes

(₹ in crore)

Sl. no.	Name of RWSS (No. of villages)	Date of completion	Expenditure incurred by Government
1	Dhudkheda (21)	31-03-1986	1.11
2	Sarsi (10)	31-01-2002	3.64
3	Bhamdevi (3)	01-02-2003	2.92
4	Vanoja (4)	31-12-2008	4.18
5	Manora (28)	31-08-2005	29.84
6	Chands (6)	31-03-2009	5.90
7	Jaulaka (3)	31-01-2002	2.26
8	Chichambhabhar (4)	30-06-2008	3.21
9	Dubalwel (8)	31-03-2009	6.61
10	Umbarda Bazar (9)	31-12-2010	15.69
11	Mhasani (16)	31-12-2010	
12	Warala (4)	20-04-2009	2.08
13	Karada (2)	31-03-2011	0.98
Total	118 villages		78.42

(Source: ZP, Washim)

Since the ZP/GP had not taken over the above 13 RWSS in Washim district for operation and maintenance, no water charges could be levied/ recovered and the RWSS could not be self-supported. On the contrary, due to non-handing over of these assets to local bodies, the MJP had to incur an expenditure of ₹ 60.33 lakh during 2007-12 on maintenance and repairs of these assets.

The Divisional Commissioner accepted the audit observation.

2.1.7.2 Education

Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan (SSA) is a comprehensive and integrated flagship programme of GoI to attain universal elementary education (UEE) in the country and aims to provide useful and relevant education to all children in the age group of 6-14 years.

Planning for infrastructure development

Manual on Financial Management and Procurement, 2010 of the Department of Elementary Education and Literacy, Ministry of Human Resource Development, GoI stipulated that number of schools without facilities like drinking water, kitchen shed, playground, access ramps, boundary walls and electrification should be included in the annual work plan and budget to address the gaps in school infrastructure. As per administrative approvals, the work of construction of class rooms should be completed within six months from the date of agreement.

Scrutiny of records of Education Officer (Primary), ZP revealed (June 2012) that there were no basic facilities in 778 Government schools in Washim district as of March 2012 as detailed below:

Shortfall in basic amenities in 778 schools

Status	Shortfall				
	Kitchen shed	Boundary wall	Playground	Electrification	Drinking water
Available	497	350	468	555	571
Not available	281	428	310	223	207
Percentage shortfall	36	55	40	30	27

(Source: ZP, Washim)

It would be seen from the table above that shortfall in provision of basic facilities ranged from 27 per cent to 55 per cent as of March 2012. Incidentally, the requirements of these basic amenities were not included in the annual plans.

The Divisional Commissioner stated that an updated status on the availability of infrastructure facilities in the schools would be furnished in due course.

Mid-Day Meal Scheme

The National Programme of Nutritional Support to Primary Education, commonly known as Mid-Day Meal (MDM) Scheme, was launched by GoI in August 1995 with the principal objective of boosting the universalisation of primary education by increasing enrollment, retention and learning levels of children and simultaneously improving the nutritional status of primary school children (I to V standard). The Scheme was subsequently extended (2008-09) to upper primary students (up to VIII standard).

Decrease in enrollment despite increase in number of schools

Scrutiny of records of Education Officer (Primary), ZP in February 2012 revealed that though there was an increase in number of primary and upper primary schools (Government and aided both), the enrollment of children in the targeted age group of 6 to 10 years in all schools decreased during 2009-10 and 2011-12 despite implementation of MDM Scheme as detailed below:

Details of enrollment of children in schools under MDM Scheme

Year	No. of primary and upper primary schools		No. of children enrolled in primary and upper primary schools	
2007-08	983		1,08,373	
2008-09	1,522	Increased by 21	1,98,358	Decreased by 23,802
2009-10	1,543		1,74,556	
2010-11	1,543	Increased by 11	1,74,556	Decreased by 7,000
2011-12	1,554		1,67,556	

(Source: ZP, Washim)

The Divisional Commissioner stated that due to shifting of students from one school to other, the number of students decreased.

The reply of the Divisional Commissioner is not convincing as a shift from one school to another would not lead to any change in the total number of students.

Inadequate infrastructure

Infrastructure facilities such as kitchen-cum-store, kitchen devices (utensils for cooking and serving) and clean drinking water were expected to be provided under MDM Scheme. Scrutiny of records of Education Officer (Primary), ZP revealed (June 2012) that out of 1,014 schools, 345 (34 *per cent*) schools were not having kitchen sheds for preparation of afternoon meals. Further, 126 schools (12 *per cent*) were not having kitchen devices as of March 2012.

The Divisional Commissioner stated that necessary facilities would be provided in future.

Discontinuation in supply of meals

Test check of 30 selected schools in three sampled blocks revealed that there was disruption in supply of meals to students which ranged from 5 to 199 days during 2007-12, as indicated in **Appendix 2.1.2**.

The Divisional Commissioner stated that facts would be verified.

Higher and Technical Education

The District Vocational Education and Training Officer (DVETO) is responsible for the overall supervision of the Industrial Training Institutes (ITIs) and Government Technical High Schools (GTHSs).

Shortage of machinery and equipment in Industrial Training Institutes

One of the objectives of ITIs was to equip the students with practical knowledge and skills required for the industry. Tools and machinery as prescribed for the various courses were the basic requirements in these institutes, as a major portion of the syllabus included practical knowledge on the usage of these tools and machinery.

Scrutiny of the records (April and May 2012) of three ITIs in selected blocks revealed that there was shortage of machinery and equipment valuing ₹ 43.68 lakh in various trades as under:

Shortage of machinery and equipments in ITIs

(₹ in lakh)

Sl. No.	Name of ITI	Cost of machinery and equipment
1.	Washim	17.25
2.	Malegaon	7.27
3.	Mangrulpir	19.16
	Total	43.68

(Source: ITIs Malegaon, Mangrulpir and Washim)

Machinery lying idle in Government Technical High School

In GTHS, Washim it was noticed (April 2012) that computer equipment purchased during 2008-09 at a cost of ₹ 40 lakh were lying idle in the institute as of March 2012.

The Divisional Commissioner stated that an updated position would be furnished in due course.

Up-gradation of ITIs into centers of excellence

The Director General of Education and Training (DGET) proposed (2008-09) to introduce Centre of Excellence (CoE) Scheme by up-gradation of ITI, Washim. The Scheme was to be funded by the World Bank and implemented by the Ministry of Labour and Employment, GoI through District Vocational Education and Training (DVET) and the project cost was to be shared between GoI and State Government in the ratio of 75:25. These CoEs were expected to offer training on the basis of a structure designed by DGET. The National Council for Vocational Training (NCVT), Delhi was to conduct the examinations and issue certificates to the successful candidates.

The Scheme envisaged training in multi-skilled courses for production of high quality craftsmen and creation of a work force of international standards. Availability of machinery, equipment and tools as per the syllabi and sufficient space as stipulated in the ITI manual was to be ensured before commencement of the courses. During 2007-12, funds amounting to ₹ 1.92 crore were received from the Central and the State, against which, ₹ 1.91 crore was spent. Scrutiny of records revealed the following:

Non-procurement of required machinery and equipment

Scrutiny of records (April 2012) of the Principal, ITI, Washim revealed that the essential machinery and equipment valuing ₹ 7.67 lakh for Broad Based Basic Training (BBBT) and Advance Modules were not procured as of April

2012. Further, against a supply order placed during 2010-11, ITI, Washim drew an amount of ₹ 11.18 lakh from the treasury between October 2010 and January 2011 towards cost of machinery and equipment. However, the machinery and equipment were not received as of April 2012.

Machinery lying idle

In ITI, Washim, machinery and equipment valuing ₹ 45.02 lakh, procured during 2009-10 through funding from World Bank, were lying idle in the workshop for over two years (March 2012) due to non-completion of demonstration and civil works and non-availability of oxy-acetylene gas.

High percentage of failed candidates

To impart training in BBBT and Advance Modules under CoE, ITI, Washim required sufficient number of faculty. It was, however, observed that 10 posts of instructors were not filled up (April 2012) resulting in deficient training to the students, defeating the very objective of providing multi-skilled training.

During 2008-11, the percentage of failed candidates in the final examinations of BBBT ranged between 52 and 80 in ITI, Washim as detailed below:

Details of failed candidates in the final examinations of BBBT

Year	Actual enrollment	Total No. of candidates appeared	Total No. of candidates passed	Percentage of failed candidates
2008-09	96	91	44	52
2009-10	126	130	54	58
2010-11	126	137	28	80

(Source: ITI, Washim)

Note:-Appeared more than enrollment because the failed candidates re-appeared in succeeding years

Thus, non-procurement and idling of essential machinery and equipment for practical training coupled with non-filling of vacant posts of instructors impacted the quality of training, as evident from the high percentage of failure.

The Divisional Commissioner stated that the matter would be investigated.

2.1.7.3 Employment

Swarnajayanti Gram Swarojgar Yojana

Swarnajayanti Gram Swarojgar Yojana (SGSY) was launched by GoI in April 1999 in order to bring the poor families in rural areas above the poverty line by organizing the rural poor into Self Help Groups (SHGs) through the process of social mobilization, training and provision of income generating assets through a mix of bank credit and Government subsidy.

Non-achievement of objectives of the Scheme

A SHG consists of 10 to 20 members of which at least 80 *per cent* were to belong to BPL households. The SHGs, who were in existence for about six months and demonstrated the potential of a viable group, were eligible for getting revolving fund of ₹ 10,000 (Stage I). Further, at the end of six months

from the date of receipt of revolving fund, the SHGs, if functioning effectively, were eligible for getting loan-cum-subsidy of ₹ 1.25 lakh to start economic activity (Stage II). Hence, SHGs were expected to start economic activity within one year of their formation.

It was, however, noticed that out of 4,670 SHGs in the district formed till 31 March 2011 and who had completed a year of their formation, 2,547 SHGs (55 per cent) had not started economic activities, defeating the very objective of the Scheme.

The Divisional Commissioner accepted the audit observation.

Ineffective implementation of the Scheme

As per provision 6.4 of the SGSY guidelines, member of SHGs should cross poverty line within three years of formation. Scrutiny of records of DRDA (May 2012) revealed that 3,483 SHGs were formed as of March 2009 comprising 41,796 members¹¹ who should have been uplifted by March 2012. However, as of March 2012, only 1,205 out of 41,796 members (three per cent) crossed the BPL status, indicating ineffective implementation of the Scheme despite incurring an expenditure of ₹ 24.49 crore since its inception till March 2009.

The Divisional Commissioner accepted the audit observation.

Non-maintenance of database

According to the directives issued (February 2010) by GoM, software system developed by M/s Lips and Bounds, Pune (Company) was to be installed by each DRDA, which would contain all the information of SHGs and its members including financial aid received from Government and bank from time to time.

Data in prescribed format was to be provided by DRDA and the entire work of installation of software and uploading of data was to be completed within four months by the Company from the date of agreement, which was signed in July 2010. As per agreement, the cost of software development was pegged at ₹ 3 lakh, on line support at ₹ 1.50 lakh, web space at ₹ 30,000, installation cost ₹ 2,500 per block, data entry cost at ₹ 6 per SHG and ₹ 4 per member.

Audit observed, while DRDA, Washim paid ₹ 4.29 lakh to the company (towards cost of software and on line support) in November 2011, the software had not been installed as of May 2012.

