

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

on

General and Social Sector

for the year ended March 2012

**GOVERNMENT OF MAHARASHTRA
Report No.3**

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P R E F A C E

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

CHAPTER - I

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Chapter I : Introduction

1.1 About this Report

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

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

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

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in working of the two Boards, significant audit observations made during the audit of transactions and follow up on previous Audit Reports. Chapter II of this Report contains findings arising out of performance audit of two selected Boards. Chapter III contains observations on audit of transactions in Government departments and autonomous bodies. Chapter IV contains observations on the Chief Controlling Officer (CCO) based audit of the Women and Child Development Department.

1.2 Audited Entity Profile

The Principal Accountant General (General & Social Sector Audit), Maharashtra conducts audit of the expenditure under the General and Social Services incurred by 19 departments in the State at the Secretariat level and eight autonomous bodies. The departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/Commissioners and subordinate officers under them.

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

Table 1 : Summary of fiscal operations

(₹ in crore)

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

(Source : Finance Accounts of the respective years)

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

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

1.3 Authority for audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The C&AG conducts audit of expenditure of the Departments of Government of Maharashtra under Section 13¹ of the C&AG's (DPC) Act. The C&AG is the sole auditor in respect of eight autonomous bodies which are audited under sections 19(2)², 19(3)³ and 20(1)⁴ of the C&AG's (DPC) Act. In addition, the C&AG also conducts audit of 878 other bodies/authorities, under Section 14⁵ of the C&AG's (DPC) Act, which are substantially funded by the Government. Principles and

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

² Audit of the accounts of Corporations (not being Companies) established by or under law made by the Parliament in accordance with the provisions of the respective legislations

³ Audit of the accounts of a corporation established by law made by the Legislature of a State on the request of the Governor, in public interest

⁴ Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the C&AG and the Government

⁵ Audit of (i) all receipts and expenditure of a body or authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated Fund of the State in a financial year is not less than ₹ one crore

methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007, issued by the C&AG.

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

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



1.5 Planning and conduct of Audit

The audit process starts with the assessment of risk faced by various departments of the Government, based on expenditure incurred, criticality/ complexity of activities, the levels of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. During 2011-12, 7,484 party days were used to carry out audit of 549 units (compliance audit and performance audits) of the various departments/ organisations. The audit plan covered those units/entities which were vulnerable to significant risks as perceived by Audit.

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

1.6 Significant audit observations

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

1.6.1 Performance audits of programmes/activities/departments

The present Report contains two performance audits and one CCO based audit of a Government Department. The highlights of these performance audits and CCO based audit are given in the succeeding paragraphs.

1.6.1.1 Working of the Maharashtra Maritime Board

The Maharashtra State has a coastline of 720 kms with 48 minor port limits from Dahanu on the North to Kiranpani on the South covering five coastal districts *viz.*, Mumbai Suburban, Raigad, Ratnagiri, Sindhudurg and Thane, known as the Konkan coast of Maharashtra. The onus for the development of minor ports rests with respective State Maritime Boards. Government of Maharashtra established the Maharashtra Maritime Board (MMB) in 1996 as an autonomous authority to promote cargo movement by developing the ports, enforce Maritime Acts and Rules, develop inland water transport, carry out hydrographic surveys, acquire modern survey equipments, flotillas, navigational aids to carry out its activities efficiently.

A performance audit covering the period 2007-12 revealed that MMB did not formulate any long term plan for the development of ports and therefore, the development of port activities was done in an ad-hoc manner. MMB did not streamline the port development activities by identifying and prioritizing the projects for development through Public Private Partnership. Out of the six ports taken up under Public Private Partnership with envisaged cargo handling of 100.23 million tones per annum, only two ports having cargo handling capacity of 10.8 million tonnes per annum were operational as of December 2012. MMB awarded the development of all the six ports without inviting competitive bids. Seven out of eight inland water transport projects approved under the Centrally Sponsored Schemes during 2003-06 were incomplete/not started even as of December 2012. No objection certificates for sand extraction were issued in two districts where moratorium was in force. MMB did not take any action against the unregulated boat building activities. Regional Port Officers of MMB registered the vessels without certificate of survey issued by the Chief Surveyor-cum-Marine Engineer. There was shortfall in conduct of annual survey of vessels *vis-à-vis* total registered vessels. MMB did not follow the provisions of the Act while conducting examinations for competency certificate. The High Power Committee constituted by Government to review various port projects did not discuss the issues related to valuation of land, extending concessional wharfage charges prior to commencement of commercial operation of the port, review of projects under inland water transport *etc.* in the meetings. There were vacancies in key posts and monitoring was lax. Non-levy and short-levy of fees/charges for various services rendered by MMB indicated weak internal

controls. As of March 2012, there was huge surplus fund mainly due to unspent Government grants.

1.6.1.2 Mumbai Building Repairs and Reconstruction Board

In the island city of Mumbai there are many old buildings built before 1940 and the rents paid by the tenants were frozen at the 1940 rates as per Bombay Rents, Hotel and Lodging Houses Rates Control Act, 1947. Since landlords received very little rent they did not show interest in maintaining the buildings and many of them were on the verge of collapse. Therefore, the State took upon itself to repair and, wherever necessary, reconstruct these buildings. For this purpose, the State Government established the Mumbai Building Repairs and Reconstruction Board (MBRRB) in 1971 under the Bombay Buildings Repairs and Reconstruction Act, 1969 for carrying out repairs or reconstruction of dangerous cessed buildings.

A performance audit covering the period 2007-12 revealed that out of 19,642 cessed buildings identified, MBRRB reconstructed or redeveloped only 1,482 cessed buildings. The planning was deficient in the absence of priority list of cessed buildings which required structural repairs and lack of time bound plans for reconstruction and redevelopment. The poor recovery of cess and service charges had an impact on the finances of MBRRB thereby impeding its ability to carry out repairs and reconstruction works. Delays in the reconstruction and redevelopment of cessed buildings and consequent shortfalls in meeting the targets on one hand led to dislocation of 7,872 tenants from the cessed buildings who continued to occupy the transit tenements for period ranging from one year to over 25 years, while on the other hand, 627 surplus tenements received from developers were lying vacant for more than 20 years without allotment. The shortfall in built-up area to be surrendered by the developers to MBRRB, lack of supervision/inspections of tenements to prevent unauthorised encroachments, which stood at a staggering 43 *per cent*, indicated inadequate internal controls in the Housing Department in safeguarding the assets. The master list of persons accommodated in transit camps was not adequately maintained to ensure transparency and equity in allotment.

1.6.1.3 Audit of Women and Child Development Department

The objectives of the Women and Child Development Department are to improve the socio-economic status of women particularly rural women and reduce mortality and morbidity of children in the age group up to six years.

Audit of Women and Child Development Department for the period 2007-12 revealed that there was no mechanism in the Department for assessing the number of children in need of care and protection, as a result, the planning for establishment of children's home was skewed. Monitoring by the Department was lax in that there was significant shortfall in holding of meetings by district level rehabilitation committees, while, district inspection committees were not constituted. The vigilance squad at the apex level was non-existent for long period to oversee the operations of anganwadi centres. There was also shortfall in inspection of children's homes and anganwadi centres by District Women and Child Development Officers and Child Development Project Officers respectively. The mentally deficient children having special needs and

requirements were not rehabilitated adequately. Various individual benefit schemes run by the Department for empowerment of women incurring sizeable expenditure were not effective in the absence of any follow up and impact assessment mechanism. More than 70 *per cent* of the total cases registered under Domestic Violence Act, 2005 during 2008-11 were yet to be heard and relief granted to the victims. The institutional arrangements made by the Department for rehabilitation of inmates of children's homes and beggars' homes through vocational education and training were not satisfactory. Under Supplementary Nutrition Programme (ICDS), there were gaps between the recommended dietary allowance and the actual dietary intake of the beneficiaries. Take Home Ration was not tested for its nutritional value on regular basis. There were delays in placing of demand for Take Home Rations and other raw material leading to feeding interruptions in the anganwadi centres for significant periods.

1.6.2 Compliance audit of Government transactions

During compliance audit, significant deficiencies were noticed in critical areas, which impacted the effectiveness of the State Government. Some important findings of compliance audit (five paragraphs) have been included in this Report.

The major observations relate to:

- Non-compliance with rules and regulations;
- Audit against propriety and cases of expenditure without adequate justification; and
- Failure of oversight/governance

1.6.2.1 Non-compliance with rules and regulations

For sound financial administration and control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This helps in maintaining financial discipline and prevents irregularities, misappropriation and frauds. This report contains an instance of non-compliance with rules and regulations shown as under:

- Failure of the School Education Department to plan and implement the Central Scheme of continuing education for neo-literates in Chandrapur district in an effective and efficient manner led to unfruitful expenditure of ₹ 103.65 lakh.

(Paragraph 3.1.1)

1.6.2.2 Audit against propriety and cases of expenditure without adequate justification

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money. Audit scrutiny revealed an instance of impropriety and extra expenditure shown as under :

- Inept handling of contract for procurement of a bio-medical waste system by Dr. V.M. Government Medical College, Solapur and the

Medical Education and Drugs Department not only led to an infructuous expenditure of ₹ 1.85 crore, it eventually led to engagement of a private agency for the same work at a recurring monthly expenditure of ₹ 48,500.

(Paragraph 3.2.1)

1.6.2.3 Failure of oversight/governance

Government has an obligation to improve the quality of life of the people in the area of health, education, development and upgradation of infrastructure, public services *etc.* Audit noticed instances where funds released by the Government for creating public assets remained unutilised/ blocked or proved unfruitful/ unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. Test-check revealed failure of oversight/governance involving ₹ 6.81 crore as detailed under:

- The University of Mumbai failed to implement the SAP-ERP project for computerisation of its administrative processes in collaboration with the contractor despite time lapse of more than four years and an expenditure of ₹ 3.01 crore.

(Paragraph 3.3.1)

- The Home Department incurred an avoidable financial liability of ₹ 78.81 lakh by inviting fresh tenders for body building on 42 number of troop carrier chassis after time lag of 17 months. While the new troop carriers remained unavailable for policing for significant period, the warranty on 42 chassis acquired between April and July 2010 at a cost of ₹ 3.15 crore expired in July 2011.

(Paragraph 3.3.2)

- Grant Government Medical College and Sir J.J. Group of Hospitals, Mumbai is saddled with 42 ventilators High End (ICU), procured centrally at a cost of ₹ 3.01 crore, for 33 months due to non-procurement of air compressor units.

(Paragraph 3.3.3)

1.7 Lack of responsiveness of Government to Audit

1.7.1 Inspection reports outstanding

The Principal Accountant General (Audit) arranges to conduct periodical inspections of Government departments to test-check their transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with IRs which are issued to the heads of the offices inspected with copies to the next higher authorities. Half yearly reports of pending IRs are sent to the Secretaries of the concerned departments to facilitate monitoring of action taken on the audit observations included in these IRs.

As of 31 December 2012, 4,407 IRs (14,922 paragraphs) were outstanding. Year-wise details of IRs and paragraphs outstanding are detailed in **Appendix 1.1**.

1.7.2 Response of departments to the draft paragraphs

The draft paragraphs and performance audits were forwarded demi-officially to the Secretaries of the concerned departments between April and October 2012 requesting them to send their responses within six weeks. However, replies to none of the five draft paragraphs were received. Except for the performance audit on Working of Mumbai Buildings Repairs and Reconstruction Board, Government replies to the performance audit on Maharashtra Maritime Board and the Chief Controlling Officer based Audit of Women and Child Development Department were not received. All the findings contained in the performance audit reports have been discussed with the Principal Secretaries to the Government of Maharashtra of the concerned departments.

1.7.3 Follow-up on Audit Reports

According to instructions issued by the Finance Department in January 2001, administrative departments were required to furnish Explanatory Memoranda duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs included in the Audit Reports, within three months of presenting the Audit Reports to the State Legislature. The administrative departments, however, did not comply with these instructions. The Explanatory Memoranda in respect of 52 paragraphs/reviews for the period from 1991-92 to 2010-11 have not yet been received. The position of outstanding Explanatory Memoranda from 2005-06 to 2010-11 is indicated in the **Table 1** below.

