

CHAPTER - III

PERFORMANCE AUDIT

This chapter contains performance audit on Employment Guarantee Scheme in Maharashtra (3.1), Gosikhurd Irrigation Project (3.2), Development of Education for SCs and STs (3.3), Rashtriya Sam Vikas Yojana (3.4) and Computerisation in Agriculture Department (3.5).

PLANNING DEPARTMENT

3.1 Employment Guarantee Scheme in Maharashtra

Highlights

The Employment Guarantee Scheme (EGS) was originally conceived as a tool for drought relief and to check rural migration and starvation. It had emerged as a major programme for poverty alleviation through employment generation and asset creation. The EGS fell short of its prescriptions for planning, financial management, registration of labourers, selection of works and their execution, payment of wages and monitoring. Planning was being done without factoring in the demand for work at the village level and was still top-down. Minimum wages were not being paid and thousands of works were lying incomplete.

The District Collectors did not prepare manpower budgets to assess the employment needs. As a result, the Annual Plans prepared were not realistic and the actual expenditure was only 19 per cent of the funds demanded as per their plans.

(Paragraphs 3.1.6.1 and 3.1.6.3)

Though a total amount of Rs 10,818.44 crore had been collected under the Employment Guarantee Fund (EGF) by way of receipts under different taxation Acts and as matching grants during 2002-07, only Rs 4,677.24 crore had been spent under EGS during the period.

(Paragraph 3.1.7)

There was short credit of Rs 76.47 crore to the EGF due to misclassification, diversion of Employment Guarantee Cess, non-crediting of unutilised balances of the EGS by Municipalities, Zilla Parishads and the implementing departments.

(Paragraph 3.1.7.1)

Scheme funds of Rs 25.59 crore was blocked on incomplete works for want of revised administrative approvals, forest clearance and permission from landowners on whose land works were to be executed.

(Paragraph 3.1.9.2)

Inadmissible expenditure of Rs 2.35 crore was incurred on deployment of guards in Forest and Social Forestry Departments.

(Paragraph 3.1.9.4)

Thirty eight implementing agencies delayed payment of wages to labourers for periods that ranged up to 13 months. Payments of daily wages ranging from Rs 8.32 to Rs 182 per day were made to 27,426 labourers instead of the prescribed wage of Rs 45 per day.

(Paragraphs 3.1.13 and 3.1.10.1)

The State Employment Guarantee Council was not functioning since January 2005. District level committees to supervise and review implementation of the scheme were not constituted in the Districts of Solapur (2002-2007) and Sangli (2006-07). Besides, Panchayat level committees were not constituted in 26 tahsils of six districts.

(Paragraph 3.1.12.2)

There were shortfalls ranging from 46 to 100 per cent in inspections of the works by the various officials of the implementing agencies. Internal Audit was not functioning.

(Paragraph 3.1.12.3)

Irregularities pointed out in earlier Audit Report, viz. delays in payment of wages, Jawahar wells under EGS remaining incomplete, subsidies being paid for plantation under Horticulture programme without mandatory survey of survival and inadequate inspections continued to persist during 2002-07.

(Paragraph 3.1.13)

3.1.1 Introduction

The Employment Guarantee Scheme (EGS) or the *Rojgar Hami Yojana*, was originally conceived as a tool for drought relief and to check rural migration and starvation. It had emerged as a major programme for poverty alleviation through employment generation and asset creation. Launched in 1972, the scheme was the inspiration for the passage of the National Rural Employment Guarantee (NREG) Act, 2005 by the Government of India (GOI). The scheme gave statutory rights¹ for employment to all able-bodied persons seeking employment and willing to do manual works in the rural areas and in small ('C' class²) municipal towns. Works³ having unskilled wage component of above 60 per cent of the cost of the works were permitted.

In November 2005, Government of India introduced the National Rural Employment Guarantee Scheme (NREGS) and 18⁴ districts in Maharashtra

¹ Vide Maharashtra Employment Act, 1977, which came into force from 26 January 1979

² Having population of 25,000 to 40,000

³ Village roads, percolation tanks, terracing of lands, forest works *etc.*

⁴ Ahmednagar, Akola, Amravati, Aurangabad, Bhandara, Buldhana, Chandrapur, Dhule, Gadchiroli, Gondia, Hingoli, Nandurbar, Nanded, Osmanabad, Thane, Wardha, Washim and Yavatmal

were selected for implementation of NREGS. Accordingly, the State Government introduced (February 2006) the Maharashtra Rural Employment Guarantee Scheme (MREGS) which consisted a national component equivalent to the NREGS and a State component equivalent to EGS. The national component of MREGS was being implemented in these districts for 100 days only while the State component of the scheme was being implemented for the remaining 265 days. EGS was implemented for 365 days in the remaining 15 districts.

3.1.2 Organisational set-up

The programme was being implemented under the overall supervision of the Principal Secretary, Planning Department (EGS), who was assisted by the Divisional Commissioners at the regional level and Collectors at the district level. The scheme was implemented through the Departments of Irrigation, Public Works, Agriculture and Forests and through the Zilla Parishads. Committees for planning, direction, control and co-ordination were required to be set up at the State, District and Panchayat Samiti levels. The Collectors were empowered to prepare manpower budgets and Annual Plans and grant administrative approvals for the works up to Rs 50 lakh. They released the funds received from the Government, to the implementing agencies through Letters of Credit (LOCs).

3.1.3 Audit scope and methodology

A performance audit of the implementation of the programme in Maharashtra covering the period 2002-07 was conducted (January to July 2007) by test-check of records in the implementing departments and field agencies as well as Zilla Parishads (ZPs) in eight⁵ (including five MREGS districts) out of 33 districts. These districts and two blocks in each district were selected on the basis of the SRSWOR⁶ method. In districts where MREGS was implemented, four villages from each of the two selected rural blocks were selected on the basis of the number of registered families, applying the PPSWR⁷ technique. The details of the sample are given in **Appendix 3.1**. The audit plan and the audit objectives were discussed with the Principal Secretary, Planning Department at a meeting held in January 2007. The audit observations were discussed with the Principal Secretary on 13 and 14 August 2007; their views have been incorporated at appropriate places in the Report.

3.1.4 Audit objectives

The objectives of the performance audit were to examine whether:

- planning was done in accordance with the scheme guidelines,
- funds released were utilised in accordance with the guidelines,

⁵ **Ahmednagar, Amravati, Aurangabad, Nandurbar**, Nashik, Sangli, Solapur and **Yavatmal** (MREGS districts are in bold letters)

⁶ Simple random sampling without replacement

⁷ Probability proportional to size with replacement

- registration of labourers and their allocation to works was done as per norms,
- the works were selected as per the priorities fixed and their execution was done effectively as per norms,
- the payments to labourers were made as per muster rolls, in a timely manner and on the basis of the quantity of work done,
- the monitoring mechanism was effective.

3.1.5 Audit criteria

The main criteria used for the performance audit were:

- Maharashtra Employment Guarantee Act, 1977 and scheme guidelines and orders issued by Government from time to time.
- NREG Act, 2005 and notifications and operational guidelines issued thereunder.
- Maharashtra Rural Employment Guarantee Scheme, 2006 and guidelines and orders issued by Government from time to time.

Audit findings

3.1.6 Planning

Planning for effective implementation of the schemes was to generate employment within 15 days of registration of jobseekers and ensure that the design and selection of works were such that good quality assets were developed. There was to be long term, medium term and short term perspective planning.

3.1.6.1 Preparation of manpower budgets

Manpower budgets which would take into account the nature of distribution of unemployment were not prepared by the Collectors

Section 7(2) (iv) of the Maharashtra Employment Guarantee (EGS) Act, 1977 stipulated that in order to anticipate the demand for manual work, a manpower budget for the district should be prepared, so that it would be possible to plan the works to be taken up under the scheme, taking into account the nature of distribution of unemployment across the district. It was noticed that manpower budgets were not prepared in the eight districts test-checked. The Collectors accepted (January to July 2007) the omission and agreed to prepare the same from the ensuing financial year. Thus the provision of funds was not based on the demand for employment.

3.1.6.2 Preparation of shelves of works for villages

As per the guidelines and provisions of MREGS/EGS, in addition to the ongoing schemes, the shelves of works prepared by the Tahsildars and approved by the Collectors were to be kept ready so that the employment that could be provided (measured in terms of mandays) was 150 *per cent* of the expected employment need during the ensuing year. It was, however, noticed that in 201 villages of six tahsils (out of the 16 test-checked), shelves of works

were not prepared for 2006-07. Thus, scheme funds were spent without observing the guidelines of the scheme.

3.1.6.3 Preparation of Annual Plans for the districts

Under EGS, the Collectors were to demand funds on the basis of the Annual Plans drawn up by them for their districts. It was noticed that the Planning Department sent the budget proposals, based on the average of the last three years' demands, to the Finance Department. The funds allocated to the Collectors were far less than the funds demanded by them in the Annual Plans. However, the Collectors were unable to spend even the amounts allocated to them. In six⁸ test-checked districts where information was made available, total amount demanded by the Collectors during the years 2002-06 was Rs 3071.20 crore. Against this, the total funds provided was Rs 636.32 crore (21 *per cent*) and the expenditure incurred was Rs 596.62 crore (19 *per cent*). The year-wise position of the budget allocation and expenditure incurred in the test-checked districts is given in **Appendix 3.2**. This indicated that the Annual Plans prepared by the Collectors were not realistic.

3.1.6.4 Coverage of 'C' class Municipal Councils

The scheme was not implemented in 'C' class Municipal Councils

The programme was also to be implemented in 'C' class Municipal Councils. It was seen that EGS was not implemented in 42 such Councils in the eight test-checked districts. Further, the Collectors had not maintained any records indicating the registered labourers in the C class Councils in their districts.

The Principal Secretary stated (August 2007) that necessary instructions would be issued to the Collectors to prepare work plans for 'C' class municipalities also.

Fund management

3.1.7 Employment Guarantee Fund

As per the EGS Act, an Employment Guarantee Fund (EGF) was to be established to fund the EGS. The EGF was financed from the net⁹ proceeds of taxes on professions¹⁰, trades, callings and employment, additional tax on motor vehicles¹¹, special assessment of irrigated agricultural land, surcharge on land revenue¹² and cess on non-residential urban lands and buildings¹³. Besides, the State Government also had to make a matching contribution to the fund, equal to the net collection of taxes and cess.

Details of balances under EGF at the end of each year for the last five years were as follows:

⁸ Ahmednagar, Aurangabad, Nandurbar, Nashik, Sangli and Yavatmal

⁹ after deduction of establishment expenditure for collection

¹⁰ Under the Maharashtra State Tax on Professions Trades, callings and Employment Act, 1975

¹¹ Under the Bombay Motor Vehicles Tax Act

¹² Under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974

¹³ Under the Maharashtra Education and Employment Guarantee Cess Act, 1962

(Rupees in crore)

Year	Budget	Opening Balance	Receipt	Expenditure	Closing Balance
2002-03	1174.72	5427.90	1050.04	677.56	5800.38
2003-04	1050.00	5800.38	2127.03	1058.07	6869.34
2004-05	931.14	6869.34	2329.36	1256.94	7941.76
2005-06	993.00	7941.76	2431.56	980.67	9392.65
2006-07	769.16	9392.65	2880.45	704.00	11569.10
Total	4918.08		10818.44	4677.24	

Out of receipts of Rs 10818.44 crore for EGF during 2002-07, the expenditure under EGS was only Rs 4677.24 crore

It can be seen from the table that the budget provisions had been consistently low and were not keeping pace with the increasing receipts over the years. At the end of March 2007, there was a balance of Rs 11,569.10 crore under EGF. The burden was thus falling on the taxpayer, without serving the purpose envisaged.

It was noticed for the years 2002-07 that the Government had drawn ways and mean advances/overdrafts from the Reserve Bank of India. This indicated that the Government was diverting the EGF moneys for other purposes.

3.1.7.1 Delayed/short credit to Employment Guarantee Fund

Municipal Corporations/Councils were required to credit the Employment Guarantee (EG) cess and penalties for delayed payment of cess recovered by them to the Government account 0045006203 'Other Taxes and Duties on Commodities and Services' before the expiry of the week following the date of collection.

Eight municipalities short credited EG cess amounting to Rs 23.78 crore to EGF

Six¹⁴ Municipal Corporations and two¹⁵ Municipal Councils either did not remit (Rs 23.78 crore) EG cess at all into EGF, or did not remit into the proper head of account for EGF during 2002-07. Total amount of short credit to EGF was Rs 47.56 crore including Government matching share.

The Nashik Municipal Corporation credited EG cess and penalty thereon amounting to Rs 22.17 lakh with delays ranging from one to 23 months.

Education cess/EG cess of Rs 41.74 crore was wrongly adjusted against road grants payable to Municipalities

The Urban Development Department (UDD) had irregularly adjusted road grants payable to six Municipal Corporations against the Education cess (Rs 41.74 crore) and EG cess payable by the Corporations to the Government in March 2004 and 2007. Total short credit to EGF was Rs 83.48 crore, including Government's matching share.

Implementing agencies had not credited Rs 10.95 crore to EGF

The Zilla Parishads (ZPs) were to adjust the unspent funds for the individual beneficiary schemes/works pertaining to the previous years (which could not be adjusted in the current year) by crediting the amounts in EGF. In eight test-checked ZPs, 10 implementing departments had credited a total unutilised amount of Rs 1.92 crore to the regular revenue head instead of to EGF during 2001-06. Further, four ZPs (Amravati, Nandurbar, Nashik and Sangli) had not credited unutilised funds of Rs 9.03 crore to EGF during 2002-07.

¹⁴ Amravati, Jalgaon, Mumbai, Nagpur, Nashik and Solapur

¹⁵ Pusad and Yavatmal

The Executive Engineer (PWD), ZP, Solapur and the Executive Engineer, PWD (North), Nashik had disposed off (May 2006 and September 2002) the vehicles purchased for EGS for Rs 10.05 lakh and Rs 4.08 lakh respectively. The amounts were remitted into revenue head/deposit head instead of into EGF.

3.1.7.2 Expenditure in excess of budget provision for EGS

The Collectors, in exercise of powers under Rule 153(x) of the Maharashtra Treasury Rules, had drawn Rs 325.94 crore in excess of budget provision during 2004-05, by giving an undertaking that they would obtain supplementary grants during the year. However, this was not done and the excess expenditure had not been regularised by obtaining legislative approval.

3.1.8 Registration

The EGS Act stipulated a detailed registration procedure. Eligible persons desiring to do unskilled work were to register their requests with the Talathis/Gram Sevaks individually in forms prescribed for the purpose. The registering authorities were then required to issue identity cards to the applicants. This registration procedure served two purposes, *viz.*, it indicated the extent of actual demand and also gave the necessary information regarding the profiles of the applicants *i.e.*, sex, age, village and land holdings and caste/social groups.

3.1.8.1 Issue of identity cards/job cards

Under the provisions of EGS, identity cards were to be issued to the registered labourers/households. Further, under MREGS, individual photo identity cards were to be issued to each registered applicant of a family.

In the three test-checked districts, where EGS was implemented, identity cards were not issued (December 2006) to 2.89 lakh labourers out of 6.02 lakh registered labourers. Further, none of the 12.98 lakh job cards issued in the five test-checked districts, where MREGS was implemented, had photographs pasted on them. The Collectors stated (January to July 2007) that the process of issue of identity cards and pasting photograph was in progress.

Non-issue of identity cards to the labourers' families and absence of photographs on the job cards would have rendered the detection of unauthorised workers difficult during inspections of the works.

3.1.8.2 Maintenance/consolidation of registration

Although the Act guaranteed employment under the scheme at the block level, it was found in the test-checked districts that the information/records on registrations made by the Gram Panchayats were retained by them and were not consolidated and maintained by the Tahsildars or the nodal officers of the implementing agencies, who were to provide the works at the tahsil and village levels. As a result, the works were allocated without considering the registration made by the job seekers.

There were huge shortfalls in the issue of identity cards to registered labourers

Information on registration was not available with Tahsildars/ implementing agencies

3.1.8.3 Employment generation

During 2002-06, employment generated in the State was 73.05 crore mandays, as per the records of Government. Year-wise position is in **Appendix 3.3**.

The number of job seekers registered in the State under EGS was not available with the Administrative Department. The district authorities were supposed to prepare a statement of employment generated. However, it was not updated in any of the test-checked districts. It was noticed in the eight test-checked districts that the total number of mandays for which employment was generated during a year was low compared to the total number of registered labourers. In seven test-checked districts, the percentage of maximum mandays generated in a year (for which information is available) to the total mandays expected to be generated was between 5.05 (Amravati during 2004-05) and 23.47 *per cent* (Solapur during 2003-04) as indicated in **Appendix 3.3**.

Of the 37 works sanctioned under MREGS in 17 Gram Panchayats (in Amravati, Nandurbar and Yavatmal), 35 could not be started as the villagers had not applied for work. Thus, the registration procedure which was meant to indicate the extent of actual demand had not served the purpose as the villagers who had registered themselves had later not applied for employment under the scheme.

3.1.9 Execution of works

With a view to minimising the recurrence of drought-like situations in the State, only productive works like soil conservation and water conservation works such as irrigation works, land development works, afforestation and social forestry works and village roads *etc.*, were to be taken up under EGS. Further, the ratio of unskilled to skilled for minor irrigation works such as percolation tanks, forest ponds and *bandharas* as well as roads had been fixed at 51:49 while for all other works it was 60:40.

3.1.9.1 Recording of registration numbers on muster rolls

It was mandatory under EGS to indicate in the muster rolls, the registration number of every person who was employed on the works on the muster rolls. In 42 out of 80 test-checked implementing agencies the registration numbers were not quoted in the columns provided for the purpose in the muster rolls. In the absence of registration numbers in the muster rolls, it was not possible to ascertain the number of days of employment provided to each labourer and whether the works were actually executed through registered labourers (48,551).

3.1.9.2 Incomplete works

Care was to be taken to see that availability of labour for normal agricultural operations in the districts was not adversely affected and that the scheme was not activated when Plan or non-Plan works other than EGS were available with the Government and local bodies. It was noticed in the test-checked districts that 352 ongoing works were suspended by 15 implementing agencies

Registration number was not quoted on muster rolls by 42 out of 80 test checked implementing agencies

A total of 352 works were suspended due to scarcity of labour after spending Rs 13.74 crore

during 2002-06 on the ground that the works could not be completed because of scarcity of labourers. This was not factually correct as 93 new works were started in the same blocks by 10 out of the above 15 implementing agencies during the subsequent period in spite of the previous ongoing works having been stopped for want of labourers. Moreover, as the works remained incomplete, durable assets were not created as envisaged under the scheme. Besides, a total amount of Rs 13.74 crore was blocked on such suspended works with the 15 implementing agencies.

Eighty seven works costing Rs 6.01 crore were blocked for one to ten years for want of revised administrative approvals

The Planning Department issued (August 2003) instructions that after incurring expenditure of 90 *per cent* of the total administrative approval on a work under EGS, if the balance expenditure was likely to be more than 10 *per cent* of the administrative approval, the Collectors were to withhold release of LOCs for the balance 10 *per cent* and direct the implementing agencies to obtain revised administrative approvals. It was noticed in Ahmednagar, Sangli and Solapur Districts that in 54 works, the balance 10 *per cent* of LOCs amounting to Rs 48 lakh was released without obtaining proposals for revised administrative approvals. In respect of 87 such works, involving 23 implementing agencies (out of 80 test-checked), a total amount of Rs 6.01 crore was blocked for one to 10 years for want of revised administrative approvals and necessary funds.

Sixty three works had to be stopped for want of forest clearance resulting in blocking of Rs 1.93 crore

EGS guidelines stipulated that when works were to be executed on forest land, prior permission of GOI was to be obtained before starting the works. In six¹⁶ test-checked districts, 63 works had to be stopped during 2000-06 for want of forest clearance, resulting in blocking of Rs 1.93 crore spent on them.

Expenditure of Rs 3.91 crore on 137 works proved wasteful as prior permissions were not obtained from private landowners

Para 251 of the Maharashtra Public Works Manual stated that where works were to be executed on private lands, prior permission of the landowners was required to be obtained before starting the works. In six test-checked districts expenditure of Rs 3.91 crore incurred during 2002-06 on 137 road works and percolation tanks by 13 implementing agencies, proved to be wasteful as prior permissions had not been obtained from the landowners.

3.1.9.3 Farm ponds abandoned due to incorrectly prepared technical estimates

Farm pond works (2292) remained incomplete after incurring an expenditure of Rs 3.13 crore as they were abandoned due to striking of hard strata

Construction of farm ponds were taken up by the Taluka Agriculture Officers (TAOs) under EGS, which were constructed on private lands by excavation of soil by deploying labourers. It was noticed that 2,292 (estimated cost of Rs 9.39 crore) out of 12,829 works of farm ponds taken up during 2003-07 on private lands in Sangli (302) and Solapur (1,990) Districts remained incomplete after spending Rs 3.13 crore, due to encountering of hard strata during the course of execution of the works. The Collectors stated (January to July 2007) that this had happened because trial pits had not been dug at the time of preparation of technical estimates by the TAOs. As per a Government resolution of November 2005, beneficiaries were to undertake the work of

¹⁶ Ahmednagar, Nandurbar, Nashik, Sangli, Solapur and Yavatmal

blasting of hard strata at their own cost after which further grants were to be released according to the cost norms, which was not done by the beneficiaries. Thus, the entire anticipated irrigation potential was not created out of the expenditure of Rs 3.13 crore.