Non-installation of software and non-uploading of data resulted in lack of support for better planning for requirements of SHGs.

The Divisional Commissioner accepted the audit observation.

¹¹ Considering an average of 12 members per SHG

2.1.7.4 Housing and sanitation

Indira Awaas Yojana

The Indira Awaas Yojana (IAY) which is a Centrally Sponsored Scheme, with a cost sharing ratio of 75:25 between the Centre and the State, was introduced in January 1996 as an independent Scheme. The objective of the IAY is primarily to help construction of dwelling units for members of Scheduled Caste (SC), Scheduled Tribe (ST), freed bonded labourers and other non-SC/ST BPL rural household by providing them with financial assistance.

The admissible financial assistance for construction of one dwelling unit was ₹ 28,500 up to the year 2007-08, ₹ 43,500 for 2008-09 and ₹ 68,500 from 2009-10 onwards excluding the beneficiary share of ₹ 1,500 by way of self labour. This pattern was applicable to all other housing Schemes except in Ramai Housing Scheme where beneficiary is not required to contribute his/her share.

Audit scrutiny of the records of DRDA, Washim and selected BDOs revealed the following:

Excess release of funds

The district received a grant of ₹ 97.16 crore during 2007-12 from the Centre and the State for various housing Schemes including IAY. Audit scrutiny revealed that the grant so released was excess by ₹ 6.64 crore, considering the number of houses sanctioned under the various housing Schemes during 2007-12. The excess release was retained by DRDA (May 2012).

Allotment of houses

As per IAY guidelines, the allotment of house should be in the name of female member of the beneficiary or in the joint names of both husband and wife. Scrutiny of records of BDOs of test-checked units revealed that out of 4,520¹² dwelling units sanctioned under various housing Schemes during 2007-12, only 692 (15 per cent) dwelling units were in the names of female beneficiaries and the remaining 3,828 (85 per cent) units were in the names of male beneficiaries, which was in contravention of the Scheme guidelines.

The BDOs stated that though the houses were originally sanctioned in the name of male member, the logo /display board was made in the joint name of husband and wife after completion of dwelling units.

The Divisional Commissioner did not furnish any specific reply.

¹² Malegaon – Total sanctioned units-1,179, No. of sanctioned units in name of male-962, No. of sanctioned units in name of female-217

Mangrulpir – Total sanctioned units-814, No. of sanctioned units in name of male-659, No. of sanctioned units in name of female-155

Washim– Total sanctioned units-2527, No. of sanctioned units in name of male-2,207, No. of sanctioned units in name of female-320

Non-procurement of smokeless chulhas

The IAY guidelines stipulated that each dwelling unit should be provided with a smokeless chulha which is fuel efficient, smoke free, healthy for clean environment and more convenient to use.

Scrutiny of records of DRDA revealed that though an amount of ₹ 351 per smokeless chulha per beneficiary was deducted from 6,991 beneficiaries (₹ 24.54 lakh) of various housing Schemes¹³ during 2009-11, yet DRDA failed to procure the chulhas till May 2012.

During exit conference, the Divisional Commissioner stated that all the smokeless chulhas had since been procured.

Smokeless chulhas lying idle

Scrutiny of stock registers of three test checked BDOs revealed that out of 2,665¹⁴ smokeless chulhas purchased during 2007-09, 1,657 chulhas were not distributed as of June 2012, though the cost of chulhas was recovered from the beneficiaries.

During exit conference, the Divisional Commissioner stated that all the smokeless chulhas had since been distributed.

Other housing Schemes

Selection of beneficiaries – Minority Sectoral Development Programme

As per orders issued by GoM in October 2006, Muslims, Christians, Sikhs, Buddhists, Zoroastrians (Parsis) and Jains residing in the State of Maharashtra will be treated as minorities. The State Government introduced the programme of providing dwelling units to the minority beneficiaries from 2010-11 under Minority Sectoral Development Programme.

Scrutiny of records of BDO, Washim revealed that during 2010-12, dwelling units were provided to 440 beneficiaries which included Muslims-120, SCs-97 and others-223.

The selection of 320 beneficiaries other than the minority community deprived the legitimate beneficiaries of the benefits.

The Divisional Commissioner accepted the audit observation.

Short payment to beneficiaries – Ramai Housing Scheme

The Ramai Housing Scheme was introduced by the State Government from 2010-11. As per provisions of this Scheme, if a beneficiary is from rural area, there is no requirement of contribution of beneficiary share of ₹ 1,500. Thus, entire amount of subsidy is payable to beneficiary as per the cost of house

¹³ IAY, Ramai, Minority etc.

¹⁴ Malegaon – Total stock-885, Distributed-333, Balance-552
Mangrulpir – Total stock-826, Distributed-325, Balance-501
Washim – Total stock-954, Distributed-350, Balance-604

applicable to a particular year. Audit observed that DRDA paid ₹ 68,500 per beneficiary (May 2012) to 4,976 beneficiaries during 2010-12 instead of ₹ 70,000 per beneficiary, resulting in short payment of ₹ 74.64 lakh¹⁵.

The Divisional Commissioner stated that the Scheme guidelines would be complied with.

Total Sanitation Campaign

Total Sanitation Campaign (TSC) is a comprehensive programme launched by GoI in January 2004 to ensure sanitation facilities in rural areas with a broader goal of eradicating the practice of open defecation. TSC was implemented in Washim district from 2004-05 by the ZP.

Target and achievement

The position of target and achievement in respect of various components of TSC in Washim district during 2004-12 was as under:

Target and achievement of TSC			
Component	Target (Number)	Achievement (Number)	Percentage of achievement
Individual household latrines (BPL)	1,07,896	44,781	42
Individual household latrines (APL)	97,057	43,739	45
School toilet units	1,526	1,526	100
Anganwadi toilets	950	950	100
Community complex toilets	50	38	76

(Source: Project performance report of ZP, Washim)

Test-check of records of sampled blocks revealed (June 2012) that the percentage of achievement under Individual Household Latrines (BPL and APL) ranged from 28 to 45 in Mangrulpir and Malegaon blocks as of March 2012. This indicated that the objective of the Scheme was partially achieved.

Huge unspent balance

The position of funds received and expenditure incurred under TSC during 2007-12 was as follows:

Funds received and expenditure incurred under TSC						
(₹ in lakh)						
Year	Opening balance	Grant received	Total	Expenditure	Closing balance	Percentage of expenditure
2007-08	18.95	67.76	86.71	72.86	13.85	84
2008-09	13.85	206.99	220.84	210.06	10.78	95
2009-10	10.78	129.57	140.35	76.35	64.00	54
2010-11	64.00	466.14	530.14	61.60	468.54	12
2011-12	468.54	439.90	908.44	327.75	580.69	36
Total		1,310.36		748.62		

(Source: ZP, Washim)

¹⁵ ₹ 1,500 x 2,626 beneficiaries (2010-11) = ₹ 39.39 lakh

₹ 1,500 x 2,350 beneficiaries (2011-12) = ₹ 35.25 lakh

It was revealed that the percentage of expenditure incurred ranged from 12 per cent to 95 per cent during 2007-12. The unspent balance lying with the ZP at the end of March 2012 was ₹ 5.81 crore.

The Divisional Commissioner accepted the audit observation and stated that unspent balances were due to non-achievement of targets.

2.1.7.5 Social infrastructure

Non-utilization of infrastructure

Government of Maharashtra decided (June 2006) to construct Dr. Babasaheb Ambedkar Samajik Nyay Bhavan (Ambedkar Bhavan) in every district of Maharashtra State with facilities such as:

- Library, information centre, conference hall, sitting hall, canteen, kala academy;
- Computer training institute with facility of Cyber Café; and
- A community hall for SC and Nav-buddha community for conducting community programmes at a reasonable rent.

Scrutiny of records of Special District Social Welfare Officer (SDSWO), Washim revealed (February 2012) that construction of Ambedkar Bhavan in Washim district was completed at a cost of ₹ 4.69 crore in July 2009 in three parts *i.e.* Building A, Building B and Building C. While Building A was being used for the offices of Social Welfare department, the remaining two buildings constructed at a cost of ₹ 2.70 crore had not been put to use (January 2013).

Idle investment on repairs and renovation of central jail

Though the work of repairs and renovation of jail building, construction of barracks, compound wall and staff quarters at Washim was completed in March 2007, yet the possession of the jail was not taken over by the Home Department as of January 2013, thereby rendering an expenditure of ₹ 3.82 crore unproductive.

Audit observed that the Public Works Department (PWD) had been reminding the Jail authorities since November 2007 to take over the possession and the jail authorities certified in 2009 that the infrastructure was sufficient to make the jail functional. However, the possession was not taken over resulting in theft of material and deterioration of the structure. Pending possession of the jail, the inmates were lodged in Akola jail located at a distance of 80 km from Washim.

Audit also observed that the Police had to bring the inmates from Akola to Washim for attending the court and take them back daily. This necessitated deployment of one police vehicle and security personnel for which an approximate expenditure of ₹ 27.54 lakh¹⁶ had been incurred by the Home

¹⁶ ₹ 45,900 per month x 12 months x 5 years

Department during 2007-12. This expenditure could have been avoided had the jail been taken over in March 2007 after renovations and construction.

The Divisional Commissioner accepted the audit observation.

2.1.7.6 Local bodies

Urban development

As per recommendations of the 12th Finance Commission (2005-10), the Municipal Councils (MCs) were required to prepare comprehensive project plans for solid waste management and other related works; utilise 56.50 *per cent* of the TFC grants on solid waste management; and 43.50 *per cent* of the grant on other related works.

Disposal of Municipal solid waste

Municipal Councils, Washim and Mangrulpir

Under the jurisdiction of MC, Washim 18.48 MT of garbage per day was being generated, of which, 22 *per cent* was recyclable waste, 41 *per cent* was bio-degradable waste and mixed waste was 37 *per cent*. To collect the waste, nine vehicles were being deployed in the town. Audit, however, observed that a waste disposal plant procured in August 2010 was not set up as of January 2013 even after incurring expenditure of ₹ 26.81 lakh¹⁷.

Similarly, under the jurisdiction of MC, Mangrulpir, 7.5 MT of garbage per day was being generated. However, no solid waste disposal plant was set up in the town despite the fact that a proposal to this effect was mooted way back in March 2008 by the Directorate of Municipal Administration, Mumbai.

Consequently, solid waste was being disposed of in both the MCs in an unorganized and unscientific manner in the dumping yard.

The Divisional Commissioner, Amravati accepted the audit observation.

2.1.8 Economic services

2.1.8.1 Irrigation

One Minor Irrigation Division (MID) at Washim was handling two medium and 81 minor irrigation projects in the district. However, with a view to removing irrigation backlog in the district, GoM established three¹⁸ more divisions. Audit scrutiny of these four irrigation divisions revealed the following:

¹⁷ Machinery – ₹ 7 lakh ; construction of plant – ₹ 19.81 lakh

¹⁸ Minor Irrigation (Local Sector) Division, Washim in October 2007, MID-II, Karanja in May 2008 and MID-III, Washim in May 2008

Creation and utilisation of irrigation potential

Against the targeted irrigation potential (IP) of 27,214 hectares (ha), IP of 11,483 ha (42 *per cent*) was created during 2007-12. Out of this, IP of 1,867 ha (16 *per cent*) only could be utilised.

