



**Report of the
Comptroller and Auditor General of India
on
Economic Sector
for the year ended March 2015**



**Government of Maharashtra
Report No.1 of the year 2016**

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Auditor General of India**

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**GOVERNMENT OF MAHARASHTRA
Report No. 1 of the year 2016**

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P r e f a c e

This Report for the year ended 31 March 2015 has been prepared for submission to the Governor of the State of Maharashtra under Article 151 of the Constitution of India.

This Report relates to audit of the Economic Sector of the Government departments conducted under the provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and Regulations on Audit and Accounts, 2007 issued thereunder by the Comptroller and Auditor General of India. This Report is required to be placed before the State Legislature under Article 151 (2) of the Constitution of India.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2014-15 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Report; instances relating to the period subsequent to 2014-15 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards (March 2002) issued by the Comptroller and Auditor General of India.

CHAPTER - I

INTRODUCTION

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 of the Government of Maharashtra (GoM) 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 examines whether the objectives of an organisation, programme or a scheme have been achieved economically, efficiently and effectively.

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

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

1.2 Audited entity profile

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

A summary of the State Government's fiscal transactions during 2014-15 *vis-a-vis* the previous year is given in **Table 1.1**.

Table 1.1: Summary of fiscal operations during 2014-15

(₹ in crore)

2013-14	Receipts	2014-15	2013-14	Disbursements	2014-15		
Section A : Revenue					Non-Plan	Plan	Total
149821.81	Revenue receipts	165415.46	154902.42	Revenue expenditure	146244.84	31308.28	177553.12
108597.96	Tax revenue	115063.90	53979.27	General services	60156.61	329.16	60485.77
11351.97	Non-tax revenue	12580.89	70879.08	Social services	57705.59	19246.90	76952.49
16630.43	Share of Union Taxes/Duties	17630.03	27991.32	Economic services	26086.66	11599.91	37686.57
13241.45	Grants from Government of India	20140.64	2052.75	Grants-in-aid and Contributions	2295.98	132.31	2428.29
Section B: Capital							
0.00	Miscellaneous Capital Receipts	0.00	20020.45	Capital Outlay	3278.80	16244.67	19523.47
728.03	Recoveries of Loans and Advances	975.08	1645.10	Loans and Advances disbursed	783.60	356.94	1140.54
26734.80	Public debt receipts*	29373.28	10261.86	Repayment of Public Debt*	—	—	8827.78
1350.00	Appropriation from Contingency fund	2350.00	850.00	Appropriation to Contingency Fund	—	—	4350.00
859.62	Contingency Fund	4360.00	1360.00	Contingency Fund	—	—	2350.00
64020.20	Public Account Receipts	83021.94	56434.89	Public Account Disbursements	—	—	68985.90
48843.73 [#]	Opening Cash Balance	46883.46	46883.46 [#]	Closing Cash Balance	—	—	49648.41
292358.18	Total	332379.22	292358.18	Total	—	—	332379.22

[#]Figure differs by 0.01 from previous year due to rounding

Source : Finance Accounts of the respective years

*Excluding ways and means advances on 10 occasions for 42 days
(Receipt: ₹ 6,352.90 crore and Disbursement: ₹ 6,352.90 crore)

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 GoM under the provisions of the C&AG's (DPC) Act, 1971 and Regulations on Audit and Accounts, 2007 issued by the C&AG.

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

Under the directions of the C&AG, the Offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur conduct the audit of the various Government Departments and

Offices/Autonomous Bodies/institutions under them. While 17 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.

1.5 Planning and conduct of audit

The audit process starts with the assessment of risk faced by various departments of the GoM, 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 2014-15, 3,559 party-days were used to carry out audit of 237 units (compliance and performance audits) of the various Departments/Organisations. The audit plan covered those units/entities which were vulnerable to significant risks as perceived by Audit.

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 one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Audit Reports which are submitted to the Governor under Article 151 of the Constitution of India.

1.6 Significant audit observations

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

1.6.1 Performance audit of programmes/ activities/ Departments

The present Report contains one performance audit, highlights of which is indicated below.

■ Working of Maharashtra Forest Department

Maharashtra has a forest area of 61,579 sqkm which is about 20.01 *per cent* of its total geographical area of 3,07,713 sqkm. The tasks of conservation, protection and development of State's forest including management of wildlife habitats rest with the Maharashtra Forest Department.

A performance audit of the Maharashtra Forest Department for the period 2010-15 revealed that despite implementation of State Forest

Policy since 2008, the forest cover in the State over a period of eight years remained stagnant at 16.45 *per cent*. Substantial land under 'Zudpi Jungle' and private forest land were not brought under the reserved/protected category. A number of territorial Divisions in the State whose working plans had expired were either continuing with the old working plans or no plans for the last two to 26 years. The outlay for the forestry sector in the State was merely one *per cent* of the total plan outlay in contrast to 2.5 *per cent* recommended by the National Forest Commission in 2006. There were enormous gaps between the funds demanded by the Department and that released by the State Government. The apportionment of forest development tax to the Department was abysmally lower than that remitted to the State Government annually, to support any meaningful forest development activity. A number of Divisions could not attain the physical targets fixed in the working plans which had a spilling effect on the achievement of targets of other interdependent and sequential activities. The management of CAMPA funds was far from satisfactory. There were shortfalls in harvesting of bamboo coupes leading to loss of revenue. The monitoring, evaluation and internal controls in the Department were deficient.

(Paragraph 2.1)

1.6.2 Compliance audit of Government transactions

The important findings of compliance audit paragraphs (nine paragraphs including two theme-based paragraphs) are shown below:

- **Maintenance and Repairs of Government Buildings from State Funds**

The maintenance and repair works to Government buildings were taken up by the Public Works Department in an ad-hoc manner, without preparation of annual repair programmes. The Public Works Divisions sanctioned and carried out repair works in excess of the available budget and thus, saddled with huge liability. The Department did not revise the norms (financial and physical) for maintenance and repair works for the last 10 to 24 years. The funds demanded by the Divisions and that released by the Department were both unrealistic. Buildings in urgent need of repairs remained unattended for substantially long durations thus, endangering the lives of the occupants and the passers-by as well as other structures located on ground. Works of capital nature were executed from maintenance grants in violation of Department's guidelines. The internal controls and monitoring mechanism in the Department was weak.

(Paragraph 3.1)

- **Procurement and milling of paddy under Minimum Support Price Scheme**

Implementation of procurement and milling of paddy under Minimum Support Price Scheme revealed that the procurement centres did not

have the requisite equipment (moisture meters and image analysis kits) to check the quality of paddy procured by the two State Government Agencies (SGAs). Delay in milling of paddy and delivery of custom milled rice to the FCI resulted in significant accumulation of stocks with the SGAs and the millers. There was loss of ₹ 82.96 crore on account of disposal of 11.44 lakh quintal unmilled paddy. The millers were also granted undue financial benefits as the GoM did not levy penalty of ₹ 160.41 crore for their inability to deliver 5.85 lakh quintal custom milled rice to the FCI during KMS 2009-14. Further, penalties totalling ₹ 4.62 crore for delay in lifting of paddy by the millers within the stipulated period and short-deposit of the required grade of custom milled rice with the FCI were also not levied on the millers.

(Paragraph 3.2)

- The Dhule Medium Project Division No. 2, Nandurbar commenced a medium irrigation project without ensuring availability of land for the major components (dam proper and canals), in violation of the provisions contained in the Maharashtra Public Works Manual. Further, the project which was envisaged to be completed in four years (August 1988) at an estimated cost of ₹ 7.09 crore could not be completed even after lapse of 27 years and an expenditure of ₹ 81.19 crore. Significantly, the tribal population of Nawapur taluka who were expected to be the major beneficiaries of this project also remained deprived of the intended benefits for the last 27 years.

(Paragraph 3.3)

- The Amravati Irrigation Division made an inadmissible payment of ₹ 13.63 crore to a contractor due to wrong application of Clause 38 and non-adherence to contract conditions.

(Paragraph 3.4)

- Irregular grant of mobilization advance of ₹ 8.68 crore to a contractor as well as admitting his claim for idle charges of ₹ 1.43 crore and subsequent trade-off between the contractor and Vishnupuri Project Division to waive off the interest component on mobilization advance in consideration of idle charges resulted in short-recovery of interest amount of ₹ 47.75 lakh.

(Paragraph 3.5)

- Contrary to the tender conditions, the Chief Engineer, Nashik sanctioned extra items of ₹ 4.48 crore to a contractor for construction of a major bridge across Tapi river at Hatoda in Nandurbar district, which was irregular.

(Paragraph 3.6)

- The Superintending Engineer, Public Works Raigad Circle unauthorisedly diverted ₹ 1.45 crore from work contingencies of 25 works for construction of store shed and record room at Navenagar-Mahad, district Raigad, in contravention of the recommendations of the Public Accounts Committee and the provisions contained in the Maharashtra Public Works Manual.

(Paragraph 3.7)

- The Public Works Division, Parbhani in violation of contract conditions admitted irregular additional claims of a contractor amounting ₹ 1.07 crore against two works which had already been completed and paid for eight years back.

(Paragraph 3.8)

- A bridge constructed by the Executive Engineer, Public Works Division, Bhandara in March 2014 at a cost of ₹ 3.05 crore remained non-operational for public use as of December 2015 due to non-construction of approaches to the bridge.

(Paragraph 3.9)

1.7 Responsiveness of Government to Audit

1.7.1 Inspection reports outstanding

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

As of June 2015; 2,857 IRs (8,420 paragraphs) were outstanding. Year-wise details of IRs and paragraphs are shown in **Appendix 1.1**.

1.7.2 Response of Departments to draft paragraphs and performance audits

The draft paragraphs and performance audits were forwarded demi-officially to the Principal Secretaries/Secretaries of the concerned Departments between June 2015 and September 2015 with the request to send the responses within six weeks. The Government reply was received in respect of one performance audit, one theme-based paragraph and one draft paragraph while, no replies were received in respect of the remaining six draft paragraphs and one theme-based paragraph featured in this Report.

1.7.3 Follow-up on Audit Reports

According to instructions issued by the Finance Department, GoM in January 2001, Administrative Departments were required to furnish

Explanatory Memoranda (EMs) duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs included in the Audit Reports, within three months of presenting the Audit Reports to the State Legislature. The Administrative Departments, however, did not comply with these instructions. The status of outstanding EMs from 2009-10 to 2013-14 is indicated in **Table 1.2**.

Table 1.2: Status of submission of EMs during 2009-14

Audit Report	Date of tabling the Report	Number of Paragraphs and Reviews	Number of EMs received	Balance
2009-10	21 April & 23 December 2011	13	13	--
2010-11	17 April 2012	15	14	01
2011-12	18 April 2013	11	09	02
2012-13	24 December 2014	10	--	10
2013-14	10 April 2015	08	--	08
	Total	57	36	21

The EMs in respect of five paragraphs relating to the period prior to 2009-10 was outstanding. Department-wise details are shown in **Appendix 1.2**.

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

The PAC discussed 206 paragraphs pertaining to the Audit Reports for the years from 1985-86 to 2013-14 and gave 197 recommendations of which, ATNs were pending on 137 recommendations as indicated in **Table 1.3**.

Table 1.3: Position of outstanding ATNs on PAC recommendations

Year of Audit Report	PAC Report Number	Year of PAC	Number of recommendations	Number of ATNs awaited
1985-86 to 2003-04	16, 18, 28, 24, 19	1994-95	123	87
	1, 2, 4, 6, 7, 8,	1995-96		
	20, 24, 25, and 27	1997-98		
	3	2000-01		
	13	2003-04		
	8	2007-08		
	13	2008-09		
2004-05	14	2008-09	04	04
2005-06	8	2010-11	17	10
2006-07	9	2012-13	09	--
	15	2008-09	20	12
2007-08	13	2012-13	03	03
2008-09	17	2012-13	21	21
2009-10	--	--	--	--
2010-11	--	--	--	--
2011-12	--	--	--	--
2012-13	--	--	--	--
2013-14	--	--	--	--
Total			197	137

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

CHAPTER - II

PERFORMANCE AUDIT

2.1 Working of Maharashtra Forest Department

CHAPTER II

PERFORMANCE AUDIT

REVENUE AND FOREST DEPARTMENT

2.1 Working of Maharashtra Forest Department

Executive summary

Maharashtra has a forest area of 61,579 sqkm which is about 20.01 per cent of its total geographical area of 3,07,713 sqkm. The tasks of conservation, protection and development of State's forest including management of wildlife habitats rest with the Maharashtra Forest Department.

A performance audit of the Maharashtra Forest Department for the period 2010-15 revealed that despite implementation of State Forest Policy since 2008, the forest cover in the State over a period of eight years remained stagnant at 16.45 per cent. Substantial land under 'Zudpi Jungle' and private forest land were not brought under the reserved/protected category. A number of territorial Divisions in the State whose working plans had expired were either continuing with the old working plans or no plans for the last two to 26 years. The outlay for the forestry sector in the State was merely one per cent of the total plan outlay in contrast to 2.5 per cent recommended by the National Forest Commission in 2006. There were enormous gaps between the funds demanded by the Department and that released by the State Government. The apportionment of forest development tax to the Department was abysmally lower than that remitted to the State Government annually, to support any meaningful forest development activity. A number of Divisions could not attain the physical targets fixed in the working plans which had a spilling effect on the achievement of targets of other interdependent and sequential activities. The management of CAMPA funds was far from satisfactory. There were shortfalls in harvesting of bamboo coupes leading to loss of revenue. The monitoring, evaluation and internal controls in the Department were deficient.

2.1.1 Introduction

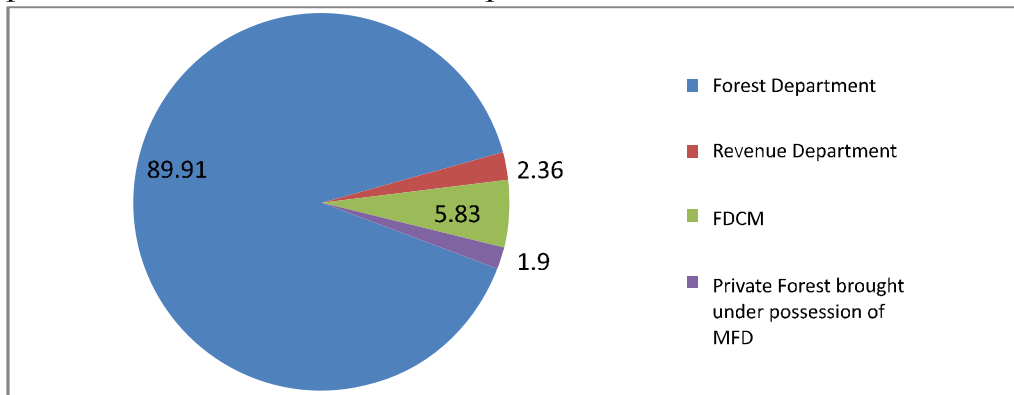
Forests provide habitats to diverse animal species, and they also form the source of livelihood for many different human settlements. They prevent soil erosion, help in maintaining the water cycle, and check global warming by using carbon dioxide in photosynthesis. Sale of forest products contributes substantially to the State exchequer. Maharashtra has a recorded forest area of about 61,579 sqkm which is 20.01 *per cent* of its total geographical area (3,07,713 sqkm). The recorded forest area largely comprises reserved forest¹ of 49,546 sqkm, protected forest² of 6,733 sqkm and un-classed forest³ of 5,300 sqkm.

¹ An area notified under Chapter 2 of the Indian Forest Act, 1927 having full degree of protection and unless otherwise permitted, all activities therein are prohibited

² An area notified under Chapter 2 of the Indian Forest Act, 1927 having limited degree of protection and unless otherwise permitted, all activities therein are prohibited

³ An area recorded as forest, but not included in reserved or protected category

The tasks of conservation, protection and development of State's forest including management of wildlife habitats rest with the Maharashtra Forest Department (MFD). Besides, the Forest Development Corporation of Maharashtra Limited (FDCM), a wholly owned State Government Company, is responsible for commercial exploitation of forest produce in low revenue yield areas. The Revenue Department of the State maintains the land records including forest land. The forest area under the jurisdiction of MFD, FDCM, Revenue Department and private forest under the possession of MFD is shown in the pie chart below.



