

CHAPTER IV

INTERNAL CONTROLS IN GOVERNMENT

Fisheries Department

4.1 Internal controls in Fisheries Department

Highlights

Internal control is an integral component of an organisation's management processes, which are established in order to provide reasonable assurance that the operations are being carried out effectively and efficiently, financial reports and operational data are reliable and the applicable laws and regulations are being complied with so as to achieve organisational objectives. An evaluation of the internal control system in the Fisheries Department revealed delayed submission of budget proposals, large savings, non-surrender of savings, non-adherence to the codal provisions regarding handling of cash, non-maintenance of records, improper implementation of schemes and inadequate monitoring.

Budget estimates were submitted late besides being unrealistic resulting in huge savings during 2004-05 to 2008-09. Against the budget provision of Rs 792.79 crore, only Rs 549.06 crore was spent resulting in saving of Rs 243.73 crore (31 per cent). Central grant of Rs 29.87 crore in respect of Centrally sponsored schemes could not be utilised.

(Paragraph 4.1.6.1 and 4.1.6.2)

Detailed contingent bills for Rs 53.12 crore in respect of 52 abstract contingent bills drawn during 1993-2009 were not submitted. Commissioner was not aware of the magnitude of the pendency. Two detailed contingent bills showed irregular payment of Rs 8.65 lakh.

(Paragraph 4.1.7.2)

Codal provisions regarding maintenance of cash book and handling of Government receipts were not adhered to.

(Paragraph 4.1.7.4)

No annual targets for fish production were fixed for 16 fish seed farms. Further, in respect of 10 fish seed farms, shortfall in fish seed production ranged between 19 and 75 per cent. Also, 38 fish seed farms incurred a loss of Rs 5.20 crore during 2004-05 to 2008-09.

(Paragraph 4.1.8.2)

Implementation of Centrally sponsored schemes was deficient due to absence of system for ensuring successful functioning and continuance of fish ponds constructed under ‘Development of Fisheries and Aquaculture’, non-establishment of targeted number of ice factories under ‘Preservation, Transport and Marketing’ and non-completion of large number of houses sanctioned for fishermen under ‘National Schemes for Welfare of Fishermen’.

(Paragraph 4.1.8.3)

Due to shortage in Group A and Group B posts, 19 Officers were holding dual charges, 11 officers were holding three charges and one officer was holding five charges increasing their span of control and affecting supervision in implementation of schemes

(Paragraph 4.1.9.1)

No internal audit was conducted till 31 March 2009 due to non-existence of internal audit wing in the Department.

(Paragraph 4.1.10)

4.1.1 Introduction

Internal controls are intended to give reasonable assurance that its operations are carried out according to laid down rules and regulations in an economical, efficient and effective manner. A built-in internal control system and adherence to codes and manuals minimise the risk of errors and irregularities and help the organisation to achieve its objectives with the optimum use of its resources.

Maharashtra has a coastline of 720 km, over three lakh hectares of fresh water area and 18,000 hectares of brackish water. This gives tremendous scope for development of fisheries in the State. The fish production in the State during 2007-08 was 4.20 lakh metric tonne. The revenue earned every year from the export of marine products during 2004-05 to 2007-08 ranged from Rs 1,102 crore to Rs 1,347 crore. Of the total population of 3.19 lakh fishermen in the State as of February 2009, 0.55 lakh were full time fishermen. The main objectives of the Fisheries Department are to increase the productivity from available and new water resources, improve the socio-economic condition of the fishermen who come from the weaker sections of the society and to develop infrastructure such as harbours and jetties, ice factories and cold storage *etc.*, for proper landing and processing of fish. Their activities also include imparting educational and occupational training to fishermen and encouraging new entrants to culture fisheries. The Department implements 12 Central schemes and 12 State schemes in order to achieve its objectives as listed in **Appendix 4.1**.

4.1.2 Organisational set-up

The Secretary, Fisheries Department is the head of the Department. The Commissioner of Fisheries, Mumbai (Commissioner) implements various

schemes for development of fisheries in the State and is assisted by six Regional Deputy Commissioners (RDCs) situated at Amravati, Aurangabad, Mumbai, Nagpur, Nashik and Pune. At district level, there are 31 Assistant Commissioners of Fisheries¹ (ACFs) one each for a district, 41 Fisheries Development Officers (FDOs), six Fisheries Training Officers (FTOs), subordinate officers and other supporting staff. There are 42 fish seed farms headed by FDOs/AFDOs.

4.1.3 Audit objectives

The audit objectives were to assess whether:

- the budgetary controls were adequate and effective;
- expenditure controls and management of cash were effective;
- operational controls were adequate to achieve the objective of the Department in economic, efficient and effective manner;
- organisational controls and monitoring mechanism were adequate; and
- Internal Audit arrangements and vigilance mechanism were effective.

4.1.4 Audit coverage

A review of the internal control mechanism in the Fisheries Department was conducted during January to May 2009 by test-check of the records for the period 2004-05 to 2008-09 at the Mantralaya, offices of the Commissioner of Fisheries, six RDCs, eight² ACFs, four³ FTOs and a Project Officer at Dapchary in Thane District. Monthly progress reports in respect of 38 fish seed farms were examined in the offices of the RDCs. Out of five coastal districts, three districts were selected on random sampling basis. Similarly, five out of the remaining 26 districts were also selected on random sampling basis. An entry conference was held in February 2009 with the Secretary, Fisheries Department, to discuss the audit objectives. The audit findings were also discussed with the Secretary in an exit conference held on 18 September 2009. The Secretary while appreciating the report, stated that the findings and recommendations would help the Department to take necessary and appropriate action to strengthen the internal control mechanism in the Department.

4.1.5 Audit criteria

The audit criteria adopted were :

- Departmental Manual;
- Maharashtra Budget Manual (MBM);

¹ No separate district offices have been started in four districts viz. Hingoli, Mumbai suburban, Nandurbar and Washim

² Amravati, Aurangabad, Mumbai, Nagpur, Nashik, Pune, Raigad and Thane

³ Raigad, Satpati, Vasai and Versova

- Bombay Financial Rules (BFR);
- Maharashtra Treasury Rules (MTR); and
- Government orders and instructions issued from time to time.

Audit findings

4.1.6 Budgetary control

Control over budget and expenditure is essential for optimal utilisation of limited resources to achieve the objective of the Department. The shortcomings noticed in preparation of the budget estimates and in expenditure controls are detailed in the succeeding paragraphs:

4.1.6.1 Belated submission of budget proposals

According to the provisions contained in Para 29 of MBM, budget estimates for a financial year are to be consolidated by the head of the Department based on the proposals received from subordinate offices and submitted to the Government by 15 October of preceding year. It was noticed that there were delays ranging from one to three months in sending budget estimates to the Government during the years 2004-05 to 2008-09.

Further, in order to facilitate timely consolidation and submission of the budget estimates, the Commissioner had fixed a target date every year. The target date was between 19 July and 4 August for the RDCs, for submission of their budget proposals for the years 2004-05 to 2008-09. None of the test-checked RDCs, except RDCs Nashik and Aurangabad, had adhered to the prescribed time schedule. RDCs attributed the delays (6 to 139 days) to belated receipt of budget proposals from ACFs. The reply was not tenable because none of the RDCs had fixed target dates for ACFs for submission of their budget estimates.

The delay in submission of the budget estimates hampered the proper vetting of these estimates and preparation of budget without considering the actual requirement of the subordinate offices. This resulted in inflated budget estimates every year as discussed in the following paragraph.