Non-adherence to the recommendations of the High Power Committee on planning

A High Power Committee (HPC) headed by the Secretary, Planning Department was set up to review the status of irrigation projects across the State. As per the recommendations of said committee (November 2001), projects on which expenditure incurred was above 75 *per cent* were to be completed first. The projects on which expenditure incurred was between 50 and 75 *per cent* were to be taken up next and projects with expenditure less than 50 *per cent* were to be stopped.

The divisions incurred an expenditure of ₹ 313.63 crore during 2009-11 on 59 new projects. There were 15 old projects on which more than 50 *per cent* expenditure was incurred as of March 2012. These projects were taken up between August 1995 and May 2006 and required a further expenditure of ₹ 32.38 crore for their completion. If the recommendations of the HPC had been followed scrupulously, the older projects could have been prioritized and completed early.

The Divisional Commissioner stated that the old projects would be completed under intensive irrigation programme.

2.1.8.2 Soil and water conservation

Vidarbha Watershed Development Mission

Vidarbha Watershed Development Mission (VWDM) was included in the Farmers' package of Government of Maharashtra. The State Government issued guidelines on VWDM in September 2006. VWDM aimed at ensuring availability of water for irrigation, achieving water conservation and generating agro-based self-employment through development of watersheds in the six suicide-prone districts in the State including Washim. The nodal agency for implementation of works under VWDM is the Agriculture Department. The works under a watershed project include treatments like continuous contour trenches (CCT), graded bunding (GB), loose boulder structure (LBS), farm ponds (FPs), cement nalla bandhara (CNB) and mati nalla bandhara (MNB).

Non-contribution to watershed development fund and non-maintenance of watershed structures

As per the guidelines issued by GoI for Hariyali Scheme, which were also reiterated by the State Government, the Watershed Development Committees (WSDCs) were required to create a Watershed Development Fund (WDF) for maintenance of various works carried out under VWDM. Contributions to WDF were to be made by the individual beneficiaries at a minimum 10 *per*

cent of the cost of works executed on individual lands and in case of SCs/STs and persons identified below the poverty line, at five per cent.

In three test-checked talukas, 46 Village WSDCs carried out treatment works like GB, CNB, MNB and FPs on 66 watershed projects during 2007-12 under VWDM by incurring an expenditure of ₹ 12.17 crore. However, contribution by the Village WSDCs at the rate of five per cent (minimum) amounting to ₹ 60.79 lakh was not recovered and credited to WDF. Consequently, no maintenance expenditure was incurred during 2007-12 by the District Superintending Agriculture Officer (DSAO).

Check dams under Prime Minister's package

Construction of check dams in six suicide-prone districts of Maharashtra (including Washim) was included under the Prime Minister's package announced by GoI in July 2006. The Commissioner of Agriculture (CoA), Maharashtra State, Pune issued instructions (August 2006) regarding the construction of check dams stating *inter alia* that in order to avoid the deposit of silt, works should be executed on the single rivulet/Nalla in a chain system and beneficiaries should construct small mati nalla bandh on the sides of their field. To arrest silting, the department should also construct gabion structure on the upper reaches of the chain system from other sources like district fund, backlog, etc.

Non-construction of gabion structures

GoI fixed a target of 1,500 check dams (500 per year per district, including Washim) in July 2006 to be constructed in a period of three years (2006-09). Audit observed that against the target of 1,500 check dams fixed by GoI to be completed at a cost of ₹ 30 crore, the DSAO could complete 1,491 check dams at a cost of ₹ 29.04 crore by 2011-12. Further, the DSAO undertook construction of 54 additional check dams by diverting the district and backlog funds (₹ 1.16 crore) earmarked for gabion structures, which could not be completed as of March 2012. As a result, neither gabion structures could be constructed nor the DSAO could ensure the completion of 63¹⁹ check dams. The completion certificates in respect of the check dams were yet to be issued by the Taluka Agriculture Officers as of January 2013. During a joint field visit with the departmental officials (April 2012) to village Chandas (Taluka-Malegaon), audit observed huge deposit of silt in a number of check dams due to non-construction of gabion structures.

The Divisional Commissioner accepted the audit observation and stated that completion certificates would be furnished.

¹⁹ 1,500-1,491 = 9 + 54 (additional check dams) = 63

2.1.9 Evaluation and monitoring

2.1.9.1 Delay in finalization of annual accounts

The annual statement of accounts of the ZP should be prepared on or before 10 July of the following financial year for placing before the Finance Committee of the ZP by 10 August. Subsequently, these accounts are to be approved on or before 30 September by ZPs and finally, an abstract of statement of accounts in Government Gazette is required to be published before 15 November.

It was observed (February 2012) from the records of the Chief Accounts and Finance Officer (CAFO), ZP, Washim that there was a delay of 16 months in approval of accounts by ZP for the year 2007-08; two months in publishing of accounts for 2007-08 and eight months for the accounts of 2008-09. The annual accounts for the year 2010-11 were not published in the Government Gazette as of January 2013.

2.1.9.2 Internal Control Mechanism

Non-establishment of Internal Audit Wing

As per the guidelines issued by the DRDA, an internal audit wing should be established with one of the Accounts Officers performing the role of internal auditor.

Scrutiny of records revealed (June 2012) that the internal audit wing was not established in DRDA, Washim during the period 2007-12.

Scrutiny of records of the CAFO revealed (June 2012) that internal audit of nine out of 12 departments of ZP and six PSs of Washim district was not conducted by CAFO during 2007-11.

2.1.10 Conclusion

The District Planning Committee did not prepare integrated district plan in any year covering the entire gamut of activities for overall development of the district. The district was short of health centres and minimum infrastructure. Thirteen Rural Water Supply Schemes completed by Maharashtra Jeevan Pradikaran at a cost of ₹ 78.42 crore during 1986-2011 were not taken over by the local bodies as of March 2012. There was feeding interruption under Mid Day Meal Scheme which ranged between 5 and 199 days. Non-procurement and idling of essential machinery and equipment for practical training with non-filling of vacant posts of instructors under Centre of Excellence Scheme for upgrading the ITI impacted the quality of training. The central jail has not been taken over by the Home Department even after more than five years of its renovation and an expenditure of ₹ 3.82 crore. Since the inception of SGSY Scheme in 1999, only three *per cent* of the beneficiaries crossed the BPL status till March 2012 despite incurring an expenditure of ₹ 24.49 crore. Waste disposal plants were not set up by MCs, Washim and Mangrulpir utilising 12th FC Grants. There was delay in finalisation of annual accounts of ZP. Necessary structure to arrest silting was not raised for check dams constructed at a cost of ₹ 29.04 crore.

2.1.11 Recommendations

The Government may:

- ensure that the DPC prepares an integrated district plan for the overall development of the district;
- conduct a survey to identify the gaps in health care infrastructure and facilities;
- ensure that there are no feeding interruptions under Mid Day Meal Scheme;
- ensure effective implementation of SGSY Scheme in order to lift the targeted number of beneficiaries above poverty line;
- expedite setting up of waste management facilities in Municipal Councils;
- ensure construction of gabion structures to arrest silting in check dams; and
- ensure timely submission, approval and publication of annual accounts of Zilla Parishad.

The matter was referred to the Government in October 2012; their reply was awaited as of January 2013.

CHAPTER - III

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AUDIT OF TRANSACTIONS 33 to 51

- 3.1.1 *Fraudulent payment*
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- 3.2.4 *Irregular payment to contractor*
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Chapter III

Audit of Transactions

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

3.1 Fraudulent drawal/misappropriation/embezzlement/losses

Public Works Department

3.1.1 Fraudulent payment

The Public Works Department made a payment of ₹ 57.30 lakh to two contractors towards purchase of bitumen without obtaining original invoices as stipulated in the contract. Cross-verification by Audit subsequently revealed that the duplicate invoices on the basis of which the payments were admitted were forged.

Work of improvement of 76 Km Malharpeth-Pandharpur State Highway was awarded (February 2008) to M/s U.P. Bagal, Solapur (contractor) by the Executive Engineer, Public Works Division, Pandharpur, District Solapur (EE) at a cost of ₹ 1.48 crore. The work was to be completed in eight months from the date of issue of work order *i.e.*, by October 2008.

As per the contractual conditions bulk bitumen was to be procured and brought by the contractor at his own cost from any reputed Government refinery. Further, the contract also stipulated that the original challan and delivery memo of the bitumen obtained from the Government refinery should be submitted to the Engineer-in-charge and the same should be recorded in the measurement book of that work.

Scrutiny of running account bills (R A Bills) in March 2010 paid by EE to the contractor during the period from September 2008 to October 2008 revealed that 14 photocopies, instead of original invoices, involving purchase of 187.66 MT of bitumen from Hindustan Petroleum Corporation Limited (HPCL) valued at ₹ 51.51 lakh were attached to the paid R A bills. As some of these invoices had the same delivery number but different dates, a cross verification with HPCL was done by Audit to ascertain the genuineness of the invoices attached to R A Bills. On cross verification, the HPCL, Mumbai confirmed (May 2010 and September 2011) that 11²⁰ out of 14 photocopies of invoices involving purchase of 141.86 MT bitumen at ₹ 46.68 lakh were not issued/ generated by it. This indicated that the copies of the invoices furnished by the contractor in

²⁰ Remaining three invoices not included as they were not legible

support of purchase of bitumen were fake. The work was completed and the final bill was not paid (December 2011).

A similar case was noticed in respect of contract for strengthening the Padegaon – Dahegaon road (chainage from 33/700 to 35/400) awarded (August 2009) by the Executive Engineer, Public Works Division, Sangamner, District Nashik to M/s Sai Shanti Construction. The value of contract was ₹ 32.18 lakh to be completed in nine months *i.e.*, by May 2010. Three out of eight delivery challans submitted by M/s Sai Shanti Construction in support of purchase of 37.09 MT of bitumen at a cost of ₹ 10.62 lakh, on cross verification (September 2011) by Audit with HPCL, were also found to be not generated from its terminal.

Thus, payment made without obtaining original invoices as per the contractual condition and non-verification of the genuineness of the 14 duplicate invoices as detailed above indicated weak internal controls, resulting in fraudulent payment of ₹ 57.30 lakh²¹.

The matter was referred to the Government in June 2012; their reply was awaited as of January 2013.

3.2 Non-compliance with rules and regulations

For sound financial administration and financial control, it is essential that expenditure conforms to the financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriations and frauds, but also helps in maintaining good financial discipline. Some of the audit findings on non-compliance with rules and regulations are as under:

Water Resources Department

3.2.1 Irregular extra expenditure due to violation of contract conditions

Irregular admission of claim for an extra item rate list in deviation of contract conditions resulted in an extra expenditure of ₹ 3.73 crore.

The Executive Engineer, Minor Irrigation Division, Jalgaon (EE) under TIDC²² awarded (March 2002) a lump sum contract to a contractor for designing, planning and construction of a dam at Shree Padmalaya-II, Taluka Erandol, District Dhule at a tendered cost of ₹ 60.51 crore (4.89 *per cent* above the cost put to tender of ₹ 57.68 crore). The work was to be completed in 84 months (March 2009).