(Source : Annual Administrative Report 2013-14)

2.1.2 Organizational setup of Maharashtra Forest Department

The Secretary (Forests), Revenue and Forest Department, GoM controls the operations of the Department at the State level. The Principal Chief Conservator of Forest (PCCF), Head of Forest Force (HoFF), is responsible for implementing the schemes pertaining to MFD. Besides, there are five other PCCFs who assist the HoFF. All the six PCCFs are assisted by 18 APCCFs in-charge of various wings of the Department such as, Territorial; Budget, Planning and Development; Conservation; Working Plan; Research, Education and Training *etc.* At the Circle level, the Chief Conservators of Forests (CCFs) are responsible for budgetary control and monitoring of various activities/schemes. The Conservators of Forests (CFs) are responsible for preparation of Working Plans (WPs) and maintenance of land records. At the Divisional level, the tasks of survey, demarcation, marking, plantation and overall implementation of WPs are dealt with by the Deputy Conservators of Forests (DCFs)/Divisional Forest Officers (DFOs) who are assisted by Assistant Conservators of Forests (ACFs), Range Forest Officers (RFOs), Foresters and Forest Guards.

2.1.3 Audit objectives

The objectives of the performance audit were to assess whether:

- working plans were prepared timely and implemented effectively and efficiently;
- budgeted funds were made available and utilized as per approved working plans; and
- monitoring, evaluation and internal control mechanisms were effective.

2.1.4 Scope and methodology of audit

A Performance Audit of 'Working of Maharashtra Forest Department' was conducted between December 2014 and July 2015 covering a period of five years from 2010-11 to 2014-15. For this purpose, records at Mantralaya, two⁴ of six PCCFs, five⁵ of 11 CCFs (Territorial), 13⁶ of 51 DCFs were examined. In addition, records of six⁷ WP Divisions (responsible for preparation of WPs of 13 selected Divisions); one Transport and Marketing (T&M) Division at Ballarshah; CCF (Mangrove cell), Mumbai; and two CCFs (Land Records), Panvel and Nagpur were also examined. In the selected Divisions, audit randomly selected 24 plantation sites for detailed assessment of the works carried out by the MFD during 2010-15.

An entry conference with Secretary (Forests) was held on 02 March 2015, wherein the audit objectives, methodology and scope of audit were explained. An exit conference with the Secretary was held on 03 December 2015 to discuss the audit findings and recommendations of audit. Paragraph-wise replies of GoM to the draft report were received on 22 December 2015 which has been incorporated at appropriate places in the report.

The Performance Audit Report does not cover Wildlife, Social Forestry and Research, Education and Training activities.

2.1.5 Audit criteria

The audit criteria were derived from the following documents:

- National Forest Policy, 1988 and Maharashtra State Forest Policy, 2008;
- Indian Forest Act, 1927 (IFA-1927);
- Forest (Conservation) Act, 1980 and Rules made there under;
- Maharashtra Forest Manual, 2011;
- Guidelines of schemes/projects/programmes;
- National Working Plan Code, 2004;
- Maharashtra Private Forest (Acquisition) Act, 1975; and
- Policies, rules and regulations and directives issued by GoI/GoM

Audit findings

2.1.6 Planning

2.1.6.1 Deficient working strategy to increase forest cover

As per Maharashtra Forest Policy, 2008, the State was to endeavor to bring 33 *per cent* of the geographical area under forest cover⁸ in accordance with

⁴ PCCF (HoFF) and PCCF (Production and Management)

⁵ Gadchiroli, Amravati, Kolhapur, Thane and Dhule

⁶ Gadchiroli, Bhamragarh, Sironcha, Allapalli, Nandurbar, Yawal, Jalgaon, Alibag, Roha, Thane, Sangli, Satara and West Melghat

⁷ Amravati, Chandrapur, Dahanu, Dhule, Gadchiroli and Kolhapur

⁸ Forest cover refers to all lands more than one ha in area, having a tree canopy density of more than 10 *per cent* irrespective of ownership and legal status

the goal of the National Forest Policy, 1988. Keeping this in view, conservation, reforestation and increasing tree cover were identified as the primary objectives of the State policy. In this connection, a Departmental Monitoring and Implementation Committee headed by PCCF as Chairman, State Level Coordination Committee headed by the Chief Secretary and State Forest Advisory Board headed by the Chief Minister were constituted (December 2008) for taking policy decisions, preparing projects and action plans, allocating adequate financial resources, providing administrative support and ensuring inter-departmental coordination.

Audit observed that despite implementation of State Forest Policy since 2008, constitution of various Committees/Board in December 2008 and spending nearly ₹ 6,881 crore during the last eight years (2007-15) on forest development works, the forest cover in the State decreased by 22 sqkm from 50,650 sqkm in 2007 to 50,628 sqkm in 2015 as indicated in **Table 2.1.1**.

Table 2.1.1: Net change in forest cover from 2007 to 2015

Year of assessment	Total geographical area	Forest cover (area in sqkm)				
		Total area under forest cover	Very dense forest	Moderately dense forest	Open forest	Percentage of geographical area under forest cover
ISFR-2007	307713	50650	8739	20834	21077	16.46
ISFR-2009	307713	50650	8739	20834	21077	16.46
ISFR-2011	307713	50646	8736	20815	21095	16.46
ISFR-2013	307713	50632	8720	20770	21142	16.45
ISFR-2015	307713	50628	8712	20747	21169	16.45
Net change (2007 vis-a-vis 2015)	--	(-) 22	(-) 27	(-) 87	92	(-) 0.01
Source : India State of Forest Report (ISFR) of 2007 to 2015 prepared by Forest Survey of India, Dehradun						

Table 2.1.1 also shows that while the area of dense forest had been decreasing persistently since 2009, the area of open forest had increased. Also, the percentage of the geographical area under forest cover over a period of eight years had remained stagnant at 16.45 *per cent*. The reasons for decrease in forest cover, as per ISFR 2015, were diversion of forest area for non-forestry purposes, encroachments *etc*. Besides, audit observed that shortfalls and delays in release of funds for implementation of WPs and inordinate delay in preparation of WPs by a number of Divisions were the other factors responsible for decrease in forest cover.

The GoM stated in December 2015 that a policy decision had been taken in 2011 to plant 500 crore seedlings during 2012-17 to meet the target of 33 *per cent* geographical area under forest cover vide Government Resolution dated 25 October 2011. Its implementation involved extensive coordination with various district agencies, Non-Governmental agencies and industrial groups for which regular meetings were held by the Chief Secretary and the Divisional Commissioners.

2.1.6.2 Delay in notification of 'Zudpi Jungle'

'Zudpi Jungle' are lands that were once forest but now have become degraded forest. These are mostly owned by Revenue Department but have the status of forest and hence, attract the provisions of Forest (Conservation) Act, 1980 which makes Central Government permission necessary for activities other than forestry. These jungles are spread across six districts of Vidarbha region namely; Nagpur, Wardha, Gadchiroli, Bhandara, Gondia and Chandrapur.

Audit observed that against 92,117 ha of 'Zudpi jungle', 89,319 ha were handed over to MFD by Revenue and Forest Department, GoM for notification. Of 89,319 ha, only 23,334 ha (26 per cent) has been notified by the State Government as protected/reserved forest. The remaining 65,985 ha (74 per cent) was yet to be notified (December 2015). Consequently, no forestry management, development and conservation activities in 65,985 ha could be taken up by MFD.

The GoM stated that of the remaining 65,985 ha, proposals for 41,446 ha were pending at the level of Commissioner, Nagpur and proposals for remaining 24,539 ha were yet to be submitted.

2.1.6.3 Delay in notification of mangroves

Every mangrove tree is an ecosystem in itself and form part of the forest cover. Mangroves are natural barriers against sea intrusion. By breaking up large storm surges and strong tidal currents they protect the sea coast from erosion. They are important land builders, which filter sediments from land and stretch the extent of land towards the sea.

In Maharashtra, mangroves are spread over 17,783 ha. Scrutiny of records of CCF (Mangrove Cell), Mumbai revealed that based on the judgment of the Bombay High Court (October 2005), the State Government notified 5,469 ha and 3,193 ha of Mangrove as protected forest in 2007-08 and 2012-13 respectively. However, mangroves admeasuring 9,121 ha was yet to be notified as protected forest (December 2015).

The GoM stated that mangroves were in fact spread over an area of 15,087 ha of which, 12,673 ha had been notified as reserve forest. Of the remaining 2,414 ha, notification for approximately 1,660 ha area had been sent to Government press for publication of notification. The process for notification of remaining area (754 ha) would be completed after taking approval of the Government.

Delay in notification may lead to continuing destruction or denuding of mangroves and also make them susceptible to encroachments, as also noted by the Bombay High Court while pronouncing its judgment in October 2005.

2.1.6.4 Non-acquisition of private forest land

The Maharashtra Private Forests (Acquisition) Act, 1975 empowers the State Government to take over private forest land in order to ensure their scientific management and comprehensive protection.

Audit observed that as of March 2015, of the total private forest land admeasuring 1,66,588 ha, MFD was able to bring only 85,866 ha (52 *per cent*) under its possession. The remaining 80,722 ha (48 *per cent*) was yet to be brought under Government's control (December 2015). As a result, no afforestation or conservation activities could be taken up by MFD on this land.

The GoM stated that efforts were being made for acquisition of the remaining private forest land which was held up at various levels of adjudication (courts/tribunals, revenue authorities *etc.*).

2.1.6.5 Discrepancies in areas of forest land

Two independent Land Record Offices at Panvel and Nagpur were established (November 1999) with the mandate of carrying out works of survey and demarcation of reserved/protected forest areas, rectification of demarcation works wrongly done, updation of the records of demarcation and classification of forest land.

Ideally, the extent of forest area as per Forest Department records as well as Revenue Department records must tally. Audit observed that in 10⁹ of 13 selected Divisions, there was a variation of 5.57 lakh ha in the area of forest land as indicated in Forest Department records and that recorded by the Revenue Department. But, the difference was not reconciled, as no survey and demarcation works had been conducted by the two Land Record Offices since their formation in 1999.

The GoM stated that efforts were underway by the Forest Department to reconcile the figures with the Revenue Department.

2.1.6.6 Unusual delays in preparation of working plans

Working Plans (WPs) are useful for evaluating the status of forest resources of a Division, assessing the impact of past management practices and deciding about suitable management interventions for future. According to National Working Plan Code, 2004 prepared by Ministry of Environment and Forests (MoEF), GoI, every WP is to span over a period of 10 years and should include area-specific scientific prescriptions for efficient management of forest.

Initially, the WP Divisions prepare preliminary working plan reports (PWPR) Division-wise with inputs from the concerned Divisions. The PCCF (Production and Management) vets the PWPR and forwards the draft WP to the MoEF, GoI which accords final approval to the WP.

In 51 Forest Divisions in the State, audit observed that WPs of 15 Divisions expired between 1989-90 and 2013-14. Further, extension¹⁰ to the existing WPs was granted to six Divisions up to 2014-15. The remaining nine Divisions, where the WPs had expired and no new WPs were in force, had been carrying out only protection and conservation activities for the last two to 26 years, as indicated in **Table 2.1.2**.

9 Bhamragarh, Sironcha, Allapalli, Yawal, Jalgaon, Thane, Satara, Roha, Alibag, and Nandurbar

10 Extension to existing WPs are granted (after expiry of their validity), till new WPs are prepared and made operational

Table 2.1.2: Delay in preparation Working Plan

Sr. No.	Name of Division	Name of the WP Division	Validity of WP		Delay in preparation of WP as of March 2015 (in years)
			Start date	End date	
1.	Chandrapur	Chandrapur	2003-04	2012-13	02
2.	Solapur	Pune	1995-96	2004-05	10
3.	Aurangabad	Aurangabad	2002-03	2011-12	03
4.	Sawantwadi	Kolhapur	2003-04	2012-13	02
5.	Alibag	Thane	1969-70	1988-89	26
6.	Malegaon	Nashik	2002-03	2011-12	03
7.	Mewasi	Dhule	2001-02	2010-11	04
8.	Nandurbar	Dhule	1970-71	1989-90	25
9.	Dhule	Dhule	1997-98	2006-07	08

Source : Information furnished by PCCF (Production and Management)

The reasons for delay in preparation/non-preparation of WPs were (a) shortfall of key manpower in the WP Divisions, such as, Range Forest Officers, Foresters, experts in remote sensing and GIS *etc.*, (b) time lag in receipt of inputs from the Divisions, (c) non-reconciliation of forest area, and (d) frequent transfer of Conservators of Forests.

The GoM accepted the facts and stated that of the nine Divisions, WP of Aurangabad was approved (April 2015) by MoEF, WPs in respect of seven Divisions were pending at MoEF for approval and WP of Mewasi Division would be submitted shortly to MoEF for approval.

2.1.6.7 Non-creation of green fund

As per Maharashtra State Forest Policy, 2008, a green fund was to be created by MFD to support investments on wasteland development, eco-restoration and watershed development. The income accrued from compensatory afforestation, corpus of forest development tax and resources mobilized from levy of two *per cent* green cess on Municipal Corporations using water from the forest areas were to be deposited in the green fund. Funds that shall be available from Clean Development Mechanism (CDM) operative under Kyoto Protocol and from other similar schemes were also to be availed of for green fund, for reducing emissions of green house gases.

Audit observed that no green fund was created (December 2015) by MFD even as seven years have elapsed since the State Forest Policy was promulgated in 2008. This fund, if created, could have helped bridge the financial gaps (as discussed in paragraph 2.1.7.1) and facilitated smooth implementation of various forest development programmes as well as proved to be a catalyst for social forestry.

The GoM assured that creation of Green Fund would be expedited.

Recommendation 1: The key reasons contributing to non-preparation or delay in preparation of working plans may be reviewed and addressed by the Forest Department in order to ensure that the working plans of the Divisions are timely, contemporary and relevant. The State Government may also speed up the notifications for 'Zudpi Jungle', mangroves and private forest land to increase forest cover on these lands through sustainable forestry management, conservation and protection activities.

2.1.7 Financial management

2.1.7.1 Short-release of funds

An overview of funds demanded by PCCF (HoFF), funds allocated by GoM and expenditure incurred by MFD at the State level as well as 13 selected Divisions during 2010-15 is shown in **Table 2.1.3**.

Table 2.1.3: Details of funds demanded, released and expenditure incurred
(₹ in crore)

Year	State				Selected Division			
	Demand	Funds released	Expenditure	Savings	Demand	Funds released	Expenditure	Savings
1	2	3	4	5	6	7	8	9
2010-11	1644.45	798.50	739.13	59.37	182.10	178.15	165.47	12.68
2011-12	1858.30	859.99	860.03	(-)0.04	290.01	160.79	159.39	1.40
2012-13	2121.11	1024.83	1024.78	0.05	334.46	204.16	206.85	(-)2.69
2013-14	2063.79	1115.28	1118.92	(-)3.64	368.19	219.85	219.58	0.27
2014-15	2036.83	1149.80	1150.04	(-)0.24	376.82	229.09	227.94	1.15
Total	9724.48	4948.40	4892.90		1551.58	992.04	979.23	

Source : Information furnished by GoM and selected Divisions

As evident from **Table 2.1.3** above, funds released by GoM during 2010-15 accounted for only 51 *per cent* of the total funds demanded by MFD (State position) and it was 64 *per cent* in case of 13 selected Divisions. Further, during 2010-15, the percentage of expenditure incurred on planned¹¹ activities in the month of March alone ranged between 23 and 83 *per cent* for the State and 34 and 69 *per cent* in 13 selected Divisions.

It is also pertinent to mention here that the National Forest Commission recommended (March 2006) that the budgetary allocation to the forestry sector (both in Central and State budgets) must not be less than 2.5 *per cent* of the total plan outlay. Audit, however, observed that the total outlay of forestry sector in the State of Maharashtra during 2010-15 ranged between 0.64 and 1.10 *per cent* of the total plan outlay of the State.

A stagnant forest cover of 16.45 *per cent* over the last eight years coupled with distortions in release of funds and a minuscule outlay for forest and forestry related activities indicated that this sector has not been given the priority it deserves.

The GoM accepted the facts and stated that short-release of funds was due to priority fixation at the Government level in the Finance Department.

2.1.7.2 Meager apportionment of forest development tax

As per the Maharashtra Forest Development (Tax on Sale of Forest-produce, by Government or Forest Development Corporation) (Continuance) Act, 1983, the State Government shall collect tax on every sale of forest-produce from the purchaser, at the rate of 12 *per cent* of the sale price of such produce sold to him. The proceeds of the tax levied and collected under this Act shall first be credited to the Consolidated Fund of the State, and thereafter, deducting from the proceeds such sum as the State Government may determine as expenses of collection, the remaining

¹¹ All schemes implementing forestry works (other than pay and allowances)

amount shall under appropriation duly made by law in this behalf, be placed at the disposal of the Forest Department each year as additional budgetary resources to be expended only for forest plantation or other ancillary purposes connected with forest development programmes and for the welfare of the people dwelling in the forests and the weaker sections of the people dependent on forest produce for their livelihood.

The details of Forest Development Tax (FDT) remitted by MFD to the GoM and amount apportioned to MFD during 2010-15 are shown in **Table 2.1.4**.