Principal Secretary stated (August 2007) that the beneficiaries would be educated to have the blasting on the hard strata done in order to complete the construction of the farms ponds.

The Government issued (November 2004) instructions to all Collectors that at least 10 *per cent* of the cost of the ponds should be recovered from the beneficiaries as contribution. It was noticed that during 2003-04 to 2006-07, contributions amounting to Rs 4.55 crore in respect of 11,795 completed works in Amravati, Sangli, Solapur, and Yavatmal Districts had not been recovered from the beneficiaries.

3.1.9.4 Inadmissible expenditure on deployment of guards

Inadmissible expenditure of Rs 2.35 crore was incurred on deployment of forest guards

Under EGS, only physical manual work could be provided as clarified (May 2003) by the Planning Department. Therefore, deployment of guards for watch and ward on works as well on forest sites using EGS funds was not admissible. It was noticed that the Deputy Conservators of Forest and Deputy Directors of Social Forestry in the eight test-checked districts had deployed guards for security of plantation works carried out under EGS and incurred an expenditure of Rs 2.35 crore on them during 2003-07 from EGS funds, which was irregular.

Principal Secretary stated (August 2007) that the matter would be investigated.

3.1.9.5 Execution of works through Gram Panchayats

As per MREGS guidelines, works costing at least 50 *per cent* of the allocation of the funds in each district were to be implemented through Gram Panchayats. In five test-checked districts, grants of Rs 49.61 crore out of Rs 50.58 crore released by the Collectors under MREGS during 2006-07 remained unutilised with the Gram Panchayats, due to non-availability of technical staff.

Principal Secretary informed (August 2007) that about 1200 technical personnel had been appointed on contract basis and training had also been imparted to them.

3.1.10 Payment of wages

District Collectors were required to submit demands for the ensuing quarter, 15 days in advance, to the Government for making payment to the labourers. Similarly, the implementing agencies were also required to submit their requirements, 20 days before the ensuing quarter, to the Collectors.

It was noticed that there were delays ranging from 15 to 30 days in submitting demands for LOCs to the Government by the Collectors in six test-checked districts. This, in turn, resulted in delayed release of the LOCs by the

Government, ultimately delaying the payment of wages to the labourers which is discussed in the following paragraph.

3.1.10.1 Payment of wages less/more than the minimum wage

Payment of wages to labourers ranged from Rs 8.32 to Rs 182 per day against the minimum wage of Rs 45 per day

Every person working under EGS was entitled to minimum wages of Rs 45 per day, fixed by the State Government for agricultural labour. Further, when average payment on a muster roll was more than 150 *per cent* or less than 75 *per cent* of the minimum wages, the Collector was required to conduct an inquiry to rule out malpractices.

It was noticed that in eight test-checked districts, in respect of works involving 22 implementing agencies, daily wages were paid to 27,426 labourers (370 muster rolls) at rates ranging from Rs 8.32 to Rs 182 per day, as against the minimum wage of Rs 45 per day.

In respect of a road work taken up by the EE, PWD, Miraj, District Sangli, as against the projected 4,991 mandays in the technical sanction, the actual number of mandays generated was 6,497 and the wages paid were Rs 1.89 lakh indicating that the labourers were paid Rs 29 per day against the minimum wages of Rs 45 per day payable.

In respect of a road work undertaken by the EE, PWD, Aurangabad, against the projected 30,416 mandays in the technical sanction for Rs 14.30 lakh, the actual number of mandays generated was 781 for an expenditure of Rs 0.97 lakh. In this case, wages ranging from Rs 47 to Rs 182 were paid to the labourers as against the minimum wages of Rs 45 per day payable. The Collector did not take any effective action to investigate the cases of payment of wages which were less or abnormally higher than the prescribed wage rate.

3.1.10.2 Fraudulent payment of wages

Payments of wages made to the labourers through muster rolls were to be acknowledged by them either through signatures or thumb impressions. A detailed examination of seven muster rolls through which wages of Rs 2.17 lakh were paid to 292 labourers by the Executive Engineer, Public Works Division, Solapur for execution of seven road works in August 2004, was conducted by Audit with the help of the Directorate of the Finger Print Bureau, CID, Mumbai. The Directorate opined that thumb impressions in respect of 80 labourers on the muster rolls were identical and were repetitions of the thumb impressions appearing on the same muster rolls. This indicated that the payment of Rs 54,140 made to the above 80 labourers was fraudulent.

3.1.10.3 Payment of maternity and family planning benefits

Maternity and family planning benefits under the scheme were not effectively publicised

The EGS Act provided maternity benefits of 15 days leave with wages at the prevailing rate to a woman labourer who had worked continuously for 75 days before her delivery. If a woman labourer underwent tubectomy, she would be entitled to 14 day's leave alongwith wages.

Women constituted 40 to 50 *per cent* of EGS workers according to a micro-study conducted by the Research Centre for Women's Studies, Smt. Nathibai

Damodar Thackersey University. In six test-checked districts, the Department did not publicise the maternity and family planning benefits available for the women workers under the scheme. As a result, there were no takers for the same. Considering that 4.13 lakh pregnant women were provided assistance through the Integrated Child Development Services in these districts in March 2007 alone, the number of women beneficiaries deprived of the benefits under EGS would be substantial.

The Principal Secretary stated (August 2007) that a media campaign necessary to generate awareness about this part of the scheme would be conducted.

3.1.11 Dovetailing/convergence of schemes

One of the primary objectives of EGS/MREGS was to create durable community assets. Convergence of EGS/MREGS funds with the funds of other sources was permitted to create the same.

3.1.11.1 Road works with Water Bound Macadam

In August 2003, Government clarified to all Collectors, that as Bituminous Bound Macadam (BBM) road work was a skilled work and not permitted under EGS, the roads built under EGS, which were Water Bound Macadam (WBM) roads, should be completed with BBM by taking them up under other schemes¹⁷ to make them durable.

In seven¹⁸ test-checked districts involving 14 implementing agencies, BBM works were not taken up although 1,523 WBM road works taken up and completed under EGS during 2002-07 at a cost of Rs 106.02 crore. Thus the implementing agencies did not ensure durability of the assets created.

The Collectors agreed (March to June 2007) to take up the BBM works under the MP/MLA LAD schemes in future.

3.1.11.2 'Kaccha' roads works

In Nandurbar District, construction of 20 'Kaccha' roads was carried out at a cost of Rs 3.57 crore during 2006-07 by the PWD (15) and Forest Departments (5) under MREGS, without providing road metal for culverts and drains. Further, these roads were built for connecting small localities (*padas*) to the main roads, where small 'kaccha' roads already existed. As the areas normally experienced very heavy rainfalls and as 'kaccha' roads were easily perishable during heavy rainfalls, 'pucca' roads should have been built there.

The Collector, Nandurbar accepted (June 2007) the fact and agreed that in future, permission would be given to build roads having road metal drains and culverts.

A total of 1523 road works were not completed with Bituminous Bound Macadam resulting in creation of non-durable assets

Twenty 'Kaccha' road works costing Rs 3.57 crore were taken up in heavy rainfall areas

¹⁷ Members of Parliament (MP)/Members of Legislature Assembly (MLA) Local Area Development (LAD) Schemes

¹⁸ Ahmednagar, Amravati, Nandurbar, Nashik, Sangli, Solapur and Yavatmal

3.1.11.3 Gorge filling works

An amount of Rs 3.56 crore was blocked due to non-completion of gorge filling works on 49 percolation tanks

Under EGS, works of percolation tanks/minor irrigation tanks/village tanks could be taken up. After completion of the unskilled portion of these works, gorge filling works (skilled portion) were to be undertaken after a lapse of two rainy seasons so as to store water to the full capacity of the tanks and to prevent the water from flowing away. Since the works of gorge filling were skilled works, they were required to be completed through private agencies by the departments concerned through other schemes.

In four test-checked districts, gorge filling works had not been completed in respect of 49 tanks constructed by five implementing agencies during 2003-07. This resulted in blocking of funds of Rs 3.56 crore invested on these works, besides, delay in exploitation of the irrigation potential created.

3.1.12 Monitoring

Monitoring arrangements had been laid down under EGS/MREGS for periodical review and supervision of implementation of the schemes. The authorities/institutions involved were the Gram Sabhas, Gram Panchayats, Panchayat Samitis, Block Programme Officers, District Collectors, Divisional Commissioners, State Government and Employment Guarantee Councils. Various records were to be maintained by the implementing agencies and Programme Officers to keep a watch over scheme activities. This was, however, not done as discussed below.

3.1.12.1 Maintenance of records

Implementing agencies did not maintain relevant records relating to MREGS

It was noticed that in 32 implementing agencies, including Gram Panchayats, and Programme Officers in Nandgaon-Khandeshwar and Chandur (Railway) talukas of Amravati District and in Pusad and Babhulgaon talukas of Yavatmal District, the relevant registers viz., Registration Application Register, Employment Register, Job Card Register, Asset Register, Muster Roll Receipt Register and Complaint Register were not maintained.

3.1.12.2 Functioning of oversight arrangements

As per the Maharashtra Employment Guarantee Act, the State Government was to constitute a State Employment Guarantee Council at the State level, a District Employment Guarantee Committee in every district and a Panchayat Samiti Employment Guarantee Committee in every Panchayat. These committees were to supervise and review the implementation of the scheme in their areas of jurisdiction and to recommend the steps to be taken for more effective implementation of the scheme.

The State Employment Guarantee Council was not functioning since 1 January 2005. Further, district level committees had not been formed in Solapur District during 2002-07. In Sangli District, the committee was not formed during 2006-07. No reasons for not forming the committees were offered by the Collectors, Solapur and Sangli. In Ahmednagar, Amravati, Nashik, Sangli,

Solapur and Yavatmal Districts, in 26¹⁹ out of 71 tahsils, panchayat level committees had also not been constituted during 2006-07. Non-constituting of the district level committees and panchayat level committees resulted in lack of supervision and review of the implementation of the scheme.

3.1.12.3 Inspection

Shortfalls in inspection targets ranged from 46 to 100 per cent

Inspection and vigilance duties relating to EGS were assigned to the Collectors, Deputy Collectors (EGS), Executive Engineers (EGS Branch) and other implementing agencies. The number of works to be inspected annually by the various officials is given in **Appendix 3.4**.

There were shortfalls in inspections, ranging from 46 to 100 *per cent* during the years 2005-06 and 2006-07 by the aforesaid officers in the test-checked districts. Thus, monitoring of EGS was not done to the extent prescribed. Scrutiny of the available inspection reports showed (January to July 2007) that though registration numbers/job card numbers had not been mentioned in the muster rolls, the inspecting officers had not commented on these deficiencies. Thus, the inspections were routine and the reports mainly contained observations like non-provision of drinking water, non-provision of sheds for resting during lunch hours, non-provision of baby sitting arrangements *etc.*

3.1.12.4 Functioning of Internal Audit wing/cells

Internal audit wing/cells were not functional as sanctioned posts had lapsed

As per Government orders (September 1986), Internal Audit Wings (IAWs) were to be established in all the districts. These wings were to conduct audit of expenditure incurred on EGS by the various implementing agencies. Though IAWs were constituted, these were not functioning in the test-checked districts for want of manpower, as the sanctioned posts had lapsed due to their remaining vacant for more than six months. During 2002-07, no internal audit was conducted.

The Collectors stated (March to June 2007) that the internal audit wing would be made functional on posting of staff.

3.1.13 Action taken by Government on earlier Audit Report

Government/Heads of departments have to take necessary remedial action on the points mentioned in the Reports of the Comptroller and Auditor General of India and subsequent Public Accounts Committee recommendations of them. Mention was made in Para 3.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 regarding implementation of Employment Guarantee Scheme in the State. The review was discussed in the Public Accounts Committee and its report was presented to the State Legislature in April 2004.

¹⁹ Akkalkot, Arni, Barshi, Deou, Digraj, Jath, Karmala, Kavathe, Madha, Mahakal, Malsheresh, Mangalweda, Margaon, Mohal, Pandharpur, Sangamner, Sangli, Solapur (North), Solapur (South), Solapur (Urban), Tasgaon, Vani, Walva, Yavatmal, Yeola, Zuri

Scrutiny of compliance of action taken on the irregularities/system deficiencies pointed out in the earlier Audit Report disclosed that the following deficiencies persisted during 2002-07, as discussed below:

Nature of irregularity	Gist of the para and PAC recommendation/action proposed by Government	Current status (2002-07)
Delay in payment of wages	<p>Mention was made in Para 3.1.7.5 that during 1993-99 payment of wages to the labourers was delayed by 25 to 478 days against the norms of maximum of 15 days from the closure of muster rolls.</p> <p>In the Government Memorandum submitted during PAC discussion, it was stated that funds would be made available with the Deputy Engineers by increasing the amount of advances.</p>	<p>Test-check of records in respect of 38 offices in the eight test-checked districts revealed that during 2002-07, there were delays of two days to 13 months in payment of wages amounting to Rs 4.20 crore to 45,388 labourers on 1,376 muster rolls. The implementing agencies stated (January to June 2007) that the payments were delayed as the funds were received late.</p> <p>The replies were not tenable as the agencies themselves had delayed submission of the demands for funds to the higher authorities. Moreover, they should have ensured availability of funds before starting the works.</p> <p>Principal Secretary stated (August 2007) that the cases of inordinate delays pointed out would be enquired into.</p>
Incomplete works under the Jawahar Wells Scheme	<p>It was pointed out in para 3.1.9.1 that huge number of wells taken up under the scheme were lying incomplete. In the Government Memorandum it was stated that the construction of wells would be completed within 14 months.</p>	<p>The Scheme was implemented by ZPs through BDOs under which, financial assistance at prescribed rates was to be given to small and marginal farmers for constructing wells.</p> <p>It was noticed (January to July 2007) in six²⁰ districts that during 2002-06, a total number of 35,478 wells were sanctioned. Of these, 27,606 wells were completed at a cost of Rs 165.64 crore, 2,365 were cancelled as beneficiaries were not interested. Further 5,507 wells remained incomplete after spending Rs 8.95 crore.</p> <p>Besides, advances of Rs 30.21 lakh given to 1,048 beneficiaries in respect of the cancelled wells had not been recovered as of March 2007.</p>
Subsidy released under Horticulture Programme without mandatory survey	<p>It was pointed out in paragraph 3.1.10.2 that though plantations were done the survival rate thereof was not available with Government. In the Government Memorandum it was stated that the guidelines regarding implementation of the scheme, survey/evaluation of the area covered by horticulture would be issued to the subsidiary offices.</p>	<p>Under the Horticulture Programme, one of the individual beneficiary schemes under EGS, plantations on land owned by private landowners were to be taken up. The subsidy paid (75-100 <i>per cent</i> depending on the category of farmers) for the material component, along with interest of 10 <i>per cent</i>, was to be recovered from the farmers who failed to maintain the prescribed survival rates of plantations.</p> <p>It was noticed in the eight test-checked districts that Rs 87.06 crore was incurred on horticultural plantations during 2002-07, but the Superintending Agricultural Officers and Taluka Agricultural Officers did not conduct necessary survey before releasing the subsequent subsidies. As a result, the status of the plantations and the amounts due for recovery could not be ascertained in audit.</p>

²⁰ Ahmednagar, Amravati, Aurangabad, Sangli, Solapur and Yavatmal

Shortfalls in inspection of works	It was noticed in para 3.1.12 that there were shortfalls in inspection of works by the Collectors/Deputy Collectors. In the Government Memorandum the Government had stated that necessary instructions would be issued and inspection norms would be reiterated.	Inspection and vigilance duties relating to EGS were assigned to the Collectors, Deputy Collectors (EGS), Executive Engineers (EGS Branch) and other implementing agencies. The inspections ranged between 46 and 100 <i>per cent</i> during 2005-07 as indicated in paragraph 3.1.12.3.
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3.1.14 Conclusion

The Employment Guarantee Scheme fell short of its prescriptions for planning, financial management, registration of labourers, selection of works and their execution, payment of wages and monitoring. Planning was done without factoring in the demand for work at the village level and was still top-down. The people living in 'C' class municipalities were deprived of the benefits of the scheme. The budgets prepared were not based on demand. Off takes from EGF for EGS purposes were small compared to the balances under the fund. Registration of labourers was incomplete. Works were lying incomplete for years. Payments of wages to labourers were generally delayed. Wages were not paid as per the Minimum Wages Act. Monitoring was deficient as committees at all levels had not been constituted. Thus, the scheme objectives of poverty alleviation through employment generation and asset creation were not fully achieved.

3.1.15 Recommendations

- Manpower budgets should be prepared to make the planning and provision of funds demand-centric. The scheme should be implemented in 'C' Class Municipal Councils as envisaged in the Act.
- The Divisional Commissioners and the Collectors should ensure the maintenance of information on registration of labourers by the Tahsildars and the implementing agencies and the recording of registration numbers on muster rolls. Timely payment of minimum wages should be ensured.
- The Department should ensure creation of durable assets by dovetailing the scheme with other schemes.
- Maternity and family planning benefits under the scheme should be publicised adequately.
- The monitoring system should be strengthened by establishment of various committees for review and supervision of the scheme.
- Internal audits should be made functional for ensuring that the expenditure on the scheme is incurred as per the financial rules and scheme guidelines and for the envisaged purposes.

The matter was reported to Government in July 2007. Reply had not been received (August 2007).

WATER RESOURCES DEPARTMENT

3.2 Gosikhurd Irrigation Project

Highlights

The Gosikhurd Project planned in March 1983 was to be completed by March 1990 at an estimated cost of Rs 372.22 crore. Although Rs 1,988.53 crore were spent as of March 2007, proposal for second revised administrative approval for Rs 5,479 crore was submitted to the Government in March 2007. Financial and physical management was not satisfactory, priority in execution was not observed, environmental safeguards were sidelined and there was lack of monitoring.

Present Benefit Cost Ratio (BCR) of the Project, as per the prescribed norms would be much less than the BCR calculated initially. The BCR needs to be improved to make the Project viable.

(Paragraph 3.2.6.1)

Sixty two per cent (24787 hectares) of land required for the project was not acquired as of March 2007. Increase in cost of land has also increased the Project cost.

(Paragraph 3.2.7.5)

Mobilisation advance of Rs 11.93 crore was paid in excess of the due amount, implying to undue benefit to the contractors.

(Paragraph 3.2.7.6)

Utilisation of irrigation potential under the Tekepar Left Irrigation Scheme, the only completed component of the project, was only 13 to 50 per cent during 2002-03 to 2006-07.

(Paragraph 3.2.8.1)

As against the norm of 33 per cent, establishment expenditure in two canal divisions ranged from 37 to 127 per cent and 330 to 425 per cent of the works expenditure during the years 2002-03 to 2006-07.

(Paragraph 3.2.8.2)

Expenditure of Rs 41.28 crore on civic amenities created at 43 alternative sites during 1999 to 2007 remained unfruitful as the Project Affected Persons did not shift there.

(Paragraph 3.2.8.3)

Final approval to environment clearance plan submitted to Ministry of Environment and Forests of Government of India in April 2001 was yet to be received (August 2007).