²¹ M/s U. P. Bagal Constructions: 11 invoices for ₹ 46.68 lakh and M/s Sai Shanti Constructions : 3 invoices for ₹ 10.62 lakh = ₹ 57.30 lakh

²² Tapi Irrigation Development Corporation

Special conditions of contract *inter alia* stipulated that (i) the contractor would carefully examine the work and site conditions and fully inform himself of the availability of construction material, local conditions *etc.* before quoting his offer; and (ii) the contract being lump sum, the bid price of which was based on the contractor's own design, no extra items/financial claims of the contractor would be considered.

Scrutiny of the records (October 2010) of EE revealed that as per approved estimates, the quantity of black soil required for gorge filling work was 945,435 cum which was to be transported from a distance of two to three km within the submergence area. However, the contractor transported only 183,012 cum of black soil from the submergence area and the remaining 762,423 cum was brought from a private land situated at a distance of eight km. This entailed an irregular extra expenditure of ₹ 3.73 crore which was sanctioned (July 2009) by the Superintending Engineer, Jalgaon Irrigation Project Circle, Jalgaon as an extra item rate list in violation of contract conditions mentioned above. An amount of ₹ 2.66 crore was paid to the contractor as of January 2011 (up to 36th Running Account bill).

The EE stated (October 2010) that the contractor reported and claimed from time to time that black soil in required quantity was not available within two to three km of submergence area. In order to complete the work on time it was necessary to carry 762,423 cum of soil from a distance of eight km. Hence, the contractor's claim for ₹ 3.73 crore was sanctioned and paid.

The reply is not acceptable because the contractor was expected to be aware of the site conditions before quoting for the work and being a lump sum contract he was not entitled to any extra items/financial claims, as stipulated in the special conditions of contract. The fact that only 58 *per cent* of work has been completed as of July 2012 (against the target date of March 2009) further undermines the justification furnished by the EE that deviation from contract conditions was allowed in order to ensure timely implementation of the work.

The matter was reported to the Government (March 2012); their reply was awaited as of January 2013.

3.2.2 Avoidable extra expenditure

The Water Resources Department incurred an avoidable expenditure of ₹ 18.92 crore due to change in alignment of a canal work necessitated by failure in obtaining prior approval of Central Government under Forest (Conservation) Act, 1980.

As per Forest (Conservation) Act, 1980 no forest land or any portion thereof should be used for any non-forest purpose without the prior approval of the Central Government.

The work of construction of earth work, structures and lining in Km 1 to 10 of Chinchala distributory of Chinchala branch canal was awarded (March 2007)

to a contractor at a tendered cost of ₹ 23.81 crore with stipulation to complete the work within 36 calendar months (March 2010).

Scrutiny of records (February 2011) of Executive Engineer, Upper Penganga Project Division No.6, Nanded revealed that during the land acquisition procedure in March 2007 the departmental officers were aware of the fact that the initial alignment of Chinchala branch canal was passing through forest land and therefore, it was mandatory to obtain the prior approval of the Central Government under Forest (Conservation) Act, 1980. However, this key regulatory requirement was bypassed and the work was commenced forthwith. Consequently, after implementing works estimating ₹ 8.22 crore up to 7th running account bill, the work was stopped by the Forest Division, Nanded in September 2008 on the ground that alignment of distributory in chainage number 5,900 meter to 9,200 meter was passing through forest land, for which no prior permission of the Central Government was obtained.

At this juncture, instead of referring the matter to the Central Government for its approval, the Superintending Engineer, Upper Penganga Project Circle, Nanded (SE) granted permission (November 2008) to an alternative alignment which involved underground excavation of tunnel in hard strata from RD 5,360 meter to RD 7,430 meter, on the ground that getting clearance of Central Government for diversion of forest land for non-forestry use would be time consuming. This action led to an unprecedented increase in the quantity of excavation from the initial tendered quantity of 27,118 cum to 87,966 cum²³ as well as sanction of an additional payment of ₹ 19.08 crore to the contractor (@ ₹ 3,530.60 per cum) in April 2009 under clause 38 of the agreement, which was largely avoidable. As of September 2012, the work was still under progress and an expenditure of ₹ 37.38 crore was incurred, including an expenditure of ₹ 18.92 crore incurred under clause 38.

The Government accepted (August 2012) that while submitting the land acquisition proposal to the Collector, Nanded the alignment was passing through the forest land. It further stated that the project was included in “Accelerated Irrigation Benefit Programme” and therefore, it was obligatory to achieve the targeted irrigation potential. However, past experience showed that clearance of forest land from the Central Government took long time which would have delayed the achievement of irrigation potential target in the instant case. Hence, an alternative canal alignment was finalized by avoiding the forest land and tender action was initiated to extend the irrigation benefits at the earliest. The Government, however, added that even if the forest land had been identified at the time of survey alignment the present changed alignment would be the alignment of canal on which the work was finally executed and hence, there was no additional expenditure.

However, the fact remained that even after establishing an alternative alignment the envisaged objective of timely extending the irrigation benefits

²³ Quantity of item under agreement	27,118 cum
As per agreement conditions upto 125%	33,897 cum
Expected total quantity as per new alignment	87,966 cum
Excess quantity (above 125%)	54,069 cum

was seriously affected due to delay in implementation of the project by more than 2½ years, besides, leading to an avoidable expenditure of ₹ 18.92 crore.

3.2.3 Undue benefit to contractors

The action of two irrigation corporations to load excise duty in the estimates for erection of radial gates and allied works in execution of three irrigation projects resulted in undue benefit of ₹ 9.44 crore to contractors.

As per General Exemption Notification No. 53 of Central Excise Tariff 2005-06, all goods fabricated at site of work for use in construction work attract 'nil' rate of duty.

Work of fabrication and erection of radial gates, stop log gates and hoisting arrangement *etc.* of three irrigation projects²⁴ in two divisions²⁵ of Vidarbha Irrigation Development Corporation (VIDC) and TIDC was awarded to three contractors between November 2006 and August 2008. The works were to be completed between May 2009 and October 2012.

Scrutiny of records (July and October, 2011) of these divisions revealed that Central Excise Duty (CED) at the rate of 16 to 16.32 *per cent* was included in the estimated cost of radial gates, stop log gates and hoist provided in the Schedule 'B' of contract. But, since the contractors had brought the raw material to the site of the project for fabrication and erection of gates and allied works, therefore, no CED was payable. The action of project authorities to load the rate of these items with CED thus, resulted in undue benefit to the contractors to the extent of ₹ 9.44 crore, of which, an amount of ₹ 4.61 crore had already been paid as of May 2012. The details are indicated in **Appendix 3.1**.

The Government stated (September 2012) that in respect of the irrigation project under VIDC, the contractor had fabricated parts of radial gates at his workshop and would pay the required CED. Therefore, it would not be fair to say that the contractor was getting any undue benefit from the department.

The reply is not acceptable as CED was required to be paid by the contractor on the finished goods before its removal from manufacturing premises / factory gate.

Regarding the remaining two projects under TIDC, the Government stated that the estimates were loaded with CED on the assumption that the contractors will manufacture the gates and the allied parts at the workshop in Dhule. The Government further contended that had CED not been loaded in the estimates, then the cost of establishing workshop at site and allied expenses incurred by the contractors would have to be loaded in the estimates.

²⁴ (i) Lower Panzara (Akkal Pada) Medium Project, Taluka Sakri, District Dhule. (ii) Wadi Shewadi Medium Project, Taluka Sindkhada, District Dhule (iii) Jigaon Medium Project, Taluka Nandura, District Buldhana

²⁵ (a) Dhule Medium Project Division No 1, Dhule (TIDC)
(b) Wan Project Division, Shegaon, District Buldhana (VIDC)

The reply is not acceptable as the contractors had carried out fabrication works at the dam site and availed of CED exemption. Therefore, loading of CED in the estimates *ab initio* by the department was wrong. Further, evidence available with audit indicated that the department had already factored in the workshop charges in the estimates for fabrication of radial gates and therefore, the contention of the Government in this regard was also not based on facts.

3.2.4 Irregular payment to a contractor

The action of the Water Resources Department to entrust the repair works on a tunnel completed eight years ago as an extra item not only breached the provisions of Maharashtra Public Works Manual but also resulted in irregular payment of ₹ 0.99 crore to the contractor.

As per Para 200 of the Maharashtra Public Works (MPW) Manual, tenders should invariably be invited publicly for all works except for extra items which should be undertaken as part of the original work and the work originally undertaken is in progress and the items which are really inseparable from the original contract and cannot conveniently be done by a different agency. Further, as per Para 228 no extra item should be got executed from the contractor on oral orders or in anticipation of the sanction of the competent authority.

Scrutiny of records of Executive Engineer, Tillari Head Works Division No.1, Konalkatta (EE) revealed (December 2011) that the third revised administrative approval for Tillari interstate irrigation project, district Sindhudurg was accorded (June 2008) at a cost of ₹ 1,390.04 crore by the Water Resources Department, Government of Maharashtra (Department). It was further observed that a sub-work for construction of concrete lining for tunnel in Km 9 (8065 m) and 10 (9198 m) *i.e.*, 1,133 meters of Banda Branch Canal of Tillari interstate irrigation project was awarded to M/s V I Shetty & Company at an estimated cost of ₹ two crore. The work order was issued in February 2006 with stipulated period of 12 months for completion of work. Periodical extensions were granted to the contractor up to May 2010.

During the inspection of the Irrigation Cum Power Outlet²⁶ (ICPO) of Tillari irrigation project in August and September 2009, the EE observed that the cement lining at the top of the tunnel in ch 710 m to 900 m (original length ch. 306 m to 1440 m) at 13 to 14 places had come down and cracks were noticed in cement concrete, which required repairs. The EE submitted (08 November 2009) a proposal to the Superintending Engineer (SE) for execution of these repair works under extra item rate list (EIRL) from M/s Shetty as a part of his original work, on the ground that it would take longer time to complete the work if taken up after inviting tenders. It was also mentioned in the proposal that M/s Shetty had completed the original work to the extent of 95 *per cent* and was ready to execute the repair work. The proposal was further forwarded (30 November 2009) by the SE to the Chief Engineer (CE) for according technical sanction.

²⁶ Another sub-work of Tillari irrigation project which was completed in May 2001

Audit scrutiny of relevant documents (measurement books and running account bills) revealed the following :

- As per measurement book, M/s Shetty undertook repair works on the tunnel on 17 November 2009. Whereas, the CE accorded technical sanction on 02 December 2009. Thus, the repair works were undertaken before obtaining the approval of the competent authority, in contravention of Para 228 of the MPW Manual.
- The original work for which M/s Shetty was engaged (concrete cement lining) in February 2006 was actually completed in February 2009 as evident from the measurement book. On the other hand, the repair works on the tunnel entrusted to him was taken up in November 2009 *i.e.* after a time lag of nine months. While M/s Shetty was paid ₹ 3.22 crore for the original work, he was additionally paid ₹ 0.99 crore for the repair works, as EIRL as part of his original work. Thus, entrusting the repair works to M/s Shetty without inviting tenders for a work at a different location and which already stood completed way back in May 2001 also contravened Para 200 of MPW Manual.

The Government stated (May 2012) that Tillari is an interstate project of Governments of Maharashtra and Goa. It was mandatory to release water for drinking and irrigation purpose for Goa State from 25 December 2009 and the period available for repair work was very less. As the repair work was of specific nature and due to urgency, the work was carried out on EIRL through an experienced agency (M/s Shetty) who was immediately available at the same site of Tillari Project carrying out the similar work of concrete lining of tunnel Km 9 to 10 of Banda Branch canal. The Government further stated that the work was carried out on war footing and completed before 26 December 2009 and water released on the same day. As both the works were within the scope of the Tillari Project, the decision was taken in the interest of timely water supply for drinking and irrigation purpose in the States of Maharashtra and Goa.