Table 1: Status of submission of EMs in respect of Audit Reports during 2005-11

Audit Report	Date of tabling the Report	Number of Paragraphs and Reviews	Number of EMs received	Balance
2005-06	17 April 2007	25	23	2
2006-07	25 April 2008	23	19	4
2007-08	12 June 2009	25	23	2
2008-09	23 April 2010	14	9	5
2009-10	21 April 2011 & 23 December 2011	15	8	7
2010-11	17 April 2012	10	-	10
Total		112	82	30

In addition to the above, Explanatory Memoranda in respect of 22 paragraphs relating to the period prior to 2005-06 were also outstanding. Department-wise details are given in **Appendix 1.2**.

1.7.4 Action Taken Notes

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

the PAC duly vetted by Audit. Year-wise details of such paragraphs for the period 1985-86 to 2010-11 are indicated in **Table 2** below.

Table 2: Year-wise status of pending ATNs

Audit Report	Total number of paragraphs in the Audit Report	Number of paragraphs		ATN awaited in respect of paragraphs	
		Discussed	Not discussed	Discussed	Not discussed
1985-86 to 1997-98⁶	862	151	711	98	705
1998-99	24	7	17	7	17
1999-2000	28	5	23	3	23
2000-01	22	3	19	3	19
2001-02	17	6	11	6	11
2002-03	24	3	21	3	21
2003-04	22	3	19	3	19
2004-05	18	7	11	7	11
2005-06	25	13	12	13	12
2006-07	23	7	16	7	16
2007-08	25	11	14	11	14
2008-09	14	-	14	-	14
2009-10	15	1	14	1	14
2010-11	10	-	10	-	10
Total	267	66	201	64	201

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

⁶ Combined figures of General, Social and Economic sectors.

CHAPTER - II

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Chapter II

Home Department

2.1 Working of Maharashtra Maritime Board

Government of Maharashtra in 1996 established the Maharashtra Maritime Board as an autonomous authority to promote cargo movement by developing the ports, enforce Maritime Acts and Rules, develop inland water transport, carry out hydrographic surveys, acquire modern survey equipments, dredgers, barges, navigational aids to carry out its activities efficiently. Scrutiny revealed that long term plan was not formulated for port development; development of six ports was directly awarded to developers without calling for competitive bids; seven out of eight inland water transport projects taken up under centrally sponsored scheme were incomplete/not started even as of December 2012; No Objection Certificates for extraction of sand was given despite moratorium in Ratnagiri and Sindhudurg districts and there was loss of revenue due to incorrect application of wharfage rates. Some of the key findings are highlighted below.

Highlights

MMB did not formulate any master plan for the development of ports and therefore, the development activities were done in an *ad-hoc* manner.

(Paragraph 2.1.6.1)

Development of six ports was awarded to developers through Memorandum of Understanding route on build, own, operate, share and transfer basis for a 50 years period without calling competitive bids.

(Paragraph 2.1.8)

Of the development of six port projects approved through MoU route between 2002 and 2009, two projects sanctioned in March 2002 were yet to be commissioned. Of the remaining four projects sanctioned in 2008 and 2009, while two projects were commissioned, the other two were yet to be started.

(Paragraph 2.1.8.1)

Developers of Dighi and Redi ports were allowed concessional wharfage charges in contravention of the provisions of concession agreements resulting in short receipt of ₹ 10.60 crore. Non-application of prevailing market rates in respect of land transferred to the developers of Dighi and Rewas port resulted in loss of ₹ 31.76 crore to MMB.

(Paragraphs 2.1.8.2 and 2.1.8.3)

The ports being developed at Redi, Dhamankhol Bay and Lavgan were plagued by environmental problems which remained unaddressed by MMB as well as Maharashtra Pollution Control Board.

(Paragraphs 2.1.8.3 and 2.1.8.4)

Thirty six boat builders in five port limits were operating unauthorisedly. Ship building projects were awarded without inviting tenders and MMB failed to ensure that construction activities were undertaken only after obtaining the mandatory environment clearances.

(Paragraphs 2.1.8.6 and 2.1.8.7)

Seven out of eight inland water transport projects approved under the Centrally Sponsored Scheme at a cost of ₹ 29.83 crore during 2003-06 were incomplete/not started even as of December 2012.

(Paragraph 2.1.9)

Vessels were not surveyed before registration in contravention of the provisions of the Inland Vessels Act, 1917. There was shortfall in conduct of annual survey of vessels *vis-à-vis* total registered vessels ranging from 38 to 70 *per cent*. Rules for charging the fees for registration of vessels, alteration to vessels were not notified as required under the provisions of Section 19R of the Inland Vessels Act, 1917.

(Paragraphs 2.1.10.4 and 2.1.10.6)

No objection certificates for extraction of sand in Ratnagiri and Sindhudurg districts were issued by MMB despite moratorium imposed by MoEF on such activity.

(Paragraph 2.1.10.8)

As against the sanctioned strength of 460, the men in position was only 353. The crucial posts were either vacant for long periods or were not filled in.

(Paragraph 2.1.12.3)

2.1.1 Introduction

The Maharashtra State has a coastline of 720 kms with 48 minor port limits from Dahanu on the North to Kiranpani on the South covering five coastal districts *viz.*, Mumbai Suburban, Raigad, Ratnagiri, Sindhudurg and Thane, known as the Konkan coast of Maharashtra. Out of the 48 minor ports limit, 11 ports limit were handling cargo, six ports were handling heavy passenger traffic, 24 port limits were for fishing while seven port limits were mainly used for sand storage. In addition, there are 35 navigable rivers and creeks, which offer a vast potential for development of inland water transport. Development of ports in the State assumes importance in view of growing industrialization along the coast, which also helps to reduce congestion of roads and relatively cheaper mode of traveling. The onus for the development of major ports in India through the Board of Trustees of Major Ports rests with the Government of India (GoI) while non-major ports are developed by the respective State Maritime Boards. Up to September 1996, port development activities were looked after by the Ports Department, Government of Maharashtra (GoM) headed by the Chief Ports Officer.

In order to provide more flexibility in development and administration of minor ports, the GoM established (October 1996) the Maharashtra Maritime Board (MMB) under the Maharashtra Maritime Board Act, 1996 (MMB Act) as an autonomous body for implementation of the following activities:

- promoting cargo movement by developing the ports to boost the economic activity;
- enforcing maritime Acts and Rules for administration and conservancy of ports, regulating traffic, revising the fare structures from time to time, licensing of crafts *etc.*;
- developing inland water transport for cargo as well as for passenger movement in inland waters of the State; and
- carrying out hydrographic surveys and other allied investigations along the coastline and acquiring modern survey equipments, flotillas, navigational aids to carry out its activities efficiently.

The cargo handled by MMB during 2007-08 was 11.60 million metric tonne (MT), which gradually increased to 19.90 million MT in 2011-12.

2.1.2 Organisational setup

The Administrative Head of MMB at the Government level is the Principal Secretary (Transport and Ports), Home Department. The Board members comprised Minister of Ports as the Chairman, Minister of State (Ports) as Vice-Chairman, the Chief Executive Officer, MMB (CEO) as the Member Secretary, the Secretaries of three departments *i.e.*, Transport and Ports, Industries and Finance and a representative of Navy as members apart from six other non-official members appointed by the Government. Day to day administrative control and management of affairs of the MMB are carried out by the CEO, who is assisted by the Chief Ports Officer (CPO), Hydrographer and Marine Engineer (ME) having offices in Mumbai. There are five Regional Port Offices, located at Mumbai Suburban, Thane, Raigad, Ratnagiri and Sindhudurg districts headed by Regional Port Officers (RPOs) under the control of CPO. The 48 minor ports limit are divided amongst these five Regional Port Offices as shown in the map below.



A map depicting the non-major port limits on the coastline of Maharashtra

2.1.3 Scope and methodology of audit

A performance audit covering the period from 2007-08 to 2011-12 was conducted between February 2012 and August 2012. For this purpose, records in the Office of the MMB, the Hydrographer, Marine Engineer and all the five Regional Port Offices were test checked. Twenty ports¹ (four ports under each Regional Offices) were selected on simple random sampling basis without replacement. Environmental issues related to development and operation of selected ports and jetties were also examined through scrutiny of records in the office of Maharashtra Pollution Control Board (MPCB). The audit objectives and the audit criteria adopted for the performance audit were discussed with the Principal Secretary (Transport and Ports), Home Department in an entry conference held on 24 April 2012. The exit conference was held on 5 December 2012 with the Principal Secretary (Transport and Ports), Home Department.

2.1.4 Audit objectives

The objectives of the performance audit were to examine whether:

- any long term goals were set for harnessing the unexplored potential of the State's coastline and the efficacy of measures to achieve the goals;
- implementation of port infrastructure projects such as development of ports, multipurpose jetties/ captive jetties, shipyards and inland water transport were as per the guidelines;
- mandated services to be rendered by MMB namely, hydrography, dredging, registration and survey of vessels were adequate and as envisaged in various Acts implemented by MMB;
- revenue from various fees were collected at the prescribed rates;
- funds available with MMB were utilized effectively;
- the key environmental issues were addressed as per notifications issued by GoI/ GoM; and
- proper monitoring system was in place as per norms.

2.1.5 Audit criteria

The criteria adopted for audit were derived from the following documents:

- Port policy of 1996 of GoM as amended from time to time;
- Relevant orders issued by the GoM from time to time;
- Schedule of rates for landing, shipping of goods issued by the GoM; and
- Indian Ports Act, 1908; MMB Act, 1996; Inland Water Vessels Act, 1885; Merchant Shipping Act of 1958; and Maharashtra Marine Fishing Regulation Act of 1981.

¹ Trombay, Kalyan, Panvel and Dharamtar under RPO Mora; Satpati, Kelva, Versova and Bandra under RPO, Bandra; Thal, Revedanda, Rajpuri (Dighi) and Murud-Janjira under RPO Rajpuri; Ratnagiri, Jaigad, Dabhol and Kelsi under RPO Ratnagiri; Vijaydurg, Redi, Jaitapur and Vengurla under RPO, Vengurla

Audit findings

2.1.6 Planning

2.1.6.1 Non-preparation of long term plan for port development

In view of inadequate facilities at various ports, the Home Department, GoM took a policy decision (March 1996) to develop ports through Public Private Partnership (PPP). The MMB was set up in October 1996 for development of ports by adopting a threefold strategy of developing multi-user ports², captive jetties³ and multi-purpose jetties⁴. Audit observed that MMB did not prepare any comprehensive plan that envisaged a long term vision for the ports that builds on its core strengths, establish the goals to be achieved, describe the strategy to be followed to achieve these goals and plan of action to implement the strategy for development of ports in the State. The Industries Department, GoM also decided (October 2007) that MMB should prepare a master plan for development of jetties and ports as per international standards to create congenial atmosphere for setting up industries in the State. The preliminary work for preparation of a master plan was initiated by MMB in June 2008. This was to be further firmed up after studying the wind/wave conditions, sub-soil profile, topography, ownership, connectivity *etc.* However, the work for preparation of master plan was not completed.

MMB stated (December 2012) that based on comprehensive studies (1996) seven sites were short listed for port development and further studies were conducted by RITES in 2000. It was further stated that as the geographical area had not undergone changes, studies every year was unlikely to yield new results. Therefore, no fresh preparation of master plan was undertaken and issues were handled on case-to-case basis.

The reply is not acceptable since MMB on the basis of the recommendation made by the Industries Department had initiated the work for preparation of master plan in the year 2008 and had also engaged the services of Deolitte Touche Tohamastu India Private Limited for identifying shelf of projects for development of ports within MMB's territory and prioritize the potential PPP projects but without success, as discussed below.