4.1.6.2 Inflated budget proposals

According to para 30 of the MBM the budget estimates should be prepared with great care and should receive the personal attention of the officers who submit them in order to ensure that the estimates are neither inflated nor under-pitched. It was noticed that there were persistent savings, both under the revenue and capital heads during the years 2004-05 to 2008-09, as indicated in **Table 1**.

There were delays ranging from one to three months in submission of Budget estimates to the Government during the years 2004-05 to 2008-09

Table 1: Table showing savings during 2004-05 to 2008-09

(Rupees in crore)

Year	Nature of grant	Original Budget Estimate	Supplementary grant	Total grant	Expenditure	Savings	Amount surrendered	Amount not surrendered	Percentage of savings to total grant
2004-05	Revenue	31.85	2.90	34.75	32.73	2.02			6.34
	Capital	24.43	2.01	26.44	21.74	4.70			19.24
	Total	56.28	4.91	61.19	54.47	6.72	5.26	1.46	10.98
2005-06	Revenue	25.35	129.02	154.37	83.66	70.71			45.81
	Capital	14.93	0.00	14.93	10.18	4.75			31.82
	Total	40.28	129.02	169.30	93.84	75.46	62.27	13.19	44.57
2006-07	Revenue	182.59	nil	182.59	107.65	74.94			41.04
	Capital	20.03	nil	20.03	14.82	5.21			26.01
	Total	202.62	nil	202.62	122.47	80.15	57.50	22.65	39.56
2007-08	Revenue	137.89	0.03	137.92	101.67	36.25			26.28
	Capital	16.96	nil	16.96	13.15	3.81			22.46
	Total	154.85	0.03	154.88	114.82	40.06	38.38	1.68	25.87
2008-09	Revenue	135.36	42.96	178.32	143.70	34.62	33.05		19.41
	Capital	25.68	0.80	26.48	19.76	6.72	6.25		25.38
	Total	161.04	43.76	204.80	163.46	41.34	39.30	2.04	20.18
Total (2004-09)				792.79	549.06	243.73	202.71	41.02	

Source: Finance and Appropriation accounts

While the savings under the revenue in 2004-05 was only Rs 2.02 crore, the same ranged between Rs 34.62 crore and Rs 74.94 crore during 2005-06 to 2008-09. However, under the capital heads the savings ranged between Rs 3.81 crore and Rs 6.72 crore during 2004-05 to 2008-09.

Forty nine per cent of total Central share in respect of Centrally sponsored schemes was surrendered during 2004-09

Scrutiny revealed that the Department surrendered Central grants aggregating to Rs 29.87 crore, which accounted for 49 per cent of the total Central share in respect of various Centrally Sponsored Schemes, provided in the State budget during 2004-05 to 2008-09. The Commissioner cited lack of interest shown by the beneficiaries and delay in getting receipt of sanction/grant from the Government of India as the main contributory reasons for the surrender. This indicated that the budget provisions were made without ascertaining the viability of the schemes and requirement of funds.

Para 170 of MBM stipulates that the controlling officers need to take great care in submitting proposals for supplementary appropriations. The supplementary provision actually obtained if found unnecessary or excessive, will be treated as an irregularity. It was noticed that almost the entire supplementary provisions remained unutilised during the years 2004-05 and 2008-09.

The significant variations between the total provision and actual expenditure in all the years indicated deficiency in budgeting and weak budgetary controls.

4.1.6.3 Non-surrender of savings

Savings ranging from Rs 1.46 crore to Rs 22.65 crore were not surrendered during 2004-09

As per para 173 of MBM, the controlling officers need to surrender savings to the administrative departments prior to the last day of February. It was seen (Table 1) that against the total savings of Rs 243.73 crore during 2004-05 to

2008-09, savings ranging from Rs 1.46 crore to Rs 22.65 crore were not surrendered during the years 2004-05 to 2008-09. This indicated a weak budgetary and expenditure control. This also deprived the Finance Department an opportunity to re-appropriate funds to other needy departments.

4.1.6.4 Registers of expenditure and liabilities

To exercise effective control over expenditure, para 155 (i) of MBM stipulates that the controlling officer should obtain from the disbursing officers a monthly liability statement in Form 12 before tenth day of each month commencing from the month of September in each financial year. Similarly, sub para (iv) *ibid* provided that every controlling officer should maintain a register of expenditure in Form 10 for effective control of expenditure and see that the figures entered in the register are up to date.

The Commissioner, as controlling officer, is required to allot budget provision to various subordinate offices, receive monthly progress reports of expenditure, liabilities and forward consolidated monthly statement of expenditure to the Government, and monitor expenditure against budget allotment. It was noticed that the Register of Expenditure and Register of Liabilities were not maintained by 11⁴ offices test-checked and monthly expenditure statement covering all major heads was not sent to the Commissionerate. The Commissioner also did not insist on furnishing of statements by the field offices. The Commissioner could not, therefore, periodically monitor the actual expenditure *vis-à-vis* budget allotment which resulted in savings and non-surrender of funds at the end of the financial year. While accepting the fact the Department stated (January 2009) that the requisite expenditure control registers would be maintained.

4.1.7 Expenditure controls and cash management

4.1.7.1 Rush of expenditure in the month of March

As per Para 155 (iii) of MBM, the controlling officers/drawing and disbursing officers are required to keep a watch on progress of expenditure and ensure that there are no major excesses or savings. The expenditure is to be evenly distributed from month to month as per the provisions of grants available. The position of the total expenditure under plan and non-plan and total plan expenditure for each year *vis-à-vis* expenditure during the last month of the financial years during 2004-05 to 2008-09 is indicated in **Table 2**.

⁴ Mantralaya, Commissioner, RDC Amravati, Aurangabad, Mumbai, Nagpur, Nashik and Pune and ACFs Amravati, Nagpur and Pune

Table 2: Expenditure for the year vis-à-vis expenditure in the month of March

(Rupees in crore)

Year	Plan and Non-Plan expenditure			Plan expenditure		
	Total expenditure	Expenditure during March	Percentage to total expenditure	Total Plan expenditure	Expenditure during March	Percentage to total expenditure
2004-05	55.12	34.71	62.97	40.36	31.58	78.25
2005-06	96.58	70.05	72.53	26.51	19.71	74.35
2006-07	125.50	31.70	25.26	28.53	15.48	54.26
2007-08	121.12	31.48	25.99	32.06	12.08	37.68
2008-09	179.95	48.61	27.01	52.51	30.10	57.32

Source: Appropriation Accounts

It can be seen from the above table that the total plan and non-plan expenditure incurred during March each year ranged from 25 to 73 *per cent* of the total expenditure, while the plan expenditure alone incurred in March each year ranged from 38 to 78 *per cent*. Rush of expenditure in the closing month of the financial year indicated weak expenditure control within the Department.

4.1.7.2 Submission of detailed contingent bills

As per Rule 303 of the MTRs and instructions issued by the Government from time to time, detailed contingent (DC) bills in respect of amounts drawn on abstract contingent (AC) bills are to be submitted within one month from the date of drawal of AC bills. It was however, noticed from the records/accounts of the Accountant General (Accounts and Entitlement) that contrary to the above provisions, DC bills for Rs 53.12 crore in respect of 52 AC bills drawn during 1993-94 to 2008-09 were not submitted as of March 2009. Hence, the actual utilisation of the amounts could not be ascertained. Out of this, one bill for Rs 20 crore related to 2008-09, three bills for Rs 33 crore related to 2005-06 pertained to reimbursement of value added tax (VAT) on high speed diesel (HSD). The remaining 48 bills for Rs 12 lakh were for the period from 1993-94 to 2000-01. Commissioner stated (June 2009) that the magnitude of the pendency in the settlement of DC bills was not brought to his notice and the concerned DDOs were being addressed in the matter. The reply indicates the lack of a control in the Department for watching the prompt settlement of AC bills. The non-submission of DC bills is fraught with the risk of misappropriation of Government money.