The reply furnished by the Government is not borne out of facts and therefore, lacks conviction. If it was considered mandatory by the Government to release water to Goa State within the ambit of interstate agreement, inspection of the tunnel, which already stood completed way back in May 2001, could have been carried out well in advance. Further, the contention that an experienced agency was immediately available at the same site carrying out the similar work is also not maintainable because the agency in question (M/s Shetty) had completed his original work in February 2009, whereas, the repair works on the tunnel was entrusted to him after a time lag of nine months in November 2009.

Thus, the action of the Department to award the repair works on the tunnel under EIRL not only breached the provisions of MPW manual but also resulted in an irregular payment of ₹ 0.99 crore to the contractor.

3.3 Audit against propriety/Expenditure without justification

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce financial order and strict economy at every step. Audit has detected instances of impropriety and extra expenditure, some of which are discussed below:

Water Resources Department

3.3.1 Avoidable extra expenditure

Failure of the Water Resources Department to consult the Public Works Department before taking up the work of construction of protection bund in Bhandara city resulted in an avoidable extra expenditure of ₹ 12.83 crore.

The Buildings and Communications Department of Government of Maharashtra instructed in August 1974 that at the stage of investigation of any irrigation project, the Executive Engineer of Water Resources Department (WRD) should intimate the Executive Engineer and Superintending Engineer of Public Works Department (PWD) the details of the road works which are affected or likely to be submerged, so as to enable the PWD to start investigation for alternative routes and preparation of plan and estimates. The Irrigation Department also directed (December 1982) that both WRD and PWD should inform each other and obtain permission/NOC from each other before execution of any road work. If the WRD desires to execute any road work they should do so only after obtaining the technical sanction to plans and estimates from PWD and also obtain their technical guidance and approval for any changes made during the execution of road work.

The Chief Engineer, Gosikhurd Project, Nagpur accorded (July 2006) technical sanction of ₹ 45.20 crore²⁷ for construction of a protection bund for Bhandara town along with appurtenant works based on a back water study of Gosikhurd Irrigation Project which had reported that about 2,201 houses in Bhandara would be affected due to back water of the project. The work was awarded to a contractor at a cost ₹ 44.41 crore in November 2007 for completion within 24 months *i.e.* by November 2009. As of September 2012, the work was still under progress and an expenditure of ₹ 57.76 crore was incurred which included an extra payment of ₹ 11.97 crore for execution of increased quantities of five²⁸ items of work under Clause 38 of agreement.

²⁷ At Schedule of Rates (CSR) 2005-06

²⁸ Item No. 20(a) : Providing and constructing in-situ CC lining of M20 grade trap/granite *etc.* (ii) Item No. 21 : Providing and fixing in position Mild Steel, HYSD bar reinforcement (iii) Item No. 22 : Filling in plinth and floor (iv) Item No. 24 : Providing expansion joint *etc.* (v) Item No. 25 : Providing and fixing three coats of water proof cement paint

Scrutiny of records of Executive Engineer, Goshikhurd Rehabilitation Division, Ambadi, District Bhandara (EE) revealed (March 2010) that National Highway number six (NH) heading towards Sakoli and State Highway number 271 (SH) heading towards Tumsar were crossing Bhandara city in the east-west and north-south directions respectively. To connect these two highways, one link road SH 271(A) in the north-east direction was in existence, under the control of PWD, which was coming under the submergence of Gosikhurd reservoir. The alignment of proposed protection bund was intersecting SH 271 (A) and SH 271. PWD pointed out in October 2007 that as the height of protection bund had been kept at five to seven feet, the utility of link road would be lost and traffic would have to be diverted through Bhandara city leading to traffic jam and accidents. Subsequently, in a meeting of Superintending Engineer, PWD and Gosikhurd Project Circle, Nagpur held in January 2008 it was decided to construct road of state highway standard over the protection bund by increasing its top width so that it could be used as a link road and heavy vehicular traffic coming from Sakoli side and heading towards Tumsar would not pass through Bhandara city.

Incidentally, while the WRD had already awarded the work for construction of protection bund in November 2007, the decision to construct the diversion road of state highway standard on the protection bund was taken *post facto* only in January 2008 after consultations with the PWD, thus, necessitating implementation of extra items of work through a separate contract. The extra work was awarded to another contractor in June 2009 at a cost of ₹ 15.91 crore²⁹ for completion within 24 months. Also, an Extra Item Rate List (EIRL) amounting to ₹ 6.60 crore in respect of nine items of work³⁰, which were not initially envisaged in the original contract, as well as payment amounting to ₹ 6.44 crore under clause 38 for execution of 1,24,355 cum of additional earthwork for construction of casing zone with selected material at the rate of ₹ 518.45 per cum, were also sanctioned to the contractor who was entrusted with increased scope of work. As of September 2012, an expenditure of ₹ 23.71 crore was incurred against the second contract and the work was still in progress.

Evidently, if the PWD had been consulted before preparation of original estimates for the protection bund, the works could have been executed at the rates based on CSR 2005-06. The action of the WRD to not consult the PWD ahead of awarding the work of protection bund resulted in an extra expenditure of ₹ 12.83 crore as detailed below:

²⁹ At SoR 2008-09

³⁰ (i) Supplying of trap/granite/quartzite/gneiss stone metal 80 mm size; (ii) Supplying of trap/granite/quartzite/gneiss stone metal 40 mm size; (iii) Supplying soft murrum at the road side; (iv) Supplying sand at road side; (v) Spreading 80mm metal including sectioning complete; (vi) Spreading 40mm metal including sectioning complete; (vii) Spreading gravel/sand/soft murrum; (viii) Compacting 80mm subgrade/gravel, over size metal (200mm loose) layers; and (ix) Compacting 40 mm subgrade/gravel, over size metal (100mm loose) layers

Sl.No.	Extra expenditure due to	Amount (in ₹)
1.	Awarding of fresh work	4,16,00,261.24
2.	Clause 38	5,65,94,388.68
3.	Sanction of extra item rate list	3,01,43,185.94
		12,83,37,835.86

The item-wise details of extra expenditure incurred on account of awarding of fresh work, clause 38 and extra item rate list are indicated in **Appendix 3.2**.

The Government stated (September 2012) that the decision to construct the link road over the protection bund was taken as per the demand of people. It further stated that even if PWD had been consulted they would have suggested protection bund as a road structure as per their requirements and specifications. It added that the requirements were incorporated as and when the necessity cropped up, hence, it was not possible to ascertain the requirements of the PWD and accommodate the same in the estimates of 2005-06. Considering the price escalation on initial work, the action taken was reasonable.

The reply of Government is not acceptable as the WRD in the instant case failed to coordinate with PWD in violation of the existing instructions, leading to an avoidable extra expenditure of ₹ 12.83 crore.

Maharashtra Krishna Valley Development Corporation

3.3.2 Avoidable extra expenditure due to non-observance of Government directives

Non-observance of Government directives by the Water Resources Department in not including plum concrete in the tender *ab initio* for construction of a minor irrigation tank led to an avoidable extra expenditure of ₹ 1.73 crore.

The Irrigation Department, Government of Maharashtra issued directives in July 2002 that all future dam works for irrigation purpose should invariably be constructed in concrete in order to increase the life of the dam.

The Maharashtra Krishna Valley Development Corporation (MKVDC) accorded administrative approval (June 2000) for construction of a minor irrigation tank at Ghangaldara (taluka Junnar) in Pune at a cost of ₹ 4.55 crore. Technical sanction was accorded (August 2004) by the Chief Engineer, Pune at a cost of ₹ 6.50 crore. The work was awarded to a contractor in February 2006 at a cost of ₹ 6.06 crore for completion in 36 months (February 2009).

However, the work could not be commenced due to increase in cost of acquisition of land, schedule of rates, changes in the original design *etc.* The Water Resources Department (Department) accorded (June 2009) revised

administrative approval to the work at a cost of ₹ 17.14 crore. The work was completed at a cost of ₹ 17.31 crore³¹ within the extended period in May 2010.

Scrutiny of records of Executive Engineer, Minor Irrigation Division, Pune revealed (July 2010) that the Department provided for uncoursed rubble (UCR) masonry in the initially sanctioned technical estimates for waste weir³² on the assumption that the foundation would be met at shallow depth. However, during actual execution of work, hard strata for foundation of waste weir were not available at shallower depth, leading to modification of design of waste weir, necessitating use of plum concrete *post facto*. Since the item plum concrete was not included in the tender *ab initio* this had to be sanctioned as an extra item rate list (EIRL) leading to an avoidable extra expenditure of ₹ 1.73 crore as indicated in **Appendix 3.3**.

The Government stated (August 2012) that while according technical sanction in August 2004 the possibility of providing plum concrete instead of UCR masonry was duly considered keeping in view the Government directives of July 2002. However, the same was not included as the total project cost in that case would have exceeded the administratively approved cost. It added that even if the provision of plum concrete had been included in the original sanctioned technical estimates, expenditure would have to be incurred in any case. Hence, no avoidable extra expenditure was involved in this case.

The reply of the Government clearly indicated that provision of plum concrete was not considered initially in order to retain the total project cost within the administratively approved amount, which in the process, violated the Government directives. Further, if the Department had included plum concrete in the initially sanctioned technical estimates, the district schedule of rates for 2003-04 would have applied (instead of the rates of 2008-09), leading to savings of ₹ 1.73 crore.

Agriculture, Animal Husbandry and Fisheries Department

3.3.3 Unfruitful expenditure on fresh water prawn hatchery project

Improper planning and implementation of fresh water prawn hatchery project at Dapchari in district Thane led to an unfruitful expenditure of ₹ 7.88 crore.

The Government of Maharashtra (GoM) took up the fresh water prawn hatchery Project in the State under the Financial Protocol signed in January 1996 between the Government of India and the French Republic. The project cost was to be shared in the ratio of 80:20 with the French Republic contributing in the form of 80 *per cent* soft loan and the remaining 20 *per cent* was to be provided by GoM. The GoM and M/s COFREPECHE (French consultant) entered into a contract in June 1997, which became effective from

³¹ Land acquisition: ₹ 2.46 crore; Works: ₹ 14.03 crore; Other works related to the project: ₹ 0.82 crore;

³² It is an escape provided for passage of surplus water from a tank or reservoir

December 1997, for implementation of the Project. The objectives of the Project *inter alia* were to:

- support the existing aquaculture sector in Maharashtra by providing good quality juveniles of fresh water prawns; and
- develop a modern aquaculture sector aiming at higher production of freshwater prawns.

Scrutiny of records of the project revealed (June 2011) that during the period 1997-98 to 2004-05, preliminary design, detailed engineering design, procurement and installation of equipment and transfer of technology and technical support services were accomplished with the assistance of the French consultant under the financial protocol. Apart from this, construction of civil works, overseas training to officers *etc.* was completed with the assistance of the funds released by the GoM from time to time. Thereafter, biological start-up was completed in two phases in November-December 2006 and July-August 2007 and post-larvae trial production was completed in August 2007.