(Paragraph 3.2.9.1)

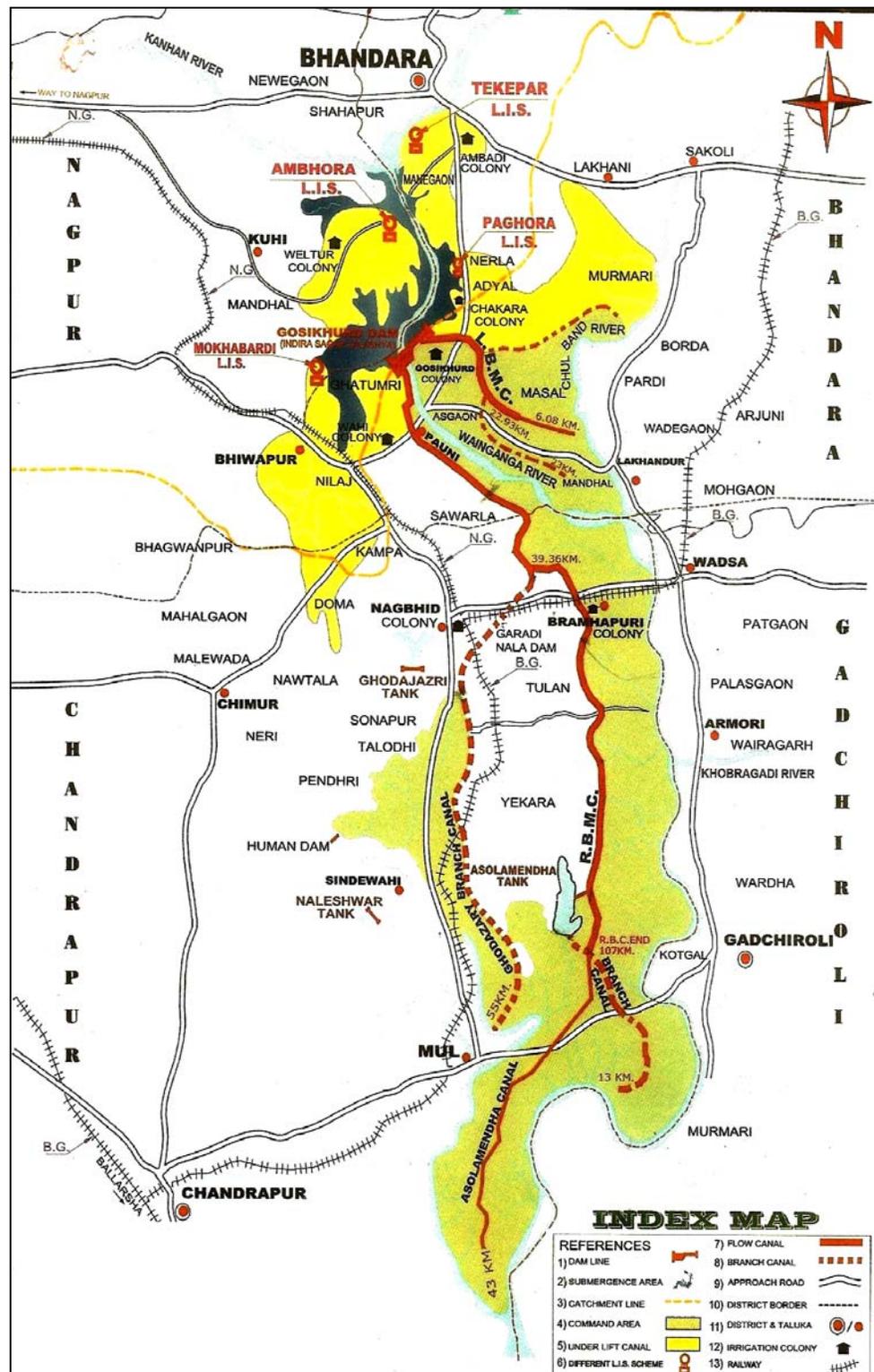
Lapse of land awards and delay in declaration of awards of lands resulted in extra cost of Rs 8.61 crore.

(Paragraph 3.2.9.3)

Extra expenditure of Rs 15.15 crore was incurred due to irregular sanction of extra items and clause 38 of tender/agreement.

(Paragraph 3.2.9.6)

MAP OF GOSIKHURD IRRIGATION PROJECT



3.2.1 Introduction

Gosikhurd Irrigation Project (Project) is a major project in the Godavari basin on River Wainganga, near village Gosikhurd in Bhandara District. The project

was planned (1983) to irrigate 2,50,800 hectares (ha) of land annually in Bhandara, Nagpur and Chandrapur Districts. The Project comprised construction of 11.35 km of earthen dam and spillway, Left Bank Canal (LBC), Right Bank Canal (RBC), six²¹ Lift Irrigation Schemes and augmentation of the Asolamenda tank. The Project was also to supply drinking water to Ordnance Factory, Jawaharnagar (OFJ) and generate three mega watt of electricity on completion. The Project was handed over to Vidharbha Irrigation Development Corporation (VIDC) in April 1997 for speedy execution of the works.

3.2.2 Organisational set-up

Implementation of the Project is monitored by the Secretary, Water Resources Department (WRD) of Government of Maharashtra (GOM) who is also the Managing Director (MD) of VIDC. VIDC exercises overall control on the Project. The Chief Engineer (CE), Gosikhurd Project, Nagpur monitors the execution of various works assisted by two²² Superintending Engineers (SE) and eight²³ Executive Engineers (EE).

3.2.3 Audit objectives

The audit objectives were to assess:

- adequacy and efficiency in Planning;
- efficiency in financial management;
- economy and efficiency in management of the Project and execution of works;
- monitoring system for Project implementation and its effectiveness.

3.2.4 Audit criteria

Criteria adopted to achieve audit objectives included appropriate reference to:

- Maharashtra Public Works Manual, 1968 (MPWM);
- Maharashtra Project Affected Persons (Rehabilitation) Act, 1986 and amendments in 1999 (MPAPR);
- Forest Conservation Act, 1980;
- Land Acquisition Act, 1894 (LA Act);
- Instructions/orders relating to the works, rehabilitation *etc.*, issued by GOM and VIDC from time to time.

3.2.5 Scope and methodology of audit

Performance audit of the Project was conducted (February-May 2007), covering offices of the Executive Director VIDC, CE, two SEs, all the eight EEs and four²⁴ Special Land Acquisition Officers (SLAO) under two

²¹ Ambhora, Akot, Gosi, Mokhabardi, Paghora, Tekepar Lift Irrigation Schemes

²² SE, Gosikhurd Project Circle, Nagpur and SE, Lift Irrigation Circle, Ambadi, Bhandara District.

²³ 1) Gosikhurd Dam Division, 2) RBC No.1, 3) LBC, Wahi (Pauni), 4) RBC No.2, Bramhapuri, Rehabilitation Division, 5) Nagpur and 6) Ambadi, 7) Gosikhurd LIS Division, Ambadi, 8) Ambhora LIS Division, Bhiwapur

²⁴ SLAO, VIDC-I and Babh Ityadoh Project No 9, Bhandara, SLAOs VIDC-I and III, Nagpur

Collectorates. An introductory meeting was held on 12 February 2007 with the Principal Secretary, Water Resources Department and important issues regarding working of the Project, audit objectives and audit criteria were discussed. Audit findings were discussed on 23 August 2007 with the Principal Secretary and views of the Government were considered while finalising the review.

Audit findings

3.2.6 Planning

VIDC did not focus on early completion of project

In April 1997, the VIDC was formed to complete ten major irrigation projects within a period of five years. For this purpose Rs 1,678.99 crore were raised through public issue of Bonds. As per the prospectus of the Bonds, Gosikhurd Project had top priority among the projects. However, no priority was found given for early completion of the Project.

Government stated (August 2007) that though the ten projects were intended to be completed in five years, 86 ongoing projects were also transferred (April 1999) to VIDC for completion. The reply however, did not offer any justification for not giving priority to Gosikhurd Irrigation Project.

3.2.6.1 Feasibility of the project

CWC norms were not observed while calculating the BCR

As per norms fixed by Central Water Commission (CWC), a project is feasible when Benefit Cost Ratio (BCR) is above 1.5.

It was noticed that the BCR of the project originally worked out in 1983 based on the CWC norms was 1.6. However, in the proposed second revised administrative approval (RAA) submitted to GOM the norms were deviated to deflate the annual cost. In particular following deviations from CWC norms were observed.

- i) Interest at 8.5 *per cent* of capital cost was considered against 10 *per cent* of total estimated cost as required.
- ii) Depreciation of pumping system was considered at the rate of 3.33 *per cent* instead of 8.33 *per cent* (life being 12 years).
- iii) Annual operation and maintenance cost was considered for 1, 90,000 ha instead of 1,60,915 ha for flow irrigation and 89,885 ha for lift irrigation.
- iv) Annual maintenance cost of head works at the rate of one *per cent* of cost of head works was not considered.
- v) Provisions for depreciation cost (two *per cent*) for power project and maintenance cost (four *per cent*) for flood protection structures and hydel project were not considered in the annual cost.
- vi) Irrigable Command Area (ICA) of Asolamendha and Tekepar LIS was inflated by 10,560 ha.

If annual cost are properly depicted as per CWC norms the BCR would get reduced to 1.3 (**Appendix-3.5**). Government stated (August 2007) that BCR as per CWC norms has been worked out as 1.55 and intimated to CWC, approval for which was awaited.

The calculation for BCR of 1.55 submitted to CWC were examined and it was observed that the provisions (iii, v and vi) referred above were not considered. Besides, the figures of calculations intimated to GOM and to the CWC differed substantially.

3.2.6.2 Augmentation of Asolamendha Tank

No decision was taken to start the work even after 23 years

Asolamendha Tank was constructed in 1918 with a gross culturable area of 64,089 ha out of which only 9,500 ha was irrigated by the existing canal system. The Project envisaged bringing the entire culturable area (Irrigable Command Area (ICA) of 52,250 ha) under irrigation by increasing the height of the existing earthen dam by nine metres, construction of six sub-bunds around the tank and diversion of 433 Mm³ water from reservoir through RBC. Due to increase in height, eight villages would be fully submerged and three villages partially submerged. Clearance for 1,615 ha of Forest land required was also awaited. The estimated cost of the work was revised from Rs 55.62 crore in 1983 to Rs 712.39 crore in March 2007.

The RBC Division, Brahmapuri had taken up a study to bring maximum land under irrigation by reducing the proposed increase in height. Work on this component was not started as the study was not completed as of August 2007.

Thus, the estimated cost has been unnecessarily inflated without taking any firm decision on the work of the tank.

Government stated (August 2007) that the study would be finalized by December 2007.

3.2.6.3 Inadequate planning in power generation

Hydel Power Generation (HPG) of three Mega Watt (MW) on right and left bank outlet only was proposed in administrative approval. Feasibility of further 24 MW to utilize the spillover water of 1773 Mm³ was not explored until August 2006 i.e. after 23 years of inception of the project.

Government stated (August 2007) that the feasibility report for 24 MW Hydel Project was prepared and approved by VIDC and it would be completed as per schedule. However, the detailed project reports were not ready as of August 2007.

3.2.6.4 Defective planning in construction of Kolhapur Type Weir for Tekepar Lift Irrigation Scheme

KT weir constructed at a cost of Rs 6.87 crore could not serve the purpose and would be submerged

The Gosikhurd Project was included in Accelerated Irrigation Benefit Programme (AIBP) by the GOI in 1996 and priority was given to complete Tekepar LIS, an ongoing component of the project and a Kolhapur Type Weir (KTW) for storing water for Tekepar LIS to get early irrigation benefits. The Tekepar LIS was commissioned in December 1998 on the flow water available in the river whereas, the KTW was completed in March 2004 at a cost of Rs 6.87 crore. The irrigation before as well as after completion of KTW was from the available river flow only. Further, KTW at Ambhora would be infructuous due to submergence of KTW after impounding of water from October 2007.

Government stated (August 2007) that the KTW was used for Tekepar LIS and from 2006-07 onwards it was also used for Ambhora LIS stage I until

impounding of water. The reply was not tenable as the KTW was constructed for getting early benefit from TLIS and the increase in the irrigation potential before construction (2,135 ha) of KTW and after construction (2,465 ha) was insignificant considering its potential submergence.

3.2.6.5 Overlap of command

Considering delay in completion of the project, GOM approved (February 1996) Haranghat LIS for Rs 12.19 crore to irrigate 3,561 ha land in the command of Asolamendha Tank for completion within three years. The cost was further revised (January 2002) to Rs 49.21 crore. Even after spending Rs 43.74 crore the scheme was not completed (August 2007). While Haranghat LIS was not considered in first RAA and proposed second RAA, it would have no use after completion of Asolamendha tank.

Government stated that Haranghat LIS was not a part of Gosikhurd Irrigation Project and the overlapping command of 3,561 ha would be compensated in the command of RBC.

The reply indicated the planning failure since the Haranghat LIS was taken up as a stand by scheme for Gosikhurd Project and that the issue was not considered in first RAA and proposed second RAA.

3.2.6.6 Duplication of survey work

Despite availability of data and manpower, survey work was awarded to an agency at the cost of Rs 47.49 lakh

The work of Back Water Effect Study of the project on Bhandara city and Ordnance Factory Jawaharnagar (OFJ) was awarded by the EE, Gosikhurd Rehabilitation Division, Ambadi to Water and Power Consultancy Service (India) Ltd (WAPCOS) a Government of India undertaking in 1997-98. The final report containing design of protection bund, de-watering system, pumping arrangement and drawings of outlet structure for Bhandara city and OFJ, submitted by WAPCOS in February 2001 was accepted by CDO, Nashik.

However, the work of providing consultancy services for the same work including estimation, evaluation and supervision on electrical and mechanical component of the scheme was again awarded to a private consultant in December 2006 for Rs 47.49 lakh for completion in 24 months by the EE, Rehabilitation Division, Ambadi.

Government stated (August 2007) that the consultant was appointed as an urgent need for design of flood protection bund (FPB), pumping machinery and allied works.

The reply was not acceptable as man power and data required were available with the VIDC. Further, the technical sanction for FPB work was already accorded in July 2006 and the work was awarded in January 2007.

3.2.7 Financial Management

3.2.7.1 Cost and time overrun

The Project was approved by Government of Maharashtra (GOM) in March 1983 for Rs 372.22 crore which was revised (July 1999) to Rs 2,091.13 crore. The project cost was proposed (March 2007) to be revised for Rs 5,478.95 crore (SOR 2005-06) for completion by the end of March 2012. Thus, due to

delay in completion of the project, there was huge increase in cost of the project as indicated below:

(Rupees in crore)

Component	1983	Position as of July 1999		Position as of March 2007	
	AA	First RAA	Percentage of increase over AA	(Proposed) Second RAA	Percentage of increase over Ist RAA
Dam:					
Earthen	17.38	72.33	416	116.81	161
Spillway	60.00	253.06	421	585.35	231
Canals and Branches	98.56	546.09	554	1063.96	195
Six LIS (Head works)	20.18	244.34	1210	419.27	171
Land and others	176.10	975.31	554	3295.56	338
Total	372.22	2091.13	562	5478.95	262

The major cost over run was due to change in SOR, increase in cost of land, structural modifications and establishment expenditure.

Government confirmed these facts (August 2007).

3.2.7.2 Raising of funds by issue of Bonds

VIDC failed to honour its commitments to the Bond holders of early completion of the project

VIDC had raised money from public by issue of Bonds and committed (June 1997) that the Project would be completed by the end of March 2002. Despite receiving full subscription to all five bond issues up to December 2002, VIDC failed to honour this commitment and extended the cost outlay and period of completion upto VIth issue of bonds (October 2001). From VIIth issue (December 2001) onwards, VIDC stopped indicating the year-wise, project-wise outlay.

Government stated (August 2007) that, the amount collected from Bonds and share capital contribution (works) from GOM was disbursed to subordinate offices as per demand.

The VIDC raised funds through issue of Bonds, assistance received from GOM and GOI under Accelerated Irrigation Benefit Programme (AIBP). However, details of fund allocation policy of VIDC for Gosikhurd Project were not furnished by VIDC and Government, though called for (April, July and August 2007).

3.2.7.3 Budget and expenditure

Budget provision and expenditure incurred by VIDC on Gosikhurd Project is as shown below:

(Rupees in crore)

Year	Budget Provision	Expenditure	Excess (+) / savings (-)
By GOM			
Up to March 1997		195.00	
By VIDC			
From 97-98 to 2001-02	1117.75	548.56	(-) 569.19
2002-03	47.61	47.61	0
2003-04	299.28	84.26	(-) 215.02
2004-05	356.89	67.04	(-) 289.85
2005-06	284.95	469.65	184.70
2006-07	587.11	562.51	(-) 24.60
Total	2693.59	1779.63	(-) 913.96

It was observed that there were overall savings up to 2004-05. Government confirmed the facts, while as the CE and the SE contended (June 2007) that the project was delayed due to paucity of funds.

3.2.7.4 Status of completion of various components of the Project

There was a lack of planning in timely completion of the project

Work for execution of various components should be taken up on priority basis so as to get the designed benefits early. It was noticed that there was no activity/Programme Evaluation and Review Technique (PERT) chart of the project as a whole.

The status of physical and financial completion of components of the project as of March 2007 was as under:

(Rupees in crore)

Sr. No.	Particular of components	Percentage of completion as stated by SE, GPC	Proposed cost as per second RAA including land	Expenditure incurred (excluding cost of land)
1	Dam (Earthen and Spillway)	95	2042.83	1199.21
2	Canals (Earthwork/ Structures)			
	Left Bank 0 to 10 km	100	} 227.28	69.71
	Canal - 11 to 21.93 km	25		
	Right Bank - 0 to 25 km	60 to 85	} 984.79	217.58
	Canal - 26 to 73 km	30 to 60		
3	LIS – Tekepar, Ambhora, - Paghora and Mokhabardi - Gosi and Akot	28 to 100 Nil	992.02 45.05	435.44 0.09
4	Asolamendha Tank	Nil	637.72	0.36

It was further observed that even though Earthen dam and Spillway was nearing completion, rehabilitation of two villages situated on the dam line was not completed fully. Due to non-completion of cement concrete lining and two LIS (Gosi and Akot) 6538 ha of irrigation potential could not be created as of August 2007.

Government stated (August 2007) that Critical Path Method was used for dam only and not for other components and balance work of dam would be completed by December 2007. However, even after proposed impounding of water in October 2007 irrigation potential generation would have to await completion of canal works indicating lack of synchronized planning.

3.2.7.5 Delay in acquisition of land

Only 38 per cent of the land was acquired during last 23 years

The position of acquisition of land as per proposed second RAA submitted to GOM in March 2007 was as under:

(In hectares)

Sr. No.	Particulars	Private	Revenue	Forest	Total
Land Acquisition					
1	Total land required	28559.33	6882.49	4778.83	40220.65
2.	Land Acquired	10789.51	1646.23	2997.36	15433.10
3.	Total Balance Land	17769.82	5236.26	1781.47	24787.55
Details of balance Land to be acquired					
i	Dam (Submergence)	11563.78	4698.41	0.00	16262.19
ii	Left and Right Canal	1692.32	21.77	0.12	1714.21
iii	Lift Irrigation Scheme	2543.09	184.42	166.47	2893.98
iv	Asolamendha Tank	1970.63	331.66	1614.88	3917.17

During a period of 23 years of the Administrative Approval of the project and even when all the bond issues (except VIth issue) up to December 2002 were

over subscribed, only 38 *per cent* land was acquired at a cost of Rs 430.18 crore, of which major expenditure of Rs 370.77 crore (86 *per cent*) was incurred in 2005-07. Despite clearance from GOI (February 1988), 166.59 ha of forest land was not acquired. Even, revenue land was not transferred to the Project. Further, the cost of land rose from Rs 55.83 crore (1983) to Rs 1137.97 crore (2007) i.e. increase by Rs 1082.14 crore (1938 *per cent*).

Government stated (August 2007) that balance revenue and forest land (except for Asolamendha Tank in view of on going study as mentioned in paragraph 3.2.6.2) required for impounding water would be acquired before June 2008.

3.2.7.6 Undue financial benefit to the contractors

Mobilisation advance of Rs 11.93 crore was paid in excess of the due amount

Works in km 0 to 26 of Ghodazari Branch Canal, estimated to cost Rs 444.61 crore were awarded to five contractors between December 2006 and March 2007 for Rs 552.14 crore. The tenders did not envisage payment of mobilisation advance (MA). However, on request by the contractors in two works during pre-bid meeting (August 2006) the CE approved payment of MA at the rate of 10 *per cent* of the estimated cost put to tender. Against this, MA of Rs 55.21 crore was paid (March 2007) to the contractors. The payment of advances was made on the basis of accepted cost while the CE had approved payment on estimated cost. Thus, payment of advance of Rs 11.93 crore was unauthorised and not due to the contractors. MA not demanded by three contractors in pre-bid meeting of Rs 17.55 crore was also paid to them.

Government admitted (August 2007) the facts and agreed to issue necessary instructions to field officers.

3.2.7.7 Untimely execution of works

The works of construction of three bridges joining service road on LBC at the site position of canal syphons were awarded to a contractor for Rs 3.87 crore in June 2006. There was no immediate necessity for construction of these bridges as intermittent bridges joining service roads already existed.

Government stated (August 2007) that to maintain the continuity of service road for maintenance and repairs of canals, these bridges were constructed. The reply was not acceptable as repairs and maintenance was not immediately required as the lining work in initial reaches only was in progress at the time of constructing the bridges.

3.2.8 Project Management

3.2.8.1 Utilisation of irrigation potential

Utilisation of irrigation potential was much less and proposed cropping pattern was not promoted

The annual irrigation potential of Tekepar LIS created during 2002-07 was 7710 ha whereas utilisation ranged from 1,062 to 3,861 ha (13 to 50 *per cent*).

As against irrigation potential of 2,680 ha created from Ambhora LIS (Stage-I) the utilisation was 511 ha only during 2006-07. The reasons for the less utilisation attributed by the EEs were lack of demand from cultivators. The reply was not acceptable as the proposed cropping pattern envisaged cultivation of perennial crops (sugarcane, horticulture) two seasonal crops like chilly and seasonal crops in kharif, rabi and hot weather. However, barring paddy and to some extent wheat (20 *per cent*) no other crops were taken by the cultivators.

Government confirmed (August 2007) the facts. This indicated the urgent need to promote proposed cropping pattern.