In order to mitigate the additional burden of sales tax on HSD due to the introduction of VAT from April 2005, the State Government requested the oil companies to supply HSD to the fisheries societies without charging the sales tax and submit a weekly claim of VAT to the Commissioner for payment. For payment of such claims, the Government sanctioned Rs 13 crore and the amount was drawn by the Commissioner on two AC bills in April and June 2005. The Commissioner was to open a separate personal ledger account for this purpose. However, it was noticed that the amount was kept in a current account of ICICI Bank instead of in a personal ledger account. Scrutiny of the DC bills submitted in July 2008 revealed the following irregularities.

DC Bills for Rs 53.12 crore in respect of 52 AC bills drawn during 1993-2009 were not submitted; Commissioner was not aware of the magnitude of the pendency

Examination of DC bills indicated excess/suspected fraudulent payment of Rs 8.65 lakh

- Though the reimbursement was not authorised beyond June 2005 and the unutilised amount in the current account was credited to Government account on 26 September 2005, the DC bills included two invoices dated 17 November 2005 each depicting an expenditure of Rs 1,01,753 and another invoice dated 26 November 2005 for Rs 46,095. Out of the two invoices dated 17 November 2005 one was a certified copy of the other invoice bearing the same number and date resulting in a suspected fraud of Rs 1,01,753 (**Appendix 4.2**).
- Similarly, in case of two societies, against Rs 5.57 lakh admissible for reimbursement, the amount shown as reimbursed in the DC bill was Rs 11.33 lakh indicating overpayment of Rs 5.76 lakh (**Appendix 4.2**).
- The payment of Rs 18,09,313 was made to the oil companies for the reimbursement of VAT on HSD supplied to three societies, as per the DC bills. However, as per the encasement made on the respective invoices, the amount of VAT worked out to Rs 17,08,046. Invoices in support of the balance of Rs 1,01,267 were not available on records. This indicated excess reimbursement of Rs 1,01,267 (**Appendix 4.2**). Further, invoice in support of the payment of Rs 86,524 made to Bharat Petroleum Corporation Limited for supplying 12 kiloliters HSD to a society, was not available on the records. Possibility of excess payment could not be ruled out.

The Commissioner stated (February 2009) that the irregularities pointed out by audit would be rectified in due course.

4.1.7.3 Outstanding utilisation certificates

Rule 149 read with Appendix 22 of BFR inter-alia provided that before submission of the utilisation certificates (UCs) to the Accountant General, the Heads of the Departments should ensure that conditions attached to the grant are fulfilled. For this purpose it contemplated devising of a machinery to keep an effective and constant check to see that the amount of grant is utilised and applied fruitfully for the purpose for which the grant was intended. However, such machinery to keep effective and constant check of grants-in-aid disbursed was not established in the Commissioner's office.

Utilisation certificates for Rs 8.16 crore for the period 2002-08 were outstanding

The Commissioner stated (July 2009) that due to shortage of staff it was not possible to have the required check for utilisation of grant by each and every office till such time Government creates a separate wing for this purpose. He further stated that UCs were directly sent by DDOs to Accountant General and his office was not keeping any track on the pendency of UCs. As per information furnished by the Commissioner, 270 UCs in respect of grants-in-aid of Rs 8.16 crore disbursed during the period from 2002-03 to 2007-08 were pending as of March 2009. Out of this 96 UCs for Rs 6.29 crore pertained to the period 2002-03 to 2005-06. Delay in submission of UCs for such long periods increases the risk of misutilisation of funds by the

beneficiaries. The Commissioner, as controlling officer, thus, failed to ensure timely submission of UCs by his subordinate offices.

4.1.7.4 Maintenance of cash books

Codal provisions related to maintenance of cash book were not adhered to by various drawing and disbursing officers

Scrutiny of the cash books and related records in 17 offices revealed that the provisions contained in the MTR as well as BFR to prevent fraud and misappropriation of cash were flouted by many offices, as discussed in the following paragraphs :

- (i) As per Rule 51 of BFR security bonds were to be obtained from the cashiers. It was, however, observed that in five⁵ offices no security bonds were obtained from the cashiers.
- (ii) As per Rule 55 of BFR, to minimise the risk of misappropriation, the head of the office was required to conduct a surprise verification of cash balance once a month and certify that the cash balance with the cashier was in order. It was noticed that in 10⁶ offices, the heads of the offices did not conduct surprise verification of cash balances for periods ranging from 32 to 60 months.
- (iii) Rule 98 (2)(ii) of MTR provided that all monetary transactions should be entered in the cash book as soon as they occur and should be attested, including corrections if any, by the head of the office in token of check. Eight⁷ offices did not comply with this requirement for periods ranging from two to 51 months.
- (iv) It was noticed that 469 receipts for Rs 1.83 lakh issued between 28 January 2008 and 20 February 2009 along with challans remitting the moneys in treasury were not entered into the cash book by the Licensing Officer (LO), Uttan working under ACF, Thane. In yet another case, the LO, Murud working under ACF, Raigad had recorded eight transactions in the cash book on receipt side as well as on payment side on the date of remitting the amount into Government account between 25 March 2008 and 14 July 2008, though the collection was made between 15 March 2008 and 28 June 2008. Thus, LOs Uttan and Murud did not adhere to the provisions contained in Rule 98 (2) (ii) of MTR to ensure proper accountal of Government money and to avoid its misutilisation.
- (v) Rule 98 (2)(iv) of MTR provides drawal of a detailed abstract of closing balances and enfacement of signed certificate by the head of the office after physical verification of cash balance at the end of each month. It was observed that in six⁸ offices, detailed abstracts were not drawn for

⁵ Mantralaya, Commissioner, RDC Mumbai and ACFs Mumbai and Raigad

⁶ Mantralaya, Commissioner, RDCs Amravati, Mumbai and Nashik and ACFs Aurangabad, Mumbai, Nashik, Pune and Thane

⁷ Commissioner, RDCs Amravati, Mumbai and Nashik and ACFs Mumbai, Nagpur, Nashik and Thane

⁸ RDCs Amravati and Nashik and ACFs Mumbai, Nashik, Nagpur and Pune

periods ranging from seven to 57 months. Further, in seven⁹, offices physical verification of cash balance was not carried out for periods ranging from 19 to 59 months.

(vi) Note 3 below Rule 277 of the MTR provided maintenance of a bill register by the head of the office authorised to draw money from the treasury. It further provided that a gazetted officer should review the register every month and record the result in it. It was observed that eight¹⁰ offices had not followed this codal provision during 2004-05 to 2008-09.

(vii) Cash book of LO, Satpati called for by Audit in September 2007 in a regular audit was not made available. On reporting this non-compliance, ACF Thane conducted a special audit in September 2008 and established that LO, Satpati had not written the cash book for the periods from 1 July 2005 to 31 August 2005 and from 7 March 2007 to 31 August 2008. He also reported that LO, Satpati misappropriated Rs 3.62 lakh during this period as indicted below:

Licensing Officer had neither entered transactions relating to licence fee aggregating to Rs 1.53 lakh recorded in the Licence Register in the cash book nor issued receipts thereof to the parties during the above period.