Audit, however, observed that even after an investment of ₹ 6.88 crore³³ on the project as of June 2012, the actual production during the period 2007-12, against the targeted production capacity of 30 million post-larvae *per annum* for the first year (due to normal learning process) and 40 million post-larvae *per annum* in the subsequent years, was abysmally low as indicated below:

Year	Target	Actual production	Percentage of production
2007-08	300,00,000	60,000	0.20
2008-09	400,00,000	1,50,000	0.38
2009-10	400,00,000	1,00,000	0.25
2010-11	400,00,000	Nil	0
2011-12	400,00,000	Nil	0

Scrutiny in audit revealed improper planning and deficiencies in the implementation of the project which contributed to poor production during the period 2007-10 and 'nil' production during 2010-12. The broad reasons for failure of the project were as follows:

- The project was located in a remote and tribal area of Dapchari, district Thane with frequent power breakdown ranging between 12 and 15 hours a day, despite the fact that the project required continuous power supply. The generator supplied by the French Republic could not be repaired due to non-availability of spare parts;
- There was horizontal and vertical seepage into pre-growing and breeder ponds which could not be plugged. As a result water storage was not possible beyond 24 hours;

³³ ₹ 2.87 crore from French assistance and ₹ 4.01 crore spent by the GoM

- The design of larvae tank was defective due to which indirect sunlight was not available;
- Canal water was to be filtered before storing but due to non-availability of filtering facility post-larvae was affected by 'white tail' disease; and
- Non-receipt of funds for production during 2010-12.

In view of number of bottlenecks in the project, the French consultant during the second year of production recommended (October 2008) alternative water supply arrangements, construction of storage pond and tube well, additional staff for engineering and biological support and ultimately, privatisation of the farm after adaptation of technology, following satisfactory demonstration of production. The Commissioner of Fisheries based on the recommendation of the consultant also submitted (September 2009 and August 2012) a proposal to the Agriculture, Animal Husbandry and Fisheries Department (department) for privatisation of the project. While the project was continuously plagued by poor production during 2008-09 and 2009-10 and 'nil' production during 2010-11 and 2011-12, no action was taken by the department on the recommendations of the consultant and Commissioner of Fisheries. On the other hand, the project incurred an expenditure of ₹ 99.79 lakh on salaries and contingencies during 2010-11 and 2011-12.

The Commissioner of Fisheries stated (September 2012) that the recommendations of the consultant could not be acted upon due to normal Government procedure adopted in preparation of proposal, estimates and approval from the concerned authorities.

Thus, despite a time lag of five years³⁴ and an investment of ₹ 7.88³⁵ crore, the fresh water prawn hatchery project in Maharashtra continues to be plagued with bottlenecks due to inadequacies in planning and implementation. As a result, the objective of supporting and developing a modern aquaculture sector aiming at higher production of fresh water prawns could not be achieved.

The matter was referred to the Government in May 2012; their reply was awaited as of January 2013.

³⁴ From completion of post-larvae trial production in August 2007

³⁵ Project expenditure: ₹ 6.88 crore + expenditure on salaries and contingencies during 2010-12: ₹ 99.79 lakh

Water Resources Department

3.3.4 Extra expenditure in construction of bridge and approach road

Initiating the works of construction of bridge and approach road without obtaining prior clearances and fulfilment of conditions stipulated by Ministry of Environment and Forests, Government of India, resulted in delay of more than six years in completion of works and an extra expenditure of ₹ 1.51 crore.

Ministry of Environment and Forests, Government of India (MoEF), promulgated the Forest Conservation Act, 1980 (Act) applicable to all the States and Union Territories except the State of Jammu and Kashmir. As per Para 4.4 of the guidelines to the Act, if a project involves forest as well as non-forest land, work should not be started on non-forest land till approval of the Central Government for release of forest land under the Act has been given.

A bridge was in existence on Sur River, Bhusaval-Jamner Road (State Highway 188) District Jalgaon. As the bridge was falling under the submergence area of Waghur Dam Project being constructed by Tapi Irrigation Development Corporation (TIDC), a 75 meter long new bridge adjacent to the existing bridge was proposed to be constructed as a deposit contribution work to provide connectivity across the river. Accordingly, the Executive Engineer, Waghur Project Division, Jalgaon (EE, WPD) of Water Resources Department (Department) deposited (April 2005-May 2009) ₹ four crore with the Executive Engineer, Road Project Division, Jalgaon (EE, RPD) of Public Works Department. The Chief Engineer, Public Works Region, Nashik (CE) accorded (July 2005) technical sanction for construction of the new bridge with a road top level of 237.19 meters for ₹ 1.64 crore. The construction of approach road to the bridge also involved two hectares of forest land.

The work for construction of bridge was awarded (November 2005) by the EE, RPD to M/s S.B. Engineers, Aurangabad for ₹ 1.43 crore. The work was to be completed by November 2006, which was extended up to June 2007. M/s S.B. Engineers completed foundation and substructure works and was paid ₹ 54.29 lakh up to October 2007. However, further work could not be continued as the MoEF objected to the proposal of the State Government (May 2008) for diversion of 78.62 hectares of forest land required for Waghur Project, which also included two hectares of forest land required for construction of approach road to the bridge. Therefore, the CE accorded approval (September 2007) for releasing the contractor from the work under Clause 15 (1)³⁶ of the agreement. Similarly, due to objections raised by the State Forest Department, the work of construction of approach road to the bridge awarded to another contractor (M/s B P Punshi) at a cost of

³⁶ If at any time after the execution of the contract, the Engineer-in-charge shall for any reason (other than default on part of the contractor) desire that the whole or part of the work shall not be carried out at all, he shall give to the contractor a notice in writing of such desire and upon the receipt, the contractor shall stop the work as required

₹ 0.90 crore in August 2005 was also terminated (July 2009) after incurring an expenditure of ₹ 18.02 lakh.

In June 2009, MoEF approved in-principle the proposal for diversion of 78.62 hectares of forest land for construction of Waghur project subject to fulfillment of 17 conditions which *inter alia* included raising compensatory afforestation to the extent of 78.62 hectares, immediate transfer and mutation of non-forest land in favour of State Forest Department *etc.* The EE, WPD however, construed it as MoEF's final approval and requested (February 2009) the EE, RPD to re-start the construction of the bridge and approach road. Consequently, the EE, RPD awarded (February 2009) the balance work of construction of bridge to M/s Rudraanee Infrastructure Limited, Aurangabad for ₹ 1.36 crore to be completed by February 2010. However, Range Forest Officer, Muktainagar objected (July 2009 and April 2010) to the construction work as the conditions laid down by MoEF were not stated to have been fulfilled. Consequently, the construction was stopped by the contractor from April 2010. In December 2010, the Superintendent Engineer, Public Works Circle, Jalgaon once again relieved the contractor under Clause 15 (1) of the agreement and the contractor was paid ₹ 1.18 crore as of February 2011.

Out of the total depositary contribution of ₹ four crore, the EE, RPD refunded (March 2011) an amount of ₹ 1.84 crore to the EE, WPD after adjusting an expenditure of ₹ 2.16 crore incurred on partial construction of bridge and approach road.

The Government stated (July 2012) that a proposal for final clearance of 78.62 hectares of forest land was submitted in May 2012 after complying with all the conditions laid down by the MoEF in its in-principle approval. The EE stated (September 2012) that the balance bridge work with approach road was awarded to a contractor at a cost of ₹ 1.68 crore (4.97 *per cent* above the cost put to tender of ₹ 1.60 crore).

Thus, initiating the works of construction of bridge and approach road by Waghur Project Division, Jalgaon without obtaining prior clearances and fulfilment of conditions stipulated by MoEF and the consequent termination of contracts resulted in delay of more than six years in completion of works. The Department will also end up spending ₹ 3.84 crore³⁷ for a work which was originally awarded at a cost of ₹ 2.33 crore³⁸, leading to an extra expenditure of ₹ 1.51 crore.

3.4 Persistent and pervasive irregularities

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

³⁷ ₹ 2.16 crore already spent plus new tendered cost: ₹ 1.68 crore

³⁸ Construction of bridge: ₹ 1.43 crore and approach road: ₹ 0.90 crore

Water Resources Department

3.4.1 Non-recovery of mobilization advance and accumulated interest

The action of the Water Resources Department/GMIDC to award a work without establishing the legal status of land not only led to stoppage of work after incurring an expenditure of ₹ 3.39 crore, it also jeopardized the recovery of the outstanding mobilization advance of ₹ 2.29 crore together with an accumulated interest of ₹ 81.74 lakh from the contractor.

As per Government of Maharashtra Circular dated 01 March 2000, no provision for payment of advance to the contractors should be made in the tenders.

The Chief Engineer (CE), Godavari Marathwada Irrigation Development Corporation (GMIDC), Aurangabad communicated (March 2008) the approval to the acceptance of negotiated offer of a contractor³⁹ for the work of construction of earth work, paver lining and structures in km 36 to 45 with tail distributory of right bank canal of Lower Dudhana Project at 19.48 *per cent* above the cost put to tender of ₹ 20.88 crore. It was specifically mentioned in the communication that until the land required for the project was legally in possession of Water Resources Department (department), work order should not be issued to the contractor. The Executive Engineer, Majalgaon Canal Division No. X, Parbhani (EE) issued a work order to the contractor in April 2008 at the accepted tendered cost of ₹ 24.94 crore with a stipulation to complete the work in 24 months from the date of work order (March 2010). There was no provision in the tender for grant of mobilization advance to the contractor.

Scrutiny of records (February 2010) of EE revealed that immediately after the award of work in April 2008, the contractor requested for grant of mobilization advance of 10 *per cent* of the tendered cost. The CE, GMIDC recommended (April 2008) sanction of advance on the ground that the contractor had to make huge financial investment on erection of labour camps and mobilization of labour. Besides, as the said work was stated to be included in the Centrally Sponsored Scheme “*Accelerated Irrigation Benefit Programme (AIBP)*” the mobilization advance was expected to enable the contractor to complete the works as per the work plan of AIBP.

The Executive Director, GMIDC approved (May 2008) the mobilization advance of ₹ 2.49 crore to the contractor. The contractor through a separate agreement signed in May 2008, agreed to repay the advance in 12 monthly installment of ₹ 20,78,500 each and a simple interest of 13 *per cent* plus an overdue interest of two *per cent per annum* in the event of default in clearing the dues. The contractor also furnished 11 bank guarantees totaling ₹ 2.67 crore (towards advance plus interest payable thereon) which were valid upto 22/27 September 2009. The GMIDC further relaxed the repayment terms and allowed the advance to be recovered in installments from the Running

³⁹ M/s Balaji Agencies, Thane

Account (RA) bills of the contractor. Only one installment of ₹ 20,78,500 was recovered from the second RA bill of the contractor in August 2008, thus, leaving a huge outstanding of ₹ 2.29 crore which remained unrecovered as of September 2012. However, in the intervening period no efforts were made by the GMIDC to encash the bank guarantees or renew them.

The contractor furnished 13 post-dated cheques in May 2008 towards interest payment, which were presented to the bank by EE between May 2008 and March 2009. Of the 13 cheques, only nine cheques could be encashed, thus, enabling recovery of only ₹ 26.02 lakh towards interest up to March 2009. Of the remaining four cheques, while two cheques were dishonored by bank due to insufficient funds, two cheques were not presented by EE to the Bank. The contractor subsequently furnished (November 2009) 12 fresh cheques for payment of interest, of which, eight cheques were dishonored by the bank and the remaining four cheques were not presented to the bank. From April 2009 till December 2011 (33 months), interest amounting to ₹ 81.74 lakh was due from the contractor.