Table 2.1.4: Details of apportionment of Forest Development Tax (₹ in crore)

Year	FDT remitted to GoM	Amount apportioned by GoM to MFD	Percentage apportionment
2010-11	50.62	1.37	2.71
2011-12	49.28	1.13	2.29
2012-13	32.46	1.21	3.73
2013-14	31.59	1.39	4.40
2014-15	39.37	1.45	3.68
Total	203.32	6.55	3.22

Source : Information furnished by MFD

As could be seen from **Table 2.1.4** above, the average apportionment of FDT to MFD during last five years (2010-15) was a meagre 3.22 *per cent*, which did not appear to be a reasonable and viable source of additional funding to carry out any meaningful forest development activity in the State.

The GoM accepted the facts and stated that the decision in this regard was taken keeping in view the overall fiscal position of the state.

The reply lacked conviction because collection, levy and usage of FDT, which is the sole domain of MFD in terms of the Act, have no logical connection with the fiscal position of the State.

2.1.7.3 Diversion of funds

As per Rule 26 (ii) of General Financial Rules, 2005, expenditure should be incurred for the purpose for which funds have been provided. Audit observed that five Divisions diverted ₹ 4.89 crore during 2010-15 for other purposes as discussed below:

- The MoEF granted (May 2013) in-principle approval to the proposal of DFO, Sangli for diversion of 6.624 ha of unclassified forest for establishment of a training academy at Sangli subject to deposit of ₹ 0.86 crore as Net Present Value (NPV)¹². The DFO, Sangli however, diverted the funds from allocations received under various forestry activities¹³ and used it for clearing the NPV. Further, while submitting the monthly accounts to the office of the Accountant General (A&E), Nagpur, the amount was incorrectly shown as spent on various forestry activities.

¹² NPV is the money collected from user agencies towards compensatory afforestation for diversion of forest land for non-forestry purposes

¹³ Repair to buildings, artificial regeneration, survey settlement and demarcation of forest etc.

The GoM accepted the facts and stated that in order to get Stage-II approval from MoEF for early commencement of academy work, the NPV was paid from other source.

- Four Divisions diverted 13th Finance Commission (FC) grants of ₹ 4.03 crore for construction of hostel buildings for the wards of forest employees at Gadchiroli, Thane, Chandrapur and Nagpur.

The GoM stated that 13th FC grants were utilized for providing accommodation to the wards of forest employees working in the remotest area of Maharashtra. The GoM added that construction was taken up in accordance with Condition 4 (v) of 13th FC guidelines. The reply is not acceptable because, Condition 4 (v) stipulates use of 13th FC grants for development purposes relating to forest-based activities only.

Recommendation 2: The perceptible gap between the funds demanded by the Department and that released by the State Government needs to be minimized, if not totally eliminated. The Government may also augment (a) the outlay for the forest sector in consonance with the recommendations of the National Forest Commission, and (b) the share of the Department to forest development tax for seamless execution of forest development works, conservation and protection activities.

2.1.8 Implementation of forest development works

2.1.8.1 Shortfalls in achievement of targets laid down in working plans

The 10 year WPs lay down the annual targets for various forest development activities, such as, demarcation of coupes¹⁴, marking of trees, felling, plantation, soil and moisture conservation, cut-back operations, regeneration works, cleaning, boundary maintenance, fire tracing works *etc.*

Audit mapped the physical targets of various forest development activities included in the 10 year WPs of 10¹⁵ of 13 selected Divisions with the achievements made there against during 2010 -15. A synopsis of the physical targets and their achievements is shown in **Appendix 2.1**. Audit analysis revealed a shortfall of 28 to 84 *per cent* in achievement of targets against 10 forest development activities during 2010 -15. Since most of the activities were interdependent and sequential, shortfalls in achievements of one activity impacted the implementation of the subsequent activities, as enumerated below:

- Shortfalls in demarcation of coupes led to delays in marking of trees and their felling. As the felling could not be carried as planned, the revenue in five¹⁶ of 13 selected Divisions dipped from ₹ 130.54 crore in 2011-12 to ₹ 84.20 crore in 2014-15.

14 A defined area of forest land of variable size on which harvesting takes place usually over one year

15 Two Divisions (Nandurbar and Alibag) did not prepare any WP and one Division (Sangli) did not furnish Action Taken Reports showing achievement of targets

16 Allapalli, Bhamragarh, Gadchiroli, Sironcha and Roha

- Shortfalls in plantation, cut-back operations and cleaning works impacted the natural as well as artificial regeneration. Besides, shortfalls in these activities were one of the reasons for the declining forest cover¹⁷ in three districts (Gadchiroli, Jalgaon and Thane) of seven¹⁸ selected Divisions from 9,82,100 ha in 2010 to 9,80,000 ha in 2015.
- Shortfalls in boundary maintenance and fire tracing works had a direct bearing on fire incidences which increased from 386 in the 2010-11 to 534 in 2014-15 in seven¹⁹ selected Divisions.

The GoM accepted the facts and stated that naxal activities and non-availability of funds in time were the main reasons for under-achievement of WP targets.

2.1.8.2 Inadequacies in implementation of plantation programme

For a successful plantation programme, the survival percentage, according to the norms²⁰, should be at least 40 *per cent* and above after three years of plantation. If survival percentage stands at 20 to 40 *per cent* then, it would be deemed as partially successful; otherwise, it would be deemed as failed plantation.

During 2010-15, 12 of 13 selected Divisions planted 7.12 lakh saplings on 632 ha in 24 sites at a cost of ₹ 4.99 crore. Audit examined the survival percentage reports maintained by 12 Divisions to check the survival status of plantation and also visited 24 sites along with the representatives of MFD to see the physical status of plantation works. Examination of survival percentage reports and site visits by audit revealed the following:

- In five of 24 sites where an expenditure of ₹ 33.34 lakh was incurred on plantation works, the survival percentage was found to be less than 20 *per cent* in four sites (complete failure) and 24.56 *per cent* in one site (partially successful).
- Plantation registers and measurement books containing details of plantation works and grid-wise information on plantation respectively were not being updated in three of 24 sites.
- In two sites namely, Kandari (plants: 33,030; area: 30 ha; cost: ₹15.32 lakh) and Nagaj (plants: 10,000; area: 13 ha; cost: ₹11.20 lakh) which fall in Jalgaon and Sangli Divisions respectively, the survival claims made by the Divisions (63 and 42 *per cent*) were found to be overstated, as upon joint physical verification in May 2015, few live plants were found at these two sites. The photographs of two sites are appended below.

17 As per ISFR 2011 and 2015 published by Forest Survey of India, Dehradun

18 Allapalli, Bhamragarh, Sironcha, Jalgaon, Yawal, Gadchiroli and Thane

19 Allapalli, Bhamragarh, Gadchiroli, Jalgaon, Yawal, Roha and Thane

20 Evaluation Code, 1969 of MFD



Kandari, Jalgaon Division



Nagaj, Sangli Division

The GoM attributed the reasons for failure of plantation to grazing by cattle, non-deployment of Chowkidars, damage caused by wild boars. As regards Kandari and Nagaj plantation sites, it was stated that some of the seedling are not seen as they die during summer and again sprout after the onset of monsoon. It added that records of old plantations have been traced and being updated.

2.1.9 Management of CAMPA funds

2.1.9.1 Inadmissible expenditure from CAMPA funds

Compensatory Afforestation Fund Management and Planning Authority (CAMPA) are meant to promote afforestation and regeneration activities as a way of compensation for forest land diverted for non-forest uses. The Supreme Court approved the guidelines prepared by the MoEF for utilising CAMPA funds by an agency to be constituted in the States and to be known as the State CAMPA.

As per CAMPA guidelines issued (July 2009) by MoEF, money available in CAMPA is to be utilized for development, maintenance and protection of forests and wildlife management as per approved Annual plan of operations (APOs)²¹. The National CAMPA Advisory Council (NCAC) of MoEF categorically excluded (June 2010) certain items of expenditure *viz.*, administrative expenditure; expenditure on strengthening of infrastructure at Forest Headquarters; POL expenditure on vehicles; construction, repairs and renovation of offices/residential buildings, forest rest houses and ministerial staff quarters; and purchase of vehicles from CAMPA funds.

Contrary to the CAMPA guidelines and NCAC directives, the PCCF (HoFF) released ₹ 16.49 crore from the State CAMPA to CCF, Pune during 2010-11 for construction of 'Van Bhavan' at Pune by including the same in APO of 2010-11. Further, one Circle Office (Amaravati) and two²² selected Divisions incurred an expenditure of ₹ 2.66 crore from the State CAMPA funds on construction of training academy, road works, construction of compound walls of rest house, repairing and colouring of Division office *etc.* This resulted in deprivation of funds to the extent of ₹ 19.15 crore for compensatory afforestation programme.

²¹ Annual plan of operations (APOs), prepared by the State Forest Departments and approved by MoEF, describe in detail various components of works to be undertaken from CAMPA account, such as, compensatory afforestation works and works taken up under NPV components

²² Sangli and Thane

The GoM stated that expenditure on '*Van Bhavan*' was incurred from CAMPA funds since directives of the NCAC regarding prohibition of certain items of expenditure from CAMPA account was received after the approval of APO 2010-11 by the Steering Committee. The GoM added that the expenditure of ₹ 2.66 crore on other construction works was incurred with the approval of the Executive Committee of the State CAMPA.

The reply is not acceptable because, the proposal for construction of '*Van Bhavan*' could have been retracted from the APO 2010-11 once the directives of NCAC became available in June 2010. Also, the expenditure of ₹ 2.66 crore was incurred without the prior approval of the MoEF and therefore, irregular.

2.1.9.2 Non-transfer of reserve funds into ad-hoc CAMPA account

The Supreme Court of India observed in May 2006 that CAMPA had still not become operational and ordered the constitution of an ad-hoc body (known as 'ad-hoc CAMPA') till CAMPA became operational. The Court directed that all monies recovered on behalf of CAMPA and lying with various offices of the State Government should be transferred to ad-hoc CAMPA account being administered by MoEF. The MFD issued (July 2008) directions to the field offices that monies received from the user agencies²³ prior to formation of ad-hoc CAMPA and kept in reserve fund should be transferred to the ad-hoc CAMPA account.

Scrutiny of Finance Accounts of GoM for the year 2010-14, however, revealed that ₹ 38.33 crore kept in reserve funds was yet to be transferred to ad-hoc CAMPA account (December 2015). Similarly, ₹ 2.08 crore lay in the reserve funds in seven²⁴ of 13 selected Divisions. This not only resulted in idling of ₹ 38.33 crore for more than nine years (2006 to 2015), the State Forest Department was also deprived of the CAMPA funds to that extent or its proportion thereof, for implementation of various compensatory afforestation programmes.

The GoM accepted the facts and assured that the amount would be transferred to ad-hoc CAMPA after reconciliation.

2.1.9.3 Non-recovery of net present value

The MoEF directed (October 2006) all the States and Union Territories to recover NPV of the forest land diverted for non-forest purposes for those cases also for which in-principle approval was granted before 30 October 2002, and for which final approval has either already been granted on or after 30 October 2002.

Audit observed that in respect of 32 projects in Maharashtra, user agencies to whom final approval for use of 478.81 ha of forest land for non-forestry purpose was granted after October 2002 did not pay NPV amounting to ₹ 30.18 crore as of December 2015.

²³ User agencies are project proponents (public or private) who have applied to the Forest Department for diversion of forest land for non-forestry purposes

²⁴ Alibag, Gadchiroli, Jalgaon, Sangli, Satara, Sironcha and Yawal

The GoM stated that the Secretaries of the concerned user Departments as well as other user agencies had been requested to pay the NPV at the earliest.

2.1.10 Loss of revenue

Forest products play an important part in the socio-economic development of the state. In addition to meeting the *bona fide* needs of the villagers residing in and around forest areas, sale of forest products contributes substantially to the state exchequer. Important forest products are timber, fuel wood, bamboo and many non-wood forest products like tendu patta, mahua flowers *etc.*

2.1.10.1 Loss due to non-exploitation of bamboos

As per WP prescriptions, the bamboo coupes are divided into three felling series and each felling series becomes due for harvesting after every three years. Non-exploitation of bamboo coupes also blocks regeneration of new shoots which becomes exploitable after three years.

During 2010-15, four²⁵ of 13 selected Divisions did not carry out bamboo harvesting as targeted in the WPs, resulting in shortfall of 23 to 94 *per cent* in the area actually exploited *viz-a-viz* area due for exploitation. Consequently, an estimated revenue of ₹ 37.52 crore during 2010-15 was lost due to non-harvesting of bamboos.

The GoM stated that bamboos are grown mainly in Chandrapur and Gadchiroli Forest Circles, which are affected by anti-social elements. As a result, it badly disrupts the work of bamboo exploitation and at times, the work had to be stopped. Despite the constraint, there was no theft of bamboos and the growing stock remained unaffected and always available for harvesting in future. As such, there was no loss to the Government.

The reply is not acceptable because, (a) as on January 2015, MFD had a shortage of 890 Foresters and Forest Guards. Deployment of adequate number of front-line operational staff could have helped address the problem of anti-social elements to a large extent and also facilitated uninterrupted harvesting of bamboo in the region. Further, a brief prepared by MFD in February 2015 indicated that due to under-deployment of operational staff, there was a loss of ₹ 42.65 crore and ₹ 1.09 crore on account of illicit cutting of trees and fire incidents respectively. Besides, forest area admeasuring 71,876 ha was also under encroachment; and (b) if bamboo is not harvested from a felling series in a particular year, that felling series can be harvested only after three years, which invariably impacts the revenues, due to deterioration in quality of bamboo.

2.1.10.2 Incorrect adoption of upset price

As per Government Resolution issued (November 1980) by the Revenue and Forest Department, the CCFs were required to prepare and communicate the schedule of rates (SoRs) for each species and grade of

²⁵ Allapalli, Bhamragarh, Gadchiroli and Sironcha

timber on yearly basis for each sale depot under their jurisdiction for fixation of upset prices²⁶ for auctions. In case, the average of actual sale price of timber for the previous three consecutive auctions turns out to be more than the price arrived at on the basis of SoR, the average sale price would be the upset price.

Audit observed that CCF, Gadchiroli delayed the preparation and communication of SoRs to the sale depots under his jurisdiction by six to eight months for each species and grade of teakwood. Consequently, for auction of 7,323.64 cum of teakwood conducted during 2011-14, the CF, T&M Division, Ballarshah fixed the upset price at previous years' SoRs which were lower than the current SoRs applicable to the year of auctions as well as the average of actual sale price of timber for the previous three consecutive auctions.

The GoM stated that upset price was only for guidance for approval of rates quoted by the bidders and therefore, the SoRs had no bearing on the rates obtained in the open auction from the bidders. However, the CCFs had been directed to approve and communicate the SoRs in time.

The reply is not convincing because, as per Government Resolution of November 1980, the upset price was to be fixed with reference to the SoRs of the current years.

Further, in nine auctions selected randomly by audit from 113 auctions concluded during 2010-15, though the average of actual sale price of timber for previous three consecutive auctions was higher than the SoR, CF, T&M Division, Ballarshah fixed the upset price below the average price. On further scrutiny of the sale registers, audit observed that the sale proceeds from auctions were lower than the estimated proceeds that would have accrued if the average sale price had been reckoned. This resulted in loss of revenue of ₹ 1.26 crore in nine auctions. The loss worked out would have been more if a larger sample had been selected and scrutinized by audit.

The GoM stated that though the upset price was fixed by adopting wrong method, the loss cannot be inferred on the basis of upset price. However, instructions had been issued to CF (T&M), Ballarshah to follow the correct procedure.

2.1.10.3 Loss on account of under-utilization of a saw mill

In Maharashtra State, MFD has been operating one saw mill at Allapalli since 1964. The mill has 10 'Aara' machines of which, only three were in working condition with cutting capacity of 4.5 cum wood per day. During 2010-15, the saw mill was operated at 0.71 cum per day and the revenue realized was only ₹ 0.21 crore, against the operational expenditure of ₹ 2.44 crore incurred during the same period. The under-utilization of the saw mill during 2010-15 resulted in loss of ₹ 2.23 crore.

The GoM stated that the cutting charges would be revised to reduce the gap

²⁶ Minimum reserve price fixed by Divisions for any item offered for auction or public sale

between running cost and revenue realised and suitable action would also be taken to turn the saw mill into a viable unit.

Recommendation 3: (i) The Department must ensure that the physical targets approved and included in the working plans are attained timely by the Divisions because, shortfalls in achievement of targets of one activity may have a cascading effect on the achievement of targets of other mutually dependent activities and revenue optimization; (ii) Expenditure on items not permitted to be incurred from the CAMPA funds needs to be discouraged because, it leads to deprival of funds to that extent for compensatory afforestation programme; and (iii) Forest produce should be harvested timely to avoid revenue losses.