3.2.8.2 Excess expenditure on establishment

Establishment expenditure ranged between 37 to 425 per cent against the norm of 33 per cent

According to provisions of the Maharashtra Public Works Manual (MPWM), the expenditure on establishment should not exceed 33 *per cent* of the works expenditure. It was noticed that in two²⁵ out of eight test checked divisions, the percentage of expenditure on establishment to works ranged from 37 to 127 *per cent* and 330 to 425 *per cent* during 1999-2005. This resulted in excess expenditure of Rs 10.02 crore over the norms. However no redeployment of staff was done.

Government agreed (August 2007) to redeploy the surplus staff in case of occurrence of similar situation in future.

3.2.8.3 Rehabilitation of the Project Affected Persons

Expenditure of Rs 41.28 crore on rehabilitation sites was infructuous due to non-shifting of PAPs

The project was notified in March 1997 under Maharashtra Project Affected Persons (Rehabilitation) Act, 1986 and 57,910 PAPs (14,312 families) in 85 villages (51 in Nagpur District and 34 in Bhandara District) were identified for rehabilitation. These PAPs were to be rehabilitated at 63 alternative sites by providing 13²⁶ civic amenities up to June 2001. The work of creation of basic amenities in 54 alternative sites started from the year 1999 and the amenities were created in 43 sites at a cost of Rs 41.28 crore, as of May 2007. However, except 53 families from one village of Bhandara District, no PAPs have shifted to the alternative developed sites until May 2007. The reasons as attributed by the EEs were delay in payment of compensation for their land and houses, non payment of additional compensation on delayed payment of awards, non-provision of employment, non-creation of additional²⁷ amenities in new villages and non-consideration of houses outside the gaathan (residential area of village) and the houses constructed after issue of notice under Section 4 of Land Acquisition Act for payment of compensation.

Thus, non-shifting of PAPs to new developed sites, resulted in blocking of expenditure of Rs 41.28 crore. Even though the PAPs have demanded additional compensation on account of delayed payment of land awards, no provision for such payment was made in second RAA. Further, VIDC had to spend Rs 38 lakh towards providing security for preventing misuse, theft or destructions of the assets created. Instances of assets created at new sites having deteriorated due to non-use were also noticed, as shown in the pictures as follows:

²⁵ Left Bank Canal Division, Wahi and Right Bank Canal Division, Bramhapuri

²⁶ Dugwell/borewell or piped water supply scheme for drinking water, School Building with play ground, Cavadi or Samaj Mandir, Internal and approach roads, Electric supply, Cremation or burial ground, Open buildup gutters, Public latrines, land for cattle stand, land for pickup shade of busses, Land for threshing floor, Pasture land and land for market or future extension of gaathan.

²⁷ Market yard, Additional land for future village extension, Middle School and clinics/ PHC, Bank, Garden in proportion to population of new village, Land for register societies for public utility, play ground



*Broken slab drain
(Kondha village, District Bhandara)*



*Deserted school building
(Borgaon khurd, District Bhandara)*



Construction activities in progress at rehabilitated sites (Salebardi and Gosi Buj)

Government stated (August 2007) that comments of the Divisional Commissioner regarding rehabilitation of PAPs would be obtained. These comments were awaited (September 2007).

3.2.8.4 Creation of additional liability

VIDC decided to pay compensation of Rs 8.54 crore to houses constructed in gaothan and outside gaothan after notice of acquisition

Due to delay in making payment of land and gaothan²⁸ after declaration of awards the PAPs had constructed houses in old gaothans and demanded compensation for these houses. This aspect was considered in the Governing Council Meeting of the VIDC and was approved (December 2006) to consider 492 houses of outside gaothan area and 546 houses constructed after issue of notice for acquisition in Bhandara and Nagpur Districts for payment of compensation to the tune of Rs 8.54 crore. Accordingly, payments were made for Rs 43.69 lakh to 67 families and Rs 1.52 crore to 342 families in Bhandara and Nagpur District respectively. Thus, delay in making payments and failure to prevent new construction in gaothan resulted in creation of additional liability of Rs 8.54 crore.

3.2.8.5 Excess provision of cement in canal lining

Consideration of excess cement consumption would result in avoidable expenditure of Rs 5.36 crore

In four²⁹ divisions as per the specification attached to the agreements executed with the contractors, cement concrete lining was to be done by using minimum 250 kg per cum cement. However, the rate of concrete in estimates was derived by using 362 kg cement per cum of concrete, resulting in excess provision of 112 kg cement per cum (i.e. 11.2 kg per sqm) and consequent avoidable expenditure of Rs 5.36 crore.

²⁸ Gaothan – Residential area of village

²⁹ GLIS Dn. Ambadi, ALIS Dn. Bhiwapur, GLBC Dn. Wahi and RBC Dn. No.1, Wahi

Government stated (August 2007) that consumption of cement 250 kg per cubic meter shown in the tender was a **printing mistake** and cement requirement for M 15 grade concrete was 362 kg per cubic meter.

The reply was not acceptable as the consumption of cement as per tenders specification (250 kg/cum) was in consonance with the Indian Standards 456-2000 (240 kg/cum) and Maharashtra Water Land Development Projects guidelines (260 kg/cum).

3.2.9 Execution of works

3.2.9.1 Environmental safeguards

Final approval to environment clearance plan submitted to GOI in April 2001 was awaited

The Ministry of Environment and Forest (MoEF), Government of India had cleared the project from environmental angle in February 1988 subject to conditions that the detailed studies, surveys should be carried out by December 1989, the action plans in respect of catchment area treatment, Command Area Development and Rehabilitation should be drawn and completed before the filling up of the reservoir. Compensatory plantation on equivalent non-forest area at the cost of the project should be done. Tree plantation on either side of canals and road, foreshore of reservoir and in the wasteland/vacant land should be done.

The project authorities submitted (October 2000) these plans to MoEF and clarification sought by MoEF were also submitted in April 2001. However, final approval from MoEF for environmental clearance was not received (July 2007).

Except compensatory afforestation, no work was executed though the dam reservoir work was at completion stage and Rs 43.38 crore was provided for the work in first RAA. The matter needs to be pursued by the project authority with MoEF.

Government (August 2007) noted the position.

3.2.9.2 Catchment Area Treatment Plan

Importance of CAT was sidelined

Catchment Area Treatment (CAT) plan includes preparation of management plan for treatment of erosion prone area of the catchment through biological and engineering measures (farm forestry, graded bunding, gully plugging, plantation and pasture land development) to control the sedimentation of reservoir and provide eco-system conservation of the catchment area. Accordingly, degraded area of 10,536 ha in Maharashtra and 1,69,344 ha in Madhya Pradesh (MP), was identified. Approval to CAT plan submitted in October 2000 to the Ministry was awaited (August 2007).

CAT was implemented on 2,762.86 ha of land in Maharashtra and 11,363 ha of land in MP as of March 2007. However, details of expenditure incurred on CAT were not available with CE.

Government accepted (August 2007) the facts and agreed to pursue the matter vigorously.

3.2.9.3 Extra cost due to lapse of awards and delay in declaration of awards

Lapse of land awards would result in extra cost of Rs 4.76 crore

In the offices of SLAO, VIDC-II, Bhandara and SLAO, VIDC-III, Nagpur, It was noticed (March 2007) that 20 land acquisition cases registered during 1997-98 to 1999-2000 lapsed due to non-payment of two-thirds amount of the value of land and buildings to the SLAO by VIDC within 36 months of issue of notice under Section 4 of the LA Act. It was further observed that in 15 out of 20 cases, Rs 21.81 crore was deposited in 2005-06 as two-thirds amount of Rs 32.73 crore. The SLAO, VIDC-I, Bhandara stated (March 2007) that the annual increase in cost of land was about 5 *per cent*. Considering this, annual 5 *per cent* decrease in valuation of these 15 awards worked out to Rs 27.97 crore approximately. Thus, non-payment of two-thirds amount in original cases would result in extra cost of about Rs 4.76 crore.

Delay in declaration of awards had resulted in extra cost of Rs 3.85 crore

Further, in six cases, the notice under Section 4 of the Act was issued by SLAO/VIDC-I Nagpur between January 2001 and January 2002. The land award for Rs 35.22 crore was declared between January 2006 and March 2006 i.e. after a delay of 13 to 30 months. This led to extra cost of Rs 3.85 crore on account of payment of additional component at the rate 12 *per cent* to the cultivators as per LA Act. In one case compensation of Rs 40.36 lakh was paid in excess by the SLAO, VIDC-I, Nagpur, to the cultivators due to mistake in computation.

Government agreed (August 2007) to obtain comments of the Divisional Commissioner on this issue. These comments were awaited (September 2007).

3.2.9.4 Allotment of works without acquisition of land

Non-availability of land resulted in withdrawal of works and extra cost of Rs 6.63 crore

According to the provisions of Maharashtra Public Works (MPW) Manual, no work shall be taken up on a land, which is not taken into possession.

Without taking land in possession, EE LBC, Division Wahi awarded 14 works of construction of earthwork and structures costing Rs 8.56 crore to 14 contractors during 1998-99 on the assumption that land would be acquired through negotiations. However, contractors could execute works of Rs 1.27 crore only, due to non-availability of land. Nine works were withdrawn in September 2001 and five works in September 2006. The revised cost of the balance works (August/September 2006) worked out to Rs 13.92 crore. This would result not only in extra cost of Rs 6.63 crore but also delay in completion of works.

Government stated (August 2007) that it was planned to take advance possession by consent, however, during execution it was not possible due to paucity of funds and reluctance of farmers to spare their lands to VIDC. The Department was therefore compelled to withdraw the works.

Reply was not tenable as awarding of works without taking land in possession was against the provision of MPW Manual and led to extra cost of Rs 6.63 crore.

3.2.9.5 Incorrect approval to repair of roads coming under submergence

Expenditure of Rs 99.73 lakh was incurred on the roads coming under submergence of the Project

The Governing Council of VIDC approved (August 2006) repairs of three roads in Umred Taluka at an estimated cost of Rs 2.90 crore as a ‘special case’, which were to be submerged on completion of the Dam, on the plea to maintain the roads in good condition till the shifting of the PAPs to new rehabilitation sites. Accordingly, the Rehabilitation Division, Nagpur had deposited (November 2006) Rs 2.90 crore with the EE, PWD No.3, Nagpur for the work of which Rs 99.73 lakh was spent as of July 2007.

Government stated (August 2007) that when the Project area was declared to be submerged, development and repair activities were not carried out in that area and the roads were repaired for carrying the belongings of PAPs.

The reply was not acceptable as project notification was issued in March 1997 and impounding of water was proposed from October 2007. Thus, sanction of repairs to roads as a special case in August 2006 could not be justified.

3.2.9.6 Improper sanctions

Extra expenditure of Rs 15.15 crore incurred due to irregular sanction under Clause 38 and extra items

It was observed that out of 138 EIRLs³⁰ worth Rs 28.27 crore and 20 items of clause 38³¹ of Rs 8.38 crore (Rs 36.65 crore) sanctioned between 1997-98 and 2006-07, 79 *per cent* were (Rs 28.97 crore) sanctioned during 2005-06 and 2006-07.

Instances of improper sanctions for EIRLs and Clause 38 were as under:

Name of Division Amount of extra expenditure / extra liability in bracket (1)	Audit Observations (2)
Ambhora LIS Division, Bhiwapur (Rs 4.12 crore)	Tender for construction of rising main of Ambhora LIS, stage-II, invited in November 2000, envisaged item of providing, fabricating, lowering and jointing of rising main with 1800 mm dia, 14 mm thick MS pipe at Rs 16,769 per RMT at a tender cost of Rs 5.54 crore. The work order was issued in July 2003. The agreement provided payment for thickness of pipe by 20 <i>per cent</i> plus or minus at the Tender rate. However due to change in design by the Central Designs Organisation, Nashik (February 2004) the thickness of pipe was reduced from 14 mm to 12 mm. Since the contractor refused to execute the item at tender rate, the SE sanctioned (December 2006) EIRL for the above item at the rate of Rs 29,262 per RMT and payment of Rs 9.66 crore was made to the contractor resulting in extra cost of Rs 4.12 crore.
Right Bank Canal Division, Wahi (Rs 91.33 lakh)	Construction of earth work and structure in km 15 to 25 of RBC envisaged excavation of strata and deposit it in spoil banks of canals with all lead and lift at the cost of the contractors. The works were awarded to the contractors during 2000-01 and material was deposited in spoil bank between 2001-04. However, on the recommendation of the EE, the SE sanctioned (April/May 2007) EIRL for spreading and compacting of excavated stuff for Rs 91.33 lakh for which no measurements were recorded.
Right Bank Canal Division, Wahi (Rs 3.60 crore) + (Rs 4.99 crore)	The works of construction of earthwork and structures in km 0 to 25 of RBC were awarded to five contractors between April 1997 and December 2000 at an estimated cost of Rs 15.74 crore. Two tenders did not provide for excavation of hard rock (HR), whereas in three tenders quantity of only 13,775 cum of HR was considered. However, during execution quantities of HR abnormally increased to 6,02,585 cum. Of which, quantities of 54,919 cum was paid under Clause 38 and quantity of 2,00,232 cum was sanctioned as EIRL and paid between September 2000 and October 2006 for Rs 3.60 crore. Decision of fixing the rate for payment of balance quantity was pending (July 2007). The CE opined that due to calculation of

³⁰ Extra Rate List Item: Item of work not provided in tender accepted by the authorities

³¹ Clause 38 : Execution of quantity in excess of 125 *per cent* of the tendered quantity are payable at current schedule of rates or mutually agreed rates

(1)	(2)
	quantities of HR on the basis of trial bores instead of trial pits, the quantities were incorrectly assessed. Further a Committee was formed in March 2005 to examine the reasons for abnormal increase in the quality of HR, but the Committee did not submit its report as of August 2007. Thus, incorrect estimation of hard rock and casual approach of the project authorities resulted in increase in cost of the work by Rs 3.60 crore, besides creation of liability of Rs 4.99 crore towards payments for balance quantity of hard rock.
Left Bank Canal Division, Wahi (Rs 56.21 lakh)	The work of CC lining in grade 1:3:6 in 8230 m of LBC Branch Canal No 1 estimated to cost of Rs 2.49 crore was awarded to a contractor in February 2004. The agreement provided that variation in cement concrete mix shall not constitute an extra item for making payment. The contractor after executing the work up to 1700 m, suggested (November 2005) that there was no smoothness in lining grade of 1:3:6 and the EE proposed (December 2005) EIRL for executing the balance work in grade 1:2:4. Accordingly the SE sanctioned (March 2006) the EIRL for Rs 1.74 crore for executing balance quantities of 75,437 cum. Non invoking of mix variation clause resulted in extra cost of Rs 56.21 lakh.
Dam Division, Wahi (Rs 97 lakh)	In the work of construction of spillway of Gosikhurd Project, the quantity of dewatering for 21.57 lakh BHP (Break Horse Power) hours was approved by the SE for payment under clause 38 at the current schedule rate (CSR) rates from 2003-04 onwards. Out of which 90,000 BHP hours could only executed during 2003-05 and 10.67 lakh BHP hours was executed during April to July 2006. Balance 10.00 lakh BHP hours was to be executed after August 2006 at the revised rate of Rs 9.70 per BHP hour which was sanctioned in March 2007. As the sanction under clause 38 was to be accorded for quantities measured and recorded, the sanction of quantity on assumption had created liability of Rs 97 lakh on the VIDC and possibility of managing the figures of dewatering could not be ruled out.

3.2.9.7 Unsatisfactory seepage control

The Central Design Organisation (CDO) instructed (July 1996) to carry out primary, secondary and tertiary grouting in the cut off trench carried out in left flank of the dam at RD 4520 to 5227 m by drilling holes below the trench of earthen dam to bring down the water seepages within five lug eons³². Accordingly, grouting was done at a cost of Rs 98.80 lakh and the intake test reports were sent to the CDO for consultancy (August 2005) by the Gosikhurd Dam Division. As per the test results, in 58 out of 170 holes drilled and grouted, the value of permeability ranged between 6 and 9.45 lug eons. Thus, neither the expenditure of Rs 98.80 lakh could be termed as fruitful nor seepage control was satisfactory.

The SE referred, the matter to the CDO, Nashik. The CDO, Nashik suggested to carry out drilling and grouting to bring the permeability up to three lug eons. Government stated (August 2007) that the work would be taken up shortly.

3.2.9.8 Under-utilisation of excavated material

The Administrative Approval (AA) specifically mentioned regarding utilization of the excavated material in dam work so as to economise the cost of project. However, it was noticed that in earthwork of dam portion though the quantity of excavation increased as compared to figures of AA, there was decrease in the quantity of utilisation, resulting in bringing material from borrow area as follows:

³² Lug eon- unit for measurement of permeability

As per the first RAA out of 8.14 lakh of heaving material, 2.79 lakh (34 *per cent*) was to be utilised from available quantity where as out of 8.15 lakh quantity executed 0.26 lakh only (0.33 *per cent*) was utilised from the quantity available.

Similarly, out of 13.72 lakh casing material, 2.89 lakh cum (21 *per cent*) was to be utilised from available quantity, where as out of 15.31 lakh cum executed, 2.29 lakh cum (15 *per cent*) only was utilised. Underutilisation of available material has resulted in excess expenditure of Rs 3.62 crore.

The EE stated that soil excavation was proposed for utilisation in heaving but the soil obtained from buried channel portion was mixed with sand/ clay and therefore not suitable. For casing material it was stated that HM/SR/HR were planned to be utilised for casing but hard rock consisting of mica was observed and big boulders were not used. Government stated (August 2007) that there was always difference in the estimated quantities of utilization and actual utilization.

The contention of EE was not acceptable as the buried channel portion was of 550 m in length and excavation for the dam length done was for 11356 m. Regarding casing material, the reply was not supported by test reports. It indicates the casual approach in preparation of the project report and estimates and resulted in excess expenditure of Rs 3.62 crore as compared to first RAA.

3.2.10 Monitoring system for project implementation

VIDC did not monitor the progress of work

The Governing Council (Council) of VIDC is the apex decision making body of the VIDC presided over by the Minister in charge of Water Resource Department. The Council was to meet every month to discuss the issues relating to the working of VIDC. However during 1997-98 to 2006-07, only 29 meetings (as against 120 required) were held. It was noticed from the minutes of meetings of the Council that the issues discussed relating to project included change in percentage of machinery and mobilisation advance payable to contractors, ex-gratia payment to encroached houses constructed on acquired land/ refund of security deposit to contractors, proposal for preparation of feasibility report for 24 MW hydel power project, maintenance of roads going under submergence, *etc.*, which could have been dealt with in accordance with the provisions of codes and manuals. However, paucity of funds or earmarking of funds raised through oversubscribed Bonds and early completion of the project was never specifically on the agenda of these meetings.

Government stated (August 2007) that the issue of monitoring was discussed every year but it did not appear in minutes of Council. Reply was not tenable in view of the above observations.

3.2.10.1 Environmental Management Committee

An Environmental Management Committee headed by the CE was constituted in August 1992 to review and monitor the progress in implementation of environmental safeguards stipulated at the time of issuing environmental clearance. The Committee was to meet at least once in three months. It was observed that only nine meetings of this Committee were conducted till March 2007 and the Committee failed to have any impact on implementation of the

project as the Catchment Area Treatment (CAT) Plan could not be implemented while Command Area Development Plan and Rehabilitation Master Plan could not be finalised. The CE stated (June 2007) that the meetings of the Committee were arranged as per requirement and in future meetings would be arranged periodically.

3.2.11 Conclusion

The project was planned in 1983 to be completed in eight years and was handed over to VIDC for speedy execution in April 1997. No activity chart was prepared for project as a whole resulting in huge time and cost over run. Benefit Cost Ratio of the Project needs to be improved to make the Project viable. Delay in planning of hydel power project and augmentation of Asolamendha tank was noticed. Tekepar LIS, the only completed component of the project, also failed to utilise created irrigation potential, indicating incorrectness of estimated benefits after irrigation. Very few PAPs shifted to rehabilitation sites though Rs 41.28 crore was spent on civic amenities at the alternative sites. Delay in implementation of CAT plan and acquisition of land resulted in extra cost. Instances of unnecessary payment of advances, wrong sanction of extra items and under utilisation of manpower were also observed. Monitoring of the Project implementation by VIDC was not satisfactory.

3.2.12 Recommendations

- Considering the poor physical progress of the Project an activity chart for the project as a whole needs to be framed.
- Effective steps are necessary to provide funds as per planned outlay for the project, so as to complete it within the stipulated period.
- Benefit Cost Ratio needs to be accurately assessed and ways to augment benefits to justify costs ascertained.
- Excess staff should be redeployed to avoid idle establishment cost.
- Promotion of beneficial cropping pattern in consultation with Agriculture Department needs to be done.
- Effective monitoring at VIDC level over the project funding, pattern of expenditure and execution of various components/works needs to be ensured.

The matter was reported to Government in June 2007. Reply had not been received (August 2007).