2.1.6.2 Non-identification and prioritization of potential projects to be undertaken under Public Private Partnership

In order to streamline the port development activities, MMB appointed (August 2010) Deolitte Touche Tohamastu India Private Limited as consultant to provide investment promotion and project development advisory services for the entire coastline. The consultant was to *inter alia* identify shelf of projects for development of ports within MMB's territory and prioritize the potential PPP projects in the State. Based on the selection done by MMB the projects were to be further developed after conducting detailed techno-commercial studies for selection of private developers. The work order was

² Development of ports which were capable of handling all types of cargo like bulk and break-bulk, containers, petroleum and chemicals *etc.* (operational through out the year).

³ To promote and assist industries in setting up jetties for their exclusive use (not operational during monsoon)

⁴ Jetties established by developers to handle all types of cargo for third party (not operational during monsoon).

issued (August 2010) appointing the consultant for a period of one year (extendable for two years) with a quarterly retainership fees at the rate of ₹ 16 lakh. No formal agreement was entered into with the Consultant.

The consultant submitted (December 2010) a report, including list of 21 projects in Thane and Raigad districts having medium to high development potential. However, up to December 2011, MMB did not take any decision on the report of the consultant and terminated (January 2012) the work order. Retainership fees of ₹ 35.29 lakh (including service tax) for two quarters i.e. during August 2010 to January 2011 was paid in January 2012. Thus, the objective of streamlining the port development activities by identifying, prioritizing the projects for development through PPP remained unachieved apart from wasteful expenditure of ₹ 35.29 lakh on payment of consultancy charges.

MMB stated that the consultant did not provide any material which could convert into PPP project, hence, the contract was terminated.

2.1.6.3 Lack of realistic plan for inland water transport

MMB submitted (June 2009) a proposal to the Department for sanction of 87 works related to construction of new jetties and repair of existing jetties at an estimated cost of ₹ 51.43 crore to facilitate inland water transport to the people residing near the coastal areas. The proposal was approved (June 2009) by the State Cabinet and the Department decided (July 2009) to release ₹ 50 crore under Konkan Vikas Package during 2009-12. The works were to be completed by 2011-12. However, within a span of one year, MMB deleted 33 works⁵ out of 87 sanctioned works after survey, on the ground that the same were not required and included 55 new works (estimated cost ₹ 13.47 crore). The justification for selection of these new works was not on record. Accordingly, MMB submitted a fresh proposal (July 2010) to the GoM for sanction of 109 works at an estimated cost of ₹ 50 crore for approval. Up to October 2012, only 91 out of 109 works were completed.

MMB stated that the original proposal for 87 works was submitted based on readily available information, which was revised, as some of the works were already completed /taken up by other departments.

The reply clearly indicated that the plans initially prepared by MMB for development of inland water transport were not realistic.

2.1.6.4 Non-submission of study report for port development

A delegation comprising the then Minister for Transport and Ports, Minister of State for Ports, Secretary (Transport and Ports) and CEO, MMB visited European countries from 24 June 2010 to 8 July 2010 to collect information about the ports and their activities, study organizational structure *vis-à-vis* responsibility, know about the technologies for both construction and operation of ports, future plans of the ports *vis-à-vis* their expansion in the country and overseas *etc.* Though the study tour was completed, the delegation did not submit any study report as of August 2012. MMB incurred an expenditure of ₹ 29.29 lakh on the study tour for which supporting documents such as flight boarding passes, hotel receipts *etc.*, were not on record.

⁵ Estimated cost of 33 works was ₹ 13.99 crore

MMB stated that the then CEO, MMB and the then Secretary (Ports), GoM had been requested to submit study report and documents such as boarding passes, hotel receipts *etc.*

The fact remained that the study report even if submitted now would not be of much relevance due to passage of time thereby rendering the expenditure of ₹ 29.29 lakh wasteful.

2.1.7 Fund management

During the period 2007-12 MMB received budgetary grants from GoM under the budget head of Inland Water Transport, Konkan Vikas Package *etc.*, for hydrographic survey, providing passenger facilities at ports, dredging, purchase of navigational aids *etc.* The revenue of MMB consisted of various fees such as wharfage fees, passenger license fees, ground rent, hydrographic survey fees *etc.*, as governed under MMB Act, besides lease rent for the waterfront leased to various developers and interest on investment of surplus funds.

2.1.7.1 Increase in unutilized funds

The details of the opening balance, capital grants received from the GoI and GoM, expenditure and closing balance for the period 2007-12 are given in Table 1.

Table 1: Details of funds received, expenditure and closing balance during 2007-12
(₹ in crore)

Year	2007-08	2008-09	2009-10	2010-11	2011-12
Opening Balance	45.21	54.75	53.54	92.94	122.71
Receipts	16.26	5.21	42.29	37.16	116.09
Total	61.47	59.96	95.83	130.10	238.80
Expenditure	6.72	6.42	2.89	7.39	39.20
Closing Balance	54.75	53.54	92.94	122.71	199.60

As seen from table above, the opening balance of Government fund amounting to ₹ 45.21 crore as of April 2007 increased to ₹ 199.60 crore by the end of March 2012. The increase in receipts during 2011-12 was mainly on account of funds received for anti-erosion sea works, while the increase in expenditure during 2011-12 was mainly on account of expenditure under Konkan Vikas Package and Sustainable Coastal Protection and Management project. The huge increase in unutilized funds was mainly on account of the following:

- Under Konkan Vikas Package approved by GoM, MMB received (2009-12) ₹ 61.25 crore for providing passenger amenities, purchase of dredgers, constructing fishing jetties on the Konkan coast. MMB utilized only ₹ 25.21 crore (41.16 *per cent*) leaving an unspent balance of ₹ 36.04 crore.
- Under Sustainable Coastal Protection and Management project, MMB received ₹ 11.76 crore during 2011-12 for executing anti-erosion sea works along the coast. However, MMB utilized only ₹ 4.40 crore leaving an unspent balance of ₹ 7.36 crore mainly due to change in design of artificial reef.
- MMB also received (up to 2007-08) ₹ 29.83 crore for developing Inland Water Transport approved by GoI under Centrally Sponsored Scheme to be completed by 2007-08. However, MMB utilized only

₹ 5.26 crore (17.63 per cent) till February 2013, the reasons for which are discussed in paragraph 2.1.9.2.

MMB stated that out of ₹ 199.60 crore an amount of ₹ 47.95 crore has already been utilized till September 2012 and most of the funds would be utilized till the end of March 2013. However, no reasons were given for short/non-utilisation of Government funds.

2.1.7.2 Revenue from operations

The operational receipts of MMB comprised fees collected on behalf of the GoM such as wharfage charges, passenger fees, port dues, ground rent, pilotage charges, hydrographic survey fees *etc.* The year-wise operational receipts during 2007-12 is given in **Table 2**.

Table 2: Revenue from operation during 2007-12

Year	(₹ in crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Operational revenue	35.57	32.33	29.68	37.55	53.47

The revenue from operation is utilized for meeting expenditure on pay and allowances, office contingencies, maintenance and repairs to assets owned by MMB *etc.* The increase in revenue from ₹ 35.57 crore in 2007-08 to ₹ 53.47 crore in 2011-12 was mainly on account of increase in wharfage charges.

The working result of MMB during 2007-12 showed that the surplus of MMB increased from ₹ 28.34 crore in 2007-08 to ₹ 44.27 crore in 2011-12, the percentage of surplus to the income earned decreased marginally from 57.12 per cent during 2007-08 to 55.89 per cent during 2011-12. Important comments on the accounts of MMB for the period 2007-11 included under the Separate Audit Reports on which corrective action was not taken though pointed out in the previous SAR, are as follows:

- The value of immovable properties such as building, jetties, anti-erosion sea works, light houses and navigational aids were taken at nominal value of ₹ 1 each. Neither their cost of acquisition were available nor valuation done to depict true and fair picture of assets account.
- The value of land spread over 720 km on the coastline in the State, owned by MMB had not been ascertained as per Section 20 (a) of the Act and shown in the assets account.
- MMB did not maintain assets register and did not carry out physical verification of assets during 2007-11.

2.1.8 Implementation of various projects/activities

The Department had undertaken various projects for development of ports, inland water transport, ship building *etc.*, the audit findings on which are discussed below.

Development of Ports

The Port Policy (March 1996) of the State Government recognized the fact that the seven ports⁶ in Sindhudurg, Ratnagiri, Raigad and Thane districts had greater potential for development through the PPP model by inviting open tenders. The Port Policy was amended in November 2000 and April 2002 as shown in **Appendix 2.1.1**. As the response to the notice inviting tenders (1996) was poor, the Port Policy of November 2000 advocated use of the MoU route and granting greater concessions⁷ and two MoUs were signed in March 2002 for development of Dighi and Rewas ports. The State Government again, without inviting tenders, approved (2006, 2007 and 2008) the development of four ports {Jaigad Port (Lavgan), Jaigad Port (Dhamankhol Bay), Redi Port and Vijaydurg Port } through MoU route. Audit also observed that more than one proposal was received in respect of three⁸ ports, thereby justifying the need for tendering. Pertinently, the Finance Department had also recommended (August 2004, January 2007 and October 2007) inviting tenders for port development. The then Finance Minister also stressed (January 2007) the need for open tendering for selecting suitable developer in view of delay observed in two earlier port projects at Dighi and Rewas awarded through MoU route. Audit also noticed that Gogate Minerals engaged in port operation at Redi port since 2003 represented to the then Finance Minister that they were not aware of Redi port being handed over to another developer without tendering. The Finance Minister directed (February 2008) the Principal Secretary (Ports) to allow Gogate Minerals to match the offer of selected developer before entering into MoU. However, the Department ignored the direction on the ground that the Cabinet had already decided (May 2007) to select the developer.

MMB stated that since there was no clarity on investment, infrastructure requirement or the revenue stream, these sites were considered unsuitable for competitive bidding process and that it was a challenge before MMB to attract entrepreneurs who were willing to invest and take risk of these big projects.

The reply is not tenable as open tenders invited earlier during 1996-2001 may not have received adequate response due to downturn in the economy. However, the economic environment in general was quite robust post 2001-02 and the benefits had percolated to almost all the sectors of the economy, including transportation and logistics sector and the Mumbai Port Trust that faced its worst phase around 2000-02 had admittedly shown positive growth. Given the situation, the approval for development of four ports (two ports in Ratnagiri District and two ports in Sindhudurg District) during 2006-2008 through ‘pick and choose’ method (MoU route) could have been avoided and open tendering, in line with the port policy of 1996, could have been resorted to in order to ensure transparency and competition.

⁶ Redi and Vijaydurg in Sindhudurg district; Ratnagiri, Jaigad, Dabhol in Ratnagiri district; Dighi in Raigad district and Tarapur in Thane district

⁷ Increase in the concession period from 30 years to 50 years, exemption from payment of stamp duty *etc.*

⁸ Jaigad -Lavgan (Choughule Steamships Limited and ESAPL, MFCS); Redi (Ernest Young Shipping and Ship Builders Pvt Limited and TM International Logistics limited) and Vijaydurg (HIPEPL and Bharti Shipyard Limited).

A glossary of important terms used in the performance audit report is given in **Appendix 2.1.2.**

The other audit findings on the port development taken up by MMB through MoU route are discussed in the succeeding paragraphs.