2.1.11 Monitoring, evaluation and internal controls

Monitoring and evaluation are crucial for tracking the progress of any scheme, programme or a process with a view to detecting deviations for early corrective action and learn lessons for future planning.

2.1.11.1 Inadequate monitoring of working plans

▪ Non-maintenance of control forms

Coupe control forms are to be prepared and maintained by the WP Divisions for monitoring of all silviculture operations, such as, felling, cleaning, cut-back operations, thinning *etc.* for the WP period. Similarly, felling control forms are also to be maintained by the WP Divisions for monitoring the records of all trees marked for felling and trees retained.

Audit observed that five²⁷ of six selected WP Divisions did not maintain the control forms and therefore, critical information on various silviculture operations including felling of aged trees was not available with these WP Divisions. As a result, the revenue generating activities could not be adequately monitored by the WP Divisions.

The GoM accepted the facts and stated that instructions were being issued to CCFs for regular submission of control forms for adequate monitoring of forestry works.

▪ Delay in approvals to deviation proposals

As per National Working Plan Code, 2004, if no silviculture operations are carried out or if any activity is not consistent with the WP, it would be treated as a deviation from the approved WP.

Audit observed that four²⁸ of 13 selected Divisions during 2010-14 sent deviation proposals involving an area admeasuring 30,370.73 ha to their concerned CFs/PCCF for approval, which were pending (December 2015).

The GoM accepted the facts and stated that follow up of pending deviation proposals would be taken with the respective Cfs.

²⁷ Amravati, Chandrapur, Dhule, Gadchiroli and Kolhapur

²⁸ Allapalli, Sironcha, Bhamragarh and Gadchiroli

2.1.11.2 Non-compliance to observations raised by evaluation wing

The evaluation wing of MFD conducts evaluation of forest development works to assess their quality and standards and to suggest improvements in the implementation. Audit observed that the evaluation wing of MFD has been conducting evaluation of forest development works round the year and evaluation reports²⁹ were being prepared painstakingly that offered a host of remedial measures and action points which had the potential to ensure a marked improvement in the Department's performance. However, compliance by the Divisions to the observations and the recommendations made by the evaluation wing was dismal. Information furnished by CCF (Evaluation) revealed that of 1,945 observations raised by the evaluation wing during 2010-15, 1,625 observations (84 *per cent*) were outstanding against 51 Divisions.

The GoM stated that the matter was being looked into seriously and directions had been issued to all the CCFs in this regard.

2.1.11.3 Outstanding forest revenue

In 13 selected Divisions, forest revenue of ₹ 12.34 crore was outstanding for recovery in 1,494 cases as of December 2015 (the oldest case being more than 80 years old). Of the total outstanding revenue of ₹ 12.34 crore, ₹ 0.30 crore was on account of non-adjustment of challans; ₹ 5.92 crore had been intimated to the Revenue Department for effecting recoveries; ₹ 2.12 crore was on account of pending final court decisions; ₹ 0.43 crore was due from Forest Labour Cooperative Societies; ₹ 0.44 crore was due from Tribal Development Corporation; ₹ 2.47 crore was due from forest contractors; and the remaining ₹ 0.66 crore was categorized as miscellaneous.

The GoM stated that the matter was being pursued at the highest level to effect maximum recoveries.

2.1.11.4 Deficient internal controls

Internal control system is a management tool to provide reasonable assurance that applicable rules and regulations are followed in operations and reporting. The internal controls in MFD were deficient as under:

- In three³⁰ of 13 Divisions, there was a difference of ₹ 1.25 crore in the closing balances of personal ledger account cash books and treasury pass books.
- Maharashtra Budget Manual, 1977 prescribes maintenance of budget control register in order to monitor the demand, receipt and disbursement of funds. However, the same was not being maintained in two selected Divisions (Satara and Sangli).

²⁹ Three types of Evaluation Reports are prepared *i.e.* Evaluation of pre-plantation operation works; 3rd year plantation works; and 10th year plantation works

³⁰ Allapalli, Bhamragarh and Sironcha

- In two selected Divisions (Sangli and Yawal), physical verification of stock registers was not being carried out by the DFO/DCF. Also, the entries made in the stock registers were not being attested by the DFO/DCF.
- Surprise monthly physical verification of cash balances was not being conducted by the DCFs in four³¹ Divisions.
- As of March 2015, 735 observations raised by the internal audit wing of MFD were pending for compliance by the Divisions.
- Three Divisions (Sangli, Thane and Gadchiroli) allotted civil and plantation works valuing ₹ 2.94 crore to the contractors without inviting tenders, in violation of extant orders of MFD issued in February 1993. Further, a cash payment of ₹ 1.15 crore was made by Thane Division to contractors, in violation of the extant orders.

The GoM stated that instructions have been issued to all the Divisions to rectify the deficiencies pointed out by audit in the system of internal controls. The GoM added that cash payment of ₹ 1.15 crore was made by Thane Division due to the urgent nature of work.

Recommendation 4: The monitoring of working plans by the Department should be robust for timely detection of deviations and initiation of early corrective action. The Divisions should demonstrate a proactive approach to the observations/ recommendations made by the Evaluation Wing so as to minimize losses and maximize efficiency. The internal control mechanism should be strengthened to ensure that rules and regulations are scrupulously followed in planning, operations and management of forestry works.

2.1.12 Best practices

A field visit to Gadchiroli Forest Circle (January 2015) revealed that the Circle Office has taken a number of initiatives to reduce the dependence of tribal community on forest resources, create alternative employment opportunities and protection of environment. The initiatives include manufacture and sale of agarbattis by the tribal community, vocational training, energy conservation activities (solar lamps), smokeless chullahs *etc.*

Further, with a view to make patrolling more efficient, MFD procured 6,415 personal digital assistance (PDA) devices and issued to Foresters enabling them to send instant e-mails and messages to higher authorities the moment any forest offence is detected, such as, felling, poaching, encroachments, fire incidents, pilferages *etc.* Till December 2015, around 6,800 offences have been registered on PDA and reported to higher authorities.

³¹ Allapalli, Gadchiroli, Bhamragarh and West Melghat

2.1.13 Conclusion

Despite implementation of State Forest Policy since 2008, constitution of various Committees/Board and spending nearly ₹ 4,893 crore since 2010-11, the forest cover in the State over a period of eight years remained stagnant at 16.45 *per cent*. Substantial land under 'Zudpi Jungle' and private forest land were not brought under the reserved/protected category. Consequently, no forestry management, development and conservation activities could be taken up in these lands by the State Forest Department. There was also delay in notification of mangroves by the State Government. The long-term planning for management of forest was not holistic as 15 of 51 Forest Divisions in the State, whose working plans had expired between 1989-90 and 2013-14, were either continuing with the old working plans or no plans at all. The gap between the funds demanded by the State Forest Department and that released by the State Government during 2010-15 was as high as 51 *per cent*. The outlay for the forestry sector in the State was only one *per cent* of the total plan outlay during 2010-15 against the minimum of 2.5 *per cent* recommended by the National Forest Commission in 2006. The apportionment of forest development tax to the Department was meager, which could not stand as an additional viable source of funding to support forest development activities in the State. There was a shortfall of 28 to 84 *per cent* in achievement of the physical targets fixed in the working plans by 10 of 13 selected Divisions. Since most of the activities were interdependent and sequential, shortfalls in achievements of targets in one activity impacted the implementation of the subsequent activities included in the working plans. CAMPA funds parked in the reserve funds of the State were not transferred to the ad-hoc CAMPA account being administered by the Ministry of Environment and Forest, GoI and the net present values for use of forest land for non-forestry purposes were not recovered from the user agencies and other Departments. The bamboo coupes were not harvested by the Divisions as per the targets laid down in the working plans resulting in massive shortfalls in revenue realization. The monitoring, evaluation and internal controls in the Department were weak.

CHAPTER - III

AUDIT OF TRANSACTIONS

- 3.1 Maintenance and Repairs of Government Buildings from State Funds***
- 3.2 Procurement and milling of paddy under Minimum Support Price Scheme***
- 3.3 Undue delay in completion of a medium irrigation project***
- 3.4 Inadmissible payment to a contractor***
- 3.5 Undue pecuniary benefit to a contractor***
- 3.6 Irregular sanction of extra items of work***
- 3.7 Unauthorised diversion of work contingencies***
- 3.8 Irregular payment to a contractor***
- 3.9 Idling of a bridge***

Chapter III

Audit of Transactions

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

PUBLIC WORKS DEPARTMENT

3.1 Maintenance and Repairs of Government Buildings from State Funds

Introduction

Proper and timely maintenance preserves and enhances the life of the buildings and facilitates their use at their design capacity or efficiency throughout the life of the structures.

In Maharashtra, Public Works Department (PWD) is responsible for maintaining the Government buildings, which are categorized as (i) Residential buildings maintained under Major Head (MH) 2216-Housing, and (ii) Administrative buildings (non-residential) maintained under MH 2059-Public Works. The PWD issued (1991) guidelines for maintenance and repairs (M&R) of buildings spelling out planning and formulation of proposals, deployment of financial and human resources, technical aspects, supervision, monitoring and evaluation.

Audit selected 120 buildings in 13³² Public Works Divisions (Divisions) under seven³³ Circles to ascertain whether buildings in urgent need of repairs were attended to, works were executed judiciously and in consonance with M&R guidelines issued by the PWD and internal controls were robust. In all, 1,444 M&R works were undertaken by 13 Divisions in 71 out of 120 buildings between 2010-11 and 2014-15 on which an expenditure of ₹ 55.07 crore was incurred. In the remaining 49 buildings, no M&R works were carried out, despite users complaints, due to variety of reasons, such as, paucity of funds, non-prioritization of M&R works, inadequacies in planning *etc.*

The audit findings are discussed in the succeeding paragraphs.

Audit findings

3.1.1 Non-preparation of annual repair programmes

As per guidelines issued by the PWD in 1991, the Superintending Engineer (SE) being the Circle head and the Executive Engineer (EE) being the Division head

³² Presidency Division, Mumbai; North Mumbai Division; Division No.1, Nagpur; Electrical Division, Nagpur; Integrated Unit (Medical), Nagpur; Hingoli Division; Parbhani Division; Nashik Division; Nashik (East) Division; Beed Division; Latur Division; Pune Division and Pune (East) Division

³³ Mumbai; Nagpur; Nagpur (Electrical); Nanded; Nashik; Osmanabad and Pune

were required to hold quarterly meetings with the heads of the user Departments to discuss the programme of repair of buildings for the ensuing year. In this regard, the Printed Register of Buildings (PRB) maintained by the Circles and the Divisions were to throw sufficient information (such as, year and cost of construction, built-up area, specifications *etc.*) on the buildings due for repairs in a particular year. Based on the availability of funds and projected needs of the user Departments, the annual repair programmes were to be framed by the concerned SEs.

Audit observed that all the 1,444 works taken up in 71 buildings were executed without preparing any annual repair programmes by the concerned SEs. Further, the PRB was also not updated to indicate the buildings due for M&R. The M&R works were being sanctioned throughout the year by the concerned SEs without taking into account the availability of funds and prioritizing the buildings in dire need of repairs. This gets substantiated by the fact that 237 Government quarters in four³⁴ out of 13 Divisions were vacant for the last one to five years for want of M&R works, such as, seepages, cracked walls, broken doors and window panes, choked and broken drainage pipes *etc.*

The GoM stated (December 2015) that a system of online registration of complaints by user Departments is being developed and their prioritization would be worked out. Also, instructions have been issued in June 2015 to the field officers regarding computerization of PRBs. The GoM further stated that of 237 quarters, 199 have been repaired post audit and 38 quarters would be repaired soon.

3.1.2 Creation of liability due to excess sanction of works

At the beginning of the financial year, the work-wise M&R proposals duly arranged in order of priority was required to be submitted by the EEs to the concerned SEs for approval. In case, sufficient funds were not available, work/works having highest priority were to be taken up first.

Audit scrutiny revealed that during 2010-15, 11 of 13 Divisions sanctioned and carried out M&R works in excess of the available budget. Resultantly, the PWD was saddled with a liability of ₹ 348.72 crore (cumulative up to March 2015) towards contractors' pending bills for previous years (**Appendix 3.1**). Incidentally, this liability was more than the total annual average expenditure of these 11 Divisions for the last five years (2010-15). This implied that these 11 Divisions would not be able to take up any M&R works for one year, if the liabilities are decided to be liquidated. Audit also observed that despite a huge liability of ₹ 348.72 crore on account of outstanding bills, funds amounting to ₹ 19 crore were surrendered by PWD during the year 2013-14.

³⁴ Presidency Division, Mumbai; North Mumbai Division; Beed Division and Latur Division

The GoM accepted the facts and stated that the budget demanded every year for M&R works was grossly inadequate and could not be sustained for requirements made every year resulting in pending bills. The urgent requirement for repairs cannot be postponed and hence executed and the bills were settled whenever the funds were made available. The GoM added that the total liability on account of pending bills has since come down from ₹ 348.72 crore to ₹ 164.92 crore as of December 2015.

3.1.3 Non-revision of norms for maintenance and repairs

The PWD prescribed (March 1991) the physical and financial norms for M&R of Government buildings (both residential and administrative). The financial norms were to be reviewed and revised after every five years. Audit, however, observed that the financial norms were revised only once in November 2005. Further, with passage of time and introduction of modern technology in construction works, new items are being used and incorporated in the Schedule of Rates of PWD from time to time. But, the physical norms of M&R have not been revised for the last 24 years.

Scrutiny of records in Presidency Division, Mumbai revealed that the actual M&R expenditure incurred on 15 residential buildings during 2010-15 was six to 20 times the revised financial norms of 2005 (escalated by 10 *per cent per annum* by audit till 2014-15). Also, the actual expenditure incurred on M&R of these 15 residential buildings during 2010-15 was one to three times the cost of construction of new buildings of same built-up area at ₹ 28,500 per sqm prescribed by the Chief Engineer, Mumbai Region in January 2014. In other words, these 15 buildings, on which M&R expenditure of ₹ 52 crore was incurred could have been constructed merely at a cost of ₹ 37 crore. The details are indicated in **Appendix 3.2**.

The GoM accepted that the norms need revision as per the necessity and technological advancement and stated that a Government Resolution (GR) has been issued in November 2015 to constitute a Committee for revision of the norms of M&R.

3.1.4 Cancellation of sanctioned works

Scrutiny of records in two Divisions (Presidency and North Mumbai) revealed that 1,118 works valuing ₹ 65.48 crore, which had already been allotted³⁵ job numbers, were cancelled between December 2010 and February 2014. Further, Measurement Book (MB) numbers were found annotated against 25 of 1,118 cancelled works, implying that these 25 works had been executed and their measurements recorded in the MBs. Despite repeated requests, copies of MBs were not produced to audit by the concerned EEs for verification of the actual status of these 25 works.

³⁵ Job numbers allotted to works indicate that they have been sanctioned by the Competent Authority

The GoM stated that after reviewing the sanctioned proposals, the EEs had proposed to the SE deferment/cancellation of some of the works, due to paucity of funds. It added that the Vigilance and Quality Control Circle (VQCC) had been directed (November 2015) to inspect the status of 25 cancelled works and further action would be taken as per the recommendations of VQCC.

3.1.5 Unrealistic demand and release of funds

The annual demands for M&R works are raised by the EEs which are consolidated at the level of SEs and the consolidated demands for a Circle are forwarded to the Secretary (Buildings), PWD for scrutiny and sanction.

Audit observed that during 2010-15, four³⁶ of 13 Divisions demanded excess funds (₹ 1,281 crore) over the maximum funds admissible³⁷ to them, even after taking into account the built-up areas of all the buildings, whether repairable or not. The position of excess funds demanded and released to the four Divisions during 2010-15 is summarized in **Table 3.1.1** below:-

Table 3.1.1:- Excess demand for funds and releases

(₹ in crore)

Name of Division	Maximum M&R funds admissible taking into account the built-up areas of all the buildings (whether repairable or not)	Funds demanded by the Division	Funds released to the Division	Excess demand by the Division (Col.3-Col.2)	Excess release of funds over the maximum funds admissible to the Division (Col.4-Col.2)
1	2	3	4	5	6
Presidency, Mumbai	239.46	1244.87	684.53	1005.41	445.07
North Mumbai	328.76	514.00	260.71	185.24	-68.05
Nashik	50.85	136.86	110.67	86.01	59.82
Nashik (East)	10.93	14.78	11.08	3.85	0.15
Total	630.00	1910.51	1066.99	1280.51	

Source : Information furnished by PWD, Mantralaya

Table 3.1.1 further shows that the PWD released ₹ 505 crore to two Divisions (Presidency and Nashik) in excess of the maximum funds admissible to them.