**Social Justice and Special Assistance and
Tribal Development Departments**

3.3 Development of education for SCs and STs

Highlights

The State has a constitutional responsibility of promoting the educational and economic interests of the weaker sections of the society and in particular, of Scheduled Castes (SCs) and Scheduled Tribes (STs). State Government implemented various central schemes as well as State schemes for promotion of education for SC and ST students. In the State identification of the target groups was not done on the basis of actual surveys. Delayed disbursements of scholarships, inadequate infrastructure, non-provision of basic amenities like drinking water and toilets in residential schools were noticed.

Government did not conduct any survey of the beneficiaries and the schemes were implemented without taking into account the targeted population.

(Paragraph 3.3.6.1)

Of the Central share of Rs 336.59 crore receivable under the post-Matric scholarship scheme, Government of India reimbursed only Rs 241.12 crore during the period 2002-07.

(Paragraph 3.3.7.4)

In 65 colleges, post-Matric scholarships amounting to Rs 1.96 crore, pertaining to 4452 students, were pending for sanction. Besides, scholarships amounting to Rs 3.51 crore were not disbursed in these colleges and five Universities as of March 2007.

(Paragraphs 3.3.9.1 and 3.3.9.2)

In four Divisions, out of 1185 generator sets procured, 785 were not installed and 34 were not functioning.

(Paragraph 3.3.12.6)

Deficiencies such as shortage of toilets, bathrooms and dining halls were noticed in the hostels run by the Government and the non-Government organizations.

(Paragraph 3.3.12.7)

In 10 Ashram Type Schools, 1452 double decker cots costing Rs 1.07 crore were lying idle since 2004-05, as the classrooms were used as hostels. Deficiencies such as lack of space, water supply arrangement and proper accommodation were noticed in the Ashram Type Schools run by the Government and the non-Government organisations.

(Paragraphs 3.3.13.2 and 3.3.13.3)

3.3.1 Introduction

State has a Constitutional responsibility of promoting the educational and economic interests of the Scheduled Castes (SCs) and Scheduled Tribes (STs). In addition to Centrally sponsored schemes, the State Government has introduced various schemes for SCs and STs with the objectives of increasing enrolment and retention of SCs and STs in educational institutions, reducing dropout rates and increasing their representation in higher education.

According to the 2001 census, population of Maharashtra was 9.69 crore; population of SCs was 98.82 lakh (10.2 *per cent*) and that of STs was 85.77 lakh (8.85 *per cent*). The literacy rate of SCs and STs was 72 *per cent* and 55 *per cent* respectively, against overall literacy rate of 77 *per cent* in the State.

3.3.2 Organisational set up

The Principal Secretary, Social Justice Department (SJD) is responsible for implementation of the schemes for SC students. He is assisted by the Director of Social Welfare, Pune, six Divisional Social Welfare Officers and 35 Special District Social Welfare Officers (DSWO). The Secretary, Tribal Development Department (TDD) is responsible for implementation of the schemes for ST students. He is assisted by the Commissioner of Tribal Development, Nashik, four Additional Tribal Commissioners and 26 Project Officers of Integrated Tribal Development Project (ITDP) in 19 districts. Non-government organizations (NGOs) were also involved in implementation of the schemes.

3.3.3 Audit scope and methodology

Performance audit of the implementation of the schemes for educational development of SC and ST students was conducted (March to June 2007) for the period from 2002-03 to 2006-07 covering the Centrally sponsored schemes and a few selected State schemes. The audit was conducted through test-check of records in the implementing departments and field agencies in 10 out of 35 districts (29 *per cent*). The districts were selected on the basis of the PPSWR³³ method. Five universities, 65 colleges, nine SC boys' hostels, nine SC girls' hostels, eight ST boys' hostels and eight ST girls' hostels were selected. Besides, two NGOs in each district, two Government Ashram Type Schools (ATs) and two aided ATs were covered in audit. The results of the performance audit report were discussed with the Government and their views have been incorporated at appropriate places.

3.3.4 Audit objectives

The performance audit was carried out to assess whether:

- proper planning was made for effective implementation of the schemes,
- the allocations, releases and utilisation of funds earmarked for the various schemes were judicious and adequate,

³³ Probability proportional to size with replacement

- the implementation of the schemes was as per the guidelines and was effective,
- the monitoring system at various levels was effective.

3.3.5 Audit criteria

The audit criteria used to arrive at the audit conclusions were:

- Census data and the data of eligible SC and ST children,
- Prescribed eligibility criteria for selection of beneficiaries as per the guidelines of the schemes,
- Estimates prepared for requirement of funds, Government of India releases and utilisation of funds,
- Norms for infrastructure to be provided for the SCs and STs in the educational institutes,
- Monitoring mechanism prescribed in the guidelines.

Audit findings

3.3.6 Planning

3.3.6.1 Identification of targeted beneficiaries

As per the guidelines of the Ministry of Planning, Government of India, the allocations for the Scheduled Castes Plan (SCP) and the Tribal Sub-Plan (TSP) out of the State Plan were to be proportionate to their population in the State. However, the allocations for the SCP and TSP were below the prescribed percentages of 10.2 and 8.85 of the State Plans during the audit period, except in 2006-07.

It was noticed that the Departments had neither conducted any survey to identify the targeted groups of beneficiaries nor prepared a database. As such, they did not have any information/data about the total number of the targeted beneficiaries under each scheme. The schemes were implemented without taking the targeted beneficiaries into account.

The Joint Secretary, SJD and the Joint Commissioner, TDD accepted (August 2007) the facts and agreed that a house-to-house survey was necessary for ascertaining the targeted population.

3.3.7 Financial Management

3.3.7.1 Funding Pattern

The funding pattern for implementation of the schemes was as follows:

Schemes were implemented without conducting any survey or taking into account the targeted population under each scheme

Sr. No.	Name of scheme	Funding pattern
1.	Pre-Matric scholarships for children whose parents were engaged in unclean occupations	Committed liability ³⁴ to be borne in full by the State. Expenditure over and above the committed liability at 50:50 by GOI and the State Government.
2.	Post-Matric scholarships	100 <i>per cent</i> by GOI in excess of the committed liability to be borne by the State Government
3.	Book Banks	50:50 by GOI and State
4.	Construction of hostels and ashram schools	
5.	Grant-in-aid to voluntary organisations	90 <i>per cent</i> by Government to be shared equally between GOI and the State Government

The State schemes³⁵ were implemented with 100 *per cent* State funds.

3.3.7.2 Budget and expenditure

In the budget estimates, the number of beneficiaries had been arrived at after increasing the number of the previous year's beneficiaries by 10 *per cent*. As such, the budget allocations had no correlation with the needs of the targeted groups, both of which had not been clearly identified.

The expenditure incurred on various schemes for development of education of SC/ST by the SJD and TDD vis-à-vis the budget provisions was as under:

(Rupees in crore)

Year	Social Justice and Special Assistance Department			Tribal Development Department		
	Budget Provision	Actual Expenditure	Excess (+) Savings (-)	Budget Provision	Actual Expenditure	Excess (+) Savings (-)
2002-03	137.75	140.07	+2.32	316.99	319.08	+2.09
2003-04	223.12	215.33	-7.79	369.51	376.50	+6.99
2004-05	409.82	300.60	-109.22	383.01	382.46	-0.55
2005-06	328.38	334.66	+6.28	465.30	465.30	00.00
2006-07	384.63	338.85	-45.78	544.00	490.28	-53.72
Total	1483.70	1329.51	-154.19	2078.81	2033.62	-45.19

The scheme-wise details are given in **Appendix 3.6**. The reasons for excess/savings, though called for from the Government, were not received (August 2007).

³⁴ The committed liability for a year was equivalent to the actual expenditure incurred under the scheme during the terminal year of the ninth Five Year Plan (1997 to 2002) period and was required to be borne by the State Government for which provision/budget was to be made in the Budget.

³⁵ State schemes *viz.*, exemption from payment of tuition fees and examination fees, grant of scholarships to pre-matriculates and post-matriculates, establishment of Government hostels for boys and girls, grants-in-aid (GIA) to voluntary agencies for running hostels and establishment of public schools for children of families engaged in unclean occupations.

3.3.7.3 Submission of utilisation certificates

In all the 10 test-checked districts, updated records were not kept by the BDOs, DSWOs and POs to watch the receipt of UCs from the educational institutions. As a result, Audit could not vouch for the correctness of expenditure amounting to Rs 731.16 crore, which had been incurred on GOI post-Matric scholarship, pre-Matric scholarships to children whose parents were engaged in unclean occupations and construction of hostels by NGOs during the period 2002 to 2007.

The Joint Secretaries, SJD and TDD agreed (August 2007) to follow the instructions regarding watching of UCs.

3.3.7.4 Non-receipt of Central share

The expenditure incurred on Government of India post-Matric scholarships during 2002-07 was Rs 689.22 crore. Of this, the committed liability was Rs 352.63 crore. Out of the remaining expenditure of Rs 336.59 crore incurred over this limit, receivable from GOI, only Rs 241.12 crore was received while Rs 95.47 crore was still to be received. Reasons for non-receipt of money were not on record and not furnished (August 2007) by the Government though called for.

The Joint Secretaries stated (August 2007) that the matter would be taken up with GOI.

**GOI share of
Rs 95.47 crore for the
period 2002-07 had
not been received**

Implementation of schemes

3.3.8 Pre-Matric scholarships for children whose parents were engaged in unclean occupations

Under the scheme, financial assistance comprising tuition fees, examination fees, boarding charges, cost of books and equipments and incidental charges and an ad-hoc grant of Rs 600 per student per annum was provided to one child per family of scavengers and sweepers for promoting education amongst them, in order to divert the future generations away from the practice of scavenging.

3.3.8.1 Pendency in sanction of applications

An analysis of the pendency of applications in the case of the pre-Matric scholarship scheme showed that in four out of 10 test-checked districts, the pendency of applications during 2002-06 ranged between 13 and 30 *per cent*. The Special DSWOs stated that one of the reasons for the applications remaining pending was lack of sufficient funds. The non-sanction of applications resulted in depriving the eligible students of the scholarships.

3.3.8.2 Payment to ineligible beneficiaries

Financial assistance was paid to ineligible beneficiaries

In five³⁶ out of the 10 test-checked districts, the DSWOs had granted financial assistance of Rs 18.17 lakh under the scheme to 2006 students whose parents were not traditionally engaged in the four³⁷ occupations, as defined in the guidelines of the scheme during 2001-02 to 2006-07.

The Special DSWOs, Zilla Parishads stated (August 2007) that the scholarships were sanctioned to the students whose parents were engaged in the cleaning profession, irrespective of their caste. This was irregular and in contravention of the objectives of the scheme.

Principal, St. Antony's School, Dharavi, which had received assistance under the Scheme, had misutilised an amount of Rs 96,867 for other purposes *i.e.*, payment of salary to staff.

3.3.9 Post-Matric scholarships

Under the scheme, eligible SC and ST students studying at the post-Matric level were paid maintenance allowance as well as the entire fees payable to the institutions, as scholarships, to enable them to complete their education without economic constraints. The committed annual liability for the State for this purpose had been fixed at Rs 70.35 crore from 2002-03.

The State Government delegated (2004) the power of sanctioning the scholarships of SC/ST students to the Principals of the government and aided colleges. Ad-hoc grants (90 *per cent* of the previous year's expenditure) were to be released by the State Government to the colleges in June every year. The college authorities were to make monthly payments of maintenance allowance to the students by cheques or through bank accounts.

3.3.9.1 Pendency in sanction of application

Scholarship claims for Rs 1.96 crore in respect of 4,452 students were pending for sanction

In 65 test-checked colleges, scholarships amounting to Rs 1.96 crore pertaining to 4452 students were pending as of July 2007 for sanction by 10 DSWOs and Project Officers (POs) since 1998-99.

The Special DSWO and POs stated (June 2007) that all the applications could not be processed due to paucity of funds.

The reply is not tenable as the applications were pending since 1998-99 and the DSWOs and POs should have taken up the matter with the higher authorities.

3.3.9.2 Payment of scholarship

Lump sum payment of maintenance grants were made to the students against monthly payment

In 65 colleges test-checked, instead of making monthly payments of maintenance grants to the students, a lump sum payment was made once in a year. The college authorities attributed this to late receipt of ad-hoc grants from the Government. In the case of un-aided colleges, the Government disbursed the scholarship almost at the end of the academic year.

³⁶ Nandurbar, Nanded, Pune Sangli and Thane

³⁷ Scavengers of dry latrines, tanners, flayers, sweepers

Government of India post-Matric scholarships amounting to Rs 3.51³⁸ crore pertaining to 3,827 students for the period 1999 to 2007 remained undisbursed with the 65 test-checked colleges and five universities as of March 2007. Some of the college authorities stated that scholarship amounts were lying undisbursed with them as the students had not come to claim them. The scholarship amounts should have been refunded to the Government account.

3.3.9.3 Deficiencies in maintaining grant register

In the 10 test-checked districts, the adjustments of ad-hoc grants paid to the colleges were not recorded by DSWOs and POs. As a result, recovery/adjustment of ad-hoc grants of Rs 5.18 crore paid during 2002-03 to 2005-06 could not be verified. Further, due to incomplete records, the Special DSWO and POs were unable to track the colleges which had not submitted the final accounts for adjustment and thus failed to watch proper utilisation of grants and recovery of the unspent balances in time.

3.3.10 Scholarships to SC students for study abroad

To enable poor SC students to take up higher education in prominent universities abroad, selected students were paid the full fees and the maintenance allowances fixed by the foreign universities. In cases of non-completion of the courses, the students had to refund all the expenses incurred by the Government.

Scholarships amounting to Rs 3.68 crore were granted to 30 students in the State during 2003-04 to 2005-06. It was, however, noticed that though 10 students (out of 30) to whom scholarships of Rs 1.76 crore were granted might have completed their course by 2006-07, the Department did not obtain the course completion certificates from the students as required, indicating lack of proper monitoring of the scheme.

The Joint Secretary agreed (August 2007) to take necessary action for obtaining course completion certificates from the students in future.

3.3.11 Book Bank scheme

Under the scheme, Book Banks were to be set up in all Medical, Engineering, Agriculture, Law and Veterinary degree colleges and institutes imparting Chartered Accountancy, MBA and similar courses where SC and ST students were in receipt of post-Matric scholarships. The State Government was to constitute an expert committee consisting of members from selected colleges to decide the adequate number of text books in a set required for each course and estimates were to be worked out accordingly.

The Book Bank scheme for tribal students had not been implemented in the State. The expert committee was also not constituted in the State.

³⁸ Upto 2001-02: Rs 6.41 lakh, 2002-03: Rs 14.38 lakh, 2003-04: Rs 22.28 lakh, 2004-05: Rs 34.71 lakh, 2005-06: Rs 15.06 lakh and 2006-07: Rs 258.26 lakh.

Course completion certificates were not obtained from the students indicating lack of proper monitoring of the scheme

Books were to be made available to the students at the beginning of the academic year. Test check of 10 colleges in the 10 test-checked districts showed that proposals for sanction of grants were submitted by the college authorities with delays ranging from three to eight months, resulting in further delays in sanction and disbursement of grants by the DSWOs. Thus books were made available to the students only during the next academic year, defeating the purpose of timely supply of books to the students.

Further, in Sangli District funds under the scheme were released to 29 colleges during 2001-02 to 2006-07, without restricting them to the maximum assistance admissible as per norms³⁹, resulting in excess payments of Rs 15.22 lakh.

The Joint Secretary, TDD agreed (August 2007) to implement the scheme for tribal students also. The Joint Secretary, SJD, stated (August 2007) that scheme would be implemented as per the guidelines. He also stated that an enquiry would be conducted and excess payments pointed out in audit would be recovered.

3.3.12 Construction and operation of hostels

Construction of hostels was one of the methods of encouraging and enabling students hailing from rural and remote areas, to attain quality education available in urban areas. The girls' hostel scheme was started by the State Government during the Third Five-Year Plan (1961-65). The construction of the hostels was to be executed through the Public Works Department (PWD). The DSWOs/POs were required to liaise with the PWD and monitor the progress of the work through periodical progress reports for their early completion.

As against the requirement of 706 hostels for accommodating 70,600 SC students, only 271 hostels (150 for boys and 121 for girls), having an intake capacity of 22,824 students, had been set up since 1999 -2000 till March 2007 for SC students. The hostels were in rental premises.

For accommodating 26,205 ST students, TDD established 336 Government hostels (205 for boys and 131 for girls) as of March 2007. Of these, 57 were housed in Government buildings and the remaining 279 were housed in rented buildings. Government had acquired land for construction of 66 hostels which were running in rented premises.

Test-check of the records of 10 POs revealed that the work of construction of all 11 hostels started in 2003-04 was still in progress. Expenditure incurred was Rs 3.85 crore as of March 2007. The PO, ITDP stated (July 2007) that since the work was entrusted to the PWD, they were not aware of the reasons for the delay. This indicated lack of co-ordination which affected timely completion of the hostel buildings.

Construction of 11 hostels commenced in 2003-04 was not yet completed

³⁹ Admissible amount varied from Rs 2,400 to Rs 7,500 depending upon the nature of professional courses.

3.3.12.1 Delay in commencement of construction of hostels

The Government decided (March 2006) to construct new hostels at the divisional level to accommodate 1000 SC students to enable them to avail of better educational opportunities. Sanctions were accorded (2005-06) to construct one hostel each at Amravati, Aurangabad and Nasik Districts (estimated costs: Rs 25.99 crore, Rs 27.42 crore and Rs 26.30 crore respectively). The amounts were drawn (March 2006) by the divisional officers and paid to the PWD for execution of works on deposit contribution basis. It was, however, noticed that the construction work of the hostels at Amravati and Nasik had not been started as of June 2007. The progress of work at Aurangabad, started in September 2006 was very slow and an expenditure of only Rs 42 lakh was incurred as of April 2007. Thus, in all the three cases, the money was drawn even before acquiring the land required for construction and the money (Rs 79.71 crore) was retained by PWD.

3.3.12.2 Setting up of schools and hostels through non-Government organisations

Grants were given to NGOs for setting up residential/non-residential schools and constructing/expanding hostels. The work was to be completed within two years of the sanction of the grants and a quarterly report of physical progress of work along with photographs was to be submitted by the Government of Maharashtra to GOI.

During 2002-03, GOI approved a proposal for construction and expansion of 15 SC boys' hostels run by NGOs at a cost of Rs 2.56 crore. The Central share of Rs 1.15 crore (45 *per cent*) was released in March 2003, of which Rs 36.51 lakh was released to two NGOs in September 2003, while Rs 78.72 lakh was released to NGOs in November 2005. Reasons for delay in releasing the grants to the 13 NGOs were not on record.

It was observed that quarterly progress reports were submitted by the NGOs to State Governments. Two NGOs which had received the grants in 2003 had belatedly submitted utilisation certificates (UCs) in July 2005, after which the second installment of Rs 36.50 lakh (State share) was released to them. There were no records to show that the progress of work was being reported by the other NGOs.

Thus the Department failed to watch the proper utilisation of the funds and to ensure that the benefits of the schemes reached the needy students.

3.3.12.3 Establishment of schools

In order to encourage children, whose parents were engaged in unclean occupations, to take up education, Government opened (1986-87) two residential public schools at Pune and Nagpur. The students enrolled in these public schools were provided free education, uniforms, boarding, and lodging. The school buildings were constructed (cost: Rs 6.02 crore) to accommodate 600 students *i.e.*, 60 students per class from Standards 1 to 10, although the school was running up to Standard 7 only. The number of students enrolled

Progress reports of construction of hostels by the NGOs were not obtained

during the last five academic years ranged from 160 to 225. Out of the 10 buildings that constituted the school complex, only five buildings and a portion of the main building were utilised for the school. The Headmaster's post was lying vacant since April 1999. The post of Medical Officer, sanctioned (1985) for the school for conducting periodical check ups of students, was never filled up. Thus, although the school was started with a special purpose, no efforts were made by the Department to ensure the success of the scheme.

The Joint Secretary, SJD stated (August 2007) that the vacant buildings would be utilised for other purposes and that the Head master's post would be filled up. He added that the poor enrolment of students was due to inadequate publicity for the scheme and assured that it would be publicised in future.

3.3.12.4 Procurement of stationery articles at higher prices

The Divisional Social Welfare Officers finalised rate contracts for purchase of stationery articles such as notebooks, drawing books, compass boxes, *etc.*, required for the hostels under their jurisdiction. The Housemasters/Wardens of the Government hostels raised demands with suppliers for supply of the articles and the suppliers supplied the material at the rates finalised by the Divisional Social Welfare Officers.

It was noticed that in 13⁴⁰ Government hostels, the rates paid for stationery articles were in excess of the Maximum Retail Price⁴¹ (MRP) printed on the packets and in some cases, the rates were two to three times more than MRP. This resulted in avoidable excess expenditure of Rs 5.82 lakh.

The Joint Secretary, SJD agreed (August 2007) to issue instructions to all the district authorities and also take necessary action in this regard.

3.3.12.5 Procurement of computers and printers

It was observed that 497 computers and 263 Dot Matrix printers costing Rs 1.49 crore were supplied to hostels in the State during 2005-06 by the Director of Social Welfare, Pune. Out of these, 41 computers with UPSs and 13 printers costing Rs 18.77 lakh could not be put to use as they were substandard and not as per the specifications. The Department had not got them replaced during the warranty period although a one year warranty was available from the time of installation.