2.1.8.1 Development of projects through MoU route

Under the MoU route, an interested developer approaches MMB for development of a port and submits Techno Economical Feasibility Report. The Techno Economical Feasibility report is scrutinized by MMB through a consultant before approval. On approval by MMB the proposal is sent to the Cabinet for approval. On approval, a Concession Agreement (CA) is executed by the MMB with the developer. Various stages involved in development of ports on BOOST (Built, Own, Operate, Share and Transfer) basis are indicated in **Appendix 2.1.3.**

The salient features of the concessions granted under MoU route are as under:

- The concession period would be for a period of 50 years with an option for MMB to participate to the extent of 11 *per cent* in the equity of the Special Purpose Vehicle (SPV) created for development of port projects up to a period of 10 years from the date of commencement of project.
- The SPV would be authorized to fix the scales of rates for levy of wharfage charge for shipment/landing of cargo of other operators and in turn would share the revenue with MMB at ₹ 3 per MT and ₹ 36 per loaded TEU (Twenty Foot Equivalent Unit) for container cargo being the concessional wharfage charges subject to 20 *per cent* annual increase for the first 15 years from the date of commencement of commercial operations. Subsequent revisions till expiry of the term were to be decided in consultation with the licensee by the licensor/Government taking into account the situation prevailing at that time.
- Government land would be transferred to the developer at the prevalent market rate.

The six projects taken up under PPP and discussed below involved a cost of ₹ 11,599.37 crore⁹ with envisaged cargo handling of 100.23 million tonnes *per annum* (MTPA). Audit observed that despite adopting the MoU route which entailed a number of concession to the developers, only two projects having cargo handling capacity of 10.8 MTPA were operational as on December 2012. The time over run in respect of two projects (Rewas-Aware port and Dighi port) not completed up to December 2012 was more than five years. Of the remaining four projects (Lavgan, Dhamankhol Bay, Redi and Vijaydurg) sanctioned in 2008 and 2009, while two projects (Lavgan and Dhamankhol Bay) were commissioned (Phase – I) between August 2009 and April 2012, construction work on the other two (Vijaydurg and Redi) scheduled for commission by March 2013 and February 2014 have not commenced even as of December 2012. Thus, the purpose of port development for promoting

⁹ excluding cost of Dhamankhol –Jaigad Port –Phase-II and cost of Vijaydurg port since DPR not approved.

cargo movement as envisaged in MMB's objective was defeated. The details of development of six ports are indicated in **Appendix 2.1.4**.

Audit also observed irregularities in valuation of land, irregular grant of concessional wharfage charges, shareholding pattern *etc.* in development of ports as discussed in the succeeding paragraphs.

2.1.8.2 Dighi Port and Rewas (Aware) Port

The development of Dighi and Rewas port was awarded to Balaji Leasing and Industries Company Limited (BLICL) and Amma Lines Company Limited (ALCL) respectively. As per the CA entered (March 2002) with BLICL and ALCL, the phase I of both the projects were to be completed and commissioned by March 2007. While construction of Rewas port has not commenced, only two out of five berths were completed in Dighi port, as of March 2012.

Dighi Port

The development of project was delayed mainly due to delay in achieving financial closure by the developer required for commencement of development activities and delay in resolution of issue of transfer of Mazgaon Dock Limited (MDL) land. Audit observed the following:

- As per clause 3.5.2 of CA, Dighi Port Limited (DPL), a SPV formed by BLICL, the licensee was to pay the value of Government land at market rate prevailing as on the date of transfer. As land admeasuring 128 acres adjacent to Dighi port, transferred (1982) to MDL on lease for carrying out ship repair/shipbuilding activities was not put to use, the then Chief Minister of Maharashtra requested (July 2004) the Ministry of Defence, GoI to restore the land to GoM for development of Dighi port. The then Defence Minister, however, requested (September 2004) to reconsider the proposal on the ground that MDL would require the land for Defence needs. However, land admeasuring 114 hectares leased to MDL was transferred (March 2007) with the consent of the Ministry of Defence to DPL as per the decision taken in a meeting headed by Chief Secretary at a consideration of ₹ 3.44 crore as per the ready reckoner rate (2006) recommended by the Collector. The market value of the land as assessed (2006) by the Government approved valuer appointed by MDL at Dighi village was however ₹ 6.92 crore. Thus, considering the ready reckoner rate instead of market rate of land resulted in undue benefit of ₹ 3.48 crore to the DPL.

MMB stated that valuation of the Collector was accepted being the State authority on this subject.

The reply is not acceptable since the market value of land as per approved Government valuer was available and was to be adopted as per the clause of CA quoted above.

- Besides the transfer of MDL land, MMB entered (January 2010) into a lease agreement for 50 years with DPL for transfer of 77.33 hectares of Government land at Dighi, Nanavali and Maneri. However, MMB considered the rate for valuation of the said land based on Ready Reckoner of 2008 on the basis of order (2008) of Collector allowing transfer of land to MMB, instead

of the market value of the land in 2010. This resulted in undue benefit of ₹ 3.28 crore to the DPL considering the Ready Reckoner rate¹⁰ of 2010.

MMB stated that even though the valuation was based on the ready reckoner rates of the year 2008, the process for taking approval of the GoM, compliance to Government directives was time-taking and the lease agreement was executed in January 2010.

The reply is not acceptable since valuation of land as per market rates should have been done as on the date of transfer of land as per CA.

In the exit conference, the Principal Secretary agreed (December 2012) that the process of approval to the rates for land transfer needed to be streamlined.

- Concessional wharfage charges as per the CA were payable by the developer to the MMB only from the date of commencement of commercial operations of the port. While commercial operations did not commence, MMB extended concessional wharfage charges to BLICL for cargo handled from the existing MMB jetty acquired by it from MMB in May 2005, resulting in short levy of wharfage charges amounting to ₹ 1.84 crore for the period May 2005 to May 2012. The grant of concession wharfage charges to BLICL in violation of agreement was commented upon in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006. The Public Accounts Committee (PAC) recommended (April 2012) recovery of the differential amount due to grant of concessional wharfage charges.

MMB stated that the option of outright purchase of jetty by DPL (SPV of BLICL) on which cargo operations could be carried out at concessional rate assuming partial port operation was deliberated in the meeting held in February 2004 by the Principal Secretary (Ports). It was further stated that the jetty was very old and lying idle without any repairs and maintenance and therefore, the concessional wharfage charges was allowed to DPL on acquisition of jetty. It was also stated that the PAC accepted this justification in their deliberation of October 2010.

The reply is not acceptable since the concessional wharfage charges as per the CA were available to the developer only from the date of commencement of commercial operations of the port. The PAC recommendation was specific to non-recovery as pointed in the Audit Report. Further, when a developer constructs and maintains a captive jetty, MMB recovers wharfage charges at full rate and not at concessional rate. MMB was not following a uniform policy in charging of rates from SPVs of greenfield port as was evident from the fact that for the greenfield port at Dhamankhol Bay developed by JSW Infrastructure and Logistics Limited, wharfage was recovered at full rate on the coal handled by the SPV for its captive jetty (refer paragraph 2.1.8.4).

Rewas (Aware) Port

The development of Rewas port was affected due to delayed finalization of lead/key promoters and unresolved long pending core issues like, right of way, re-routing of gas pipe line passing through the proposed navigational channel and road connectivity to the port. Further, though the core issues were still unresolved, the MMB transferred (June 2010) inter tidal land (ITL)

¹⁰ Market value of land for 2010 was not available

admeasuring 839.10 hectares @ ₹ 88000 per hectare to the SPV (Rewas Port Limited) on lease for 50 years. The observations are discussed below.

- As per clause 11.2.1 of CA signed in March 2002, the shareholding pattern was to be finalized on the date of signing of CA with ALCL, failing which, within six months of the signing of CA *i.e.* by September 2002. The CA provided for termination of the agreement in the event of the shareholding pattern not being finalized within six months. Further, the lead promoter was to maintain a minimum interest of 26 *per cent* in the SPV till the completion of seven years from the date of commencement of operation. It was noticed that ALCL submitted the shareholding pattern only in July 2006 after issue of show cause notice belatedly by MMB for termination of CA. The shareholding pattern submitted comprised 67.64 *per cent* share holding by Reliance Group Company, 21.36 *per cent* share holding by ALCL (the lead promoter) and balance by MMB which was approved (August 2006) by the High Power Committee¹¹ in contravention of the CA requiring the lead promoter to maintain minimum equity of 26 *per cent*. The delay in finalizing the shareholding pattern contributed to delay in achieving the financial closure due to uncertainty about the lead/key promoters and the consequent delay of more than five years in the commencement of Phase I of the project.

MMB stated that the show cause notice was issued to ALCL citing delay in project implementation, who in turn submitted share holding pattern with a new entity taking majority share holding in the project, which was approved after legal scrutiny. The reply was, however, silent regarding 21.36 *per cent* shareholding by ALCL as against the stipulated 26 *per cent*.

- The approach channel of Rewas Port passed through the water channel of Mumbai Port Trust, a Central Government Organization, for a length of 17 km. The Ministry of Shipping (GoI) in September 2011 turned down the request made by GoM (June 2011) for free Right of Way and directed it to resolve the issue through mutual agreement between Mumbai Port Trust and Rewas-Aware Port Authorities. However, a proposal containing justification regarding Right of Way had been submitted by MMB to MbPT only in October 2012.

- The submerged gas pipelines of GAIL¹² and IPCL¹³ were passing through the proposed navigational channel of Rewas port. Despite willingness of GAIL and IPCL to absorb the cost of re-routing, the resolution of this issue was held up pending clearance of Right of Way.

MMB stated that the SPV has intimated that the dredging work for pipeline would start by March 2014.

- The road alignment proposed in the Detailed Project Report (DPR) for development of Rewas Port was passing through the shipyard project also entrusted to the same developer (ALCL). However, on re-alignment, the road was found to be interfering with the Tata's coal jetty project, approved by MMB in February 2010.

¹¹ A committee of Secretaries headed by the Chief Secretary of the State established in April 2002 for implementation of the port development policy and water transport policy

¹² Gas Authority of India Limited

¹³ Indian Petrochemicals Corporation Limited

MMB stated that a final decision on road alignment would be taken keeping in view the progress of the project.

▪ MMB transferred (June 2010) 839.10 hectare of ITL to the SPV. Audit noticed that the valuation of the land was done based on the ready reckoner rate (₹ 88,000 per ha) for 2008 on the basis of instruction issued (2009) by Home Department allowing transfer of land to MMB instead of the prevailing ready reckoner rate of 2010 (₹ 3.86 lakh per hectare) at the time of transfer¹⁴ resulting in undue benefit of ₹ 25 crore to the SPV.

MMB stated that the valuation was based on the ready reckoner rates of the year 2009 and after obtaining the approval of the Board and GoM, the lease agreement for transfer of ITL was executed in June 2010.

The reply is not acceptable since valuation should have been done as on the date of transfer as per CA. In the exit conference, the Principal Secretary agreed that the process of approval to the rates for land transfer needed to be streamlined.

2.1.8.3 Redi Port and Vijaydurg Port

The development of Vijaydurg and Redi ports were awarded to Hindustan Infrastructure Projects and Engineering Private Limited (HIPEPL) and Ernest Shipping and Ship Builders Pvt. Ltd. (ESSBPL) respectively. As per the CA entered with the SPV (Vijaydurg Ports Limited (VPL)- March 2008 and Redi Ports Limited (RPL)-February 2009), the phase I of both the projects were to be completed and commissioned by March 2013 and February 2014 respectively. Both the projects were kept on hold due to moratorium imposed by Ministry of Environment and Forest, GoI (MoEF) on account of ecological degradation caused by the projects being implemented in Ratnagiri and Sindhudurg districts. The following irregularities were noticed during audit:

Redi Port

MMB extended concessional wharfage charges to RPL for an old jetty acquired (April 2009) by it from MMB for exporting bulk cargo from the first day of acquisition itself, even before creating any additional asset. This resulted in short levy of ₹ 8.76 crore during the period from May 2009 to April 2012 besides the loss of service tax amounting to ₹ 90.25 lakh to the exchequer.

MMB stated that the concessional wharfage was applied in accordance with the Board's decision taken earlier in respect of Dighi port.

The reply is not acceptable since the concessional wharfage charges as per the CA were available to the RPL only from the date of commencement of commercial operations of the port.