Audit scrutiny further revealed that the work order was issued to the contractor in April 2008 without ensuring that the land was legally in possession of the department. During execution of works there was severe agitation from the land owners for payment of higher compensation, which was not acceded to by the revenue authorities. Consequently, the land owners moved to court and the contractor had to stop the work from June 2008 after executing works valuing ₹ 3.39 crore.

Government stated (October 2012) that the advance was sanctioned to the contractor in terms of GMIDC Act 1997. It further stated that as the advance was interest bearing, there was no financial loss to the Corporation.

Reply is not acceptable as the grant of mobilization advance was contrary to the directives of the Government and the tender conditions. Further, commencement of work without establishing the legal status of the land led to stoppage of work after incurring an expenditure of ₹ 3.39 crore, which in turn, jeopardized the recovery of outstanding advance of ₹ 2.29 crore and an accumulated interest of ₹ 81.74 lakh which will continue to rise till the mobilization advance is liquidated in full. The recovery of outstanding advance and interest thereon appears to be remote as the Corporation has no bank guarantee to fall back upon.

3.4.2 Unproductive expenditure on replacement of trash racks

Failure of the Water Resources Department to ensure *ab initio* the erection of new trash racks into Kolkewadi dam by employing underwater technique resulted in an unproductive expenditure of ₹ 83.75 lakh.

The Executive Engineer, Kolkewadi Dam Maintenance Division, Alore, Ratnagiri (EE) awarded (December 2005) the work of dismantling of old trash rack panels and fabrication and erection of new trash rack panels/gates (fixed type) of Kolkewadi dam to M/s Ganesh Builders, Solapur (contractor) at a cost

of ₹ 1.38 crore. The time limit for this work was two months *i.e.* end of February 2006. The contractor completed the fabrication work by the end of March 2006. However, dismantling of old trash rack panels and erection of new ones could not be undertaken by the contractor as Maharashtra State Power Generation Company Limited (MAHAGENCO) did not permit water outage from the dam despite repeated requests made by Kolkewadi Dam Maintenance Division, Alore. As no further work was possible, the contractor requested (July/August 2009) for termination of contract⁴⁰, which was eventually accepted by the Water Resources Department (department) only in November 2011. A payment of ₹ 83.75 lakh was made to the contractor till June 2009, which included an extra item of ₹ 14.75 lakh for application of rust converter in two coats on newly fabricated trash rack panels which got rusted with passage of time. The department again approved (November 2011) dismantling of old trash rack panels and fabrication of new trash rack panels (movable type) with underwater erection methodology (by deploying divers) at an estimated cost of ₹ 3.65 crore. The tendering process for this work was in progress as of July 2012.

Audit scrutiny revealed (December 2011) that the Kolkewadi Dam was commissioned in 1975 under Phase-3 of Koyna Hydro Electric Project (KHEP-3). KHEP-3 contained 36 trash rack panels⁴¹ fixed in front of bell mouth of four electricity generator sets. The MAHAGENCO intimated the EE in August 2001 that all the trash racks were in submerged condition since inception. Therefore, inspection and maintenance works, such as, cleaning, painting of trash racks, replacement of old trash racks *etc.*, if necessary, may be taken up in submerged conditions when the water level in the dam was low. The MAHAGENCO also opined that due to prolonged submergence the trash racks may get detached and adversely affect the turbines.

A Board of Consultants (BOC) in a meeting held at Koynanagar during June 2002 also endorsed that all the trash racks were badly rusted and needed to be replaced. However, as the trash racks were fixed type, the BOC observed that the replacement work may have to be carried out underwater with the help of divers under expert supervision.

Meanwhile, the EE intimated MAHAGENCO in April 2002 that maintenance of trash racks would require water outage. However, MAHAGENCO stated (May 2002) that due to an ever increasing demand for electricity in the State it would not be possible to shut off all the generators in Koyna electricity centre even for short duration. In the present situation it was not practical to keep the dam empty and suspend the production of electricity. The MAHAGENCO, therefore, requested the EE to undertake the maintenance works while the trash racks were inside the water, by using modern technique.

Evidently, the department did not acknowledge the technical opinion of MAHAGENCO and BOC and went ahead with the erection of new trash racks (fixed type) in December 2005 on the assumption that MAHAGENCO would

⁴⁰ Under clause 15 (1) of contract agreement

⁴¹ Trash rack panel is a device that stops the trash present in water before allowing the water into turbine for electricity generation

permit water outage. This not only led to an unproductive expenditure of ₹ 83.75 lakh, it also delayed the erection of new trash racks by more than nine years from January 2003 to July 2012.

The Government stated (July 2012) that it was only after an assurance given by MAHAGENCO for outage that the methodology of fixed type trash rack panels was decided and the contract awarded in December 2005. Since water outage from the dam was subsequently denied by MAHAGENCO, there was no alternative but to replace the old panels by employing underwater erection methodology in order to avoid damage to stage III turbines. The Government nevertheless admitted that an outage of 15 days would have meant a generation loss of about 100 million units or of ₹ 40 crore⁴² and further worsened the energy situation in the State. However, now with the adoption of underwater erection methodology the outage can be avoided and there would be no generation loss to the State.

The reply clearly indicated that the Government was fully conscious of the severity of outage even for short duration and it should have, therefore, adopted underwater erection technique *ab initio*. This action would have been compatible with the opinion of MAHAGENCO and BOC and consequently, the long delay in erection of trash racks and the unproductive expenditure of ₹ 83.75 lakh initially incurred could have been avoided.

Nagpur,
The 14 March, 2013

(SHEELA JOG)
Accountant General (Audit)-II,
Maharashtra

Countersigned

New Delhi
The 18 March, 2013

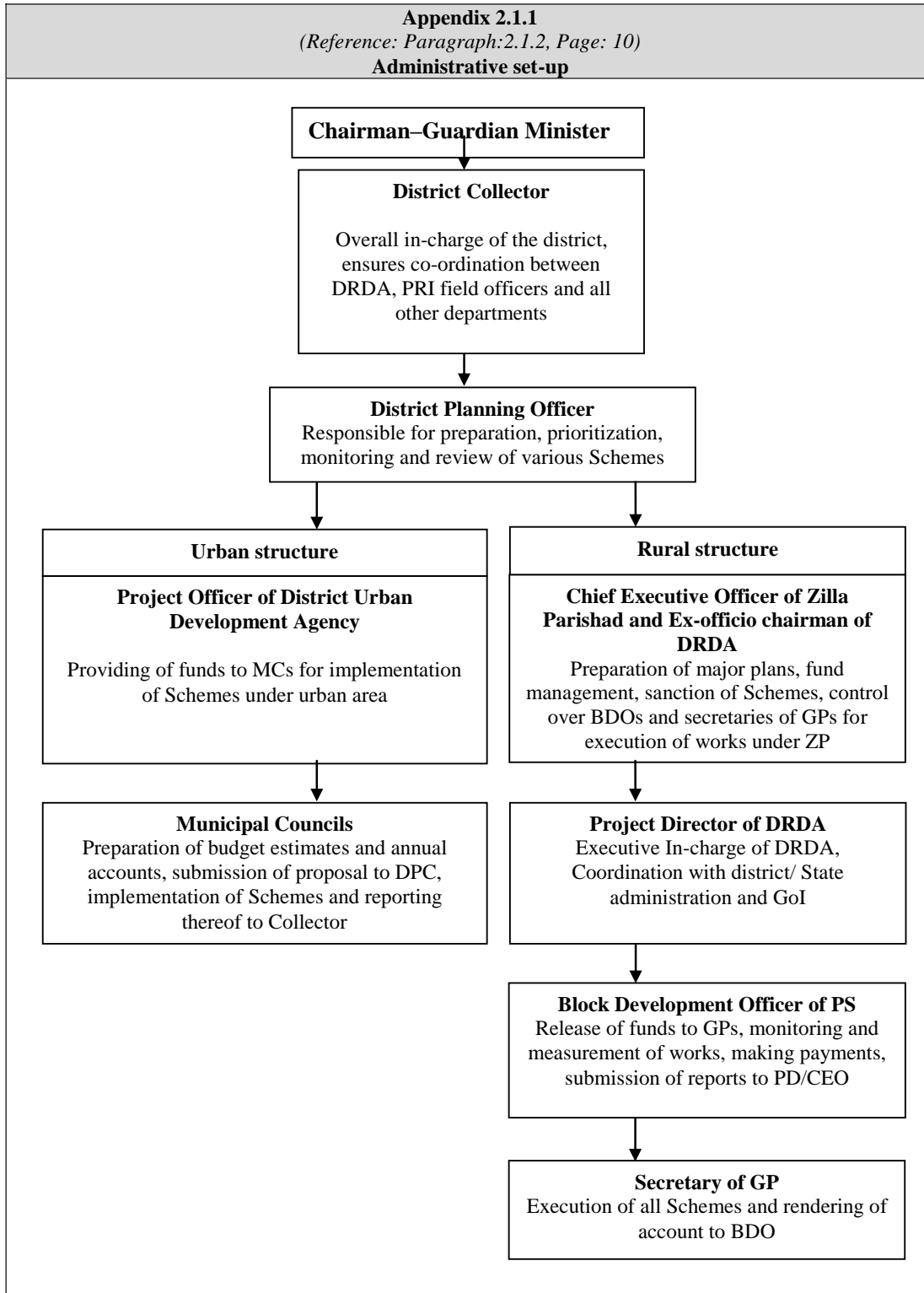
(VINOD RAI),
Comptroller and Auditor General of India

⁴² Considering the commercial value of generation at ₹ 4 per unit

APPENDICES

Appendix 1.1															
<i>(Reference: Paragraph 1.7.1, Page 6)</i>															
Department wise outstanding Inspection Reports / paras issued up to December 2011 but outstanding as on 30 June 2012															
Section / Group		Upto 2006-07		2007-08		2008-09		2009-10		2010-11		2011-12		Total	
		IR	PARA	IR	PARA	IR	PARA	IR	PARA	IR	PARA	IR	PARA	IR	PARA
1) Agriculture, Animal Husbandry, Dairy Development and Fisheries Department	Nagpur	139	218	56	92	87	272	83	272	99	396	118	574	582	1824
	Mumbai	57	119	21	65	22	43	33	139	37	137	19	93	189	596
2) Co-operation and Textile Department	Nagpur	107	160	7	16	22	41	13	23	2	3	6	9	157	252
	Mumbai	25	57	6	17	20	44	5	14	12	21	1	14	69	167
3) Forests Department	Nagpur	204	305	35	69	33	78	36	95	36	150	24	122	368	819
	Mumbai	53	64	7	12	10	15	16	55	8	57	1	11	95	214
4) Industry, Energy and Labour Department	Nagpur	20	37	8	13	11	21	10	20	10	23	3	11	62	125
	Mumbai	40	65	7	13	25	61	16	69	13	77	13	77	114	362
5) Public Works Department	Nagpur	89	158	33	68	24	68	48	194	49	254	19	141	262	883
	Mumbai	59	92	36	76	49	114	45	117	47	248	29	164	265	811
6) Tourism and Cultural Affairs.	Nagpur	10	15	7	7	5	18	7	19	4	8	0	0	33	67
	Mumbai	5	7	2	4	1	4	3	10	3	14	0	0	14	39
7) Water Resources Department	Nagpur	229	427	63	157	57	145	78	278	81	328	51	256	559	1591
	Mumbai	44	73	23	35	31	39	38	168	28	166	28	211	192	692
Grand total		1081	1797	311	644	397	963	431	1473	429	1882	312	1683	2961	8442