3.3.12.6 Procurement of generator sets and water purifiers

Sanction for purchase of 2,483 generator sets costing Rs 13.90 crore for ensuring uninterrupted power supply and 3,326 water purifiers costing Rs 2.86 crore was accorded by the Government in March 2006. Scrutiny revealed that

⁴⁰ Mumbai (7), Thane (1), Amravati (4) and Nanded (1)

⁴¹ As per the Maharashtra Consumer Protection Act and Maharashtra Standards of Weights and Measures (Enforcement) Rules, 1987, articles were not to be sold above the Maximum Retail Price (MRP) printed on the articles and consumers could lodge complaints to the statutory authorities in cases where excess payment was demanded.

Rates paid for stationery articles were two to three times in excess of the MRP printed on the packets

1,208 generator sets (cost: Rs 6.66 crore) and 71 water purifiers (cost: Rs 6.50 lakh) supplied to hostels remained uninstalled/unutilized, as discussed below:

Generator sets

Generator sets (1,208) worth Rs 6.66 crore supplied to hostels were lying uninstalled

Scrutiny of the records of the Director, Social Welfare Officer, Pune revealed that the generator sets were either not supplied or were not installed/functioning as detailed below:

Name of Division	Status of procurement/installation/ utilization of the generator sets
Amravati	Out of 400 generator sets procured, information regarding installation of 352 generator sets supplied to the hostels was not available with the Division. Out of 48 generator sets installed, 34 were not functioning due to non-availability of kerosene.
Mumbai	Divisional Social Welfare Officer, Mumbai Division released installation charges of Rs 10.78 lakh, without obtaining installation reports in respect of 154 generator sets supplied to the hostels. Audit scrutiny of 19 hostels revealed that 21 generator sets supplied to them had not been installed (March 2007).
Pune	389 generator sets were not supplied to the hostels. It was noticed that Rs 2.07 crore drawn in March 2006 for procurement of the generator sets was lying unutilised with the Division.
Nagpur	369 generator sets supplied (valued Rs 2.07 crore) to the hostels were not installed as of March 2007.
Latur	395 generator sets supplied (valued Rs 2.21 crore) to the hostels were not installed as of March 2007.

In four Divisions, out of 1,185 generator sets procured, 785 were not installed, 34 were not functioning and information in respect of 352 were not available with the Division.

Water purifiers

Water purifiers were supplied without ensuring the required infrastructure and availability of water

Out of 166 water purifiers supplied (June 2006) to 46 Government hostels in five districts of Amravati Division, 55 purifiers (cost Rs 5.12 lakh) had not been installed due to non-availability of water connections/water tanks or unsuitability of buildings. The status of installation of 54 water filters in 15 Government hostels and 661 water purifiers in 349 NGO hostels in Amravati District was not available with the Divisional Social Welfare Offices of the relevant Divisions. During physical verification (April to June 2007) of seven hostels by Audit in Mumbai, Nasik and Amravati⁴², it was noticed that all the 16 water filters (cost Rs 1.38 lakh) supplied to them had not been installed for want of water connections and water tanks.

Thus the water purifiers had been supplied to the hostels by the Department without ensuring the required infrastructure and availability of water connections, defeating the intention of providing clean water to the hostellers.

⁴² three of the 15 Government hostels mentioned in the earlier paragraph.

3.3.12.7 Provision of basic facilities

Deficiencies such as shortages of toilets/bathroom and dining halls etc., were noticed in Government/NGO run hostels

As per the standards, a hostel accommodating 75 students should have two multipurpose halls, a kitchen and a store room, 10 rooms for students, eight toilets and nine bathrooms. In other words, there should have been approximately one room for eight students, one bathroom for nine students and one toilet for eight students.

Records of Government hostels and NGO run hostels in Nanded, Nandurbar and Nasik Districts showed the following;

- In three Government hostels, only one toilet and one bathroom were provided for 13-15 hostellers
- In four NGO run hostels, only one toilet and one bathroom were provided for 24-60 hostellers
- In two Government hostels, toilets and bathrooms were not provided at all
- In four Government and four⁴³ NGO run hostels, no dining halls were provided

The Joint Secretary, SJD stated (August 2007) that necessary action would be taken to de-recognise the NGOs which were not providing adequate facilities.

3.3.13 Ashram Type Schools - Construction and Operation

A Centrally sponsored scheme for setting up Ashram Type Schools (ATSS) envisaged promotion and extension of educational facilities in tribal areas on the 'gurukul' pattern⁴⁴. The Central and State Governments were to share the cost in the ratio of 50:50, for construction of school buildings, hostels and staff quarters. The expenditure on running the ATSS was to be borne by the State Governments. The children were to be provided free education, uniforms, lodging, and boarding in the ATSS.

According to the Master Plan of the State Government, which was based on the 1991 census (73.18 lakh tribal population), 1240 ATSS were required in the State. Against this, as of March 2007, there were 1101 ATSS including both Government (547) and aided (554) ATSS.

3.3.13.1 Delay in construction

Out of the 547 ATSS, land for construction had been acquired for 408 ATSS. Of these, construction of 230 ATSS had been completed while that of 178 ATSS (functioning in rented premises) was in progress as of August 2007. A total grant of Rs 49.52 crore was received from the Central Government for construction of ATSS, of which only Rs 28.89 crore had been spent and unspent balance of Rs 20.63 crore had been lying from 2003-04 onwards with the State PWD divisions.

⁴³ Mumbai City, Nanded, Nasik and Thane

⁴⁴ Introduced in the State from 1953-54

Thus in spite of funds having been made available by the Central and State Governments and acquisition of land for the purpose, the construction of ATSS was still to be completed.

3.3.13.2 Non-utilisation of articles supplied to ATSS

Computers

Rs 2.21 crore incurred on 579 computers was rendered unfruitful due to non-installation of the computers

The Commissioner of Tribal Development, Nasik, supplied (2001-05) 1728 computers valued at Rs 6.61 crore to 288 ATSS, with the intention of providing computer related education to 37,440 ST students. 1,149 computers were in working condition and 117 computers were out of order as of March 2007 for want of maintenance, as no annual maintenance contracts had been entered into by the POs with the suppliers. Further, 462 computers had not been installed as of April 2007. This rendered the expenditure of Rs 2.21 crore incurred on the 579 non-functioning computers, largely unfruitful, and the tribal students were deprived of the facilities of computer education.

Double decker cots

Supply of double decker cots without ascertaining the requirement/availability of space resulted in 1452 cots lying unutilised

The Commissioner, Tribal Development purchased 9554 double decker cots during 2004-05 at a cost of Rs 7.07 crore for 92 ATSS. It was noticed that 1,452 cots supplied (March 2004 to July 2006) to 10⁴⁵ ATSS, were not in use. The children in these ATSS were sleeping in the classrooms as there were no separate hostel facilities. These cots were purchased by the Department without ascertaining the availability of hostel facilities, resulting in blocking of funds of Rs 1.07 crore.

The Joint Commissioner, TDD stated (August 2007) that the reports would be obtained from the POs and efforts would be made to utilise the cots.

Coir mattresses

In three⁴⁶ Government ATSS, 500 coir mattresses costing Rs 5.13 lakh were lying idle as they were purchased (July 2006) by the Department without ascertaining the lodging facilities available in the ATSS.

3.3.13.3 Provision of basic facilities in ATSS

Deficiencies such as lack of space, water and proper accommodation were noticed in Government/NGO run ATSS

Government specified three types of plans for ATSS for Standards 1 to 7, 1 to 10 and 1 to 12. One classroom was to be provided for each Standard and a room each was to be provided for the office, the Headmaster, the teachers, the library, the laboratory and the stores. Toilets were to be provided on each floor. There were three types of plans for dormitories also. Type one consisted of 24 rooms while types two and three consisted of 16 rooms each. One multipurpose hall was to be constructed in the centre of the campus and quarters were to be provided for the staff in the campus.

⁴⁵ Amaravati (1), Nashik (1), Nandubar (7) and Dhule (1)

⁴⁶ Ranigaon (100), Dharani taluka, Amaravati District, Sarkheni (150), Kinwat taluka, Nanded and Bodhadi (250), Kinwat taluka, Nanded

For the ATSS run by the NGOs, Government paid salary grants for teaching and non-teaching staff, maintenance grants of Rs 500 per month per student for 10 months and the building rent. In order to become eligible for the grants, the NGOs were to have their own or rented buildings with independent toilets, bathrooms, furniture, etc., for the schools and hostels.

In the 14 Government ATSS and 14 NGO ATSS test-checked by Audit, deficiencies in the provision of even basic facilities to the hostellers were noticed as detailed below:

Type of deficiency	Number of Government ATSS	Number of NGO ATSS
ATSS functioning in temporary (tin and wooden) sheds	1	2
ATSS where classrooms also served as lodging places	7	11
ATSS where new classrooms were not opened following upgradation from primary to secondary	2	2
ATSS where toilets and bathrooms were not provided/not sufficiently provided/not usable	7	13

- In three⁴⁷ ATSS housing 2052 students (including 660 girls) no water connection or facilities for water storage was provided. The nearest water source was a borewell, well or nalla, at 200 to 500 metres from the ATSS. The toilets in Sarkheni ATSS were serving as store-rooms for unused furniture. In the ATSS Ranibhag, five storage tanks of 2000 litre capacity provided by the Assistant Tribal Commissioner of Amravati in September 2005 were found to be lying idle in the premises. No effort was made by the Department to install and pump water to the tanks provided.
- Though the ATSS Sarkheni and Bodhadi had been upgraded to include Standards 11 and 12, no additional classrooms and dormitories were provided to the 160 students who had joined following the upgradation.
- In Mandua ATSS, no doors or windows had been provided to the building and the inmates were exposed to the elements. Toilets were also not provided. The day on which the Audit team visited the school happened to be the day after the school had reopened (26 July 2007) after the summer holidays and there were no children in the school at the time of visit (12:45 pm). Only one teacher apart from the Headmaster was available. The Headmaster of the school stated that the teachers had gone to the village to bring the students to school.



The building of ATSS Mandua without doors and windows

⁴⁷ Ranibhag, Dharani; Susarda, Dharani; (Amravati District) and Sarkheni, Kinwat; (Nanded District)

Non-payment of attendance allowance to ST girls of standards 1 to 4 adversely affected the objective of retaining them in schools

3.3.14 Attendance allowance for girls students

In order to reduce the dropout rate of girls, Government introduced a scheme of grant of attendance allowance of Re 1 per day of attendance for students studying in the 1st to 4th Standards, Rs 50 per month for students studying in the 5th to 7th Standards and Rs 100 per month for those in the 8th to 10th Standards. It was, however, noticed in the 10 test-checked districts, that no attendance allowance was paid to ST girls studying in Standards 1 to 4. Thus the objective of retention of the ST girls at the initial stages of their education remained largely unachieved and the dropout rate increased from 3.90 *per cent* during 2003-04 to 4.51 *per cent* during 2005-06. Further, in Nandurbar District, proposals submitted by 36 institutes in respect of 1811 students involving Rs 12.63 lakh were pending with the PO, ITDP.

3.3.15 Special Action Plan for backward tribal areas

Nandurbar being the most backward tribal district of the State and Dhadgaon and Akkalkuwa being its most backward talukas, the State Government sanctioned (August 2004) a Special Action Plan for development of these talukas, to be implemented over a period of five years from 2003-04 to 2007-08. The allocation for the education of tribals in these areas was Rs 40.91 crore.

Scrutiny of implementation of the Special Action Plan revealed that though four years had already been completed, only Rs 12.09 crore (29.55 *per cent*) was spent on the programme, indicating poor implementation of the programme.

3.3.15.1 Opening of new ATSS

Against the targets of five ATSS, each in Dhadgaon and Akkalkuwa for the tribal population of 20,000 people, only three schools had been opened (two at Dhadgaon and one in Akkalkuwa). However, 95 *per cent* (Rs 88.12 lakh) of the total allocation (Rs 92.92 lakh) was spent on these schools.

3.3.15.2 Opening of junior colleges

As against the target of establishing 12 junior colleges, the Department had opened only five colleges (four in Dhadgaon and one in Akkalkuwa) after spending Rs 12.45 lakh against the budget allocation of Rs 61.11 lakh. In Dhadgaon, the junior college started in 2004-05 was closed in 2006-07 *i.e.*, the current academic year though the average pass percentage for Class XII was 56 *per cent* during the previous two years. The reason given for closure was that the number of students was less than the minimum requirement prescribed (at least 40 students per class). The closure was not justifiable as the objective of the scheme was to reach out to the tribal students.

3.3.16 Manpower management

It was observed that there were a large number of vacancies in key posts in the ATSS and hostels run by SJD and TDD as follows:

3.3.16.1 Vacancies in key posts in SJD as of May 2007

Category of post	Sanctioned	PIP ⁴⁸	Vacant (Percentage)
House master	10	6	4 (40)
Warden (boys)	150	108	42 (28)
Warden (girls)	121	98	23 (19)

The Joint Secretary, SJD stated (August 2007) that the Government had already permitted the Director to fill up the vacancies of non-gazetted posts in mid August 2007.

3.3.16.2 Vacancies in key posts in TDD as of May 2007

Category of post	Sanctioned posts	PIP	Vacant (Percentage)
Warden	340	211	129 (38)
Headmaster (Primary)	104	86	18 (17)
Headmaster (Secondary)	397	297	100 (25)
Teachers (Primary)	3409	3069	340 (10)
Teachers (Secondary)	1688	1352	336 (20)
Teachers (Higher Secondary)	244	216	28 (11)
Superintendent (Male)	551	20	531 (96)
Superintendent (Female)	541	212	329 (61)

The vacancies of Headmasters and teachers would adversely affect the quality of education imparted to the students and of Wardens and Female Superintendents hamper the proper functioning of the hostels.

3.3.17 Internal audit

No internal audit was conducted in Social Justice and Special Assistance Department during the last three years as posts of Accounts Officer and Assistant Accounts Officers were vacant.

The Deputy Director of SJD (Education) stated (August 2007) that the matter would be referred to the Finance Department.

The internal audit wing of the Commissioner of Tribal Welfare, Nasik, which had 34 offices under its jurisdiction, consisted of an Accounts Officer, an Assistant Accounts Officer, a Deputy Accountant and a clerk. It was observed that arrears in internal audit ranged from five to nine years in 25 offices and one to four years in the remaining nine offices. In all, 3,732 paras of internal inspection reports were pending. Reasons for arrears in internal audit and pendency in paragraphs along with period of pendency were awaited (July 2007).

3.3.18 Monitoring**3.3.18.1 Inspections**

The Tribal Development Department prescribed a minimum of four inspections in a month for the schools and hostels run by the Government and the voluntary agencies for verifying the attendance and availability of other

There were a large number of vacancies of Headmasters, Teachers, Superintendents and cooks in the Government run ATSS

Arrears in internal audit ranged from five to nine years in 25 offices and one to four years in nine offices

⁴⁸ Persons in position

amenities. The inspectors were required to record the results of the inspections in Visit Books⁴⁹.

There were shortfalls in inspections of the educational institutions

The annual targets of physical inspections of educational institutions set for the district officers were not achieved in any of the test-checked districts. The shortfalls ranged between 82 and 100 *per cent* during 2002-03, 43 and 100 *per cent* during 2003-04, 23 and 100 *per cent* during 2004-05 and 34 and 100 *per cent* during 2005-06.

The Tribal Development Department constituted (March 2005) a high level evaluation committee under the chairmanship of an Additional Chief Secretary to review the schemes being implemented every quarter and to assess their impact. No such review had, however, been conducted as of July 2007.

In SJD, no monitoring cell had been established. No impact studies had been conducted by the Social Justice, Cultural Affairs and Special Assistance Department on the measures taken by the Department in the field of education over the years.

3.3.19 Conclusion

Planning and funding for the schemes for development of education for the SCs and STs were not based on any data collected or survey conducted of the targeted population. Applications for scholarships were pending in the district offices due to insufficient funds. Disbursement of scholarships was delayed or not made at all and amounts were lying with the colleges and universities, which adversely affected the objectives of the scheme. Incomplete works added to the existing scarcity of hostels for the SC/ST students. Facilities like computers, generators and water purifiers, though supplied were lying unused, depriving the students of the intended benefits. There was inadequate infrastructure in the residential schools and lack of basic amenities like drinking water and toilets which could act as deterrents in improving the retention rates of the students. The existing internal audits in the Departments were found to be inadequate.

3.3.20 Recommendations

- Government should conduct surveys for identifying the targeted population and prepare databases of eligible beneficiaries for proper planning and effective implementation of the programme.
- Budget estimates should be prepared on a realistic basis after assessing the needs of the targeted beneficiaries.
- Adherence to the prescribed procedure for disbursement of scholarships should be ensured. For this purpose, constitution of monitoring committees at block and district levels may be considered.

⁴⁹ A register maintained by the educational institutes to record the results of inspection by the departmental inspecting authorities.

- All schemes for development of education for the SCs and STs should be widely publicised for generating awareness among the targeted beneficiaries.
- A comprehensive plan for infrastructure development should be drawn up for completion of the construction of hostels and ATSS. Steps should be taken to improve the quality of basic amenities in the hostels and ATSS.
- The monitoring mechanism should be strengthened by creating a pool of officials from the different implementing departments.
- The information on all the schemes should be computerised to overcome the problems of manpower shortage.
- An evaluation of the educational schemes should be done to assess the impact of the programme and to improve its delivery systems.

The matter was reported to the Principal Secretaries to the Government in July 2007. Reply had not been received (August 2007).

**RURAL DEVELOPMENT AND WATER CONSERVATION
DEPARTMENT**

3.4 RASHTRIYA SAM VIKAS YOJANA

HIGHLIGHTS

Government of India (GOI) introduced Rashtriya Sam Vikas Yojana (RSVY) in 2003-04 for addressing the problems of low agricultural productivity and unemployment and to fill up the critical gaps in physical and social infrastructure. Under the scheme, Rs 15 crore per year per district were to be released for three consecutive years by GOI. In Maharashtra, RSVY was implemented in nine backward districts. State Government, however, could avail only a part of the Central assistance due to slow spending, particularly in the initial years. The District Plans (DP) were not prepared as per the guidelines and there were deviations from the approved DPs while utilizing the RSVY funds and agricultural productivity and employment generation were given low priority compared to construction activities.

Government of India did not release Rs 120 crore (out of the plan outlay of Rs 330 crore) due to delay in utilizing the funds already received, as execution of the work was slow. Of the balance, Rs 40.50 crore (19 per cent) remained unspent. Release of funds by the State to DRDAs was delayed by one to nine months causing slow progress of works.

(Paragraph 3.4.7.1)

DRDAs reported inflated expenditure of Rs 8.49 crore to Government of India to get the next installment of the scheme funds.

(Paragraph 3.4.7.2)

Due to inclusion of more sectors with large number of schemes in the District Plans 13 to 56 per cent of the schemes remained unimplemented.

(Paragraph 3.4.6.1)

Excess subsidy of Rs 1.70 crore was paid to provide infrastructural support to 7,505 beneficiaries in three districts.

(Paragraph 3.4.8.8)

Expenditure of Rs 1.12 crore was rendered unfruitful due to procurement of plant and machinery, designs of handicrafts etc. without constructing the Common Facility Centre.

(Paragraph 3.4.8.5)

In the test-checked districts, Rs 1.10 crore was spent on works outside the scope of the Scheme and in three districts, Rs 5.89 crore was spent on execution of works and delivery of services not included in the approved District Plans.

(Paragraphs 3.4.8.2 and 3.4.8.3)

3.4.1 Introduction

The Rashtriya Sam Vikas Yojana (RSVY), a 100 *per cent* Centrally Sponsored Scheme, was initiated by Government of India (GOI) in 2003-04 with the main objectives of removing barriers to growth, accelerating the development process and improving the quality of life of people. The scheme aimed at addressing the problems of low agricultural productivity, unemployment and critical gaps in physical and social infrastructure. The scheme was introduced in two⁵⁰ districts during 2003-04. Seven⁵¹ more districts were added during 2004-05 and 2005-06.

A Committee headed by the Chief Executive Officer, Zilla Parishad (CEO/ZP) was to prepare a three year Master Plan with nested Annual Action Plan for approval of the Planning Commission. The plan was to be based on review of on-going schemes and identification of three to five lead sectors where State intervention would help the districts to overcome major bottlenecks in development.

3.4.2 Organisational set-up

The Principal Secretary to Government of Maharashtra in Planning Department was responsible for implementation of the scheme. The District Rural Development Agency (DRDA) was the nodal agency for implementation of RSVY which would release funds to various agencies i.e. Government Departments, Panchayat Raj Institutions and Non Government Organisations (NGOs) for the implementation of schemes included in the District Plan. Most of the works were executed through ZPs and payments made directly to contractors by the DRDAs on receipt of bills certified by the executing agencies. RSVY was renamed as Backward Region Grant Fund (January 2007) and was transferred to Rural Development and Water Conservation Department from 2007-08.