For port operations, a developer/operator is required to obtain Consent to Operate from the State Pollution Control Board (MPCB in this case) and comply with the conditions laid down under Section 25 of the Water Act, 1974; Section 21 of the Air Act, 1981; and Hazardous Waste Rules, 2008. RPL handled 34.87 lakh MT of cargo during the period May 2009 to April 2012 from the existing Jetty acquired from MMB. However, consent to

¹⁴ Market value of land was not available

operate the cargo handling activity was not obtained from MPCB nor any action taken by MPCB. Serious concerns were also raised by the public on the ongoing activities (September 2011) with the District Collector during environmental public hearing. On joint verification of port by Audit with MMB officials it was observed that the iron ore was stored in open space without ensuring measures to mitigate the adverse impact of the dust spreading into open air.

MMB stated that instructions would be issued to RPL for taking necessary precautions for storage, transportations and handling of cargo from existing facilities.



Iron Ore stored in open space

Vijaydurg Port

Audit observed that the promoter *i.e.*, HIPEPL was involved in mobile communication sector (operating BPL Mobile till 2004-05) and entered into port sector by establishing HIPEPL in 2005-06. Evidently, HIPEPL lacked experience in port sector.

HIPEPL did not submit the shareholding pattern within six months of signing of CA as stipulated in the agreement. The SPV (VPL) submitted (August 2009) the shareholding pattern with 67.64 *per cent* of the shares to be held by Gremach Infraproject Private Limited and 21.36 *per cent* by Hindustan Transport Infrastructure Ventures Private Limited (a subsidiary of HIPEPL), only when notice for termination of CA was issued (July 2009) by MMB. The shareholding pattern was further revised in August 2010 with 63 *per cent* share to be held by Privilege Hitech Infrastructure Limited (in place of Gremach Infraproject Private Limited) which was approved by MMB in September 2010. The delay in taking action on the part of MMB, in spite of failure of VPL to submit the share holding pattern in time, enabled the lead promoter to change the key promoters frequently.

MMB did not furnish any specific reply for not taking action to ensure that VPL finalized the shareholding pattern within the stipulated time.

2.1.8.4 Jaigad (Lavgan and Dhamankhol Bay) Port

Jaigad (Lavgan) Port is located inside Jaigad creek at Ratnagiri District, about 90 nautical miles south of Mumbai. Chowgule Steamships Ltd. (CSL) submitted (February 2003) a proposal for entire development of Jaigad Port (greenfield port) which involved construction of one Jetty and a Shipyard at Jaigad (Lavgan) in Jaigad creek and two jetties at Dhamankhol bay. The

proposal was approved by State Cabinet in May 2006. The Department also approved (January 2007) the proposal of JSW Infrastructure and Logistics Limited (JSWIL) for construction of captive port facility covering the entire Dhamankhol bay within the same port limits of the Jaigad port for its 1200 MW¹⁵ thermal power plant with slated expansion to 2400 MW. At the same time, JSWIL expressed interest to develop a green field port at Dhamankhol Bay and submitted a revised proposal in January 2007. However, since the proposal was overlapping with the project of CSL, the Principal Secretary (Ports) convened (November 2006) a meeting with both the developers. Finally, the proposal of CSL was modified to build a Shipyard with shiplift system and one jetty at Jaigad (Lavgan) and the construction of two jetties at Dhamankhol Bay initially proposed by CSL was excluded. MMB also approved (October 2007) the revised proposal of JSWIL of January 2007 for greenfield port, which included construction of two jetties with backup facilities in Phase I and five jetties in Phase II at Dhamankhol Bay. Finally, MMB entered into CA for development of greenfield port with both the developers through MoU route - with CSL in Jaigad (Lavgan) in March 2008 and with JSWIL at Dhamankhol Bay in June 2008, within the same port limit of Jaigad Port.

On completion of Phase I by JSWIL (July 2009), MMB approached custom authorities for landing and shipping declaration of the constructed portion. On an enquiry from the custom authorities about the rationale for separate declaration of the limit of Dhamankhol Bay sought by MMB, it was clarified by MMB (July 2009) that Dhamankhol Bay is a 'port facility' within the limits of Jaigad Port.

Audit observed that the term 'port facility' has not been defined in any Act or State Government policy governing the activities of port. Thus, the decision of the GoM to convert the initial proposal of JSWIL of captive port to greenfield port by citing Dhamankhol Bay as a port facility benefited JSWIL, as the wharfage charges for green field port were significantly less¹⁶ than that of captive port.

MMB stated that CSL were conservative in their approach while JSWIL were ready to make huge investment in construction of break-water and infrastructure and therefore, it was decided to accommodate additional number of berths to handle various cargoes to spread out the huge cost and to explore the full potential of the port.

The reply is not tenable as JSWIL was benefited by way of lower wharfage charges as discussed in the succeeding paragraph. The reply also clearly indicated that the initial approval given to CSL for development of the entire Jaigad port through MoU route was not judicious, as CSL was admittedly not geared up to make substantial investment.

The port developer (JSWIL) as per CA was required to pay to MMB wharfage charges at a concessional rate of ₹ 3 per ton of cargo or @ ₹ 36 per loaded TEU for container cargo during the first year from commencement of operation. Thereafter, it was to be increased by 20 *per cent* every year based

¹⁵ Mega Watt

¹⁶ For coal, the captive charges were six times more than the concessional charges

on the rate of preceding year for the next 15 years subject to the following provisions:

- Initial four million tonnes *per annum* (MTPA) of coal brought by the licensee for use at the power plant of JSW Energy (Ratnagiri) Ltd. was to be charged at ₹ 15 per Metric Ton (MT) or at the prevailing rates for the captive jetties from time to time.
- For the cargo beyond four MTPA concessional rate was applicable on an expenditure of ₹ 50 crore on Phase II facilities as per DPR.

The basis on which the limit of four MTPA of coal for captive use was fixed was not on record. Audit noticed that the coal requirement for the power plant of JSWIL was assessed at 4.8 MTPA as per the DPR submitted (January 2007) by the developer. Thus, fixing a lower limit in the CA resulted in undue benefit to the developer. The coal based power plant of JSWIL was planned for expansion from 1,200 MW to 2,400 MW in the fourth year which would result in increase in the import of coal for captive use from 4.8 MTPA to 9.6 MTPA. Fixation of limit without considering the increase in import of captive coal would result in undue benefit of ₹ 7.02 crore¹⁷ in the fourth year of operations (after expansion of capacity).

MMB stated that in order to encourage the port to handle more cargo and thereby increase revenue of MMB, in terms of volumes of cargo it may not be prudent to apply harsh measures to the port developers.

The reply is not acceptable as the concessional wharfage charges would be applicable only on the cargo over and above the quantity required for the captive thermal power plant.

Environmental issues in Jaigad Port

Audit noticed that the ports being developed at Dhamankhol Bay and Lavgan within Jaigad Port limits were plagued by environmental problems which remained unaddressed by MPCB, as discussed below:

- JSWIL was accorded environmental clearance by MoEF (May 2007) for import and handling of the coal in the port by conveyor belt for captive thermal power plant at Jaigad. Scrutiny of records in MPCB revealed that its proposal for expansion of the project was rejected in January 2012 due to moratorium in Ratnagiri and Sindhudurg. Despite this, JSWIL was transporting third party coal by trucks and handling cargo other than coal like iron ores, lime, molasses *etc.* JSWIL also constructed five tanks for storage of molasses in the port area without any environmental clearance as noticed from the notices issued by MPCB and joint inspection conducted by MPCB in April/ May 2012. On being pointed out in audit (October 2012) MPCB stated that closure directions had been issued (October 2012) to the port of JSWIL.
- MoEF issued environment clearance to cargo handling facility project (October 2010) and Coastal Regulation Zone (CRZ) clearance to shipyard repairing project (April 2009) subject to fulfilling certain specific and general

¹⁷ ₹ 18.75 per MT captive rate for coal notified by GoM in July 2011 – ₹ 6.22 per MT being the concessional rate in the fourth year (₹ 3 per MT compounded at 20 *per cent per annum*) x 5.6 MTPA (9.6 MTPA – 4 MTPA)= ₹ 7.02 crore

conditions by CSL. Scrutiny in audit revealed the following specific violation by CSL :

- developer did not submit the details about the quantity of dredged material with location of disposal of the dredged material;
- developer carried out blasting for piling in sea base affecting marine life as well as carried out excavation which caused huge air pollution coupled with handling of excavated materials without providing sufficient mitigating measures;
- developer commissioned two stone crushers and ready mix plant without obtaining consent of MPCB and CRZ clearance; and
- developer did not provide any sewage treatment plant to treat sewage generated from approximately 300 workers residing in labour colony.

However, MPCB failed to take decisive action and allowed CSL to complete the project for cargo handling without fulfilling environment conditions.

2.1.8.5 Non-adherence to MMB Act and non-compliance to lease agreement

MMB entered into agreement with various parties interested in using the waterfront, jetties *etc.* As per clause 24(b) of MMB Act, 1996 contracts for leasing waterfront, jetties, waterways and corresponding infrastructure facilities for a term exceeding five years required prior approval of GoM. Scrutiny of contracts entered into by MMB revealed the following:

- MMB allowed continuous operation of Dhanwatay Jetty at Kelshi (district Ratnagiri) by Ashapura Minerals Ltd (AML) through various short term agreements of 15 months since January 2004 for export of bauxite, thereby avoiding approval of GoM.

MMB stated that short term agreements ensured that no monopoly was established at the MMB Jetty. Further, short term agreements also allowed inclusion of other operator(s), in case the existing operator was not able to fulfill MMB's expectations in terms of quantity of cargo and revenue.

The fact remained that MMB did not obtain the prior approval of GoM before allowing AML to undertake jetty operations for prolonged period, violated the provisions of MMB Act, 1996.

Further, MMB allowed shipment of bauxite to AML without any environmental clearance. Audit also observed that MMB permitted AML dredging of navigation channel for removal of bauxite spilled by it into the channel from time to time, without any environmental clearance and without ascertaining the quantity of material spilled through hydrographic survey data and the quantity required to be dredged. MMB, thus, abdicated its role as a conservator of ports by not insisting on the requisite clearances before allowing dredging activities.

MMB stated that AML had approached environment department for NOC to carry out dredging but was unable to get it, despite continuous follow up.

The reply is not tenable because in the absence of necessary environmental clearance cargo operations from the jetty should not have been allowed to commence.

- MMB entered into a user license agreement (April 2004) with Swarnsburg Shipping and Marine Services Private Limited (SSMS) for five years for ferry services operations between Dhapoli and Dhopawe in Ratnagiri district. It was observed that MMB granted interim extensions to SSMS from time to time (through short-term agreements) and the last extension was granted up to October 2014. Thus, by granting extensions via short term agreements, the MMB evaded the approval of GoM.

MMB stated that interim permission was granted to SSMS to avoid public inconvenience.

2.1.8.6 Irregularities in ship-building and repair projects

For ship-building and repair projects, a developer applies to MMB evincing interest for the project and submits Techno Economic Feasibility Report (TEF report)/Business Plan. After vetting of TEF report, Letter of Intent (LoI) is issued to the developer, subject to obtaining of environment clearance by the developer within a period of 24 months from the date of signing of lease agreement. Thereafter, MMB enters into a lease agreement with the developer for five years and forwards the proposal to the GoM for extending the lease up to 30 years. In the event of environmental clearance not being obtained within the stipulated period, the agreement stands cancelled as per clause 3 of the lease agreement, with no liabilities to MMB.

Audit observed that GoM did not formulate any policy for leasing the waterfronts to developers for ship-building projects. The MMB, without inviting tenders, entered into lease agreements with eight developers for ship-building and repair projects during 2009-11. The lease agreements were executed with these developers without verifying their past experience in ship-building. MMB also failed to ensure that construction activities were undertaken only after obtaining environmental clearance. The details are indicated in **Appendix 2.1.5**.

To an audit query, MPCB confirmed (December 2012) that of the eight developers, only one developer had been granted environmental clearance by MoEF and one developer did not apply. The MPCB, however, did not furnish any information on the remaining six developers.