As per the original receipts issued to the seven loanees, as verified from them by the Department, they refunded Rs 2,91,062 between October 2005 and October 2006 towards National Co-operative Development Corporation (NCDC) loan. However, LO, Satpati depicted recovery of only Rs 2,31,581 in the office copies of the receipts and the entries in the loan recovery register thereby understating the receipt by Rs 59,481.

An amount of Rs 1.50 lakh recovered towards NCDC loans and licence fee between 30 October 2006 and 25 August 2008 were not entered in the cash book.

ACF reported this matter to RDC, Mumbai in November 2008. However, the memorandum seeking explanation and notices were issued by the Commissioner's Office to the LO who indulged in the fraud and the concerned ACF only on 25 March 2009 after the demise of the concerned LO on 16 February 2009 in an accident.

Being the Head of the Office, ACF Thane was responsible to ensure that cash books in all the offices under his jurisdictions were closed regularly and completely checked as per Rule 98 of MTR 1968. Further, an onus rests with him as per this rule to verify the totalling of the cash book or have this done by some responsible subordinate other than the writer of the cash book, and initial

⁹ Mantralaya, Commissioner, RDCs Amravati and Nashik and ACFs Aurangabad, Mumbai and Nashik

¹⁰ Commissioner, RDCs Amravati, Mumbai, Nashik and Pune and ACFs Nagpur, Pune and Raigad

it as correct. Thus, the discontinuance of the cash book writing for the periods from 1 July 2005 to 31 August 2005 and from 7 March 2007 to 31 August 2008, which facilitated the above fraud was due to the lack of supervision by ACF Thane. Even as of June 2009 the Department had not fixed any responsibility for the laxities in supervision in this case.

4.1.7.5 Adherence to the provisions regarding realisation and accounting of Government receipts

Non-tax receipt of the Department constitutes lease rent of tanks/reservoirs, licence fees for fishing and sale of fish seed. The details of non-tax receipts realised by the Department during 2004-05 to 2007-08 are as in **Table 3**.

Table 3: Details of non-tax receipts realised (Rupees in crore)

Year	Lease rent of tanks		Licence fees		Sale proceeds of fish seeds		Total	
	BE	Actual	BE	Actual	BE	Actual	BE	Actual
2004-05	3.20	3.51	0.16	0.12	0.79	0.76	4.15	4.39
2005-06	2.97	2.79	0.16	0.14	1.14	1.06	4.27	3.99
2006-07	2.97	3.33	0.16	0.14	1.13	1.06	4.26	4.53
2007-08	3.94	3.80	0.02	0.14	1.25	0.99	5.21	4.93
Total	13.08	13.43	0.50	0.54	4.31	3.87	17.89	17.84

In this regard it was noticed that various control measures provided in the codes to streamline the revenue realisation were not followed.

As per para 148 of MBM, the Controlling Officer was to see that all sums due to Government were regularly and properly assessed, realised and credited into the Government account. Further, the Controlling Officer has to obtain monthly accounts claiming credit by RDCs and ACFs and compare it with the statement of treasury credits furnished by the Accountant General (Accounts and Entitlements). Any discrepancy noticed in remitting the amounts, is to be reconciled with the officer concerned. However, it was observed that the receipt statements were not obtained by the Commissioner from the subordinates *viz.*, RDCs and verified during the period from 2004-05 to 2008-09, as required. The Commissioner stated (January 2009) that necessary action would be taken to adhere to the rules.

Records of five¹¹ RDCs and two¹² ACFs test-checked in audit revealed that as of March 2009, amounts of Rs 32.13 lakh towards sale of fish seeds and Rs 90.66 lakh towards lease rent of tanks for the period from 1972-73 to 2008-09 were outstanding for recovery. The Department had not made any endeavor to identify the bad and doubtful dues for obtaining write off sanction from the Government.

¹¹ RDCs Aurangabad, Amravati, Nagpur, Pune and Nashik

¹² ACFs Raigad and Thane

As per Para 157 read with Appendix 3(3) of MBM, the head of the office was to carry out reconciliation of revenue receipts with the records maintained by the treasuries and forward a reconciled statement to the Controlling Officer. It was, however, noticed that RDC Aurangabad and ACF Nagpur had not prepared the reconciliation statement for the period from April 2004 to March 2009 and from July 2008 to March 2009 respectively. Thus, reconciliation was not done with the Treasury Officers. Further, no records were available with RDC, Nashik, to ascertain whether these statements were prepared for the period from April 2004 to May 2006. Though reconciliation statements were prepared and sent to Treasury Officers for verification, correctness of the statements duly certified by Treasury Officers were not ensured by two¹³ RDCs, four¹⁴ ACFs, three¹⁵ LOs, two¹⁶ FTOs and by AFDO, Dapchary for periods ranging from one month to 51 months. In the absence of the certified statement of remittances from Treasury Officers, the correctness of remittances made into Government account by respective offices could not be ensured.

As per Rule 106 of MTRs, stock account of money receipt books was to be maintained by the indenting authorities. It was noticed that in respect of 22 money receipt books obtained (November 2008) by ACF, Mumbai from Yeravada Central Prison Press, Pune and eight licence books from RDC, Mumbai in January 2009, no record indicating receipts and subsequent utilisation of the money receipts was maintained. Similarly, LO, Murud working under ACF, Raigad had not maintained the stock account of blank receipt books and licence books. In absence of the required stock account the possibility of misuse of receipts in cash book could not be ruled out.

4.1.7.6 Recovery of loan

Prescribed procedure for recovery of loans was not followed by the ACFs

Government provides loans and share capital to fisheries societies and loans to group of fishermen for mechanisation of fishing boats and for Preservation, Transport and Marketing (PTM). The loan is disbursed through the ACFs, who are to maintain the loan accounts and recover the loan along with interest. In order to effect prompt recovery of loan, the Manual of Office Procedure of Fisheries Department enunciated that (i) when the installments fall due, notices to make the payments should be sent to the loanee, (ii) if the payment is not made within a period of one month from the period of notice, a first warning should be issued followed by second and third warnings and (iii) if the party fails to pay the dues even then the case should be referred to the Collector of the District concerned, for initiating revenue recovery cases.

The outstanding loans and the interests as on 1 April 2004 were Rs 19.77 crore and Rs 4.10 crore respectively as per the Department's performance budget for

¹³ RDCs Nashik and Pune

¹⁴ ACFs Amravati, Nashik, Nagpur and Raigad

¹⁵ LOs Dahanu, Edavan and Uttan

¹⁶ FTOs Raigad and Vasai

2006-07. It was noticed that the outstanding loans and the interests registered a steep increase and stood at Rs 43.39 crore and Rs 17.92 crore respectively as of 1 April 2008. Against this, loan of Rs 10.35 crore and an interest of Rs 1.07 crore only were recovered during 2008-09. This indicated that the recovery system of loan and interest in the Department was weak. Scrutiny of the related records revealed the following lapses in the three districts *viz.*, Mumbai, Raigad and Thane out of the eight test-checked districts.