The GoM stated that the Presidency Division, Mumbai is primarily having VVIP and VIP buildings including heritage buildings which require high maintenance. Further, all these buildings are situated in coastal areas and subject to both high rainfall and salinity. Hence, the M&R requirements of these buildings are more than the norms. The GoM further added that audit has worked out the maximum funds admissible for M&R of buildings in four Divisions plainly on carpet area only, instead of built-up areas of the buildings, which is about 20 *per cent* more than the carpet area. Accordingly, the GoM emphasised that the maintenance funds based on built-up areas and the existing norms for Nashik and Nashik (East) Divisions would work out to

³⁶ Presidency Division, Mumbai; North Mumbai Division; Nashik Division and Nashik (East) Division

³⁷ Worked out on the basis of the total built-up area of all the buildings (whether repairable or not) and multiplying by the revised financial norms for M&R of 2005, escalated by 10 *per cent per annum*

₹ 100.95 crore and ₹ 12.59 crore respectively during 2010-15, instead of ₹ 50.85 crore and ₹ 10.93 crore arrived at by audit.

The reply furnished by the GoM is not maintainable for the following reasons:

- The maximum M&R funds admissible to the four Divisions have been worked out on the basis of built-up areas only, as furnished by the concerned SEs of the Circles to audit;
- Even after allowing for additional 20 *per cent* for built-up area, the maximum demand for M&R funds for Nashik and Nashik (East) Divisions during 2010-15 would marginally increase to ₹ 61.01 crore (from ₹ 50.85 crore) and ₹ 13.19 crore (from ₹ 10.93 crore) respectively; and
- More importantly, for the purpose of estimating the demands for M&R funds of the four Divisions during 2010-15, audit has considered all the buildings (whether repairable or not). Had only the repairable buildings been considered, the excess demand for M&R funds (₹ 1,281 crore) would have further increased.

3.1.6 Execution of works without sanction

Execution of any M&R work without allotment of job number is deemed as unauthorized. Audit observed that three³⁸ of 13 Divisions executed 4,007 works valuing ₹ 55.58 crore during 2010-15 without obtaining job numbers.

The GoM accepted the facts and stated that a proposal to condone the irregularity was under consideration and simultaneously, action had also been initiated against the erring EEs.



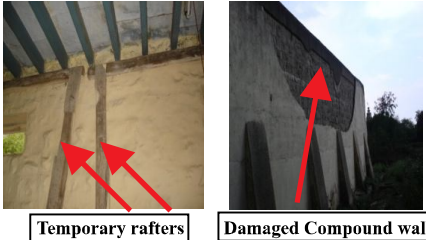
3.1.7 Buildings in urgent need of repairs remained unattended

As per guidelines issued by the PWD in 1991 (Paragraph 2.1.8), priority for M&R should be given to relatively more dilapidated and unsafe buildings. Audit observed that the buildings in extreme need of repairs remained unattended for long periods despite lodging of repeated complaints by the user Departments. Some of the cases are illustrated below.

Presidency Division, Mumbai	
1.	<p>Police Quarters, Picket Road</p> <p>The residents of Officers quarters had been complaining since June 2013 that the balcony of the quarters on the third floor was in dilapidated condition and tilting towards the road causing danger to the residents as well as the passers-by. The proposal of EE (December 2013) for repair works amounting ₹ 25.50 lakh was turned down by the Chief Engineer (CE), Mumbai on the grounds that the building being an old gothic structure, comments of Conservation Architect would be required. The quarters with rickety balcony continue to be in a precarious condition (December 2015). The GoM accepted the facts and stated that repair works would be taken up shortly.</p>

³⁸ Presidency Division, Mumbai; Parbhani Division and Electrical Division, Nagpur

<p>2. <u>Swastik Building of J.J. Hospital</u></p> <p>Users of Swastik building of J.J. Hospital, Mumbai complained (March 2013) that large pieces of plasters had collapsed from the ceiling of balcony situated on the sixth floor. The EE instead of repairing the damaged portion made temporary arrangement by placing a safety net at the site thus, exposing the residents and the vehicles to continuing danger for more than two years. The GoM accepted the facts and stated that repair works would be taken up shortly.</p>	
<p>3. <u>Small Cause Court Building</u></p> <p>The Small Cause Court Building had two non-working lifts since August 2013 due to which the visitors and the staff are forced to climb the staircase. Also, the plaster of the ceiling and columns (pillars) of the building had collapsed, exposing the iron reinforcements and thus, rendering the structure of the building weak. Further, the parapet wall of the balcony situated on the fifth floor had collapsed, making it hazardous for the Police Station functioning from the ground floor. Instead of repairing the parapet wall, the EE placed a temporary grill in the balcony and a temporary net over the Police Station. The GoM accepted the facts and stated that repair works would be taken up shortly.</p>	
<p>4. <u>Shanti Building of J.J. Hospital</u></p> <p>The residents of Shanti Building complained (March 2014) about heavy seepages leading to collapsing of plaster from the ceiling and exposing the iron reinforcements. Instead of attending to the problem on an urgent basis, the Engineers had given temporary support to the ceiling in order to prevent it from collapsing. The GoM accepted the facts and stated that repairs have been carried out post audit.</p>	

Public Works Division No. 1 Nagpur	
<p>5. <u>Certified Hostel for Girls</u></p> <p>The Certified Hostel for Girls, Nagpur is run by the Women and Child Development Department which houses 100 orphaned girls aged six to 18 years. The warden of the hostel made several complaints since August 2010 regarding broken gates (total four) and grill of the main entrance to the hostel, seepages, damaged toilets, broken drainage/sewage lines <i>etc.</i> Three girls had escaped in May 2011 through the broken grill. Only one out of 10 toilets was functional and the girls (total 100) were forced to use one toilet (the other toilets were either choked or unusable). However, the EE did not execute any repair works. The GoM stated that the broken grill of the hostel has been repaired after being pointed out by audit and assured that the remaining M&R works would be executed.</p>	
Public Works Division, Beed	
<p>6. <u>Government Secondary Ashram School, Surudi</u></p> <p>As per M&R guidelines issued by PWD in 1991, Ashram schools are located in remote areas and therefore, all such schools in dilapidated condition are to be given highest priority for M&R. The Principal of Government Secondary Ashram School, Surudi had been requesting EE, Beed Division since June 2014 to mend the damaged roof and walls of the Ashram school. However, as of December 2015, the damaged roof and the walls have not been repaired thus, jeopardizing the lives of the inmates. No reply was furnished by the GoM.</p>	
Public Works Division, Parbhani	
<p>7. <u>District Prison, Parbhani</u></p> <p>The Superintendent of District Prison, Parbhani had been complaining since December 2011 that the roof and compound wall of the Prison was in dilapidated condition. However, instead</p>	

of carrying out the repairs, the EE had placed a temporary rafter to prevent the roof from collapsing and no repairs to the compound wall had been carried out. The GoM accepted the facts and stated that the work will be completed by March 2016.

3.1.8 Capital works executed from maintenance grants

As per M&R guidelines issued by the PWD in 1991, original works shall not be taken up against the maintenance grants as routine. However, in the following cases, capital expenditure was incurred from M&R grants, in violation of guidelines:

1. Major renovation of Mantralaya building

A major fire broke out in the Mantralaya building (4th to 7th floor) in June 2012 causing massive damage to the structure. Major renovation works in the building were taken up from December 2012 at an estimated cost of ₹ 242.25 crore. All the works taken up were of capital nature, such as, structural strengthening of the building; plumbing; fire fighting works; Heating, Ventilating and Air Conditioning (HVAC); installation of eight Mitsubishi elevators; 14 escalators; fire hydrant system *etc.* However, these were sanctioned and executed under MH-2059 (M&R of Administrative buildings) instead of MH-4059 (Capital outlay on Public Works).

The GoM accepted the fact that the renovation works did not fall in the category of M&R works, but, these being an emergency situation where the State prestige was at stake, the works were carried out under M&R category. The GoM, however, added that a High Powered Committee (HPC) under the Chairmanship of the Chief Secretary to GoM had taken a conscious decision to take up the works of Mantralaya makeover under MH-2059.

The reply of GoM is not borne out of facts because, the HPC which convened its first meeting in July 2012 had taken an unanimous decision that the Mantralaya renovation works should be carried out independently *via* separate funding.

Presidency Division, Mumbai

2. Sarang building

The CE, Public Works Region, Mumbai sanctioned (June 2014) the work of conversion of two flats in Sarang building into a rest house at a cost of ₹ 1.01 crore from M&R head. The GoM stated that the work had to be executed considering the protocol assigned to the High Court/Supreme Court Judges.

Public Works Division, Hingoli

3. Rest House in Aundha

The CE Public Works Region, Aurangabad sanctioned (October 2012) M&R works to the existing rest house in Aundha, Hingoli at a cost of ₹ 195 lakh. The EE, instead of repairing the existing rest house, decided to construct a new rest



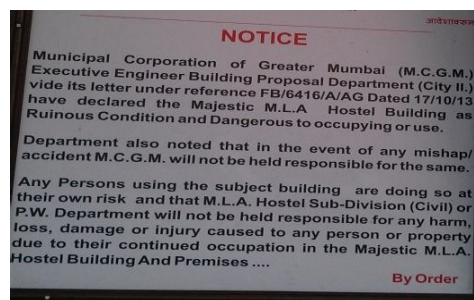
house adjacent to the existing one. As of March 2014, works valuing ₹ 78.39 lakh had been executed for construction of the new rest house and thereafter, the work was stopped due to paucity of funds. The GoM did not furnish any reply for this deviation from the original plan.	
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3.1.9 Unnecessary expenditure incurred on building declared uninhabitable

The Majestic Aamdar Niwas at Colaba, Mumbai was constructed in 1909 and declared as heritage building. Scrutiny of records of the Presidency Division, Mumbai revealed that the hostel was declared (May and June 2010) uninhabitable, dangerous and unsafe by IIT, Mumbai and a Private Structural Consultant (Shashank Mehendale and Associates). The Municipal Corporation of Greater Mumbai (MCGM) also displayed a warning notice (October 2013) stating that the building was in ruinous condition and it was dangerous to occupy or use the building. However, the EE, Presidency Division, Mumbai incurred an expenditure of ₹ 9.20 crore between April 2009 and December 2015 on M&R of the building.



Cracked and corroded pillars of basement



Warning notice displayed by MCGM

The GoM stated that due to heavy demand for rooms from the Members of the Legislative Assembly (MLAs) and insufficient availability of accommodation in Mumbai, there was no alternative but to allot rooms to the MLAs in the Majestic building temporarily, though it has been declared uninhabitable. Therefore, the Presidency Division, Mumbai had to carry out regular repair works in the premises, as per instructions of the MLAs.

The GoM added that evacuation process was 90 per cent complete as of December 2015 and the dismantling of the building had commenced.

Given the fact that the building is located in a crowded marketplace, any further delay in evacuation and dismantling process could be catastrophic.

3.1.10 Suspected fraud in execution of painting works

Police quarters at Ghatkopar have 17 buildings (980 quarters) which accommodates the Railway Police staff. The EE, North Mumbai Division got executed the work of internal painting in all the 980 quarters during

September 2012 to March 2014 (19 months). However, scrutiny of randomly selected MBs of seven³⁹ buildings (420 quarters) revealed that painting works were executed twice in these quarters during the same period at a total cost of ₹ 62.06 lakh. Subsequently, an in-house survey conducted (February 2015) by Lohmarg Police Headquarters at Ghatkopar further revealed that painting works were not at all executed in 222 of 420 quarters on which an expenditure of ₹ 32.78 lakh was stated to have been incurred during the past five years (2010-15). Repeated painting works within a span of 19 months not only violated the time schedule prescribed for internal painting of Government buildings (which is three years as per Appendix 'F' to the guidelines issued by PWD in 1991), the findings of survey also pointed to suspected fraud in execution of painting works of Police quarters. Also, the purpose of survey would have been better served had the feedback of users been taken before making payment to the contractors.

The GoM stated that the matter has been referred to VQCC for investigation.

3.1.11 Weak internal controls and monitoring

Effective internal controls minimises the risk of errors and irregularities and helps to protect resources against loss due to waste, abuse and mismanagement. The internal controls and monitoring mechanism in PWD revealed the following weaknesses:

- No quarterly meetings were held by four⁴⁰ of seven Circles with user Departments during 2010-15 to monitor the progress of M&R works.
- While the SEs of the Circles were regular in conducting physical inspections of the M&R works under progress, at the Division level, the EEs of only three⁴¹ of 13 Divisions conducted regular inspections of M&R works during 2010-15. The GoM stated that inspections were being carried out regularly but the findings were not being documented. Non-documentation of the inspection process may impede effective monitoring and follow up of the deficiencies pointed out in execution of M&R works.
- As per tender conditions, material used for construction works were to be tested by the contractors from Government laboratories for quality. The VQCC issues quality certificates to the contractors which needs to be appended with the Running Account (RA) bills for settlement of the claims of the contractors. In North Mumbai Division, verification by audit of 29 quality certificates appended with the RA bills revealed that 25 of 29 certificates were not issued by VQCC, indicating that the quality of works was being compromised. The GoM informed audit that 19 Engineers had since been suspended in September 2015 for this grave lapse and blacklisting of the concerned contractors had been initiated.

³⁹ Building No. 8, 10, 15, 16, 18, 19 and 21

⁴⁰ Mumbai, Nagpur, Nanded and Osmanabad

⁴¹ Division No.1, Nagpur; Integrated Unit (Medical), Nagpur; and Pune Division

- As per PWD Circular of May 1988, all SEs were required to maintain a control register showing allotment of job numbers to each M&R work. This control register allows the SEs to monitor the progress of works as well as keep a watch over the expenditure incurred against the allocated funds. Audit observed that the control register was not being maintained by four⁴² of seven Circles during 2010-15. Non-maintenance of control register of job numbers was one of the reasons for accumulation of huge financial liabilities due to excess sanction of works, as discussed in paragraph 3.1.2.
- As per PWD Circular of May 2006, all the Divisions were required to maintain a pending bill register wherein the RA bills of the contractors were to be recorded to ensure transparency in bill payments and to avoid unnecessary complaints of partial treatment being given to contractors in making payments. Audit observed that seven⁴³ of 13 Divisions did not maintain pending bills registers during 2010-15.

Conclusion and recommendations

The maintenance and repair works to Government buildings were taken up by the Public Works Department in an ad-hoc manner, without preparation of annual repair programmes. The Public Works Divisions sanctioned and carried out repair works in excess of the available budget and thus, saddled with huge liability. The Department did not revise the norms (financial and physical) for maintenance and repair works for the last 10 to 24 years. The funds demanded by the Divisions and that released by the Department were both unrealistic.

The Department should take up maintenance and repair works through well-planned annual repair programmes in which, the repair proposals duly arranged in order of priority and availability of funds should be included. Estimation of demands for funds and their releases by the Department should also be realistic, purely based on the number and type of works approved in the annual repair programmes.

Buildings in urgent need of repairs remained unattended for substantially long durations thus, endangering the lives of the occupants and the passers-by as well as other structures located on ground. Works of capital nature were executed from maintenance grants in violation of Department's guidelines. The internal controls and monitoring mechanism in the Department was weak.

Buildings in urgent need of major repairs should be taken up on priority to avoid persistent risk to human lives and property. Further, capital-intensive repair works should not be met from the regular maintenance grants because, such works, besides being expensive, score-out a large number of small but high priority other maintenance works from the approved annual schedule of repairs and maintenance.

⁴² Nagpur; Nanded; Nashik; and Osmanabad

⁴³ Beed Division; Hingoli Division; Integrated Unit (Medical), Nagpur; Latur Division; North Mumbai Division; Pune (East) Division and Pune Division

FOOD, CIVIL SUPPLIES AND CONSUMER PROTECTION DEPARTMENT

3.2 Procurement and milling of paddy under Minimum Support Price Scheme

Introduction

In Maharashtra, the GoI Scheme for procurement of paddy under Minimum Support Price (MSP) is being implemented by the Food, Civil Supplies and Consumer Protection Department through the two State Government Agencies (SGAs) namely, the Maharashtra State Co-operative Marketing Federation (Federation) in non-tribal areas and the Maharashtra State Tribal Development Corporation (TDC) in tribal areas.

The SGAs at their procurement centres procure paddy from the farmers at MSP declared by GoI for the Kharif Marketing Season (KMS) of each year. The paddy so procured is milled by the SGAs through local private rice millers and the resultant Custom Milled Rice (CMR) is deposited with the Food Corporation of India (FCI), the nodal agency of GoI, for utilisation under the Targeted Public Distribution System (TPDS). The GoI also fixes the rate for CMR payable to the GoM which includes MSP payable to farmers and other incidental charges. Transportation of paddy from storage points to mills and CMR from mills to FCI depots are also payable by GoI to the millers through GoM.