MMB admitted that specific policy for setting up ship building and repair projects was yet to be formulated and agreed to take appropriate action against the defaulters.

2.1.8.7 Lack of action on unauthorized boat builders

Section 35 (1) of the MMB Act, 1996 stipulates that no person shall make, erect or fix any wharf, dock, quay *etc.* within the limits of a port without prior permission of MMB. Section 35 (2) further stipulates that if any person makes, erects, or fix any wharf, dock, quay *etc.* without permission, MMB may by notice, require such person to remove the same, failing which MMB may remove it at the expense of such person. Scrutiny of records in the 20 port

limits test-checked revealed that 36 boat builders in five port limits¹⁸ were operating (March 2012) without obtaining requisite permission from MMB as indicated in **Appendix 2.1.6**. These unauthorized boat builders had constructed 78 vessels (barges, pontoons, grab dredgers *etc.*) during the last two years (2010-12). Further, from the records produced to audit, 19 boat builders in Vasai port limit were operating unauthorisedly since April 2007. Pertinently, audit also observed that the RPO, Mora (covering Kalyan, Bhiwandi and Thane port limits) was unauthorisedly recovering boat launching fees from these boat builders, instead of initiating action against them. As no efforts were made to regularise these activities by entering into lease agreements for use of waterfronts, MMB lost the opportunity to recover lease rent from these boat builders. Audit observed that MMB could have earned an estimated annual revenue of approximately ₹ 20 lakh¹⁹ on account of lease rent from a single boat builder, considering an area of 73,600 sq m (for inter tidal land) and an area of 85,700 sq m (for under water land) leased to one boat builder for setting up a shipyard.

In the exit conference, the CPO stated that appropriate action against unauthorised boat builders would be taken.

2.1.9 Implementation of inland water transport projects

Inland water transport (IWT) projects is an economical, environment friendly and a preferred mode of transport in the coastal region of Maharashtra with an estimated 1.5 crore passengers (2008-09) using IWT annually in the coastal districts of Maharashtra.

For development and up-gradation of IWT by way of construction of jetties, navigational aids, approach roads, passenger amenities *etc.* the Ministry of Shipping, GoI, sanctioned eight²⁰ Centrally Sponsored IWT Projects at a total cost of ₹ 29.83 crore in a phased manner between 2003-04 and 2005-06. The cost of each IWT project was to be shared between GoI and GoM in the ratio of 90:10. MMB received entire grants of ₹ 29.83 crore from GoI and GoM by March 2008.

2.1.9.1 Defective agreement with consultant

MMB appointed a consultant²¹ by inviting limited tenders (five only) and concluded eight agreements between March 2004 and June 2006 at a total cost of ₹ 1 crore for overall implementation of eight IWT projects. As per the consultancy contract, the consultant was required to determine the scope of the work, conduct preliminary studies, prepare the plans, draw the estimates, tendering, supervision of work and commissioning of the project.

Audit scrutiny revealed the following inadequacies:

¹⁸ Vasai, Kalyan, Bhiwandi, Belapur and Thane

¹⁹ This audit observation is based on a lease agreement entered into by MMB with Panduronga Timbolo Industries in April 2011 for setting up a shipyard at village Sakhari-Trishul (district Ratnagari)

²⁰ Vishnupuri, Rajpuri, Mandwa, Karanja, Janjira, Agardanda, Ishapur and Dighi

²¹ M/s Kashec Engineers Pvt. Ltd., Pune

- The consultancy contract did not protect the financial interest of the Board as the consultant was paid 65 *per cent* upfront²² in seven out of eight IWT projects, even before commencement of work.
- The consultant was paid a consultancy fee of ₹ 95.11 lakh²³ on account of eight IWT projects up to July 2007. Of the eight projects, ₹ 51.00 lakh was paid in respect of five projects, of which, four²⁴ projects did not commence at all and one project at Rajpuri was abandoned in the initial stage itself.
- The consultant opted out (September 2007) from six projects (except Mandwa and Vishnupuri) without assigning any reasons. However, no penalty was levied on the consultant as the agreement did not contain any penalty clause on account of failure of consultant to complete the work.
- MMB after time lapse of more than four years invited (January 2012) fresh tenders for appointment of consultant for implementation of five²⁵ incomplete IWT projects. Though, two bids were received the CEO, MMB decided (January 2012) to cancel the tender due to inadequate response and appointed (May 2012) the same consultant (Kashec Engineers Pvt. Ltd., Pune) who, incidentally, did not participate in the tendering process, on the ground that it would facilitate adjustment of previous payments made to him.

MMB stated that a LoI had been issued to the consultant in June 2012. The terms and conditions set out in LoI were accepted by the consultant by reducing the current offer by 0.20 *per cent* with reference to the earlier quoted rates.

2.1.9.2 Execution of projects

Out of eight IWT projects, works on three projects²⁶ were not taken up by MMB due to defective plans and designs submitted by consultant and Ishapur project was not initiated at all. Of the remaining four projects, two projects namely Vishnupuri and Mandwa were stated to have been commissioned by MMB and two projects namely Dighi and Rajpuri were incomplete as of December 2012.

Audit, however, observed that in case of Mandwa, of the total project cost of ₹ 4.11 crore, works amounting to ₹ 3.36 crore relating to dredging, break water of 150 m, fire fighting *etc.* were not taken up. The status of implementation of eight IWT projects is indicated in **Appendix 2.1.7**.

Further, utilisation certificate in respect of the eight projects was not furnished to audit. MMB confirmed (February 2013) that no utilization certificate was submitted to GoI against the expenditure of ₹ 5.26 crore incurred on these projects out of ₹ 29.83 crore received from GoI/GoM.

²² At the time of issue of work order to the civil contractor

²³ Mandwa (₹ 20.80 lakh), Vishnupuri (₹ 17.11 lakh), Dighi (₹ 6.20 lakh), Rajpuri (₹ 18.29 lakh), Janjira (₹ 8.63 lakh), Ishapur (₹ 2.18 lakh), Karanja (₹ 14.59 lakh) and Agardanda (₹ 7.31 lakh)

²⁴ Janjira, Karanja, Ishapur and Agardanda

²⁵ Janjira, Karanja, Rajpuri, Dighi and Agardanda

²⁶ Janjira, Karanja and Agardanda

2.1.10 Adequacy of services rendered by the Board

MMB is engaged in various regulatory works such as dredging, survey of vessels, issue of certificates to Vessel Masters/engine drivers by holding examinations (through the Chief Surveyor-cum-Marine Engineer) and registration of vessels through the five RPOs. MMB also issues NOCs for sand dredging on the basis of hydrographic survey.

2.1.10.1 Under-utilization of dredging unit

To maintain smooth navigation of vessels among the minor ports, dredging is carried out in the navigational channels near passenger and fishing jetties by the Marine Engineer (ME) through one dredging unit comprising one dredger, one hopper barge²⁷ and one motor launch.

Audit observed that MMB did not have any annual plan for carrying out dredging in the navigational channels. The dredged quantity for maintenance of navigational channels decreased drastically from 1.55 lakh cum in 2007-08 to 48,100 cum in 2010-11 and further to 23,100 cum in 2011-12 (up to January 2012). Audit also observed that as against two sanctioned posts each of Dredger Master and Dredger Engineer, only one post in each of these two categories were filled. The post of Crane Operator was vacant since 2006 and the work was carried out through a *Khalashi* till December 2011. Due to shortage of staff, dredging of navigational channels was not done, though there was continuous demand for dredging from various passenger/fishing societies thereby causing difficulties in plying vessels.

MMB stated that the process of filling the vacant post was being undertaken.

2.1.10.2 Non-recovery of dredging cost

Esselworld Infrastructure Limited (EIL) having a jetty at Gorai creek requested (August 2006) MMB to carry out dredging of navigation channel between Marve-Esselworld and Gorai-Esselworld, Mumbai. MMB submitted (January 2008) the proposal to the Principal Secretary, Ports for dredging of 1.80 lakh cum at an estimated cost of ₹ 4 crore. The Principal Secretary, Port submitted the proposal to the Finance Department in January 2009. The Finance Department recommended (in the same month) to recover some portion of the dredging cost from EIL and balance through increase in passenger levy.

MMB dredged (January and March 2009) 45,625 cum of the navigation channel near the jetty owned by EIL at a cost of ₹ 1.01 crore²⁸. However, MMB did not recover any cost from EIL for the dredging work as recommended by the Finance Department.

MMB did not furnish any specific reply relating to the issue.

2.1.10.3 Avoidable expenditure in procurement of hopper barges

MMB issued a tender notice (August 2009) for purchase of four hopper barges. Two bids were received which were opened in November 2009. After evaluation of price bids, the offer of Vijay Marine Services (VMS) at ₹ 11.36 crore was found to be the lowest.

²⁷ A device required for storing and transporting the material excavated by the dredger

²⁸ On the basis of dredging of 1.80 lakh cum at a cost of ₹ 4 crore

MMB sought (March 2010) the opinion of Dredging Corporation of India Limited (DCIL) for technical and financial suitability of the offer. However, DCIL refused (April 2010) to give its opinion. In the meanwhile, the validity of the offer expired in May 2010. MMB again invited (November 2011) fresh tenders for procurement of four hopper barges and the offer of VMS at ₹ 20.23 crore was again found to be the lowest. After negotiations (April 2012), VMS reduced its offer to ₹ 20.21 crore and MMB concluded a contract in April 2012 at a cost of ₹ 20.61 crore, including taxes and duties amounting to ₹ 40.42 lakh.

While MMB did not seek any technical and financial opinion the second time, failure of MMB to finalise the tender within the validity period led to an avoidable extra financial burden ₹ 8.85 crore²⁹.

MMB stated that due to delay and subsequent refusal in giving opinion by DCIL, retendering had to be resorted to.

The reply lacks conviction as audit observed that DCIL's refusal came in April 2010 and therefore, MMB had sufficient time to conclude the contract at the initial rates itself within the validity period.

2.1.10.4 Lapses in issue of survey certificates to vessels

Under Section 3 of Inland Vessel Act, 1917 inland mechanical propelled vessels should not proceed on voyage or be used for service without a survey certificate issued by Chief Surveyor-cum-Marine Engineer, which is renewable every year. Further, under Section 11 of the Act, survey certificate has to be issued every year and there is no provision for extending the survey. Survey includes inspection of a mechanically propelled vessel and every part thereof, including the hull, boilers, engines and other machinery and all equipments and articles onboard, such as, fire extinguishers, life saving appliances, insurance of the vessel against third party risks *etc.*

It was observed that effective mechanism for conducting survey did not exist in MMB as several breaches in adhering to the mandatory requirements were noticed as indicated below:

- Up to December 2011, none of the owners of inland mechanical propelled vessels obtained survey certificates before applying for registration as required under section 19 D of the Inland Vessel Act, 1917. It was only in December 2011 that ME issued instructions to RPOs to ensure submission of survey certificates before registration of vessels.
- There was significant shortfall in survey of vessels as shown in **Table 3** below.

Table 3: Shortfall in survey of vessels during 2007-12

Year	2007-08	2008-09	2009-10	2010-11	2011-12
Vessels registered (nos)	894	1075	1242	1406	1570
Vessels surveyed (nos)	512	662	691	819	464 (upto 6 February 2012)
Shortfall percentage	43	38	44	42	70

²⁹ ₹ 20.21 crore - ₹ 11.36 crore (being the difference between the basic offers)

MMB stated that the shortfall in survey was due to extensions granted in the survey period in respect of mild steel vessels only, while in case of inland vessels of wooden and FRP type, compulsory annual inspections were carried out.

The reply is not acceptable as under Section 11 of Inland Vessel Act, 1917 survey certificate has to be issued every year and does not distinguish between vessel type - either steel or wood.

- Vessel-wise records of the registered vessels were not maintained to keep track of renewal of survey certificate.

MMB stated that the present software is being upgraded which would facilitate maintenance of proper records.