3.4.3 Audit objectives

The performance audit was conducted to assess whether:

- the District Plans were prepared as per the guidelines of the scheme,
- the funds were released as per the guidelines of the scheme,
- the schemes/programmes included in the approved District Plans were implemented as planned,
- the problem of low agricultural productivity, unemployment was addressed and the critical gaps in social and physical infrastructure were filled,
- system of monitoring for the scheme was in place and was effective.

⁵⁰ 2003-04: Bhandara and Gadchiroli

⁵¹ 2004-05: Chandrapur, Gondia

2005-06: Ahmednagar, Dhule, Hingoli, Nanded and Nandurbar

3.4.4 Audit criteria

The criteria used in assessing performance in the light of audit objectives included reference to the following.

- Guidelines of the scheme and instructions issued by the Planning Commission, Government of India,
- Guidelines for preparation of District Plans by the District Rural Development Agencies,
- Orders/sanctions by Government of India and State Government releasing the grants,
- Progress Reports submitted by the DRDAs to Planning Commission.

3.4.5 Scope and methodology of audit

Fifteen out of 24 departments and nine districts of the State involving expenditure of Rs 84.70 crore, out of total expenditure of Rs 169.50 crore, were selected for audit scrutiny on the basis of fund allocation (**Appendix 3.7**).

Performance audit was conducted (March to May 2007) by test-check of records of the Planning Department in Mantralaya, Mumbai, nine⁵² Project Directors (PDs), District Rural Development Agencies (DRDA), five Executive Engineers (EE) of ZP, Irrigation and two EEs of ZP, Works, six Agriculture Development Officers (ADO), three Education Officers (EO), five District Animal Husbandry Officers (DAHO), District Health Officers (DHO) of six ZPs and one District Superintending Agriculture Officer (DSAO), three Minor Irrigation Divisions, one Public Works Division, four Deputy Conservators of Forests (DCF), one District Sports Officer (DSO) from State Sector and two Non-Government Organisations. A meeting was held (February 2007) with the Principal Secretary, Planning Department and Secretary, Rural Development Department at Mantralaya, Mumbai to discuss the audit objectives and audit criteria. The audit findings were discussed (August 2007) with the Principal Secretary, Planning Department and Secretary, Rural Development Department at Mantralaya, Mumbai. The views of the Government have been incorporated at appropriate places.

Audit findings

3.4.6 Quality of District Plans

The scheme guidelines envisaged that the District Plan prepared by a District Committee headed by the District Magistrate/Chief Executive Officer (CEO) Zilla Parishad/Chairperson of District Planning Committee with District Superintendent of Police (in case of extremist-affected districts), District Forest Officer, local NGOs, other stakeholders, etc as members. Schemes/projects which would be funded from RSVY had to conform to the

⁵² Ahmednagar, Bhandara, Chandraopur, Dhule, Gadchiroli, Gondia, Hingoli and Nanded

RSVY guidelines. The District Committees were formed in all the nine districts where the scheme was being implemented. The omissions noticed in preparation of the DPs are discussed in the succeeding paragraphs.

3.4.6.1 Preparation of District Plans not realistic

13 to 56 per cent of the approved schemes remained unimplemented due to inclusion of more sectors and more schemes in DPs

The sectors to be included in the District Plan were to be selected on the basis of Strength, Weakness, Opportunities, Threat (SWOT) analysis as envisaged in the guidelines. Based on the SWOT analysis only three to five sectors were required to be included in the District Plan keeping in view the needs of the district. DPs of seven out of nine districts disclosed that the District Committees included 23 to 120 schemes from 5 to 24 sectors in the plan. As a result, 13 to 56 per cent of the approved schemes remained unimplemented in six⁵³ districts.

3.4.6.2 Improper inclusion of schemes under District Plan

Works already being implemented under other schemes were included in the District Plan

Allocation of funds from RSVY was to be made only after the financial assistance received under other State schemes/Centrally sponsored schemes was fully utilised.

DPs of three districts showed that allocation of funds was made for the schemes which were already taken up under other schemes as detailed below:

(Rupees in crore)

Name of district and Year	Name of scheme	Plan allocation	Fund released	Expenditure incurred	Remarks
Dhule 2004-05	Development of three out of eighteen watersheds from Panzara river basin	7.85	1.48	1.34	Total cost of Panzara river perennial project was Rs 62.69 crore being implemented under the State sponsored scheme.
Gadchiroli 2004-05	Construction of CNB	6.00	2.21	2.21	A scheme of development of 88 watersheds costing Rs 26.40 crore was already being taken up under other Centrally Sponsored Schemes.
Bhandara 2003-04	Repairs to fish seed farms	0.30	0.25	0.25	The scheme was sanctioned in March 2004 for taking up for execution by the department from their own funds.
Total		14.15	3.94	3.80	

Thus, inclusion of schemes already taken up under other schemes was in violation of the guidelines.

3.4.7 Financial Management

Under the scheme, Rs 15 crore per year for three consecutive years were to be released for each selected district by the GOI in suitable installments subject to satisfactory progress of the scheme. The State Government was to release

⁵³ Ahmednagar, Bhandara, Chandrapur, Dhule, Hingoli and Nandurbar

funds to the concerned DRDA within 15 days of the receipt of GOI funds. The DRDAs were to pass on the scheme funds to the implementing agencies.

3.4.7.1 Short/delayed release of funds

Short release by Government of India

As against Rs 330 crore, GOI released Rs 210 crore (64 *per cent*) during 2003-07 (**Appendix 3.8**). The year-wise details of the funds received from GOI and expenditure incurred as on 31 March 2007 is as below:

(Rupees in crore)

District	Funds received from GOI and released by State Government to DRDA and expenditure incurred thereof							
	2003-04		2004-05		2005-06		2006-07	
	Funds received	Expenditure	Funds received	Expenditure	Funds received	Expenditure	Funds received	Expenditure
Ahmednagar	--	--	--	--	7.50	5.92	15.00	10.12
Bhandara	7.50	4.10	4.25	4.36	10.75	5.09	--	6.51
Chandrapur	--	--	7.50	3.47	7.50	8.40	7.50	6.95
Dhule	--	--	--	--	7.50	6.50	7.50	6.97
Gadchiroli	7.50	2.82	4.25	5.12	3.25	5.79	15.00	11.56
Gondia	--	--	7.50	1.19	7.50	13.49	15.00	7.73
Hingoli	--	--	--	--	15.00	7.51	7.50	9.27
Nanded	--	--	--	--	15.00	12.10	15.00	10.31
Nandurbar	--	--	--	--	7.50	6.81	7.50	7.41
Total	15.00	6.92	23.50	14.14	81.50	71.61	90.00	76.83

GOI did not release Rs 120 crore due to delayed submission of utilisation certificates

It would be seen from the above that Rs 169.50 crore (81 *per cent* of funds received) was spent during 2003-07 and Rs 40.50 crore remained unspent as of March 2007. During the initial two years, expenditure was too low as compared to the funds received.

GOI did not release Rs 120 crore due to delay in submission of utilisation certificates. Government admitted (June and August 2007) non-adherence to the condition of spending and stated that efforts would be made to expedite the submission of utilisation certificates and release of funds from GOI.

Delayed release by State Government

GOM delayed the release of funds to the DRDAs by one to nine months

As per the guidelines issued by the Planning Commission (December 2003), the funds received from GOI were to be released by the State Government to the DRDAs within 15 days from receipt of the funds. There was delay in release of funds by the State Government, which ranged from one to nine months (**Appendix 3.9**).

The delay of one to nine months in release of funds by the State Government resulted in delay in completion of works/activities and Rs 40.50 crore remained unutilised with the DRDAs as of March 2007.

Government stated (July/August 2007) that the entire amount of Rs 45 crore could not be released to the DRDAs as the PDs could not spend the funds available with them and the delay was due to delay in approval of budget

during 2004-05. Government however, did not give any reasons for the delay during the remaining years.

Release by District Rural Development Agencies

The shortfall in release of funds by Government of India to the Districts ranged between 25 and 50 per cent

The DRDAs distributed a part of the funds received to various State departments and NGOs for execution of the schemes included in the DPs. However, most of the funds were retained by DRDAs for execution of the works through ZPs. In eight⁵⁴ of the nine districts, the Project Directors (PDs), DRDA failed to spend the funds received from GOI. This was mainly due to the slow progress in execution of the schemes by the ZPs. As a result, the funds remained unspent with the DRDAs, which led to short release of funds by the GOI by 25 to 50 per cent.

3.4.7.2 Wrong expenditure reports

Inflated figures of expenditure reported by PDs to obtain next installment of scheme funds

As per guidelines, PD, DRDA was required to submit the quarterly progress reports to the Planning Commission for review by the Empowered Committee and the High Level Committee. The second installment of funds was to be released on receipt of utilisation certificate from the State Government.

In four districts, the PDs DRDA reported inflated figures of expenditure to avail the release of next installment of funds as detailed below:

(Rupees in crore)

District	Month of reporting	Total funds received	Expenditure reported	Actual expenditure incurred	Excess expenditure reported
Nanded	January 2007	22.50	22.01	18.20	3.81
Chandrapur	March 2007	22.50	19.80	18.69	1.11
Nandurbar	March 2007	15.00	15.21	12.99	2.22
Hingoli	January 2007	15.00	14.58	13.23	1.35
Total		75.00	71.60	63.11	8.49

Government accepted the facts and stated (August 2007) that explanation would be called from the concerned PDs and action would be taken against erring officers.

3.4.7.3 Unauthorised opening of savings account in bank

RSVY funds were kept in savings account by CEOs without obtaining permission of Government

As per instructions issued (February 1992) by Government of Maharashtra, no account should be opened for carrying out transactions pertaining to Government funds without the permission of Government.

Contrary to the above provision, the Chief Executive Officer (CEO), Zilla Parishad (ZP), Nandurbar and the Executive Engineer, Works Department, Rural Water Supply Department and Irrigation Department of ZP Chandrapur operated savings accounts without obtaining permission from GOM and deposited Rs 16.74 crore in these savings accounts including Rs 7.79 crore in Chandrapur Gadchiroli Gramin Bank.

⁵⁴ Ahmednagar, Bhandara, Chandrapur, Dhule, Gadchiroli, Gondia, Hingoli and Nanded

Government accepted (August 2007) the irregularities and agreed to take remedial measures in this matter.

3.4.8 Implementation and execution of the District Plan

The Planning Commission stated (March 2004) that construction activity was to be given low priority and construction of administrative buildings, compound walls, dak bungalows etc were not permissible under RSVY.

Except Gadchiroli District, in eight districts 19 to 60 *per cent* of the funds of the District Plan were allocated for construction activities whereas, two to fourteen *per cent* on employment generation and 26 to 43 *per cent* on agriculture activities as per details given in **Appendix 3.10**. This shows that the objectives of the scheme were not given priority while preparing the district plans.

3.4.8.1 Targets and achievements

The schemes included in the District Plan were to be completed within a period of three years. The main objectives of RSVY were to address the problems of low agriculture productivity⁵⁵ and unemployment⁵⁶.

It was observed that 78 Agro based schemes and 70 schemes for employment generation were included in the DPs of various districts. However percentage of physical achievement of the targets/completion of the schemes/works was low in all the nine districts. It was noticed that out of 148 schemes taken up in nine districts, only under 21 schemes targeted number of works were completed. In three districts targets were not achieved in any of these schemes. District wise details are given in **Appendix 3.11**.

3.4.8.2 Mis-utilisation of Funds

Scrutiny revealed that RSVY funds were mis-utilised in eight districts. There were instances of inadmissible work, idling of material due to injudicious purpose etc. as discussed below:

In large number of agro based schemes and employment generation schemes, achievement was less than 50 per cent of the targets

Rs 10.10 crore was spent on works outside the scopes of RSVY

Name of District	Nature of lapses and irregularities and Amount involved in bracket	Remarks and Government's reply
(1)	(2)	(3)
Bhandara Chandrapur Gadchiroli Nanded	Inadmissible works (Rs 2.55 crore) (Rs 1.68 crore)	Construction of Staff quarters, compound wall and beautification of lake was undertaken despite being prohibited under Rashtriya Sam Vikas Yojana. Government stated (August 2007) that construction of quarters was taken up being specific requirement in remote areas and agreed to look into the matter regarding expenditure on beautification of lake and construction wall.

⁵⁵ Training to farmers, supply of water lifting devices, construction of cement nalla bunds, intensifying agricultural practices, construction of KT weirs.

⁵⁶ Supply of milch animal and goats, supply of tool kits, training to SHG, assistances to tasar beneficiaries.

(1)	(2)	(3)
		MAVIM Ghar and College building were constructed despite issue of Government instructions to give low priority to construction activity. Government stated (August 2007) that MAVIM Ghar was sanctioned as a special case in Bhandara and Gadchiroli districts for SHG beneficiaries.
Ahmednagar	Injudicious selection of sites (Rs 0.83 crore)	The storage bandharas were to be constructed in drought prone areas, however, they were constructed in command areas of already completed major irrigation projects Government stated (August 2007) that selection of sites will be reviewed and care will be taken to avoid the incorrect selection of sites in future.
Nandurbar	Irregular award of works to Labour Co-operative Societies (LCS) by splitting. (Rs 1.51 crore)	Sixteen works each costing more than Rs 5 lakh were split into 34 small works and awarded to 15 LCS. This was done to avoid tendering and to bring the cost of work within the admissible limit of Rs 5 lakh for awarding works to LCS.
Hingoli	Unfruitful expenditure on supply of sports material (Rs 0.61 crore)	Though Rs 0.58 crore was sanctioned for construction of play grounds and procurement of sports material in 29 ZP schools only sports material including gymnasium equipments were supplied to these schools at a cost of Rs 0.61 crore without construction of play ground and gymnasium. Sports material supplied to two schools was more than the number of students. Thus, the expenditure of Rs 0.61 crore was largely unfruitful. Government stated (August 2007) that surplus sports material would be redistributed to the needy schools after verification.
Dhule Hingoli	Unfruitful expenditure on supply of computers and injudicious distribution of computers (Rs 2.92 crore)	In Hingoli, 28 out of 50 computers were supplied (2004-07) to schools which did not have electricity connection as of March 2007. In Dhule one computer each were supplied to 494 schools instead of setting up laboratories with 5 computers each. 62 of the above schools did not have electricity connection. Government stated (August 2007) that after being pointed out by audit, in Hingoli district 42 out of 50 schools were provided electricity connections as of August 2007. Five schools will be provided electricity connection by December 2007 and material from remaining three schools would be transferred to needy schools shortly. In Dhule district remedial measures have been initiated to take back the computer from the Education Officer.

3.4.8.3 Deviation from the approved District Plan

Expenditure of Rs 3.57 crore was incurred on works not included in the district plan and Rs 2.32 crore on purchase of vehicles, laptop etc

The GOI guidelines provide that the funds received under RSVY should be utilised on the works/schemes incorporated in the DP approved by the Planning Commission. Construction of quarters and purchase of vehicles were specifically forbidden in the guidelines.

In two districts (Chandrapur and Gadchiroli) expenditure of Rs 3.57 crore incurred on works/schemes during 2003-07, which were not included in the approved DP, giving priority over agriculture and employment generation, as follows:

Name of district	Name of agency	Expenditure incurred (Rupees in crore)	Items on which expenditure incurred
Chandrapur	DHO, Chandrapur	0.67	Construction of staff quarters in addition to the PHC main building.
	DHO, Chandrapur	0.03	Purchase of syringe needles
	EE, Rural Water Supply Department	0.36	Purchase of fluoroscope sets and hypochloride solution bottles
Gadchiroli	Gram Panchayat Navargaon	0.21	Purchase of vehicles and mobile rice mills
	Dy. Conservator of forests	2.13	Construction of ponds, Forest Ponds, Gabion Structures
	Project Director DRDA	0.17	Preparation of Computerised Survey Booklets for another scheme (ICDS), Construction of shops etc.
Total		3.57	

The Principal Secretary stated (August 2007) that the matter would be investigated and corrective action would be taken after review of the scheme.

Further, in three⁵⁷ out of nine districts, expenditure of Rs 2.32 crore was incurred by the implementing agencies on purchase of various types of vehicles and accessories like laptop, computers, etc. during 2004-07 which was not admissible under RSVY. **(Appendix 3.12)**

Government stated (August 2007) that the facts were noted and matter would be investigated.

3.4.8.4 Strengthening of Self Help Groups

Expenditure of Rs 1.67 crore was incurred on formation of 2458 new SHGs although 9860 existing SHGs were defunct

The RSVY envisaged involvement of Self Help Groups (SHGs) to encourage self-employment programmes for income generating activities through assistance towards revolving fund, provision of required infrastructure, training inputs and to establish credit linkage of SHGs with the banks. These activities were to be carried out on the same lines as Swarna Jayanti Gram Swarajgar Yojana (SGSY). However, the RSVY guidelines did not envisage formation of new SHGs.

In three⁵⁸ districts, Rs 2.03 crore was released to the two NGOs⁵⁹ and Mahila Arthik Vikas Mahamandal (MAVIM) for formation of 3,050 SHGs. As of March 2007, Rs 1.67 crore was spent on formation of new SHGs.

It was noticed that out of 11,630 SHGs already formed in these districts under SGSY, 9,860 SHG (85 per cent) could not start income generation activities as of March 2007.

Instead of strengthening the existing SHG, the PDs, DRDA utilised funds on formation of new SHGs through NGOs and MAVIM which was irregular.

⁵⁷ Bhandara, Chandrapur and Gadchiroli

⁵⁸ Bhandara, Gadchiroli and Gondia

⁵⁹ Indian Social Welfare Society and Social Action for Rural Development

Government stated (August 2007) that new SHGs were formed from the Above Poverty Line (APL) beneficiaries and GOI would be requested to consider accommodation of APL beneficiaries under RSVY. The reply indicates that the Government did not follow their own guidelines.

3.4.8.5 Unfruitful expenditure on development of handicrafts centre for artisans

An amount of Rs 1.12 crore was rendered unfruitful due to procurement of machinery without constructing Common Facility Centre

In order to organise artisans into SHGs, a project on self sustainable development of handicraft for mobilising 300 artisans was included in the DP of Bhandara District with an allocation of Rs 1.70 crore during 2003-06. The development plan included construction of Common Facility Centre (CFC), social intervention, design and technical development workshop, supply of tool kits, providing margin money, marketing compatibility and intervention managerial services, etc. The project was to be implemented through an NGO viz., Village Enterprise Development for Handicraft Artisans (VEDHA). During 2004-07 a total amount of Rs 1.12 crore was released to VEDHA and the entire amount was spent on purchase of plants and machinery (Rs 27.63 lakh), designs of handicrafts (Rs 16.92 lakh), training (Rs 20.79 lakh) gradation of material (Rs 11.53 lakh) and formation of SHGs (Rs 5.61 lakh) etc. The construction of workshops and Common Facility Centre (CFC) was not taken up as of March 2007.

The work of CFC building proposed to be constructed at a cost of Rs 39.67 lakh, was not started due to non-availability of land. Plants and machinery purchased and the designs of handicrafts procured could not be used due to non-availability of CFC building. Thus, even after lapse of three years the NGO could not complete the project and objectives of the scheme could not be fulfilled rendering the expenditure of Rs 1.12 crore unfruitful.

3.4.8.6 Unauthorised expenditure on providing electricity connections

Contrary to the instructions of Planning Commission, expenditure of Rs 1.19 crore was incurred on HTL, LTL, transformers

The DP of Bhandara District (2003-06) included a scheme of providing electric connection for 637 agricultural pumps, within a period of three years with an allocation of Rs 2.65 crore. As per the directives issued by the Planning Commission (November 2004), the expenditure on transformers, High Tension Line (HTL) and Low Tension Line (LTL) was not permissible from RSVY funds.

It was noticed that Rs 1.30 crore were paid to Maharashtra State Electric Distribution Company Ltd (MSEDCL), Bhandara during 2005-07 of which Rs 1.26 crore was spent by MSEDCL as of March 2007, on providing electric connections to 203 beneficiaries. The expenditure included Rs 1.19 crore towards cost of transformers, HTL and LTL which was inadmissible. Thirty nine (19 per cent) out of 203 beneficiaries to whom electric connections were provided by MSEDCL were not supplied with electric motors by the Agriculture Department of ZP, Bhandara resulting in infructuous expenditure of Rs 24.18 lakh.

Government stated (August 2007) that the scheme of providing electric connections has been discontinued after being pointed out by Audit.

3.4.8.7 Slow execution of works

In Nanded District only 23 out of 150 kitchen sheds and five out of 25 laboratory buildings were completed

With a view to provide facility of science education in rural areas, construction of laboratories for 25 high schools at a cost of Rs 75 lakh was included in the District Plan of Nanded District. Similarly, construction of 150 kitchen sheds at the estimated cost of Rs 1.50 crore was also included in the DP. Both the activities were to be completed within a period of three to six months from the date of work order. The work orders were issued by EE, Works Division, ZP, Nanded between March 2006 and June 2006 for completion of work in three to six months.