- Loan amount outstanding and the interest accrued had not been communicated to the loanee annually and pursued by issue of reminders as enunciated in the manual.
- Particulars of the defaulters had not been communicated by ACFs of the respective district to the Collector for recovery of dues as land revenue.
- Records maintained did not indicate whether penal interest at three *per cent* was charged from defaulters.
- There were no records to show that the loanee's mechanised crafts had been insured and policies kept alive till the recovery of entire dues.
- Departmental Manual provided that diesel subsidies due to the fisherman should invariably be adjusted against the outstanding loans/interest, if any. A test-check of the disbursement of diesel subsidy by the ACF, Raigad revealed that contrary to these instructions in 16 cases only 50 *per cent* of the diesel subsidy amounting to Rs 0.19 crore was adjusted during 2005-06 to 2008-09 against the defaulted loan of Rs 0.75 crore.
- It was also observed in audit that there was no recovery since 1977-78 in respect of nine other loans provided for cyclone, drought, applied nutrition programme, co-operative fisheries project *etc.*, aggregating to Rs 1.72 crore and interest of Rs 1.31 crore as shown in **Appendix 4.3**.

The Commissioner stated (June 2009) that though the progress was reviewed every month, special care would be taken to identify bad debts, reasons for increase in arrears of loans and interest and proposal would be submitted to the Government for expediting the recovery. He also stated that, the procedures as contemplated in the Manual of Office Procedure would be adopted.

4.1.8 Operational Controls

Operational controls provide assurance that tasks are being performed economically and efficiently to fulfill the Department's objectives. Deficiencies noticed in operational controls in the Department are discussed in the following paragraphs:

4.1.8.1 Efficiency in increasing fish production

One of the main objectives of the Department is to optimise the fish production from available and new water resources by extending the area of operation and by increasing productivity. In the case of marine fisheries, the Department identified the need to extend the area of fishing up to 110 mt fathom from the existing 75 mt fathom and increasing the length of the mechanised boats from 13 mt to 16 mt. Introduction of modern technology such as use of various petrol saving devices, introduction of coastal aquaculture practice of oyster, mussel, sea weeds and providing information of fishing potential zone in time to the fishermen were some of the other steps being taken by the Department to increase the marine fish production. To increase the existing production in the inland fisheries, the Department gives emphasis to improve its fish seed production farms, to operate all 42 farms to their optimum capacity, to lease maximum number of tanks and reservoirs to fisheries co-operative societies for fish seed stocking and fish production. The position of fish production, both marine and inland, during the period 2003-04 to 2007-08 is indicated in **Table 4**.

Table 4: Position of inland and marine fish production (in tonnes)

Year	Region wise production of Inland fish							Total marine fish production	Total fish production
	Konkan	Nashik	Pune	Aurangabad	Amravati	Nagpur	Total		
2003-04	2,217	12,730	10,431	17,641	19,719	62,382	1,25,120	4,20,077	5,45,197
2004-05	4,700	11,553	13,751	18,225	18,917	54,034	1,21,180	4,17,854	5,39,034
2005-06	4,100	10,834	15,311	20,525	20,140	64,294	1,35,204	4,45,343	5,80,547
2006-07	2,088	12,329	13,628	23,538	19,406	60,859	1,31,848	4,64,090	5,95,938
2007-08	N.A.	13,376	15,233	23,977	19,658	64,388	1,36,632	4,19,815	5,56,447
Total	13,105	60,822	68,354	1,03,906	97,840	3,05,957	6,49,984	21,67,179	28,17,163

Source: Fish Production report 2006-07 and information furnished during entry conference with the Secretary, Fisheries Department.

The fish production increased marginally during 2006-07 and again declined in 2007-08

It was observed that the total fish production increased marginally up to 2006-07 and again declined in 2007-08. While in inland fishing, production in Konkan region declined drastically during 2006-08, total marine fishing in the State also declined during 2007-08. In fact, production of 5.96 lakh tonnes attained in 2006-07 was less as compared to 6.06 lakh tonnes of fish production attained in 1996-97. Thus, the main objective of the Department *i.e.*, increase the production and productivity of fish was not achieved, particularly during 2007-08. Contributory reasons for decline/not registering increase in fish production in other regions as the one attained in Aurangabad and Nagpur regions were not reviewed by the Commissioner for initiation of appropriate intervention programme on a time-bound and result oriented manner.

The Commissioner stated (June 2009) that since the Government of India (GoI) had introduced a new scheme for collecting statistical data of fish production from the inland sector which was more reliable and accurate than the present information being collected through societies and from lease holders, it would now be possible to make proper assessment of fish

production. The reply has to be viewed in the light of the fact that though the new scheme was conceived by the GoI in December 2003, orders for implementation of same in the State were issued in October 2004. However, till March 2009 the scheme has not been implemented. The reply further indicated delayed and inadequate management information system in the Department and poor monitoring of the implementation of schemes.

The Secretary attributed (February 2009 during entry conference) the reduction in marine fish production to deep sea fishing, unauthorised fishing due to insufficient patrolling for want of boats, fishing of young/pre-mature fish during ban period, environmental degradation due to industrial effluents, failure to ensure ban on using smaller nets and combing of the sea bed by bottom trawling, uprooting and destroying the flora and fauna on the floor of the sea which is the breeding ground and source of food for the fish. Though the Department was aware of the main reasons for the reduction in marine fish production, there were no records to show that adequate remedial measures were initiated. The Department stated (June 2009) that it had submitted (November 2006) an action plan for development of various activities such as Reservoirs fisheries development, deep sea fishing and tuna processing, mari-culture, post harvest processing, coastal aquaculture *etc.*, amounting to Rs 307.09 crore for 2006-12 to National Fisheries Development Board (NFDB). However, after deliberations, a detailed Action Plan was submitted only in February 2009 and approved in June 2009. The lack of remedial action taken has to be viewed in the context of under utilisation of funds during 2004-05 to 2007-08 as discussed in para 4.1.6.2.

4.1.8.2 Fish seed production

The fish seed production during 2007-08 was 15.89 crore against potential of 29.62 crore

Fish seed stocking is one of the major components for the development of the fisheries sector. Though the Department recognised that development of both Inland Fisheries and Brackish Water Fisheries largely depends on the stock of fish seed, as against the stocking capacity of 63.27 crore fish seed, the stock of fish seed could be increased from 42.02 crore in 2003-04 to 43.53 crore in 2007-08. Further analysis of the fish seed production from 42 fish seed farms in operation in the State during 2003-04 to 2007-08 indicated that as against the potential to produce 29.62 crore fish seed *per annum* in water spread area of 3,16,998 hectares, actual fish seed produced from these farms was 16.01 crore (54 *per cent*) in 2003-04, 9.59 crore (32.38 *per cent*) in 2004-05, 8.34 crore (28 *per cent*) in 2006-07 and 15.89 crore (53.66 *per cent*) in 2007-08.

Operational performance of the 38 fish seed farms for the period from 2004-05 to 2008-09 as per the performance reports available in the RDCs' offices as detailed in **Appendix 4.4** revealed the following:

- During the years 2004-05 to 2008-09 no annual production targets for fish seed production were fixed for 16 farms. Further, targets were fixed only for one year for three farms; two years for seven farms and four years for two farms.

- None of the fish seed farms had achieved the annual targets for all the five years during 2004-05 to 2008-09. While only one fish seed farm (Kate-Purna in Akola) had achieved the annual targets for two years, four¹⁷ farms had achieved the targets for only one year. In the remaining farms, the shortfall in achievement of targets was within the range of 19 to 75 *per cent* during the years 2004-05 to 2008-09.
- During the above period 38 fish production farms incurred a total loss of Rs 5.20 crore being the excess of expenditure over the revenue realised.

RDCs attributed the shortfall in production of fish seeds to environmental factors, *viz.*, rain, temperature as well as water supply besides lack of repairs, maintenance and renovations of the farms. The reply indicated that the Department needs to take corrective steps *viz.*, modernisation and repairs to tanks to address these operational deficiencies with the requisite intervention measures.