- As per the Inland Vessel Act, 1917 the State Government was required to make rules prescribing the requirement of life saving appliances, apparatus to be kept for extinguishing fire *etc.* However, the State Government did not prescribe any rules in this regard. Scrutiny of 10 illustrative cases of survey certificate issued to passenger launches revealed that in seven cases, provision for life-jackets were made only up to five *per cent* of the total passenger capacity of the vessel instead of 100 *per cent*. In three cases, life-jackets were not provided at all. The ME issued annual survey certificates to these vessels without ensuring the availability of life-jackets.

MMB stated that it has issued a circular in April 2011 for provision of 100 *per cent* life-jackets on all passenger launches, in addition to ringbuoys and buoyant apparatus.

- As per the instructions issued (May 2003) by MMB, fire-fighting appliances to be used on inland vessels should be tested in the fire fighting service workshops duly registered with the Director General of Shipping, GoI. As of March 2012, ME appointed two agencies for inspection of equipment used by the vessel owners, of which, one agency *viz.*, Marine Marketing Services (MMS), appointed in May 2011, was not registered with DG, Shipping as a fire fighting service workshop. Thus, 36 survey certificates issued by ME on the basis of inspection certificates given by MMS, were not valid.

MMB stated that it being a regulatory body and satisfied with the facility availed in the workshop of MMS, it was not mandatory to have DG, Shipping approved workshop.

The reply is not tenable as per Section 52 of Inland Vessels Act, 1917, only the State Government is empowered to make rules for protection of inland mechanically propelled vessels from accidents.

- In four cases, ME issued survey certificates without obtaining fire-fighting certificates, in violation of the Act.

2.1.10.5 Non-conducting of survey of vessels through Government surveyors

As per section 4 of Inland Vessels Act, 1917, annual survey of mechanically propelled vessels needs to be conducted through public servants appointed by the State Government by notification in the official gazette. Audit scrutiny

revealed that MMB carried out the survey of vessels through temporarily empanelled (September 2007) three private individuals having experience in marine field, on contract basis. The initial contract was valid for a period of one year, which was extended from time to time up to January 2012 without re-inviting applications for fresh empanelment.

The MMB stated that though the posts for Marine Surveyors were advertised in 2009 and interviews conducted for the same, qualified candidates were reluctant to join due to less remuneration.

The reply is not tenable as the surveys were got conducted through private individuals, in violation of the Act.

2.1.10.6 Registration of vessels through Regional Port Officers

The GoM, under Section 19 B (1) of Inland Vessels Act, 1917, appointed (June 2001) RPOs as the registering authorities for all inland mechanically propelled vessels plying within the inland waters. The five RPOs registered 1570 inland vessels under the Act up to March 2012. Audit scrutiny revealed the following:

- Rules for charging fees for registration of vessel, alteration to vessels were not notified by the State Government as required under provision of Section 19 R of the Act.
- As per the regulations issued by DG, Shipping in September 2004, all mechanised vessels used for water sports activities were required to be registered under the Inland Vessels Act, 1917 after ensuring its seaworthiness by the surveyors. Non-mechanised vessels used for water sports activities were only to be allotted an identification number (ID). Audit observed that 167 mechanised vessels³⁰ (127 vessels in RPO, Mora and 40 in RPO, Rajpuri) used in various water sports activities were allotted only IDs without registering the same under the Act and without ensuring their sea worthiness. Further, 39 speed boats used for water sports though registered by RPO, Rajpuri were not surveyed by ME.

MMB stated that all vessels engaged in water sports have been given IDs after ensuring their seaworthiness by RPOs.

The reply is not acceptable as all the mechanized vessels were required to be registered under the Inland Vessels Act, 1917 after ensuring their seaworthiness through surveyor.

2.1.10.7 Issue of certificate of competency by the ME

As per Section 21(1) of the Inland Vessels Act, 1917 an officer notified by the State Government shall grant to a person, who is reported by the examiner to possess the prescribed qualification, a certificate of competency to act as a first-class master, second-class master or sarang or as an engineer, first class engine driver or second class engine driver, as the case may be, onboard a mechanically propelled vessel.

The Department notified (June 2001) ME, CPO and RPOs as the examiners for the purpose of examining the qualifications of the candidates desirous of

³⁰ Speed boats, motor boats, Jet Ski/water scooters *etc.*

obtaining such certificates. The ME conducted eight examinations between 2007-08 and 2009-10 for issuing competency certificates. However, there were inconsistencies in issue of such certificates and violation of the Act, which are discussed below:

- During examinations held between 2007 and 2010, 596, 174 and 113 candidates were declared passed for second-class master, first-class master and first-class engine driver respectively. However, the register showing the issue of competency certificates to the candidates indicated issue of competency certificates to 606, 175 and 114 candidates respectively. Thus, 12 candidates were issued certificates without being declared passed in the examination. Further, comparison of the list of candidates who appeared for examination (September 2008) with the list of candidates declared passed (October 2008) revealed that five candidates for second-class master and one candidate for first-class master were declared passed, even though their names did not appear in the list of candidates who appeared for examination in September 2008. Thus, an infallible system for conducting the examination and issue of competency certificate was not in place.

MMB accepted the fact and stated that such irregularities would be avoided in future.

- Though ME, CPO and the RPOs were notified as examiners, the CEO, MMB entrusted (May 2012) the responsibility of conducting the examination to Board of Examinations for Seafarers Trust (BEST), a private trust, in violation of the Act/Notification of June 2001.

In the exit conference, the CEO, MMB stated that a proposal for notifying BEST had been forwarded to GoM.

2.1.10.8 Performance of hydrographic Section

The Hydrographer of MMB conducts hydrographic survey, geo-technical survey/geo-physical survey and issues NOCs to District Collectors for extraction of sand in navigational channels on the basis of hydrographic survey. Following deficiencies were noticed in adherence to the mandatory provisions laid down by GoM before issue of NOCs for sand extraction:

- As per the Government Resolution (GR) issued in October 2010 for sand extraction, it was mandatory to obtain environmental clearance from State Level Environment Impact Assessment Committee³¹ (SLEIAC) before issue of NOC. Further, due to concerns raised on ecological degradation on account of a large number of projects proposed/implemented in Ratnagiri and Sindhudurg districts falling in the Western Ghat region, a panel of ecology experts was constituted by the MoEF for suggesting effective measures, pending which a moratorium was imposed in January 2011 prohibiting any development activity in these districts.

In view of the moratorium, SLEIAC decided (14 March 2011) not to clear any proposal for sand extraction in these two districts. However, MMB issued (after 14 March 2011) NOCs to the Collector, Ratnagiri in six cases for extraction of 7.77 lakh brass³² (21.99 lakh cum) of sand and to the Collector,

³¹ Formed under MoEF Notification (September 2006) to deal with environmental issues at the State level

³² One brass = 2.83 cum

Sindhudurg in eight cases for extraction of 13.49 lakh brass (38.18 lakh cum) of sand, overlooking the moratorium and the decision of the SLEIAC.

Further, MMB also issued 23 NOCs to the Collector, Thane for extraction of 24.12 lakh brass (68.26 lakh cum) of sand from locations other than that cleared by SLEIAC.

MMB stated that the final permission for extraction was given by the Collectors and the responsibility of seeking all other permissions and clearances rests with the Collectors and not with MMB.

The reply is not acceptable since MMB should not have issued the NOCs in the first place by overlooking the moratorium and the decision of the SLEIAC.

- The Principal Secretary, Revenue and Forest Department (R&FD) directed (March 2011) the CEO, MMB to conduct the Environmental Impact Assessment (EIA) study and submit reports in respect of all sand blocks within the creeks under Thane, Raigad, Ratnagiri and Sindhudurg districts by May 2011. However, MMB did not conduct any EIA study as of December, 2012. Consequently, the sand extraction continues in these districts without any assessment of the damage to the environment.

MMB stated that funding was not provided by R&FD and it was decided in a meeting chaired by Additional Chief Secretary (Revenue) that EIA Studies would be undertaken through Collectors locally.

The fact remained that no EIA was conducted either by the MMB or Collectors. Incidentally, the MPCB also confirmed to audit in December 2012 that neither MMB nor the Collectors had approached it for any EIA study in this regard.

- As per para 11 of the GR of October 2010 issued by R&FD, the use of suction pump for sand extraction was to be allowed only in public interest, where manual extraction was not possible. In violation of the provision, MMB issued six NOCs (March to November 2011) to the Collector, Thane for extraction of sand through 126 suction pumps from locations which were already reserved for manual extraction.

MMB stated that Revenue Department had given permission for sand extraction by suction pump in the public interest and accordingly NOCs were issued.

The reply is not acceptable as permission for sand extraction through suction pumps was granted for locations which were reserved for manual extraction and therefore, the rationale of 'public interest' does not hold. Further, the permission granted by the Revenue Department in public interest was conditional, subject to seeking permission from MPCB, which was not taken.

2.1.10.9 Deficiency in fixing and recovering hydrographic survey fees

As per Section 41 of the MMB Act, 1996 prior sanction of GoM was required for the recovery of any charges for the services specified in the Act. The Revenue Department, GoM fixed (December 2003) a survey fee of ₹ 16,000 for each day of hydrographic survey in respect of sand blocks auctioned by the Collectors. For individuals or societies, to whom permission was granted (without auctioning process), MMB unilaterally fixed (2004) the survey fee at

₹ 8,000 per 1,000 brass for issue of NOCs for sand extraction, which was further reduced (September 2008) to ₹ 1,500 per 1,000 brass.

MMB stated that Section 41 of the Act deals with scale of rates in respect of services provided by the Board and that the issue of NOCs for sand extraction was not a service provided by the Board.

The reply is not factual as audit observed that MMB was issuing NOCs to various Collectors for sand extraction which clearly indicated this being a service provided by it under section 37 of the MMB Act.

Instances of non-levy and short levy of hydrographic survey fee are detailed below:

- Though the survey fee was reduced from ₹ 8000 per 1000 brass to ₹ 1500 per 1000 brass from September 2008, the Hydrographer recovered the survey fees in two cases at the reduced rate in August 2008 itself leading to short levy of ₹ 29.51 lakh³³, besides loss of service tax of ₹ 3.65 lakh (12.36 per cent of ₹ 29.51 lakh).

- Though for sand extraction RPOs were not authorised to issue NOCs, two RPOs³⁴ issued 2,392 NOCs between April 2007 and March 2009. Further, hydrographic survey fee in respect of these NOCs issued for extraction of 22.67 lakh brass of sand was not recovered resulting in loss of revenue of ₹ 1.73 crore worked out at prevailing rates (₹ 8,000 per 1,000 brass up to September 2008 and ₹ 1,500 per 1,000 brass thereafter) besides loss of service tax of ₹ 21.40 lakh (at 12.36 per cent of ₹ 1.73 crore).

During exit conference CPO stated that the situation has now been rectified.

2.1.11 Revenue Generation at ports

As per Section 37 of MMB Act, 1996, MMB levy fees as per the regulations approved by the State Government for various services such as, stevedoring, landing, shipping or trans-shipping passengers and goods between vessels in port *etc.* The main source of revenue was from landing and shipping fees (wharfage), ground rent, lease rent, passenger levy, hydrographic survey fee and port dues.

2.1.11.1 Short-levy of wharfage charges

Audit observed short levy of wharfage charges amounting to ₹ 2.37 crore due to wrong application of rates as discussed below:

- As per the notification (August 2001) issued by the GoM, wharfage charges on certain commodities were to be levied on derived weight *i.e.* T (Meas)³⁵ instead of actual weight of these commodities. Scrutiny in audit revealed that in 13 cases the Port Inspector, Trombay applied wharfage charges based on actual weight instead of T (Meas) resulting in short levy of ₹ 17.47 lakh.