Audit test-checked the implementation of the Scheme covering procurement of paddy during KMS 2009-15 and milling operations for KMS 2009-14⁴⁴ in the Food, Civil Supplies and Consumer Protection Department of GoM (Department) and the two SGAs in four districts namely, Gondia, Thane, Raigad and Bhandara. Records maintained in 50 procurement centres of the two SGAs in these four districts were also test-checked. During KMS 2009-15, 150.98 lakh quintal paddy was procured in the State under MSP on which, an expenditure of ₹ 1,912.90 crore was incurred and 71.32 lakh quintal CMR was delivered to FCI till July 2015.

Audit findings

3.2.1 Outstanding claims pending with Food Corporation of India

The MSP being a GoI Scheme, entire expenditure incurred by the State Government on the implementation of the Scheme is reimbursed by GoI through FCI. Initially, the Department makes payment to the SGAs towards procurement of paddy at MSP from the Personal Ledger Account (PLA) maintained by the Financial Advisor and Deputy Secretary of the Department (FA&DS). On delivery of CMR to FCI, the SGAs prefer claims with the FCI through the FA&DS towards cost of CMR. On receipt of reimbursement from FCI, the PLA is replenished and payment is made to the SGAs for other incidental charges.

⁴⁴ Milling operations for KMS 2014-15 was not covered in audit as the procurement began from November 2014 till June 2015 and the milling was expected to be completed and CMR delivered to FCI by September 2015

Audit observed that claims amounting to ₹ 51.51 crore for KMS 2009-15 on account of CMR delivered to FCI was pending (July 2015) reimbursement, as indicated in **Table 3.2.1** below.

Table 3.2.1: Expenditure incurred on paddy procurement, CMR delivered to FCI and claims pending with FCI

Procurement Year	Paddy procured (in lakh quintal)	CMR delivered to FCI (in lakh quintal)	Amount of reimbursement claim sent to FCI (₹ in crore)	Reimbursement claim settled by FCI (₹ in crore)	Claims pending with FCI as of July 2015 (₹ in crore)
2009-10	23.31	12.51	224.76	206.63	18.13
2010-11	19.40	7.98	142.83	141.72	1.11
2011-12	26.00	16.10	311.47	300.47	11.00
2012-13	28.62	15.26	337.55	333.60	3.95
2013-14	23.99	11.71	315.05	312.97	2.08
2014-15 (up to July 2015)	29.66	7.76	184.54	169.30	15.24
Total	150.98	71.32	1516.20	1464.69	51.51
<i>Source : Information furnished by FA&DS</i>					

As could be seen from **Table 3.2.1**, of the total pending claims (₹ 51.51 crore), more than 58.70 *per cent* (₹ 30.24 crore) were pending for more than three years (2009-12). The Department did not furnish the reasons for non-settlement of claims by FCI.

3.2.2 Irregular credit of funds into Personal Ledger Account

The GoI allows one *per cent* driage on account of loss of weight of paddy during storage due to moisture loss. The GoM also allowed an additional one *per cent* driage to the Federation only for KMS 2009-12, as the process of disposal of unmilled paddy and the Scheme accounts of the TDC was under finalisation.

The MSP being a GoI Scheme, the liability of the GoM was limited to the additional driage allowance of one *per cent* allowed to the Federation. Audit observed that the Department (FA&DS) made a budget provision of ₹ 323.15 crore during 2009-15 under the Scheme, against an estimated requirement of only ₹ 3.62 crore towards additional driage allowance. Of ₹ 323.15 crore provided for in the budget, ₹ 261.13 crore was released and credited into the PLA during 2009-15, leading to an excess credit of ₹ 257.51 crore⁴⁵ into the PLA. This was not only irregular but also indicative of defective budgeting by the Department. The current status of excess credit of ₹ 257.51 crore into the PLA was not intimated by the Department (December 2015).

3.2.3 Functioning of procurement centres

As per GoI/GoM directives, paddy of only Fair Average Quality (FAQ) specifications is to be procured. The FAQ specification *inter alia* prescribes the maximum moisture content and the permissible percentage of organic and inorganic matters. The paddy so procured is to be classified by the

⁴⁵ ₹ 261.13 crore - ₹ 3.62 crore

graders⁴⁶ as Grade A⁴⁷ and Common group because, the GoI fixes distinct MSP for these two categories of paddy. In the procurement centres, the graders use moisture meters to determine the moisture content in paddy and image analysis kits to determine the grade of paddy and the percentage of organic and inorganic matters. Scrutiny of records in 50 test-checked procurement centres of the two SGAs revealed the following:

- As per the FAQ specifications, paddy having moisture content of 17 *per cent* or less was to be procured. In 16⁴⁸ of 50 procurement centres, moisture meters were not available in 15 centres in all the years during 2009-15, while in one procurement centre, the moisture meter was not functioning since 2009-10. During KMS 2009-15, 3.86 lakh quintal⁴⁹ of paddy valuing ₹ 47.65 crore⁵⁰ was procured in these 16 centres without ascertaining the moisture content. Thus, the possibility of procurement of paddy with higher moisture content (more than 17 *per cent*) in violation of FAQ specifications could not be ruled out. In the remaining 34 centres where moisture meters were functional, the moisture content was not indicated over the gradation slips issued to the farmers specifying the grade of paddy and fulfilment of FAQ specifications.
- Image analysis kits were not available in any of the 50 test-checked procurement centres. In the absence of these kits, determination of the grade of paddy and that the foreign matters, damaged grains *etc.* were within the prescribed limits, were being ensured solely on the past experiences of the graders. During KMS 2009-15, 34.58 lakh quintal⁵¹ paddy valuing ₹ 443.19 crore was procured in the 50 test-checked procurement centres. The adoption of unscientific technique was fraught with risk of common group paddy being graded as Grade A and *vice versa*, to the detriment of the Department or the farmers.
- In order to ensure that paddy procured under MSP belonged to the *bona fide* farmers, paddy offered for sale by the farmers' was to be verified by the SGAs with respect to farmers land holdings and the average yield of paddy for the locality declared by the State Agriculture Department. Such a system was also expected to prevent the traders from selling paddy under the MSP Scheme. However, the land holding records of the farmers for all the six years (2009-15) were not produced to audit for verification by 30 of 50 test-checked procurement centres. Consequently, audit could not ensure that 8.28 lakh quintal paddy⁵² valuing ₹ 97.56 crore procured by these 30 centres during 2009-15 actually belonged to *bona fide* farmers.

⁴⁶ A person appointed at procurement centres to check the specifications and the grade of paddy being procured

⁴⁷ If the length and breadth ratio is more than 2.5, the paddy is classified as Grade A

⁴⁸ TDC: 07 centres and Federation: 09 centres

⁴⁹ TDC: 1.39 lakh quintal and Federation: 2.47 lakh quintal

⁵⁰ TDC: ₹ 16.89 crore and Federation: ₹ 30.76 crore

⁵¹ Grade A: 2.71 lakh quintal valuing ₹ 28.12 crore and Common group: 31.87 lakh quintal valuing ₹ 415.07 crore

⁵² Grade A: 0.93 lakh quintal valuing ₹ 10.43 crore and Common group: 7.35 lakh quintal valuing ₹ 87.13 crore

3.2.4 Milling and delivery of rice to FCI

The status of paddy procured in the State, driage sanctioned by GoI/GoM, disposal of unmilled paddy lying with SGAs, CMR lying with millers, CMR delivered to FCI *etc.* during KMS 2009-14 is summarised in **Table 3.2.2**.

Table 3.2.2: Paddy procured during KMS 2009-14 and rice delivered to FCI as on December 2014

Sr. No.	Particulars	Federation		TDC		Total	
		(in lakh quintal)	Percent -age	(in lakh quintal)	Percent -age	(in lakh quintal)	Percent -age
1	Paddy procured	65.13	100	56.19	100	121.32	100
2	Paddy set to milling	61.65	94.66	41.94	74.63	103.59	85.39
3	Actual CMR delivered to FCI	39.25	N/A	24.31	N/A	63.56	N/A
4	CMR lying with millers ⁵³	2.06	N/A	3.79	N/A	5.85	N/A
5	Paddy equivalent of CMR not delivered to FCI ⁵⁴	58.58	89.94	36.28	64.57	94.86	78.19
6	Paddy equivalent of CMR not delivered to FCI (Sr. No.1-5)	6.55	10.06	19.91	35.43	26.46	21.81
6(a)	Paddy equivalent of CMR lying with millers ⁵⁵	3.07	4.71	5.66	10.07	8.73	7.20
6(b)	Driage loss (allowed by GoI)	0.65	1.00	0.43	0.77	1.08	0.89
6(c)	Driage loss (allowed by GoM)	0.35	0.54	0.00	0.00	0.35	0.29
6(d)	Paddy sold by SGAs (through e-tender/auction)	Nil	Nil	11.44	20.36	11.44	9.43
6(e)	Paddy lying with SGAs (pending for disposal)	1.59	2.44	1.94	3.45	3.53	2.91
6(f)	Loss of Paddy over the permissible driage allowance {(Sr. No. 6-6 (a) to 6(e)}	0.89	1.37	0.44	0.78	1.33	1.10

Source : Compiled from information furnished by SGAs and FA&DS

Table 3.2.2 shows that during KMS 2009-14, of 121.32 lakh quintal paddy procured, 26.46 lakh quintal (21.81 *per cent*) was not milled and delivered to FCI mainly due to unmilled paddy lying with SGAs (2.91 *per cent*), unmilled paddy disposed of by SGAs through e-tender/auction (9.43 *per cent*), paddy equivalent of CMR lying with millers (7.20 *per cent*) and driage losses over the permissible threshold (1.10 *per cent*). The related audit findings are discussed in the succeeding paragraphs.

3.2.4.1 Driage losses not recovered

As per the directives of the Department (November 2013), any loss on account of driage over the permissible threshold was to be recovered from the SGAs at 150 *per cent* of MSP of paddy of the relevant year. Scrutiny of

⁵³ Calculated by audit based on outturn ratio of paddy:rice = 100:67 with reference to Sr. No.2 (*i.e.* 67% of 61.65 lakh quintal = 41.31 lakh quintal) less Sr. No. 3 (39.25 lakh quintal) = 2.06 lakh quintal

⁵⁴ Calculated by audit based on outturn ratio of rice:paddy = 67:100 with reference to Sr. No.3 (39.25 lakh quintal * 100 ÷ 67 = 58.58 lakh quintal)

⁵⁵ Calculated by audit based on outturn ratio of rice:paddy = 67:100 with reference to Sr. No.4 (2.06 lakh quintal * 100 ÷ 67 = 3.07 lakh quintal)

records of FA&DS revealed that against ₹ 8.02 crore recoverable from TDC for loss of 0.44 lakh quintal paddy (refer Sr. No. 6 (f) of **Table 3.2.2**) over the diriage allowance of one *per cent* permitted by GoI, ₹ 1.94 crore was pending recovery as of March 2015.

3.2.4.2 Loss due to disposal of unmilled paddy lying with SGAs and non-recovery of cost of CMR lying with millers

Of 121.32 lakh quintal paddy procured during KMS 2009-14, 11.44 lakh quintal unmilled paddy was disposed of through e-tender/auction, 3.53 lakh quintal was lying with the SGAs and 5.85 lakh quintal⁵⁶ CMR was lying with millers as on December 2014 (refer Sr. No. 6 (d), 6 (e) and 4 of **Table 3.2.2**).

Audit observed that this situation had arisen because the millers were reluctant to lift paddy from SGAs for milling and deliver the CMR to FCI due to unacceptable transportation rates fixed (August 2010) by the GoI for KMS 2008-10 which, besides being 40 *per cent* lower than the rates paid to the millers during KMS 2007-08, was continued till KMS 2011-12⁵⁷. Consequently, the lifting of paddy/delivery of CMR to FCI was affected leading to swelling of stocks at both ends (SGAs and millers). However, the State Government did not explore any alternative strategy to mitigate the problem. The problem was further compounded as the GoI refused (August 2013) to accept the pending quantities of paddy/CMR pertaining to KMS 2009-12 due to sufficient buffer stocks in the Central pool. For KMS 2012-13 onward, the GoI directed (June 2013) GoM to deliver the quantities by the end of each KMS⁵⁸ failing which, the pending quantities would have to be disposed of by the GoM at its risk and cost.

Resultantly, unmilled paddy of 11.44 lakh quintal (for KMS 2009-12) lying with TDC was disposed of by GoM through auction/e-tender at rates significantly lower than the MSP leading to loss of ₹ 82.96 crore⁵⁹, while 3.53 lakh quintal⁶⁰ (for KMS 2012-14) was lying with the SGAs pending disposal as of July 2015. As regards 5.85 lakh quintal CMR lying with millers, the GoM initially decided to utilise this stock under TPDS after getting it certified from the FCI for quality. However, due to FCI's refusal to certify the stocks and inadequate storage facilities with the District Supply Offices (DSO) in the State, 5.85 lakh quintal CMR valuing ₹ 128.33 crore⁶¹ lying with millers also remained un-disposed (July 2015).

The millers were also granted undue financial benefits as the GoM did not levy penalty of ₹ 160.41 crore⁶² on the millers for 5.85 lakh quintal CMR

⁵⁶ KMS 2009-10: 0.12 lakh quintal; KMS 2010-11: 0.20 lakh quintal; KMS 2011-12: 0.35 lakh quintal; KMS 2012-13: 3.28 lakh quintal; and KMS 2013-14: 1.90 lakh quintal

⁵⁷ No further orders were issued by GoI for the rate payable during KMS 2012-14

⁵⁸ KMS is from October to September

⁵⁹ MSP of 11.44 lakh quintal (₹ 116.13 crore) *minus* amount realized from auction/e-tender on 11.44 lakh quintal (₹ 33.17 crore)

⁶⁰ Federation: 1.59 lakh quintal and TDC: 1.94 lakh quintal {refer Sr. No. 6 (e) of **Table 3.2.2**}

⁶¹ TDC: 3.79 lakh quintal (₹ 82.52 crore) and Federation: 2.06 lakh quintal (₹ 45.81 crore)

⁶² Penalty was to be levied at 125 *per cent* of the cost of CMR lying with the millers (125% of ₹ 128.33 crore)

lying with them. Further, of 5.85 lakh quintal CMR lying with the millers, the SGAs did not obtain bank guarantees (BGs) from the millers equivalent to the cost of the resultant CMR or the BGs were not got revalidated by the SGAs upon their expiry in respect of 1.67 lakh quintal in four selected districts (BG involved : ₹ 35.23 crore).

3.2.5 Non-levy of penalty on millers

As per Department's directives, it was mandatory for millers to lift paddy for milling within 10 days of issue of Delivery Orders (DO) by the SGAs. Upon failure of the millers to lift paddy within 10 days, penalty was to be levied for the period of delay at the stipulated rates⁶³. Scrutiny of records of SGAs in four selected districts during KMS 2009-14 revealed that 108 millers lifted 6.93 lakh quintal paddy after a delay ranging from one to 673 days. But, penalty amounting ₹ 0.89 crore was not recovered from the millers.

Further, as per milling agreements entered into by the SGAs with the millers, the grade of CMR to be deposited by the millers with the FCI was to be same as the grade of paddy lifted by them from the SGAs. CMR of a particular grade short-deposited by the millers with the FCI was to be recovered at 125 *per cent* of the rate of CMR applicable to the particular KMS. In two⁶⁴ of 13 rice-producing districts, though 49 millers⁶⁵ made good the shortage of 0.70 lakh quintal Grade A CMR with common group CMR of equivalent quantity during KMS 2009-14, yet penalty of ₹ 3.73 crore (reduced by the value of excess deposit of common group CMR) was not enforced by the Department.

3.2.6 Time lag between certification of CMR and its delivery to District Supply Offices

Upon delivery of CMR in FCI godowns, the FCI certifies the quality of the CMR, before accepting a lot. However, in four districts⁶⁶ (including the two selected districts of Raigad and Thane), the FCI certifies the stocks by conducting *in-situ* verification of quality of CMR in the millers' premises, as the distance between the FCI godowns and the mills in these four districts is substantial. The FCI certified CMR are then delivered by the millers to the respective DSO for further release under TPDS.

Audit observed that during KMS 2009-14, 2.37 lakh quintal CMR valuing ₹ 46.17 crore was delivered to DSO, Raigad and Thane for distribution under TPDS after a time lag of five days to 551 days from the dates of issue of certification by the FCI. In view of significant time lag between issue of certification of CMR by FCI and delivery to DSO, the possibility of use of CMR of the quality other than that certified by the FCI cannot be ruled out.