4.1.8.3 Implementation of schemes

Deficiencies in control mechanisms in planning, programming and operation of the Department is evident in the execution of various schemes as discussed below:

Construction of new ponds by Fish Farmers Development Agency

A Centrally sponsored scheme on “Development of Inland Fisheries and Aquaculture” was under implementation in the State. The scheme for development of freshwater aquaculture and brackish water aquaculture were implemented by the Fish Farmers Development Agency (FFDA). In addition it also aimed at development of cold water fisheries and aquaculture, water logged areas, productive utilisation of Inland Saline/Alkaline Soils for aquaculture and Integrated development of Inland Capture resources (reservoirs/rivers *etc.*). Expenditure on developmental activities was shared on 75:25 basis by the Government of India and the State Government. The GoI share in respect of all the items was given in the form of grant-in-aid as per the approved norms. Subsidy on cost of construction within the prescribed ceiling on these items was given only once to a beneficiary. Subsidy element for the construction of new ponds was 20 *per cent* for all the farmers except SC/ST for whom it was 25 *per cent* subject to a ceiling of Rs 2 lakh per hectare and Rs 3 lakh per hectare in plain areas and hilly districts respectively. During 2004-05 to 2007-08 subsidy aggregating Rs 67.82 lakh (GoI Rs 53.98 lakh and State Government Rs 13.84 lakh) was paid to 2,170 beneficiary fishermen for construction of ponds covering an area of 173.48 hectares. It was noticed that the inspection of the ponds, to assess successful functioning and continuance of fish farming by the beneficiaries was not carried out by the Department. Further, no agreement was entered into with the beneficiaries to

There was no system for ensuring successful functioning and continuance of the fish ponds constructed by the beneficiaries with Central assistance

¹⁷ Koradi in Buldhana, Isapur in Yavatmal, Hadpsur in Pune and Ujani in Solapur

maintain the ponds and continue the fish production. This depicted absence of any system for ensuring continuous operational success of the scheme and fruitful utilisation of the subsidy paid to the beneficiaries.

Preservation, transport and marketing of fish

Success of the Fisheries sector to a great extent depends on the infrastructure facilities available to proper preservation, speedy transport and timely marketing of the fish. The schemes for preservation transport and marketing (PTM) of fish provides insulated boxes on boat, establishment of ice factory, ice making machine and cold storage at the landing sites for maintaining the quality of fish. Assistance under this scheme is provided to Fishermen Co-operative societies and Federation only for the purchase of transport vehicles and for construction of ice factories, cold storage and godowns. Scrutiny of the scheme revealed the following:

During 2004-08 only three trucks were procured for transportation of fish against a target of 54 trucks and only two ice factories were established against the target of 25 factories

(i) It was observed that the Department utilised only Rs 7.57 crore (34 *per cent*) as against the provision of Rs 22.56 crore during 2005-06 to 2007-08 under the scheme. As against 54 trucks targeted for procurement for transportation of fish only three trucks were procured during 2004-05 to 2007-08. Further, against the target for construction of 25 ice factories only two had been established during the period. Non-receipt of proposal from the fisheries co-operatives and non-approval of proposals in respect of procurement of truck and setting up of ice factory by NCDC were the main reasons attributed by the Department for underutilisation of funds and non-achievement of contemplated physical targets. Persistent under-utilisation of funds and non-achievement of contemplated physical targets indicated failure of the Department in according the desired thrust in this sector.

(ii) Based on the proposal submitted by Adivasi Koli Machchimar Vividh Karyakari Sahakari Sanstha, Srivardhan, District Raigad, in November 1997, Department accorded approval for the construction of ice factory and cold storage at a cost of Rs 95 lakh and sanctioned Rs 85.50 lakh under NCDC scheme. Department released Rs 58.10 lakh only between June 2004 and April 2007 for this project. Though the building for ice factory and cold storage was constructed, installation of machinery and equipment were pending even as of May 2009. Inordinate delay in establishment of ice factory and cold storage indicates operational lapses in monitoring as also non-existence of any mechanism to ensure that the envisaged infrastructure was set up with reasonable expedition to accrue the contemplated benefit.

(iii) Government accorded administrative approval for construction of jetties at Karanja, Taluka Uran and at Jeevana Taluka Srivardhan in July 2004 and June 2005 respectively. However, detailed technical study for these two jetties was commenced by the West Bengal Fisheries Corporation at Pune and at Calcutta respectively only in January 2009. Construction of the jetties had not commenced as of May 2009.

Development of model fishermen villages

Out of 2,064 houses sanctioned by GoI till 2008-09, 390 were not completed and 735 were not yet taken up

“National Scheme of Welfare of Fishermen” a Centrally sponsored scheme contemplated development of model fishermen villages. Active fishermen identified by the State Government, preferably the fishermen below the poverty line and landless fishermen including the fishermen owning land or *kutchra* structure in the inland and marine sectors were eligible for houses under this scheme. GoI sanctioned 2,064 houses in 22 districts under this scheme till 2008-09. As of March 2009, construction of 939 houses was completed and construction of 390 houses was in progress. RDCs stated in February/March 2009 that due to non-availability of land and delay in identifying the eligible beneficiaries, the work of construction of remaining 735 houses could not be taken up till March 2009. Records showing the taking over of 939 completed houses along with completion certificates from the respective District Rural Development Agencies and their distribution to the beneficiaries were not available either with RDCs or the Commissioner. The Commissioner stated (January/June 2009) that the details would be ascertained from the subordinate offices. This indicated that the implementation of the scheme was not monitored adequately by the Commissioner.

4.1.8.4 Maintenance of records

Failure to maintain various registers regulating recurring items of expenditure, effecting prompt recovery of advances and safeguarding Government interest against fraudulent claim were noticed as illustrated below:

There was failure to maintain various registers for safeguarding Government interest

As per resolution dated 3 October 1988, Government granted assistance on purchase of inboard/outboard engines for non-mechanised boats to below poverty line (BPL)/low income group (LIG) fisherman, subject to the condition that no grant for the same purpose was paid to him earlier. To avoid undue aid to the fisherman while paying grant, the ACFs had to maintain a control register. However, no such register had maintained by ACF, Mumbai during 2004-05 to 2008-09.

As per resolution dated 9 September 1982, financial assistance to the extent of 50 per cent of the cost of the nylon twine/thread was payable as subsidy to the fisheries societies subject to maximum of five kg of nylon twine per member. It was stated that the nylon twines were distributed to the members of the societies in the presence of the officials of the Department. Five¹⁸ ACFs incurred an expenditure of Rs 85.58 lakh on payment of subsidy during 2004-05 to 2008-09. However, the societies did not furnish to the concerned district officers the receipts from the fishermen in token of disbursement of nylon twine. The system of distribution of material without keeping any records would lead to pilferage of material which would remain undetected by the Department and Audit.

¹⁸ Amravati, Nagpur, Nashik, Pune and Raigad

As per Government resolution of April 2008, the legal heirs of the deceased fishermen, who lost their lives in natural calamities *viz.*, cyclone, rough sea *etc.*, were provided financial assistance of Rs 50,000 up to 31 May 2008 and Rs one lakh with effect from 1 June 2008. The Commissioner had disbursed Rs 9.50 lakh to the legal heirs of 16 deceased fishermen in 2008-09 through ACFs of six¹⁹ districts. However, none of the ACF had made available the acknowledgements in support of the disbursements made.