Out of 150 kitchen sheds, 23 were completed, 59 were in progress and 52 were under tender stage, while 16 works were cancelled by the EE (works), ZP, Nanded (September 2006) due to non-availability of land. Out of 25 works of construction of laboratories, five works were completed, 17 were in progress and three were under tendering stage as of February 2007.

Thus, slow progress of works resulted in denial of facilities to the students in rural areas even after spending Rs 57.88 lakh upto March 2007.

Government noted the facts and agreed (August 2007) to take action to speed up the construction works.

3.4.8.8 Payment of excess subsidy

Excess subsidy of Rs 1.70 crore was released to 7,505 beneficiaries in three districts

With a view to generate self employment through tree based farming system, a scheme of sustainable development of 1000 families of Sironcha Taluka with 100 *per cent* subsidy was included in the DP of Gadchiroli District as against the permissible limit of 50 *per cent* subsidy as per the RSVY guidelines. The scheme was implemented through a NGO named Maharashtra Institute of Technology Transfer for Rural Areas (MITTRA). Similarly, in two districts, subsidy in excess of 50 *per cent* was paid to 7,505 beneficiaries under five schemes during 2003-07 resulting in excess payment of subsidy of Rs 1.70 crore as detailed below:

(Rupees in lakh)

District	Scheme	Subsidy allowed as per DP (Per cent)	Excess subsidy (Per cent)	Expenditure incurred	Excess payment of subsidy	No .of beneficiaries
MITTRA (NGO) in Gadchiroli District	Sustainable development of 1000 families in Sironcha taluka	100	50	102.86	51.43	1012
Bhandara	Supply of fish seeds to fisherman	100	50	64.17	32.09	4132
Gadchiroli	Supply of Milch Animals	75 to 100 ⁶⁰	25 to 50	74.59	32.56	410
	Supply of Goats	75 to 100	25 to 50	45.65	22.83	100
	Supply of oil engines	75 to 90	25 to 40	188.83	31.32	1851
Total				476.10	170.23	7505

⁶⁰ Based on the category of the beneficiary (Caste, Community etc)

Government stated (August 2007) that such omissions would be avoided in future.

3.4.9 Monitoring and Evaluation

3.4.9.1 Monitoring by State level Steering Committee

The State Government was to set up a State Level Steering Committee under the Chairmanship of State's Chief Secretary with five other members including Secretaries of State Planning and Finance Departments, Chief Executive Officers of Zilla Parishads, State representatives of NABARD and an NGO. The Committee was to co-ordinate and ensure synergy between the departments and the agencies and monitor the progress through quarterly progress reports.

The quarterly progress reports were sent regularly to the Planning Commission by PDs but the meetings of the State level Steering Committee were not held regularly. Only two meetings were held in (September 2005 and June 2006) during the period 2003-04 to 2006-07.

The Empowered Committee of the Planning Commission (GOI) nominated (March 2004) NABARD to monitor the implementation of RSVY in the State.

In six⁶¹ out of nine districts, no reports on the monitoring of the scheme implementation by NABARD were available with the PDs.

The Government stated (August 2007) that the monitoring system would be strengthened and matter would be taken up with NABARD for proper monitoring on implementation of the scheme.

3.4.9.2 Mandatory Administrative Measures

As per the guidelines of RSVY, State Government was to follow the Mandatory Administrative Measures (MAM) of stability of tenure of at least two years for the District Commissioner/Collector/CEO and Heads of Rural Development Department i.e. Project Director of DRDA and transparency in selection, formation and implementation of projects by developing and maintaining a website to be updated weekly.

It was, however, observed that CEO, ZP and PDs, DRDAs of five⁶² districts were transferred frequently. The tenure of the CEOs, ZP and the PDs, DRDA ranged between one to 18 months and one to 27 months respectively.

The website required to be developed for transparency in the implementation of the scheme was developed only in Bhandara District.

The Government stated (August 2007) that in future efforts would be made for greater stability of PDs, DRDA and CEOs, ZP.

⁶¹ Ahmednagar, Gadchiroli, Gondia, Hingoli, Nanded and Nandurbar

⁶² Ahmednagar, Chandrapur, Dhule, Gondia and Hingoli

3.4.10 Conclusion

The implementation of the RSVY suffered due to delay in completion of work and consequent short release of funds by GOI. Agriculture productivity and employment generation was given low priority compared to the construction works. Instances of preparation of unrealistic district plan, improper inclusion of schemes in the District Plan, deviation from the approved District Plan, excess release of subsidy, expenditure on construction of buildings, purchase of vehicles, computers, formation of new SHGs *etc.* contrary to guidelines were noticed. Misreporting of expenditure by the PDs to avail the release of subsequent installment was noticed. The implementation of the RSVY was poorly monitored by the State Level Steering Committee.

3.4.11 Recommendations

- Inclusion of too many schemes/sectors in the District Plans should be reviewed.
- Government should ensure timely completion of works taken up under RSVY.
- Action to be taken against PDs who misreported expenditure to GOI.
- Monitoring at all levels be strengthened to ensure better utilization of RSVY funds.
- Timely release of funds to DRDA and other implementing agencies should be ensured.
- Implementation of the scheme as per approved District Plan may be ensured.

The matter was reported to Government in June 2007. The reply had not been received (August 2007).

**AGRICULTURE, ANIMAL HUSBANDRY, DAIRY
DEVELOPMENT AND FISHERIES DEPARTMENT**

3.5 Computerisation in Agriculture Department

Highlights

For computerisation of various administrative, technical and monitoring functions of Agriculture Department, Government appointed (June 1999) National Informatics Centre (NIC), Pune as the Turnkey Solution Provider (TSP). As of March 2007, expenditure incurred on computerisation was Rs 13.81 crore.

Six modules developed in October 2001 at the cost of Rs 33.55 lakh were not in use for want of trained staff.

(Paragraph 3.5.7.1)

In absence of the source code for modules, Department had to totally depend upon National Informatics Centre, Pune for modifications.

(Paragraph 3.5.7.2)

Logical access controls were absent making the software in use not reliable.

(Paragraph 3.5.7.3)

Web based application Agriculture Census was not updated and was not used for decision making for want of correct, complete and updated data, resulting in additional liability of Rs 14.85 crore in two districts.

(Paragraph 3.5.7.6)

3.5.1 Introduction

Government decided (October 1998) to computerise various administrative, technical and monitoring functions of Agriculture Department and appointed (June 1999) National Informatics Centre (NIC), Pune as the Turnkey Solution Provider (TSP). NIC was to develop 24 modules of which two modules were general modules useful for all departments (presently offline), 11 offline and 11 were online (internet/intranet based). During 1998-2000, Government provided funds for the computerisation plan of the Department. From 1 April 2000, the computerisation plan was being funded under the Centrally sponsored scheme 'Effective use of information technology for Agricultural development'.

As of March 2007, expenditure of Rs 13.81 crore on hardware (Rs 6.17 crore), networking (Rs 2.70 crore), software (Rs 0.76 crore) and other items (Rs 4.18 crore) was incurred.

3.5.2 Aims and objectives of the Department

Agriculture information is a service sector wherein activities for catering to the varied needs of the farmers are performed. It was thought that computerisation would help in assessing these needs in a more accurate way. The project proposal aimed:

- to develop database on various agro related activities based upon village level production plan,
- to assess international and intra-national information via internet facilities to provide inputs to the village plan,
- to establish two way communication for transfer of data and records thus saving on communication and travelling expenditure while implementing village plan,
- to process data for efficient reporting system,
- to simplify office work through the use of packages like information support for watershed development works, rainfall, crop census, soil testing/seed testing laboratory management, nursery management, personnel information system, progress of expenditure and training activities for improving the overall efficiency of the department at all levels of management.

3.5.3 Organisational set-up

Principal Secretary of Agriculture Department is the overall in-charge of the department. At State level, he is assisted by the Commissioner of Agriculture and five Directors at Pune, eight Joint Directors (JD) at Divisional level, 33 District Superintending Agriculture Officers (DSAO) and 332 Taluka Agriculture officers (TAO).

3.5.4 Audit objectives

The audit objectives were to assess whether:

- standard practices for development of modules by preparation of user requirement specifications (URS) and system requirement specifications (SRS) were followed;
- the data entered in the system was complete, correct and trustworthy;
- complete audit trail in the form of access control logs existed;
- departmental instructions for various hardware procurements were followed; and
- there was a proper and effective system for monitoring the implementation of the computerisation plan.

3.5.5 Audit criteria

Audit criteria against which the evidence was tested for the purpose of arriving at audit findings and conclusions were as follows:

- Best practices for IT development and implementation;
- Government Resolution (GR) issued by Directorate of Information Technology (DIT) as guidelines for computerisation and
- Departmental instructions.

3.5.6 Scope of audit and methodology

Performance audit of five⁶³ modules out of 24 modules developed and implemented by NIC in three⁶⁴ offices of JD, eight⁶⁵ DSAOs, and 80 TAOs along with test check of records at Mantralaya and Commissioner of Agriculture, Pune was conducted between April 2007 and May 2007. Selection of individual offices for test check was based on simple random sampling. Extraction and analysis of data was done by using Computer Assisted Audit Techniques (CAATs) where necessary. An entry conference was held with the Principal Secretary, Agriculture Department, Government of Maharashtra in March 2007. The replies from the Department were awaited (August 2007). Accordingly, exit conference could not be held.

Audit findings

3.5.7.1 Software development

According to the directions issued (December 1998) by DIT, the TSP was required to furnish the project implementation schedule. Time schedule for development, testing and implementation of the modules was neither prepared by the NIC, Pune nor insisted upon by the department. Sum of Rs 33.55 lakh was paid for development of six⁶⁶ modules (October 2001) to serve as a tool for monitoring the activities and for the management information system (MIS). Commissioner of Agriculture accepted (July 2007) that out of 24 modules, six⁶⁷ were not in use and seven⁶⁸ were partially used. Test-check of offices of eight DSAOs, 12 Sub DSAOs, 62 TAOs and five Soil Testing Laboratories revealed (April-May 2007) that none of the modules was available in 21⁶⁹ offices. Also out of 11 modules in use, four⁷⁰ modules were

⁶³ EGS Horticulture estimates, Soil Testing Lab Management, Agriculture census, Monitoring and evaluation of watershed activities, Pay Roll

⁶⁴ Kolhapur, Nasik, Pune

⁶⁵ Beed, Buldana, Gondia, Hingoli, Kolhapur, Nagpur, Nasik, Pune

⁶⁶ Crop estimation survey for fruits and vegetables, staff training and monitoring, agro poly clinic, model project plan for saturation index, monitoring and evaluation of watershed activities and taluka seed farm monitoring

⁶⁷ Estimation Package for Soil Conservation activities, Monthly Progress Report, Management for Taluka Seed Farming, MES of Agriculture and Natural Calamities.

⁶⁸ Horticulture nursery management system, Seed multiplication Farm Monitoring System, Staff training and monitoring, Agro Polyclinic and Farmers training, Frequently asked questions, Information System for watershed projects, MPR and scheme beneficiary information system.

⁶⁹ DSAO-1, SDAOs -3, TAOs -16 and STL -1.

⁷⁰ CES for Horticulture, Crop Estimation survey, Timely reporting of Agriculture and Crop Watch

not in use in any of the offices for want of trained staff. Thus, the modules remained unutilised for want of deployment and trained staff. The accountability for the deployment could also not be enforced due to the absence of the Project Implementation Schedule as required by the DIT. The purpose of computerisation thus could not be realised.

3.5.7.2 Absence of ownership of source code, modules and data

The instructions issued (December 1998) by DIT stipulated that all the modules developed for computerisation should be accompanied with detailed documentation about the modules. Similarly, the TSP should also provide the 'source code' within three weeks of acceptance of the modules by the user. The computerisation of the Agriculture Department started in 1999.

It was observed (May 2007) that the above requirements were not complied with by NIC and Department also did not insist upon complying with them.

Department did not train its staff to handle the system administrator work such as creating users and granting/revoking privileges. Also, domain expertise and separate IT cadre was not available in the department to handle the modules, data and databases.

The ownership of web based data rested with NIC, Pune, Commissioner of Agriculture (COA), Pune accepted the facts and stated (May 2007) that NIC is a government organisation and hence, the ownership of the source codes was retained with NIC, Pune.

Thus, in absence of proper documentation, ownership of source code, department had no means to monitor or control the system when required and was totally dependant upon NIC, Pune even after almost eight years of computerisation.

3.5.7.3 Inadequate logical access controls in modules

Initial access to the modules was to be controlled by 'user name and password'. For EGS horticulture module, access control was neither provided by NIC, Pune nor insisted upon by the department. Further, the 'user names and passwords' for modules test-checked (April-May 2007) have not been changed since their date of installation. Inadequate access control made the data base vulnerable.

3.5.7.4 Integration of software

NIC was to develop 24 application softwares to cater to the needs of the Department. As such, possibility of integration of the related modules ought to be explored at the initial stage of development of software as the functions of the Department were inter-related with each other. Due to non-linkage of these modules it was not possible to generate consolidated information required for MIS and decision support for policy makers. Thus, failure of the Department to anticipate the need of an integrated system at initial stage defeated the purpose of computerisation.

Department accepted the fact (July 2007) and stated that initially the modules were developed considering the usage in isolation. However, over a period of time a need was felt to link the modules/database. This shows lack of any strategic thinking while computerising the functions on part of the Department.

3.5.7.5 Duplication of work

During 1999, Department had developed 'Personnel Resource Information System' (PRIS) through NIC, Pune for capturing personal information of all the employees working in the Department. The input form was consisting of 21 pages. Accordingly, personal information of each employee was fed by the department. Subsequently, in the year 2006 General Administration Department developed internet based 'Sevarth' software through NIC, Pune for the same purpose for all the Departments with additional information consisting of six pages. Agriculture Department had to feed the data afresh in 'Sevarth' software based on new input form as NIC did not make provisions in the 'Sevarth' software for porting of data from the older versions of their software to the new software, that resulted in duplication of data entry works in respect of all employees in Agriculture Department leading to wastage of manpower and time. Department stated (July 2007) that the NIC was unable to develop a module for porting of the data from old module due to technical difficulties. This reply was not acceptable as NIC was also the TSP for the Department and it could not design an appropriate module for avoiding duplication of efforts, nor was this insisted by the Department.

3.5.7.6 Failure to update data

Government of India has been conducting Agricultural Census from 1970-71 with an interval of five years for agriculture planning by collecting information on agriculture such as number, area, tenancy, land utilisation, cropping pattern, irrigation facilities available *etc.* It was observed (April 2007) that data available in the Agricultural Census module of Government of India was not updated after the year 1995-96 and it also did not have data relating to 11 districts of Vidarbha Region. It was noticed (May 2007) that while other States had the option to update the data, Maharashtra State did not have the facility in the module. Commissioner of Agriculture stated (May 2007) that due to the non-cooperation of the field staff of Revenue Department, data on agricultural activities from 1995-96 was not collected. It was further stated that the work of data collection for 2000-01 had been taken up while the work for the year 2005-06 was yet to be taken up.

In absence of updated data, the statistical wing of the Department collects data on agricultural activities during *kharif* and *rabi* seasons. Similar data was also collected by the Talathis of Revenue Department. It was observed (April-May 2007) from the records of DSAO, Beed and Nasik that data for cultivation of cotton in Kharif season of 2005 from these sources varied upto 123 *per cent* as follows:

District	Area under cultivation as per the record of Commissioner of Agriculture	Area under cultivation as per the record of Revenue Department	Difference in the area of cultivation	Percentage of variation
	(Hectares)			
Beed	167200	286048.73	118848.73	71
Nasik	24052	53657.19	29605.19	123
Total	191252	339705.92	148453.92	

During *Kharif* 2005, cotton crop in some of the areas of the districts was badly affected by a disease (*Lalya* in Marathi). To compensate farmers from the loss of cotton crop due to this disease, Government announced (February 2006) compensation at the rate of Rs 1000 per hectare (ha) limited to two ha area affected by the disease. Scrutiny of records of compensation paid with DSAO, Beed and Nasik revealed (April-May 2007) that the area as worked out by the Revenue Department jointly with the Agriculture Department was considered for grant of compensation for loss of cotton crop in *Kharif* 2005 instead of area as per the records available in the Agriculture Department resulting in additional liability of Rs 14.85 crore on account of compensation to farmers.

It was also noticed that the Vasantrao Naik Shetkari Swawalamban Mission, Amravati created to implement packages for farmers in distress in six⁷¹ districts of Vidarbha (2005-06) did not have reliable data from Agriculture Department. It was seen that payment of compensation (Rs 129.46 crore) in the Vidarbha Region was made based on the area as per the records of the Revenue Department which was 5,47,885 hectares more than the area reported by Maharashtra Remote Sensing Application Centre (MRSAC) and 1,91,326 hectares more than that reported by DSAOs (**Appendix-3.13**).

Thus, the data on agricultural activities collected by the Department was incomplete and highly unreliable.

3.5.7.7 Procurement of hardware

➤ Procurement of computers in excess of requirement

SRS for computerisation envisaged use of 781 computers at various levels for running of the modules. It was observed (May 2007) that the department had 1032 computers as of May 2007 indicating that 251 computers purchased, at the cost of Rs 85.94 lakh, were in excess of requirements projected in the SRS. Commissioner of Agriculture stated (May 2007) that 22 computers were required for new talukas and due to increase in work load, new purchases were made. It was, however, observed in 21 offices that the modules developed by NIC were not in use and computers were provided to six⁷² offices without considering their effective use. Even after considering requirement of 22 computers for talukas there was excess procurement of 229 computers costing

⁷¹ Amravati, Akola, Buldhana, Washim, Wardha and Yavatmal

⁷² DSAO Hingoli, TAO Ashti, TAO Basmat, TAO Hingoli, TAO Motala and TAO Parshiwani

Rs 79.32 lakh. Thus, utility of computers purchased in excess of requirement was not justified.

➤ **Failure to use internet and intranet facility**

Department purchased 513 modems costing Rs 16.27 lakh during the period from 1999 to 2006 for availing of internet facilities in the State and connectivity among all offices from top to root level. It was observed (April-May 2007) in 45 offices out of 89 test-checked (53 *per cent*) that the modems provided were not used for transmission and uploading of data, sending and receiving e-mails etc. and were lying idle from last eight years. The officers accepted the non-use of modems and agreed to make efforts to keep the connectivity live by authorising field offices to get local vendor's connectivity and purchase new modems by replacing old faulty modems. As the modems were not in use, exchange of data and information was being made through postal services.

3.5.7.8 Disaster recovery plan

Back-up and restoration plan was to be prepared by the Department for on-site and off-site storage of the data files, softwares and related documentation so that in case of major disasters like flood, fire, earthquake, theft or continuous major power failure, operations could be resumed with minimum loss of time. In 86 *per cent* of the field offices (76) test-checked, the backup of data and copies of modules in use were not kept.

Hardware in TAO, Kalamnuri (District Hingoli) was completely damaged in a fire occurred on 29 May 2002. As the TAO did not have the copy of the module and the backup of the data and also the DSAO, Hingoli did not have copies of modules. After five years of the incidence the operations in TAO, Kalamnuri had not been resumed (May 2007) itself indicated the inadequate restoration plan.

3.5.8 Monitoring of IT-system

Department did not devise any specific system for monitoring implementation of the computerisation plan. Commissioner of Agriculture confirmed (May 2007) that core group or a committee to monitor the computerisation was not formed. It was further stated that the Directors concerned are supposed to monitor the development and usage of the software.

3.5.9 Conclusion

Computerisation plan in the Agriculture Department, taken up for implementation from 1999, was not implemented after investment of Rs 13.81 crore in absence of a proper IT strategy for its development, non preparation of URS and time frame for completion. This defeated the objectives of computerisation in the Department. Of the 24 application softwares, only five were being used and even these were partially implemented across the state. Ownership of source code, modules and web based data rested with NIC even after eight years of implementation leading to continued and total dependence on NIC rather than monitoring and

coordination with NIC. The Department did not develop in house capabilities to undertake to operations of the systems as it did not have trained manpower. The sustenance of performance of the computerised system in such a situation was doubtful. Integration of the modules, which should have been logical, to support any decision support system was not even conceived. The communication infrastructure was inadequate. The data contained in different modules were not updated and lacked reliability. It was not possible for the department to make informed decisions. The Department, thus, could not attain the objectives of computerisation as well as that of Agriculture Department wherein the agriculture information could cater to the varied needs of the farmers. The expenditure of Rs 13.81 crore apart from manpower, time and other resources went unutilised.

3.5.10 Recommendations

- Department may stipulate time frame for completion of development and implementation of all modules by NIC.
- The modules should be integrated to assist in decision making and providing relevant and timely information
- Training to the staff should be provided for making optimum use of the available modules and also to be able to operate the system themselves.
- Missing controls in the existing software should be inserted.
- The expenditure on any additional hardware should be justified and available resources be put to use.
- Necessary communication infrastructure should be in place to support the exchange of information across the modules and the State.

The matter was reported to the Principal Secretary to Government in June 2007. Reply had not been received (August 2007).