⁶³ ₹ 0.30 per day per quintal (2009-10); ₹ 0.50 per day per quintal (2010-13); and ₹ 0.70 per day per quintal (2013-14)

⁶⁴ Gondia and Gadchiroli

⁶⁵ TDC: 44 and Federation: 05

⁶⁶ Sindhudurg, Ratnagiri, Raigad and Thane

Conclusion and recommendations

Implementation of procurement and milling of paddy under Minimum Support Price Scheme revealed that the procurement centres did not have the requisite equipment (moisture meters and image analysis kits) to check the quality of paddy procured by the two SGAs. Delay in milling of paddy and delivery of custom milled rice to the FCI resulted in significant accumulation of stocks with the SGAs and the millers. There was loss of ₹ 82.96 crore on account of disposal of 11.44 lakh quintal unmilled paddy. The millers were also granted undue financial benefits as the GoM did not levy penalty of ₹ 160.41 crore for their inability to deliver 5.85 lakh quintal custom milled rice to the FCI during KMS 2009-14. Further penalties totalling ₹ 4.62 crore for delay in lifting of paddy by the millers within the stipulated period and short-deposit of the required grade of custom milled rice with the FCI were also not levied on the millers.

The Government may review the availability/functionality of the quality assurance equipment in the procurement centres in order to ensure that the quality of paddy being procured conforms to the specifications stipulated by the GoI. The Government may also formulate a viable strategy to eliminate future losses on account of delay in milling of paddy and delivery of custom milled rice to the FCI.

The matter was referred to the Government (August 2015); their reply was awaited (December 2015).

WATER RESOURCES DEPARTMENT

3.3 Undue delay in completion of a medium irrigation project

The Dhule Medium Project Division No.2, Nandurbar commenced a medium irrigation project without ensuring availability of land for the major components (dam proper and canals), in violation of the provisions contained in the Maharashtra Public Works Manual. Further, the project which was envisaged to be completed in four years (August 1988) at an estimated cost of ₹ 7.09 crore could not be completed even after lapse of 27 years and an expenditure of ₹ 81.19 crore. Significantly, the tribal population of Nawapur taluka who were expected to be the major beneficiaries of this project also remained deprived of the intended benefits.

As per Rule 251 of Maharashtra Public Works Manual, 1984, no work should be commenced on land which has not been duly made over by the responsible Civil Officer. Further, when tenders for works are accepted but the land required for the purpose is still to be acquired, the time that should be allowed for the acquisition of the land should be ascertained from the Collectors before orders to commence the works are issued.

The Irrigation Department⁶⁷, GoM accorded (August 1984) administrative

⁶⁷ Now Water Resources Department

approval to construction of a medium irrigation project across river Nagan at Nawapur taluka in district Nandurbar at a total estimated cost of ₹ 7.09 crore to be completed in four years (August 1988). The objective of the project was to create a gross storage capacity of 26.48 Million Cubic Meter (mcum) with live storage capacity of 23.62 mcum. The live storage was to be utilized to irrigate 2,486 ha of land through Right Bank Canal (RBC) of eight km and Left Bank Canal (LBC) of 14.10 km along with distributaries, minors and sub minors. The project was expected to benefit the tribal population of Nawapur taluka in the command area of Nawapur and improve their living standards. The project cost was revised to ₹ 49.54 crore in June 1998 and again to ₹ 92.62 crore in July 2008 due to inordinate delay in implementation of the project, changes in scope of work, delay in land acquisition *etc.* As of March 2015, an expenditure of ₹ 81.19 crore was incurred on the project.

Audit observed that an area of 398.01 ha was required for the dam works. The dam works though started in 1990 could not progress at the required pace due to delay in land acquisition process (which was completed only by 2003-04) and further delay in rehabilitation of the project affected persons of two villages⁶⁸ falling in the submergence area of the project, which could be completed by 2007. As of April 2015, 98 *per cent* of dam work and 58 *per cent* of gate erection work was completed. As a result, live storage of only 5.90 mcum, 6.25 mcum and 6.77 mcum could be achieved during 2012-13, 2013-14 and 2014-15 respectively.

Audit further observed that of the total length of 22.10 km comprising the two canals (LBC and RBC), land admeasuring 136.68 ha was required to be acquired of which, only 13.81 ha (10 *per cent*) could be acquired due to dispute between Dhule Medium Project Division No. 2, Nandurbar and the land owners over the cost of land being offered to the owners of the land. The Division awarded (February 2009 and March 2014) the works of LBC and RBC up to 14 km at a total cost of ₹ 12.91 crore. However, till March 2015, canal works of only 2.5 km could be completed after incurring an expenditure of ₹ 2.38 crore.

The Executive Engineer Dhule Medium Project Division No.2, Nandurbar (EE) stated (April 2015) that only part of the two villages comprising 138 houses were falling under submergence that were rehabilitated by 2007. However, rest of the people of these two villages (not falling under submergence) also opposed to the construction of dam and gate erection works, demanding their rehabilitation. Hence, works of dam and gate erection were delayed. In case of canal works, land could not be acquired as the land owners did not agree to the rates being offered by the Division.

The reply of EE is not acceptable because, the entire project was commenced without ensuring availability of land for the major components (dam proper and canals), in violation of the provisions contained in the Maharashtra Public Works

⁶⁸ Keli and Bandharpada

Manual. Further, the project which was envisaged to be completed in four years (August 1988) could not be completed even after lapse of 27 years as of March 2015 and an expenditure of ₹ 81.19 crore. More importantly, the tribal population of Nawapur taluka also remained deprived of the benefits envisioned from the project for the last 27 years.

The matter was reported to the Government (June 2015); their reply was awaited (December 2015).

3.4 Inadmissible payment to a contractor

The Amravati Irrigation Division made an inadmissible payment of ₹ 13.63 crore to a contractor due to wrong application of Clause 38 and non-adherence to contract conditions.

Work of construction of Pandhari Medium Irrigation Project in Amravati District, sanctioned in June 2005, was awarded (January 2008) to a contractor at a cost of ₹ 119.84 crore at 35 *per cent* above the estimated cost (₹ 88.77 crore). The work was scheduled for completion by January 2013.

As per Clause 38 of the contract, payment for additional quantities executed by the contractor up to 125 *per cent* of the tendered quantity was to be made at tendered rates and beyond 125 *per cent*, at the current schedule of rates (CSR), increased or decreased by the percentage of tender premium or rebate.

As per Schedule 'B' of the contract, 17,05,504 cum was to be executed for the work of providing and laying embankment of casing zone. However, during execution of the project, due to increase in dam area and excess depth of Cut-of-Trench, the quantities mentioned for various items in schedule 'B' of the tender increased significantly and payment for the increased quantities were regulated by the Executive Engineer, Amravati Irrigation Division, Amravati under Clause 38 of the contract.

As per Clause 38 of the contract, the contractor was required to be paid for 21,31,880⁶⁹ cum at the tendered rate of ₹ 114.08⁷⁰ per cum. Audit, however, observed that the contractor was paid for 16,31,773 cum at the tendered rate of ₹ 114.08 per cum and beyond that, at the current schedule of rate of ₹ 321.42 per cum under Clause 38. This resulted in an inadmissible payment of ₹ 10.37⁷¹ crore to the contractor.

Further, Section-1A of the tender conditions specified that the contractor shall plan, construct and maintain all coffer dams⁷², diversions of flow and other arrangements so as to keep the construction area of dam free from water. In addition, the contractor was to make his own arrangements for preventing damages to the diversion channels, coffer dams and foundation pits due to floods or heavy flow.

⁶⁹ 125% of 17,05,504 cum

⁷⁰ ₹ 84.5+35% above

⁷¹ 5,00,107 cum (21,31,880-16,31,773) at ₹ 207.34 per cum (₹ 321.42- ₹ 114.08)

⁷² A coffer dam is a temporary structure built in a water body to keep water out of the enclosed area, creating a dry work environment for the major work to proceed. Cofferdams are used in constructing the foundations of dams, bridges and similar sub-aqueous structures

Scrutiny of records (April 2013) revealed that contrary to the provisions of the contract, the Executive Director, Vidarbha Irrigation Development Corporation, Nagpur sanctioned (October 2011) 1,36,851 cum for execution of coffer dam and subsequently, made a payment of ₹ 3.26 crore to the contractor, which was inadmissible.

The Executive Engineer, Amravati Irrigation Division and the Superintending Engineer, Upper Wardha Project Circle, Amravati accepted the facts and stated (November 2014) that recovery would be made in due course. However, no recovery was effected from the contractor (December 2015).

Thus, wrong application of Clause 38 coupled with non-adherence to contract Clause resulted in an inadmissible payment of ₹ 13.63 crore to the contractor.

The matter was reported to the Government (June 2015); their reply was awaited (December 2015).

3.5 Undue pecuniary benefit to a contractor

Irregular grant of mobilization advance of ₹ 8.68 crore to a contractor as well as admitting his claim for idle charges of ₹ 1.43 crore and subsequent trade-off between the contractor and Vishnupuri Project Division to waive off the interest component on mobilization advance in consideration of idle charges resulted in short-recovery of interest amount of ₹ 47.75 lakh.

The work of construction of Balegaon high level barrage on river Godavari in district Nanded was awarded (August 2009) to a contractor at a cost of ₹ 158.78 crore to be completed by August 2013. The Executive Engineer, Vishnupuri Project Division No.2, Nanded while awarding the work informed the contractor that since the matter of construction of another high level barrage work (Babhali barrage) on same river was under litigation in the Supreme Court of India, the work of Balegaon high level barrage should not be commenced and no machinery should be brought to site without prior permission of the competent authority⁷³.

Scrutiny of records of the Executive Engineer, Vishnupuri Project Division No.2, Nanded (EE) revealed the following:

- The contractor was sanctioned (August 2009) mobilization advance (MA) of ₹ 16 crore of which, ₹ 8.68 crore was released in three instalments⁷⁴ between December 2009 and March 2010, despite there being no provision for the same in the contract and the State Government's moratorium (March 2000) on sanction of MA to the contractors.
- The MA of ₹ 8.68 crore along with interest was to be recovered from the contractor by February 2012. However, as of December 2015, ₹ 1.77 crore was yet to be recovered though a period of three years and 10 months had elapsed from the due date of liquidation of MA.

⁷³ Godavari Marathwada Irrigation Development Corporation, Aurangabad (GMIDC)

⁷⁴ ₹ 4 crore in December 2009; ₹ 2.50 crore in January 2010; and ₹ 2.18 crore in March 2010

- The contractor was given go-ahead to start the work from November 2010. However, barely within a year of commencement of the work, the contractor pressed a claim of ₹ 1.43 crore for idle machinery and labour charges for the stalled period (August 2009 to October 2010) invoking Clause 15 (3)⁷⁵ of the Contract. The contractor also proposed that in case his claim for idle charges was not considered, the interest component on MA for the period prior to actual commencement of work (December 2009 to October 2010) should be waived off. In this case, since the work did not commence at all, the contractor was not entitled to any compensation under Clause 15 (3). However, the Superintending Engineer, GMIDC waived off (August 2012) the interest component of ₹ 47.75 lakh in consideration of contractor's request.

The EE stated (December 2014) that the interest component was waived off as it was less than the idle charges claimed by the contractor.

Thus, the grant of mobilization advance of ₹ 8.68 crore to the contractor as well as admitting his claim for idle charges of ₹ 1.43 crore and subsequent trade-off between the contractor and the Division (for interest component with idle charges) was not only irregular but also resulted in short-recovery of interest amount of ₹ 47.75 lakh.

The matter was reported to the Government (July 2015); their reply was awaited (December 2015).

PUBLIC WORKS DEPARTMENT

3.6 Irregular sanction of extra items of work

Contrary to the tender conditions, the Chief Engineer, Nashik sanctioned extra items of ₹ 4.48 crore to a contractor for construction of a major bridge across Tapi river at Hatoda in Nandurbar district, which was irregular.

As per paragraph 192 of the Maharashtra Public Works (MPW) Manual, 1984, in a lump sum contract, the contractor has to execute the complete work with all its contingencies in accordance with the drawing and specifications for a fixed sum.

The Executive Engineer, Nandurbar Public Works Division (EE) invited (September 2008) tenders on lump sum basis for construction of a major bridge across Tapi river at Hatoda on Nandurbar-Taloda road at an estimated cost of ₹ 30.19 crore. The site of work was falling in Gujarat as well as

⁷⁵ Where the Engineer-in-Charge requires the contractor to suspend the work for the period in excess of 30 days at any time or 60 days in the aggregate, the contractor shall be entitled to apply to the Engineer within 30 days of resumption of work after such suspension for payment of compensation to the extent of pecuniary loss suffered by him in respect of working machinery rendered idle on the site or on account of his having had to pay the salary wages of labour engaged by him during the said period of suspension

Maharashtra States. The site was influenced by backwater of Ukai dam in Gujarat State situated at 120 km downstream and also discharges through Hatnur dam and Sulwada, Sarangakheda and Prakasha barrages across Tapi river situated upstream of site. Due to uncertain schedule of discharges through above dams/barrages, the low water level was difficult to ascertain for the purpose of execution of bridge work. Therefore, it was clearly mentioned in the tender conditions that the drawings were generalised and indicative only and the contractor should plan his activities accordingly. Also, no claims of the contractor for any extra items were to be considered on account of change in low water level at the time of execution of works. The tender conditions further required the contractor to furnish a signed declaration that the work may have to be carried out in standing water due to site conditions.

The EE awarded (February 2009) a lump sum contract to Rajdeep Buildcon Private Limited (contractor) for construction of major bridge at a total cost of ₹ 34.40 crore to be completed by February 2011. The Contractor was granted four extensions up to March 2016. As of December 2015, the work was in progress and an expenditure of ₹ 42.19 crore was incurred up to September 2015. As per tender conditions, the contractor had also given a signed declaration of being aware of the site conditions and that the work may have to be carried out in standing water.

Scrutiny of records of the EE (January 2015) revealed that during price negotiations in January 2009, the contractor categorically stated that the location of the subject bridge was such that the whole of the work was to be executed in standing water conditions due to dams on upstream and downstream of the proposed site. In view of the site conditions, the expenses for putting temporary cofferdams⁷⁶ as well as dewatering, temporary staging and access to the site would be substantial. The contractor, therefore, opined that the offer of ₹ 34.40 crore was the best and final offer which was based on the quantities calculated by an expert structural consultant and the rate analysis as per the present market scenario.

Contrary to the tender conditions and clarifications given by the contractor during price negotiations, the Chief Engineer, Nashik at the request of the Contractor (November 2013) sanctioned (December 2013) Extra Items Rate List (EIRL) of ₹ 4.48 crore for construction of coffer dams, temporary bridge, working platform *etc.* for the works relating to well foundation at piers P2, P3 and P4, due to high water levels.

The EE stated (January 2015) that the EIRL was sanctioned due to public demand for early execution of bridge work and also because standing water level was much higher for piers P2, P3 and P4.

Thus, sanction of EIRL of ₹ 4.48 crore to the contractor was irregular.

⁷⁶ A cofferdam is a temporary structure built in a water body to keep water out of the enclosed area, creating a dry work environment for the major work to proceed. Cofferdams are used in constructing the foundations of dams, bridges and similar sub-aqueous structures

The matter was referred to the Government (July 2015); their reply was awaited (December 2015).

3.7 Unauthorised diversion of work contingencies

The Superintending Engineer, Public Works Raigad Circle unauthorisedly diverted ₹ 1.45 crore from work contingencies of 25 works for construction of store shed and record room at Navenagar-Mahad, district Raigad, in contravention of the recommendations of the Public Accounts Committee and the provisions contained in the Maharashtra Public Works Manual.

Mention was made in paragraph 4.4.2 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended March 2008 regarding diversion of work contingencies amounting to ₹ 1.55 crore in Public Works Circle, Thane for carrying out additions, alterations, repairs, renovations to Offices of the Circle, Divisions and Sub-divisions as well as repairs to rest houses of Public Works Department. The State Public Accounts Committee (PAC) in its 13th Report presented to the State Legislature (August 2013) recommended that diversion of funds being irregular, no expenditure should be approved for works not having budget provision or approval by the State Legislature.

Further, according to paragraph 145 of the Maharashtra Public Works (MPW) Manual, 1984, provision at five *per cent* of the estimated cost of work shall be made under a separate sub-head 'contingencies' for unforeseen items which may crop up later on during execution of work. This provision was however, not to be diverted without the sanction of competent authority, to any new item which, though fairly incidental to the work, is not provided for in the estimate. As per Appendix 42 (Serial No.14) of the MPW Manual, the Superintending Engineer has full powers to divert the provision of 'contingencies' in the estimates for a work to a new item not provided in the same estimate.

Scrutiny of records (December 2014) of the Executive Engineer, Public Works Division, Mahad, district Raigad (EE) revealed that the Superintending Engineer, Public Works Circle, Raigad, Navi Mumbai (SE) sanctioned (between February 2012 and February 2014) diversion of ₹ 1.45 crore from the work contingencies of 25 works⁷⁷ for 'Construction of store shed and record room at Navenagar-Mahad', District Raigad, in contravention of the PAC recommendations and the provisions contained in the MPW Manual. Incidentally, this work was split into 14 sub-works by the EE and awarded to two contractors between February 2012 and March 2014 to avoid approval of the next higher authority. These 14 works were completed during January 2013 to May 2014 at a cost of ₹ 1.45 crore.