Government sanctioned a package of Rs 23 lakh for construction of Fish ponds under Prime Minister's Relief Package to be implemented in 2006-07 to 2008-09 to supplement the source of income of the farming community of the suicide prone five districts in Amravati Region and one district in Nagpur region. Of this, Rs 19.69 lakh was spent and the balance of Rs 3.31 lakh remained unutilised with the regional authorities as of March 2009. However, acknowledgements of beneficiaries in token of receipt of subsidy of Rs 16.73 lakh from RDC, Amravati and Rs 1.39 lakh by RDC, Nagpur disbursed during 2008-09 were not available on the records of the respective RDCs.

As per the Government resolution of October 2001, tanks/reservoirs could be leased out for a period of five years at a time. The security deposits collected from the tenderer/bidder, were not noted in a register by six²⁰ offices to exercise checks on the proper receipts and refunds of the deposits on due dates as also to prevent irregular refund of deposits. The Department agreed (May 2009) to maintain the deposit register.

While disbursing various advances *viz.*, house building advance, motor cycle advance, computer advance, festival advance *etc.*, to the officials, the Commissioner and six²¹ other heads of offices have not maintained advance registers for watching timely recovery of advances as enunciated in note 6 below rule 142 C of BFR. Further, the Department has not ensured that immediately on completion/purchase of the house the same was mortgaged to the Government as security for repayment of the loan as enunciated in Rule 5 and Appendix 26 of BFR. While accepting the fact, the Department agreed (June 2009) to take appropriate corrective action as per the BFR.

As per provisions of section 6(1) of the MMFR Act, 1981, the owner of a fishing vessel has to make an application to the LO for grant of fishing licence for using vessel in any specified area. Further, as per section 6(6) and 7 *ibid* the validity of licence issued is for three years and fishing without valid licences is to be treated as an unauthorised fishing. As per information furnished by the RDCs, against 18,388 valid licences as of December 2008, 23,508 fishing vessels were available in Maharashtra. However, neither RDC,

¹⁹ Chandrapur, Gondia, Raigad, Ratnagiri, Sindhudurg and Thane

²⁰ RDCs Aurangabad and Nashik and ACFs Amravati, Nagpur, Pune and Raigad

²¹ RDCs Amravati, Mumbai and Pune and ACFs Amravati, Pune and Raigad

Mumbai nor ACFs Mumbai, Raigad and Thane had a detailed record showing total number of licences issued and renewed during the particular year to watch the timely renewal of licences and to exercise checks on unauthorised fishing.

4.1.8.5 Patrolling

There was shortage of patrolling boats

Maharashtra Maritime Fishing Regulation (MMFR) Act, 1981 provides for the regulation of fishing, which includes prohibition of fishing in any specified area by such class or classes of fishing vessels, restriction of the number of fishing vessels which may be used in a specified area, restriction in catching specified species of fish in any notified area for specific periods *etc.* However, it was observed that the Department was dependent on hired boats for patrolling. While one boat each has been assigned to Raigad, Ratnagiri and Sindhudurg Districts, one boat was being shared by Mumbai, Mumbai Suburban and Thane Districts. During the entry conference, the Secretary accepted that the one boat which was being shared between Mumbai and Thane Districts was not sufficient for patrolling the entire coastline. This indicated that the patrolling machinery to ensure the provisions of the MMFR Act was inadequate.

4.1.8.6 Revision of Manual

The Departmental Manual prepared in January 1967 has not been revised

The Department of Fisheries was formed in 1945. For the guidance of the staff, the Department prepared a Manual of Office Procedure in January 1967. Many changes have taken place subsequently such as enactment of MMFR Act in September 1981, which laid down regulations of fishing by fishing vessel in the sea along the coast of Maharashtra. This Act, among other things, contemplated constitution of Appellate Board, laid down conditions for regulation, licensing procedure and submissions of various returns by the owners of registered fishing vessels, penalties that can be enforced by the enforcement officers *etc.* Similarly, many changes have taken place on implementation of schemes for grant of subsidy on fisheries requisites, additional incentives for fish farming, grant-in-aid to Fish Farmers Development Agency *etc.* Accordingly, administrative orders/Government resolutions were issued on these issues. However, the Department has not revised its manual ever since it was published in 1967, to incorporate the changes that have taken place subsequently.

4.1.8.7 Training to fishermen

The Department conducts two six monthly training courses for fishermen commencing from January and July every year on “Principles of navigation, operation of fishing gear and engine maintenance”. As per Government resolution of April 1997, 22 trainees were to be trained per course. Trainings are imparted by the FTO and the Mechanical Instructor. Scrutiny revealed that the attendance in 18 out of the 30 courses conducted during 2004 to 2008 by FTOs, Satpati, Vasai and Versova out of four test-checked was less than 10. However, there was steep increase in the number of trainees who attended

in the last three courses conducted by FTO, Raigad in 2007 and 2008 and ranged from 50 to 78 against the prescribed number of 22 trainees per course.

It was further noticed that a training boat costing Rs 17.50 lakh issued to FTO, Satpati was lying idle since January 2004, after the retirement of the then operator. An expenditure of Rs 4.14 lakh was incurred during 2004-05 to 2008-09 (up to January 2009) on pay and allowances of the watchman appointed to safeguard the boat. Though more number of trainees were attending FTO, Raigad, Department has not made any efforts to redeploy the boat to FTO, Raigad by filling up the vacant post of operator. This indicated operational deficiencies in utilisation of training infrastructure facilities to the optimum.

4.1.9 Organisational controls

The organisational controls such as manpower management, conducting of inspection/field visits, disposal of disciplinary cases, dead stock management *etc.*, were rendered weak due to the factors discussed below:

4.1.9.1 Manpower

Efficient functioning of the Department depends upon the availability of requisite manpower and proper management of the available manpower. Sanctioned posts in the Department as of April 2004 were 1,456. Sequential to a manpower review sanctioned posts in the Department were pegged down to 1,050 in March 2007. The sanctioned strength, men-in-position and vacant posts of the Department as of March 2008 and 2009 are indicated in **Table 5**.

Table 5: Men in position *vis-à-vis* sanctioned strength

Cadre	Sanctioned strength as of 31 March			Men in position as of 31 March		Vacant post as of 31 March		Percentage of short falls as of 31 March	
	2004	2008	2009	2008	2009	2008	2009	2008	2009
Group A	59	59	59	24	23	35	36	59	61
Group B	55	74	74	40	34	34	40	45	54
Group C	746	589	589	451	454	138	135	23	23
Group D ²²	596	328	328	328	328	nil	nil	nil	nil
Total	1456	1050	1050	843	839	207	211	20	20

In the manpower review, while a Group B Post *viz.*, Accounts Officer (Finance) was cancelled, 20 additional Group B posts (16 FDOs, three Administrative Officers and one Recovery Officer) were created afresh taking total Group B sanctioned posts to 74. The Department justified creation of additional 20 Group B posts on functional reason and to assist the Group A officers. However, the fact that as of March 2009, 40 Group B posts remained vacant even after justifying the increased work load under this category and sanction of additional 20 Group B posts in 2007 depicts lack of concern of the Department in addressing the increased work load in this cadre. The vacant

Shortage of Group A and Group B posts resulted in holding additional charges, affecting supervision in implementing schemes

²² Sepoy, Watchman, Gardner, Laboratory Attendant, Security Guard, Coast Guard *etc.*

posts in the Group B cadre (40) comprised of 29 FDOs, four FTOs, two each of Recovery Officers and Administrative Officers and one each of Maintenance Engineer, Curator and Training and Extension Officer.

The vacant Group A posts as of March 2009 (36) consisted of four Joint Commissioners, three RDCs and the rest ACFs.