APPENDIX 1.2									
<i>(Reference: Paragraph 1.7.3; Page 6)</i>									
Statement showing no. of paragraphs/reviews in respect of which Government explanatory memorandas (UORs) had not been received.									
Sr. No.	Name of Department	Upto 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total
1	Agriculture, Animal Husbandary, Dairy Development & Fisheries	4					1	1	6
2	Public Works	-	-	-	2	-	-	2	4
3	Revenue	7	2	1	1	--	-	--	11
4	Tourism and Cultural Affairs	-	-	-	-	-	-	1	1
5	Water Resources	4	2	-	-	-	2	6	14
6	Public Works and Water Resources	-	-	-	1	-	-	-	1
	Total	15	4	1	4		3	10	37



Appendix 2.1.2						
<i>(Reference: Paragraph: 2.1.7.2, Page: 19)</i>						
Break period in supply of MDM						
Name of block	Name of school	Period of disruption (in days)				
		2007-08	2008-09	2009-10	2010-11	2011-12
Malegaon	ZP Primary School, Davha	0	0	20	16	0
	ZP Primary School, Borgaon	10	8	22	12	32
	ZP Primary School, Wasari	17	13	24	26	43
	ZP Primary School, Kinhi Ghodmod	0	0	0	-	44
	ZP Primary School, Nagartas	30	32	0	-	27
	ZP Primary School, Jaulka	0	101	09	58	-
	ZP Primary School, Amani	0	0	0	0	15
	ZP Primary School, Somthana	0	0	0	37	42
	ZP Primary School, Shelgaon	42	46	22	39	43
	ZP Primary School, Kotha	15	25	30	50	72
	ZP Primary School, Waghi (BK)	16	23	32	20	59
	ZP Primary School, Zodga (BK)	10	12	07	22	35
	ZP Primary School, Pangri Kute	0	0	0	20	16
	ZP Primary School, Bhaurad	15	18	21	28	30
	ZP Primary School, Dahi	0	0	12	26	23
	ZP Primary School, Ekamba	0	0	18	27	39
	ZP Primary School, Kinhiraja	0	0	12	15	22
Mangrulpir	ZP Primary School, Shelgaon	10	26	55	34	47
	ZP Primary School, Nimbi	10	26	55	34	47
	ZP Primary School, Lawana	5	199	108	122	74
	ZP Primary School, Wanoja	10	26	55	34	47
	ZP Primary School, Khadi	18	44	22	35	34
	ZP Primary School, Icha	10	26	55	32	40
Washim	ZP Primary School, Bhatumbra	0	24	0	0	27
	ZP Primary School, Kajalamba	0	24	0	0	0
	ZP Primary School, Ukalipen	15	75	101	58	37
	ZP Primary School, Depul	0	0	98	57	76
	ZP Primary School, Chikhali	0	15	22	12	26
	ZP Primary School, Hiwra	0	64	102	51	32
	ZP Primary School, Jumda	20	34	101	79	38

(Source: Schools under ZP, Washim)

Appendix – 3.1
(Reference: Paragraph 3.2.3, Page 37)
Calculation of CED included in estimate and already paid

Sr. No.	Name of work	Agreement number & work order	Contract value	Description of work	Quantity (in MT) as per agreement	Quantity executed	Rate of CED per MT	Total amount of central excise duty	Details of RA bill	Already paid
Dhule Medium Project Division 1 Dhule (under Tapi Irrigation Development Corporation)										
1	Lower Panzara (Akkalpada) Medium Project Taluka Sakri.	B1/ED/TIDC/02/24-11-2006-16 of 2006-07 W.O. 6.11.2006	3021.74 lakh (4.96% above)	Item no.1 Manufacture and erection of radial gate and part	1841.58	1971.06 MT	₹ 10244	₹ 2,01,91,538.64 (+4.96%) ₹ 10,01,500.31 (A) ₹ 2,11,93,038.95	16 th RA bill	₹ 2,01,91,538.64 (+4.96%) ₹ 10,01,500.31 (D) ₹ 2,11,93,038.95
2	Wadi Shewadi Medium Project	B1/ED/TIDC/02-24-08-2008-10 W.O. 25.8.2008	987.01 lakh (11.55% above)	Item no.1 Manufacturing, erection & maintenance of radial gates	479.54	596.295 MT	₹ 13546	₹ 8077412.07 (+11.55%) ₹ 932941.09 (B) ₹ 9010353.16	7 th RA bill	₹ 8077412.07 (+11.55%) ₹ 9,32,941.09 (E) ₹ 90,10,353.16
Wan Project Division, Shegaon District Buldana (under Vidarbha Irrigation Development Corporation)										
3	Jeegaon Project Taluka Nandura Distt. Buldana	B1/18/DL/2007-08 W.O 1.11.2007	7778.72 (5.45% above)	Item no.1 (a)Radial gates (b)A.G bridge Item no.2 (a)Hoist unit (b)Rail track Item no.3 Hoist bridge Item no.4 Stop log gates	2474.67 256.00 608.00 69.35 314.70 609.35	As shown in table below -do -do do-	₹ 13382 ₹ 10477 ₹ 21542 ₹ 10477 ₹ 10477 ₹ 13056	₹ 3,31,16,033.94 ₹ 26,82,112 ₹ 1,30,97,536 ₹ 7,26,580 ₹ 32,97,112 ₹ 79,55,673.60 ₹ 6,08,75,047 (+5.45%) ₹ 33,17,690 (C) ₹ .6,41,92,737	4 th RA bill	₹ 1,50,75,131 (+ 5.45%) 8,21,595 (F) ₹ 1,58,96,726
								(Total Undue benefit (A+B+C) ₹ 9,43,96,129.11		Already paid (D+E+F) ₹ 4,61,00,118.11

Appendix 3.1 (concl.d.)				
Table indicating calculation of Wan Project Division, Shegaon Distt. Buldana (under Vidarbha Irrigation Development Corporation)				
	Executed Qty.	As per 4th RA bill	Amount of CED involved	50% paid as per RA bills
Item -1				
(a)	1130.818 MT	13,382 per MT	₹ 1,51,32,606	₹ 75,66,303
(b)	255.912 MT	10,477 per MT	₹ 26,81,190	₹ 13,40,595
Item-2				
(a)	90.605 MT	21,542 per MT	₹ 1951813	₹ 9,75,906
(b)	65.592 MT	10,477 per MT	₹ 687,207	₹ 3,43,604
Item-3	312.266 MT	10,477 per MT	₹ 32,71,611	₹ 16,35,805
Item-4	492.175 MT	13,056 per MT	₹ 64,25,837	₹ 32,12,918
			+ 5.45% Tender <i>per cent</i>	----- ₹ 1,50,75,131 ₹ 8,21,595 -----
				(F)₹ 1,58,96,726

Appendix – 3.2
(Reference: Paragraph 3.3.1, Page 42)
Extra expenditure incurred on account of awarding of fresh work

Item No.	Details of item	Quantity executed	Rates as per CSR 2008-09	Total Cost (actual)	Rates as per CSR 2005-06	Cost if executed as per original estimates	Extra expenditure
		(a)	(b)	(a) * (b) =A	(c)	(a) * (c) = B	A-B
(I) Extra expenditure due to awarding of another contract							
1	Construction of embankment in Casing Zone	1,61,533.75	541.75	8,75,10,909.06	398	6,42,90,432.50	2,32,20,476.56
2	Providing Dry Needle Pitching 30 cm	1,51,595.00	442.50	6,70,80,787.50	350	5,30,58,250.00	1,40,22,537.50
3	Providing and laying quarry spouls below stone pitching	22,739.00	939.62	2,13,66,019.18	748	1,70,08,772.00	43,57,247.18
						Total (I)	4,16,00,261.24
(II) Extra expenditure due to sanction of clause 38							
20 (a)	Providing and constructing in-situ CC lining of M20 grade trap/granite etc.	16,484.40	5,241.29	8,63,99,520.88	3,310.25	5,45,67,485.10	3,18,32,035.78
21	Providing and fixing in position Mild Steel, HYSD bar reinforcement	667.00	45,920.4	3,06,28,906.80	32,765	2,18,54,255.00	87,74,651.80
22	Filling in plinth and floor	24,807.02	40.8	10,12,126.42	19	4,71,333.38	5,40,793.04
24	Providing expansion joint etc.	1,547.02	673.2	10,41,453.86	565	8,74,066.30	1,67,387.56
25	Providing and fixing three coats of water proof cement paint	16,491.00	38.75	6,39,026.25	20.50	3,38,065.50	3,00,960.75
4	Construction of embankment in Casing Zone	1,24,355.00	518.45	6,44,71,849.75	398	4,98,93,290.00	1,49,78,559.75
						Total (II)	5,65,94,388.68
(III) Extra expenditure due to sanction of extra item rate list							
1	Supplying 80 mm metal	39,581.20	863.50	3,41,78,366.20	474.39	1,87,76,925.47	1,54,01,440.73
2	Supplying 40 mm metal	19,079.00	885.95	1,69,03,040.05	487.29	92,97,005.91	76,06,034.14
3	Supplying soft murum	18,022.78	437.25	78,80,460.56	226.71	40,85,944.45	37,94,516.10
4	Supplying sand at road side	572.78	238.15	1,36,309.92	71.13	40,712.68	95,597.24
5	Spreading 80 mm metal	39,581.20	18.35	72,6315.02	12.89	5,10,201.67	2,16,113.35
6	Spreading 40 mm metal	19,079.00	16.30	3,10,987.70	12.78	2,43,829.62	67,158.08/
7	Spreading gravel sand/soft murum	18,595.15	10.70	1,98,968.11	8.47	1,57,500.92	41,467.18
8	Compacting subgrade gravel (80 mm)	1,97,906.00	14.30	28,30,055.80	7.08	14,01,174.48	14,28,881.32
9	Compacting subgrade gravel (40 mm)	1,90,790.00	14.80	28,23,692.00	6.98	13,31,714.20	14,91,977.80
						Total (III)	3,01,43,185.94
						Total extra expenditure	12,83,37,835.86

Appendix – 3.3 (Reference: Paragraph 3.3.2, Page 43) Avoidable extra expenditure due to sanction of EIRL				
Description of Items	Quantity	Rate as per DSR 2003-04 (₹)	E.I.R.L (DSR) 2008-09 (₹)	Extra expenditure (₹)
1) Providing & laying in situ C.C.M-10 of 1:3:6 (40 msa) 15% plum concrete) of trap/ granite/quartzite, graded metal for foundation and bedding including vibrating compacting, finishing curing etc, complete with all leads and lift.	5261.97 Cum	2563.05	3952.85	₹ 73.13 lakh
2) Providing & laying in situ C.C. M-15 of 1:2:4 (40 msa 15 % plum concrete) of trap/granite/quartzite, graded metal for foundation & bedding including vibrating, compacting finishing curing etc, complete with all leads and lift.	7687.41 Cum	2847.65	4145.55	₹ 99.77 lakh
Total				₹ 172.90 lakh