The matter was referred to the Government (May 2015); their reply was awaited (December 2015).

⁷⁷ Construction of rural hospitals, administrative buildings, residential quarters *etc.*

3.8 Irregular payment to a contractor

The Public Works Division, Parbhani in violation of contract conditions admitted irregular additional claims of a contractor amounting ₹ 1.07 crore against two works which had already been completed and paid for eight years back.

The Executive Engineer, Public Works Division, Parbhani (EE), awarded two works to Banka Construction Engineers and Contractors (contractor) in October 1997 and January 1999 as under:

- (i) Construction of submersible bridge across river Godavari near village Phala in District Parbhani at a cost of ₹ 1.67 crore (awarded in October 1997); and
- (ii) Construction of major bridge across river Godavari near village Dhangartakli in District Parbhani at a cost of ₹ 4.50 crore (awarded in January 1999).

The first work was completed in May 2001 and the final bill was paid in February 2006 while the second work was completed in December 2002 and the final bill was paid in December 2005.

Scrutiny of records (April 2015) of EE revealed that the contractor turned up in October 2013 (nearly seven years and 10 months after payment of final bills) and raised additional claims amounting ₹ 1.09 crore on the ground that he had executed additional works⁷⁸ under both the contracts and the related claims, though raised in October 1998 (for first work) and March 2000 (for second work), were not paid to him upon completion of both the works. Both the additional claims were admitted by the Chief Engineer (CE), Aurangabad and the contractor was paid ₹ 1.07 crore in December 2013.

The action of the CE, Aurangabad to admit the additional claims of the contractor after almost eight years was irregular for the following reasons:

- Both the contracts being lump sum (based on contractor's owned design and drawings), the contractor was expected to estimate the quantities of work as per actual site conditions and quote his rates accordingly. Therefore, admission of additional claims after completion of works diluted the very sanctity of the contracts, which were concluded on lump sum basis.
- Fresh measurements against both the works were recorded and certified by the EE in December 2013 which appeared highly improbable because, measurements of excavation and filling works can be done concurrently at the time of execution of works, and not after the works had been completed. The Divisional Accounts Officer (DAO) also did not sign the measurement books under

⁷⁸ Excavation in hard and soft rock for foundation, sand filling, concreting work, sinking *etc.*

protest, stating that once the final bills had been paid to the contractor and the works closed, the question of admitting the additional claims of the contractor does not arise. However, the objection of DAO was overruled by the EE/CE to avoid possible legal proceedings and consequent payment of interest on the claims raised by the contractor. The apprehensions of EE/CE were misplaced because, the contracts did not have any arbitration clause and in case of any dispute, the contractor was required to file an appeal/register his protest with the Secretary, Public Works Department within 30 days of payment of final bill, which was not done in this case.

The matter was referred to the Government in June 2015; their reply was awaited (December 2015). However, the EE stated (April 2015) that the additional claims of the contractor were admitted on the basis of the approval granted by the CE, Aurangabad.

Thus, admitting the additional claims of the contractor and payment of ₹ 1.07 crore in violation of contract conditions was irregular.

3.9 Idling of a bridge

A bridge constructed by the Executive Engineer, Public Works Division, Bhandara in March 2014 at a cost of ₹ 3.05 crore remained non-operational for public use as of December 2015 due to non-construction of approaches to the bridge.

As per Rule 251 of Maharashtra Public Works Manual, 1984, no work should be commenced on land which has not been duly made over by the responsible Civil Officer. Further, when tenders for works are accepted but the land required for the purpose is still to be acquired, the time that should be allowed for the acquisition of the land should be ascertained from the Collectors before orders to commence the works are issued.

The Public Works Department, GoM accorded (May 2009) administrative approval for construction of major submersible bridge across river Chulband in Sakoli tahsil, District Bhandara. This work was taken up to provide road connectivity to the people of village Vihirgaon and Bhugaon. The work also included construction of approach roads at both ends of the bridge.

The Executive Engineer, Public Works Division, Bhandara (EE) awarded (August 2011) the work to a contractor at a cost of ₹ 3.21 crore to be completed in 15 months (November 2012).

Audit scrutiny of the records of EE revealed that while awarding the work, the Division was not in the possession of private land (0.97 ha) required for the construction of approach roads on both sides of the bridge (0.40 ha on Bhugaon side and 0.57 ha on Vihirgaon side). It was only after almost one year of the award of the work that the Division approached (June 2012)

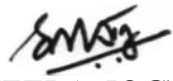
the Collector, Bhandara for initiating the land acquisition proceedings under the provisions of Land Acquisition Act, 1894.

The contractor completed (March 2014) the bridge work at a cost of ₹ 3.05 crore. However, the work of approach roads could not be executed as the private land required for the purpose was not acquired. Thus, the bridge constructed at a cost of ₹ 3.05 crore continued to be non-operational for public use for more than 1½ years (December 2015).

The GoM stated (January 2016) that land acquisition has almost been completed and construction of approaches has been targeted for completion by March 2016.

Thus, awarding of bridge work without ensuring availability of land for approach roads led to continued idling of the bridge constructed at a cost of ₹ 3.05 crore as of December 2015. Besides, the objective of connecting the two villages (Bhugaon and Vhirgaon) also remained unachieved.

Nagpur,
The 26 February, 2016


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

Countersigned

New Delhi,
The 29 February, 2016


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1 (Reference : Paragraph 1.7.1: Page 6) Department-wise outstanding Inspection Reports/Paragraphs issued up to December 2014 but outstanding as on 30 June 2015																
Sr. No.	Name of the Department	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		TOTAL		
		IR	PARA	IR	PARA	IR	PARA	IR	PARA	IR	PARA	IR	PARA	IR	PARA	
1.	Agriculture, Animal Husbandry, Dairy	94	164	04	09	01	01	02	02	06	13	09	20	116	209	
	Mumbai	69	175	10	52	19	64	04	25	20	105	05	27	127	448	
	Total	163	339	14	61	20	65	06	27	26	118	14	47	243	657	
2.	Co-operation and Textile	147	234	02	03	05	07	05	07	11	42	34	92	204	385	
	Mumbai	52	122	12	17	03	07	03	10	07	44	01	04	78	204	
	Total	199	356	14	20	08	14	08	17	18	86	35	96	282	589	
3.	Forest	269	428	39	128	28	104	12	60	15	60	13	58	376	838	
	Mumbai	68	96	08	25	10	48	11	68	02	13	03	22	102	272	
	Total	337	524	47	153	38	152	23	128	17	73	16	80	478	1110	
4.	Industry, Energy and Labour	43	79	09	21	03	11	01	07	01	04	05	16	62	138	
	Mumbai	81	161	14	58	13	69	17	113	03	24	09	43	137	468	
	Total	124	240	23	79	16	80	18	120	04	28	14	59	199	606	
5.	Public Works	164	342	49	152	26	147	04	19	44	288	32	231	319	1179	
	Mumbai	149	192	32	72	32	75	27	96	31	216	26	188	297	839	
	Total	313	534	81	224	58	222	31	115	75	504	58	419	616	2018	
6.	Tourism and Cultural Affairs	0	0	0	0	0	0	0	0	0	0	02	09	02	09	
	Mumbai	15	31	03	14	0	0	0	0	01	7	0	0	19	52	
	Total	15	31	03	14	0	0	0	0	01	07	02	09	21	61	
7.	Water Resources	460	1008	85	282	71	293	66	293	33	177	39	229	754	2282	
	Mumbai	120	203	26	103	41	228	69	508	05	41	03	14	264	1097	
	Total	580	1211	111	385	112	521	135	801	38	218	42	243	1018	3379	
Grand Total		1731	3235	293	936	252	1054	221	1208	179	1034	181	953	2857	8420	

Appendix 1.2 <i>(Reference : Paragraph 1.7.3: Page 7)</i> Statement showing number of Paragraphs/reviews in respect of which Government explanatory memoranda had not been received								
Sr. No.	Name of Department	Upto 2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Economic Sector								
1.	Agriculture, Animal Husbandry, Dairy Development and Fisheries	03	--	--	01	01	--	05
2.	Public Works	--	--	--	01	01	03	05
3.	Forest	01	--	--	--	--	--	01
4.	Tourism and Cultural Affairs	--	--	01	--	--	--	01
5.	Water Resources	01	--	--	--	07	04	12
6.	Industries, Energy and Labour	--	--	--	--	--	01	01
7.	Food Civil Supplies and Consumer Protection	--	--	--	--	01	--	01
	Total	05	--	01	02	10	08	26

Appendix 1.3 Department-wise position of PAC recommendations on which Action Taken Notes were awaited (Reference : Paragraph 1.7.3; Page 7)													
Sr. No.	Name of the Department	1985-86 to 2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Total
1.	Agriculture, Animal Husbandry, Dairy Development and Fisheries	23	--	--	12	--	02	--	--	--	--	--	37
2.	Public Works	13	--	03	--	02	12	--	--	--	--	--	30
3.	Forest	--	--	--	--	01	--	--	--	--	--	--	01
4.	Tourism and Cultural Affairs	--	--	--	--	--	--	--	--	--	--	--	--
5.	Water Resources	26	04	07	--	--	07	--	--	--	--	--	44
6.	Co-operation and Textile	04	--	--	--	--	--	--	--	--	--	--	04
7.	Industry, Energy and Labour	21	--	--	--	--	--	--	--	--	--	--	21
	Total	87	04	10	12	03	21	--	--	--	--	--	137

Appendix 2.1 <i>(Reference : Paragraph 2. 1.8.1: Page 18)</i> Shortfalls in achievement of targets indicated in the working plans during 2010-15					
Sr. No.	Name of activity	Quantum of work			Percentage shortfall
		To be carried out as per WP	Actually carried out	Shortfall	
1.	Demarcation works (in ha)	861160.00	424576.90	436583.10	50.70
2.	Marking of trees (in ha)	164630.00	30731.13	133898.87	81.33
3.	Feeling works (in ha)	108017.60	22949.99	85067.61	78.75
4.	Plantation works (in ha)	55516.60	22983.06	32533.54	58.60
5.	Cut-back operations (in ha)	76598.75	20142.66	56456.09	73.70
6.	Cleaning works (in ha)	20955.28	6749.97	14205.31	67.79
7.	Soil and moisture conservation works (in ha)	92004.49	14718.46	77286.03	84.00
8.	Boundary maintenance works (in km)	14920.01	10713.80	4206.21	28.19
9.	Fire tracing works (in km)	101973.60	40486.12	61487.48	60.30
10.	Regeneration works (in ha)	462320.20	195504.60	266815.60	57.71
<i>Source : Action Taken Reports of the selected Divisions</i>					

Appendix 3.1 <i>(Reference : Paragraph 3.1.2; Page 30)</i> Statement showing the details of pending bills <i>(₹ in crore)</i>					
Sr. No.	Name of Division	Pending bills as on	Administrative buildings	Residential buildings	Total
1.	Presidency Division, Mumbai	March 2014	110.36	71.81	182.17
2.	North PWD, Mumbai	March 2014	12.39	20.87	33.26
3.	PWD No.1, Nagpur	March 2015	17.04	30.59	47.63
4.	Integrated Unit (Medical), Nagpur	March 2015	8.69	3.19	11.88
5.	PWD, Parbhani	March 2014	2.00	1.70	3.70
6.	PWD, Hingoli	March 2014	1.75	1.10	2.85
7.	PWD, Nashik	March 2015	2.24	9.91	12.15
8.	PWD, Beed	March 2014	5.90	4.95	10.85
9.	PWD, Latur	March 2014	1.75	1.20	2.95
10.	PWD, Pune	March 2015	15.00	22.21	37.21
11.	PWD (East), Pune	March 2015	2.50	1.57	4.07
	Total		179.62	169.10	348.72
<i>Source : Information furnished by the concerned Divisions</i>					

Appendix 3.2 Statement showing expenditure incurred on M&R of buildings beyond financial norms (Reference : Paragraph 3.1.3, Page 31)							
Sr. No.	Name of Government Building	Built-up area (in sqm)	Actual expenditure incurred on M&R during 2010-15	Maximum permissible expenditure during 2010-15 (at ₹ 817.03 per sqm)* as per revised financial norms of 2005, escalated by 10% per annum (Col.3 x ₹ 817.03 x 5 Years)	Number of times the actual expenditure on M&R was more than the permissible expenditure (Col.4 ÷ Col.5)	Cost of new construction of building of same built-up area @ ₹ 28,500 per sqm (Col.3 x 28,500)	Number of times the actual expenditure on M&R was more than the cost of new construction (Col.4 ÷ Col.7)
1	2	3	4	5	6	7	8
1.	Deogiri	557.71	25094316	2278329.00	11.01	15894735	1.58
2.	Meghdoot	454.83	32477522	1858048.77	17.48	12962655	2.51
3.	Ramtek	823.14	27690634	3362650.37	8.23	23459490	1.18
4.	Sewasadan	586.43	30786943	2395654.51	12.85	16713255	1.84
5.	Shivgiri	461.90	21705149	1886930.79	11.50	13164150	1.65
6.	Jetwan	430.95	27605491	1760495.39	15.68	12282075	2.25
7.	Agradoot	296.93	23493525	1213003.59	19.37	8462505	2.78
8.	Chitrakut	396.38	25179796	1619271.76	15.55	11296830	2.23
9.	Muktagiri	399.54	23585755	1632180.83	14.45	11386890	2.07
10.	Nandanwan	296.93	17790719	1213003.59	14.67	8462505	2.10
11.	Pamkuty	549.72	32292792	2245688.66	14.38	15667020	2.06
12.	Puratan	431.78	34501123	1763886.07	19.56	12305730	2.80
13.	Satpuda	433.74	30811606	1771892.96	17.39	12361590	2.49
14.	Shivneri	395.91	18025628	1617351.74	11.15	11283435	1.60
15.	Sarang	6471.00	149859101	26435005.65	5.67	184423500	0.81
	Total		520900100	53053393.68		370126365	
Source : Printed Register of Buildings (for area of buildings); Cash Book of EE, Presidency Division, Mumbai.							

* All the 15 buildings are more than 40 years old. The rate of ₹ 817.03 per sqm has been arrived at by audit on the basis of the revised financial norms of November 2005 (₹ 315 per sqm), escalated by 10 per cent per annum plus, an additional 10 per cent allowed for buildings more than 40 years old.

Glossary

Acronyms and Abbreviations in respect of Paragraph Number 2.1	
Acronyms	Extended form
ACF	Assistant Conservator of Forests
APO	Annual plan of Operations
CAMPA	Compensatory Afforestation Fund Management and Planning Authority
CCF	Chief Conservator of Forests
CDM	Clean Development Mechanism
CF	Conservator of Forests
DCF	Deputy Conservator of Forests
DFO	Divisional Forest Officer
FC	Finance Commission
FDCM	Forest Development Corporation of Maharashtra Limited
FDT	Forest Development Tax
GoI	Government of India
GoM	Government of Maharashtra
HoFF	Head of Forest Force
ISFR	India State of Forest Report
MFD	Maharashtra Forest Department
MoEF	Ministry of Environment and Forests
NCAC	National CAMPA Advisory Council
NPV	Net Present Value
PCCF	Principal Chief Conservator of Forests
PDA	Personal Digital Assistance
PWPR	Preliminary Working Plan Report
RFO	Range Forest Officer
SOR	Schedule of Rate
T&M	Transport and Marketing
WP	Working Plan

Acronyms and Abbreviations in respect of Paragraph Number 3.1	
Acronyms	Extended form
CE	Chief Engineer
EE	Executive Engineer
GR	Government Resolution
HPC	High Powered Committee
HVAC	Heating, Ventilating and Air Conditioning
MB	Measurement Book
MCGM	Municipal Corporation of Greater Mumbai
MH	Major Head
MLA	Members of the Legislative Assembly
M&R	Maintenance and Repairs
PRB	Printed Register of Buildings
PDS	Public Distribution System
PWD	Public Works Department
RA	Running Account
SE	Superintending Engineer
VQCC	Vigilance and Quality Control Circle
Acronyms and Abbreviations in respect of Paragraph Number 3.2	
BG	Bank Guarantee
CMR	Custom Milled Rice
DO	Delivery Order
DSO	District Supply Office
FA&DS	Financial Advisor & Deputy Secretary
FAQ	Fair Average Quality
FCI	Food Corporation of India
KMS	Kharif Marketing Season
MSP	Minimum Support Price
PLA	Personal Ledger Account
SGAs	State Government Agencies
TDC	Tribal Development Corporation
TPDS	Targeted Public Distribution System

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