Due to shortages in Group A and Group B posts, 19 Officers were holding dual charges, 11 Officers were holding three charges and one Officer was holding five charges as illustrated in the footnote²³. Holding dual charges resulted in increasing their span of control affecting supervision in implementation of various schemes. Commissioner stated (June 2009) that posts would be filled in soon so as to implement the schemes effectively.

The Department was operating 73 Group D posts and 10 Group C posts in excess of strength sanctioned after the manpower review in 2007. These 83 posts were declared (June 2009) surplus and made these posts personal to the present incumbents subject to the condition that as and when they vacate the position held by them due to retirement/resignation/promotion or otherwise, these posts will lapse. The Department could have ascertained the need of these posts in other departments for their possible redeployment.

Existence of large number of vacancies in the Group A and Group B posts and retention of 83 surplus posts in the Group C and Group D post indicated that the manpower management was not satisfactory.

4.1.9.2 Inspection and field visits

The departmental manual did not contain any provisions for conducting periodical inspections of the Office of the Commissioner, by the Government Department or of the various regional and district offices by the Commissioner, or the district offices by the RDCs. The Department had also not laid down any norms for conducting field visits by the Commissioner or by RDCs, or other Officials of the Department. Particulars of the field visits made by the Commissioner and the Secretary during 2004-05 to 2008-09 though called for have not been made available to Audit. The Commissioner stated (June 2009) that RDCs and other senior officers visit the field as per requirement.

It was, however, observed that though RDCs conducted review meetings within their regions, there was no uniformity in the periodicity of such meetings. Further, the deliberations in the earlier meetings were not subjected

²³ FDO Buldhana was holding the additional charges of ACFs, Akola, Washim, Buldana and FDO Akola. RDC, Pune was holding the additional charge of RDC, Nashik ACF/Technical (Brackish Water) was holding the additional charges of ACF (Fish Seed) and ACF, Inland at the Commissionerate
FTO Versova was holding the additional charges of ACF, Mumbai and ACF Mumbai Suburban
FDO, Brahmपुरi was holding the additional charges of ACFs, Gondia and Chandrapur

There was no provision of periodical inspection of offices

to review in the subsequent meeting so as to ensure that appropriate follow up action was taken thereby rendering such review meetings ineffective. Three RDCs at Amravati, Aurangabad and Nagpur had not kept the minutes of their review meetings. Thus, the monitoring mechanism in the Department was not systematic.

4.1.9.3 Pending disciplinary cases

There were large number of pending disciplinary cases

As of March 2009, 33 cases related to anticorruption, vigilance and enforcement and departmental enquiry cases due to negligence in performing duties were pending for settlement. Out of this 18 cases pertained to the period prior to 2004-05 and the remaining 15 cases pertained to the period from 2004-05 to 2008-09. On further analysis it was noticed that 14 cases and 10 cases related to 10 Class I Officers and nine Class II Officers respectively and pertained to acceptance of bribe, irregular grant of financial assistance, negligence towards levy of penalties in respect of delayed payments, sexual harassments *etc.* The pendency of large number of cases indicated inadequate action on the part of the Department for their early settlement. The Commissioner stated (June 2009) that only one official was entrusted with disciplinary cases. He further stated that vigilance mechanism/squad would be established as and when sufficient staff was made available. The proposal submitted to the Government in this regard was, however, not produced to audit despite specific request.

4.1.9.4 Dead stock register

As per provisions contained in the Maharashtra Contingent Expenditure Rules 1965, annual physical verification of inventories of dead stock articles is to be conducted in the month of June every year and a certificate to that effect is to be recorded in the register by the head of office. This had not been done by four²⁴ out of 17 offices inspected. Hence, it could not be ensured whether all the articles shown in the register were actually available.

4.1.10 Internal Audit

The internal audit wing was not made fully operational

The Manual of Office Procedure of the Department of Fisheries states that the onus of carrying out the internal audit rest with the accounts branch of the Department. In the light of observations by the CAG and recommendations made by the Public Accounts Committee, Finance Department directed (January 2007) to all the Departments of the Government to review the internal control mechanisms especially of the internal audits and to ensure that the internal audit is carried out regularly and effectively and the audit observations are offered to improve their functioning. However, no internal audit was conducted till 31 March 2009. It was noticed that an Administrative Officer and an AFDO were posted in Internal Audit Wing and the posts of Superintendent, Senior Clerk and Junior Clerk were lying vacant as of May 2009.

²⁴ Mantralaya, Commissionerate, RDC Mumbai and ACF Mumbai

4.1.11 Lack of response to statutory audit

The Accountant General arranges to conduct periodical inspection of Government departments to test-check their transactions and verify the maintenance of important accounting and other records. The inspections are followed up with Inspection Reports which are issued to the heads of the offices inspected with copies to the next higher authority. A half yearly report on pending inspection reports is sent to the Secretary of the Department to facilitate monitoring compliance to audit observations. Rule 43 of the BFRs states that every Department should take prompt action to settle the outstanding audit objections.

As of March 2009, 216 paragraphs issued upto December 2008 by the Accountant General (Audit) were outstanding for settlement from 1988-89 onwards. Of these 68 paragraphs were pending for settlement for more than five years.

An analysis revealed that out of the 216 outstanding paragraphs, 83 pertained to recoveries (Rs 9.18 crore), eight to irregular payments (Rs 1.20 lakh), 26 to nugatory/wasteful expenditure (Rs 1.48 crore), 19 to avoidable and excess expenditure (Rs 59.12 crore), 48 to idle investment/blockage of funds (Rs 7.70 crore) and the remaining 32 to procedural irregularities. During the period 2004-05 to 2008-09, no audit committee meetings were conducted by the Department.

The above pendency indicated lack of proper response to Audit by the various units and inadequate follow up by the Commissioner and Government.

4.1.12 Conclusion

The control system in the Fisheries Department was weak and inadequate. There were deficiencies like belated submission of budget proposals, preparation of inflated budget estimates as evidenced by huge savings, underutilisation of Central grants, lack of feed back from unit offices for monitoring the expenditure, lapses in realisation of dues to Government, pendency of DC bills and UCs, improper maintenance of cash book, non-reconciliation of receipts *etc.* The Departmental Manual was not updated. There were inadequacies in operation controls like non-monitoring of schemes, dwindling fish production, non-operation of fish seed farms to optimum capacity *etc.* Implementation of the Centrally sponsored schemes for providing houses to fishermen, development of inland fisheries through construction of new ponds and for preservation, transport and marketing of fish by setting up of ice factories and purchase of trucks, was poor. There were large number of vacancies in Group A and B posts culminating in holding dual charges which adversely affected supervision in implementation of various schemes. Surplus posts in the Group C and Group D post were retained. Large number of disciplinary cases were pending. The Internal Audit Wing was not established in the Department up to March 2009.

4.1.13 Recommendations

- Realistic budget estimates should be prepared as per provisions in the budget manual to avoid large savings or excesses. Savings should be surrendered in time so that the funds can be used for other needy areas.
- Adherence to the provisions regarding receipt, disbursement and accounting of Government money should be ensured by the heads of offices to prevent misappropriation and frauds.
- Government should improve the functioning of fish seed farms by carrying out timely repairs and maintenance as well as modernisation.
- Government should take necessary action for setting up of the proposed ice factories for preservation of fish.
- The departmental manual should be updated for smooth functioning of the Department.
- The internal audit wing should be established on priority basis.

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

Mumbai,
The

(RAJIB SHARMA)
Principal Accountant General (Audit)-I,
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Countersigned

New Delhi,
The

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