- MMB levied wharfage at ₹ 22.50 per MT applicable for multipurpose jetty on 25.31 lakh MT bauxite handled by Ashapura Minechem Ltd at MMB owned Dhanwatay jetty in district Ratnagiri between January 2004 to March

³³ 4,54,000 brass x ₹ 6.5 per brass (8 – 1.5) = ₹ 29,51,000

³⁴ Mumbai Suburban (Bandra) and Thane (Mora)

³⁵ One T(Meas) is equivalent to 1.41584 cubic meters (50 cubic feet)

2012 instead of ₹ 30 per MT applicable for MMB jetty resulting in short levy of ₹ 1.90 crore.

- Wharfage charges at the rate of ₹ 30 per MT applicable for multipurpose jetty was levied in respect of 2.43 lakh MT of stone cargo handled by JSWIL at MMB owned Usgaon jetty between 2007 to 2009 as against ₹ 40 per MT applicable for MMB jetty resulting in a short levy of ₹ 24.30 lakh.
- The cargo³⁶ handled by PNP Enterprises Ltd at a multipurpose jetty in Shahabad (Dharamtar Port under RPO, Mora) was levied wharfage at the rate ₹ 28 per MT as against ₹ 28.13 per MT stipulated in the State Government notification (July 2011) resulting in short levy of ₹ 4.91 lakh as of March 2012. Similarly, in Port Revadanda reckoning of wharfage charges at ₹ 28 per MT instead of ₹ 28.13 per MT resulted in short levy of ₹ 0.88 lakh as of May 2012.

Short-levy of wharfage charges of ₹ 2.37 crore indicated weak internal controls in MMB.

MMB accepted the facts and stated that the issue of recoveries has been taken up with the concerned agencies.

2.1.11.2 Non-assessment of minimum guaranteed revenue

MMB entered into a lease agreement (May 2008) with Indo Energy International Ltd (developer) for setting up a multipurpose terminal at Sanegaon village, district Raigad. As per agreement, the developer was required to inform MMB about the committed cargo every year in the month of March for the following year, in order to ensure minimum guaranteed revenue to MMB. Scrutiny of records revealed that there was decline in revenue from ₹ 63.35 lakh (3.04 lakh MT coal handled) in 2010-11 to ₹ 52.41 lakh (1.91 lakh MT coal handled) in 2011-12. However, MMB neither ensured that the developer declared the committed cargo nor did the agreement stipulate any minimum limit, to protect the financial interest of MMB.

MMB stated that henceforth, the provision regarding committed cargo would be enforced.

2.1.11.3 Levy of passenger fees

GoM vide notification (January 2000) prescribed a fee of ₹ 5 and ₹ 2 per passenger for travel by special and ordinary class respectively in luxury launches. Test check in audit revealed the following deficiencies:

- **Short-levy of passenger fee:** Four catamarans (luxury launches) having air conditioned deck (special class) as well as an ordinary deck were being operated during September to May each year from Mandwa to Gateway of India. However, MMB levied a uniform fee of ₹ 2 per passenger irrespective of the class of travel (ordinary or special). The short-levy could not be worked out by audit in the absence of data on passengers who travelled by special class.

MMB accepted the audit observation.

³⁶ Mill Scale, Iron Ore, Iron Ore Pallates, Iron ore fine, Coal and Coke

▪ **Non-implementation of revised passenger fee:** MMB submitted (November 2008) the revised rates for passenger fee, which was approved by the GoM belatedly in June 2010. While issuing notification, the then CEO of MMB observed (July 2010) that the approved revised rates were on the lower side. However, MMB neither took any action to revise the rates based on the observation made by CEO nor issued notification for the rates already approved by the GoM in June 2010. The details of the revised passenger levy *vis-à-vis* levy at old rates are indicated in the **Appendix 2.1.8**. Due to failure to notify the revised rates approved by GoM in June 2010, MMB is suffering continuous loss on account of short-levy of passenger fees.

MMB stated that the revised passenger levy rates have been submitted to the GoM in November 2012 for approval.

2.1.12 Monitoring

2.1.12.1 Role of MMB in respect of coastal security

The first meeting of the State-level Coastal Security Coordination Committee was held under the Chairmanship of the Chief Secretary in March 2010 wherein coastal security issues, registration issues, operation of fishing and non-fishing vessels *etc.* were discussed and directives issued to MMB. Accordingly, MMB constituted (March 2010) an internal committee to give top-most priority to security arrangements along the coastline. Though, various action plans were chalked out subsequently in the meetings of the committee held between March 2010 and October 2010, MMB did not implement the action plans as discussed below:

▪ RPO, Ratnagiri filed 66 FIRs against illegal barge movement and fined 211 barges for operation of vessels by unauthorized personnel. RPO, Vengurla, issued 50 notices to the operators of fishing boats for using them as passenger boats. However, MMB did not submit any proposal for amendments to the Act for empowering the RPOs and Port Inspectors to take action against the defaulters.

MMB stated that necessary proposal for empowering the RPOs and Port Inspectors under Inland Vessels Act, 1917 would be submitted to the State Government for making rules under the Act.

▪ In the meetings mentioned above, it was decided to obtain disaster management plans from the port operators. Though disaster management plans were received by MMB from four out of 18 operators, follow-up action to obtain disaster management plans from the remaining port operators was not taken.

MMB stated that a total of 10 out of 18 operators have submitted their disaster management plans and the remaining eight operators have been requested (September 2012) to submit the same.

2.1.12.2 Under-utilization of speed boats for coastal security

For the purpose of patrolling the State's coastline, MMB approved (October 2007) procurement of six speed boats each costing ₹ 1.05 crore with single engine capacity of 225 HP and carrying capacity of 15 persons. However, despite availability of funds of ₹ 145.02 crore at its disposal, MMB procured (February 2009) only five speed boats with reduced engine capacity of 135 HP

and carrying capacity of six persons at the total cost of ₹ 60 lakh (@ ₹ 12 lakh each). These five speed boats were suitable to withstand wave height of only 1.2 metres.

Audit observed that three out of five speed boats allotted (May 2009) to three³⁷ RPOs, who had their ports jurisdiction in the open sea, were hardly utilized as the boats were not capable of withstanding wave heights of three to four metres occurring in open sea and due to limited fuel capacity. Moreover, RPO Bandra did not take possession of one speed boat due to non-availability of sea-worthiness certificate. RPO, Mora having its port jurisdiction within the creek area where the wave height is less, was using the fifth speed boat.

Audit further observed that MMB was in the process of procurement of higher capacity speed boats (twin engine with engine capacity of 125 HP each) since January 2011. Final orders were yet to be issued (November 2012).

Injudicious decision of MMB to procure lower capacity speed boats resulted in under-utilization/ non-utilization of four out of five speed boats thereby rendering an expenditure of ₹ 48 lakh unfruitful. Further, payment of ₹ 63.93 lakh³⁸ made up to October 2011 to a private agency for manning³⁹ the boats was also rendered unfruitful. Moreover, the objective of ensuring coastal security through patrolling was defeated.

MMB accepted the audit observation and stated that tendering process for six new speed boats had been completed. It further stated that in future four number of ‘Masters’ shall operate the speed boats after training, which would reduce the manning charges.

2.1.12.3 Manpower management

As per the recommendations (June 2006) of the High Power Committee, the Department resolved (October 2006) to revise the staffing pattern of MMB and create 45 new posts. As against 460 sanctioned posts, the men in position (MIP) was 353 as of March 2012. The adverse impact of key posts lying vacant is discussed in **Table 4**.

³⁷ Vengurla (Malvan), Ratnagiri and Rajpuri

³⁸ February 2009 to June 2011: (4 boats X ₹ 49635 X 29 months) + July 2011 to October 2011 (4 boats X ₹ 39708 X 4 months) = ₹ 63,92,988

³⁹ Crew required for operation of speed boats

Table 4: Adverse impact of key posts lying vacant

Post kept vacant	Adverse impact on working of MMB
Surveyor (Group A Post)	One post of surveyor was created vide aforementioned Resolution to assist Marine Engineer in conducting survey of inland water vessels. The post was vacant since its creation up to December 2012 and as a result, the statutory duty of survey of vessels was outsourced to a panel of individuals appointed in contravention of the Inland Vessels Act, 1917.
Law Officer	This was a newly created post vide Resolution of October 2006 which was lying vacant since its creation up to December 2012. As a result, the works pertaining to framing of legal agreements and resolution of legal disputes were outsourced.
Dredger Master/ Dredger Engineer/ Crane Operator	Against two sanctioned posts each of Dredger Master and Dredger Engineer, only one post in each category was filled. The post of crane operator was vacant since 2006 and the work was carried out through a Khalashi till December 2011. Due to shortage of staff, the maintenance dredging work was neglected.

In addition to above, the Hydrographer held additional charge of the key post of Chief Ports Officer from January 2005 to May 2010 and again from March 2011 to December 2012. In view of intricate issues involved in BOOST projects it was necessary to have a dedicated project management team as envisaged in the CAs (Dighi and Rewas). The MMB failed to set up a team as envisaged in the CA and the huge workload was handled by only one Port Superintendent and two Port Inspectors (PIs) in the planning branch at MMB Headquarters.

The staffing position (December 2012) at 48 ports revealed that no Port Superintendent was posted in 11 major cargo handling ports and the operations were handled by PIs; independent charge of 15 ports were given to Assistant Port Inspectors (APIs); the activities in nine ports were handled by PI/APIs as an additional charge. The remaining 13 ports were handled by the PIs as an independent charge.

MMB stated that there were certain vacant posts such as Law Officer and some technical cadres, which would be filled up by advertisement and promotion. It further stated that the post of CPO would be filled up within short period of time. It further added that the posting of Port Superintendents would be made on cargo handling ports within a short period of time.

2.1.12.4 Oversight by the High Power Committee

A High Power Committee (HPC) under the chairmanship of the Chief Secretary with Principal Secretary (Planning), Principal Secretary (Finance), Principal Secretary (Urban Development), Principal Secretary (Transport, State Excise and Ports), Principal Secretary (Revenue), Principal Secretary (Law and Judiciary), Secretary (PWD), Executive Director (Maharashtra State Road Development Corporation), CEO, MMB and the Deputy Secretary, Home Department as members was constituted (April 2002) by the Government to approve and review various port projects and water transport projects from time to time, according approval to amendments in various agreements, resolution of difficulties faced while implementing projects of Port development and IWT, creating and approving posts for work of Port development and IWT. The HPC was also empowered to take final decision

with regard to setting up of projects including modification of the provisions of the policy.

Audit observed that though the HPC was meeting regularly, resolution of long pending core issues⁴⁰ were not at all discussed at any of the HPC meetings. The HPC also did not discuss the necessity of a master plan for development of the ports. The CAs also did not provide any condition stipulating access to the original books of accounts of the SPVs to MMB and MMB auditors.

2.1.12.5 Monitoring the activities of SPVs

The six port development projects were being implemented through SPVs established as per the CA. The CA provided for mortgage of assets leased by MMB to SPVs for raising of loans for the projects. MMB, however, did not obtain the books of account or the details of utilization of loans raised by SPVs against the mortgaged assets to ensure that the loans were utilized for port development activities.

2.1.12.6 Constitution of the Board

As per Section 3(4) of the MMB Act, the Board was to be constituted with seven official members and six non-official members having expertise in marine related issues. In January 2005, the GoM cancelled the appointment of all the non-official members, the reasons for which were not available on record. As a result, subsequent meetings of the Board were held without the non-official members. Non-appointment of non-official members for more than seven years denied MMB the benefits of the experience of non-official members from diverse fields.

MMB stated that the matter would be taken up with GoM for appointment of non-official members.

2.1.12.7 Indecision of the Board in construction of administrative building

MMB acquired a land admeasuring 2,981.18 sqm⁴¹ at Bandra-Kurla Complex, Mumbai from Mumbai Metropolitan Regional Development Authority (MMRDA) for constructing an administrative building. Lease premium of ₹ 27.41 crore was paid (September-December 2005) and the lease deed entered into in August 2006. However, despite a lapse of more than six years MMB failed to take concrete decision on construction of administrative building on the land acquired.

The delay in decision-making resulted in additional liability of ₹ 9.59 crore (35 *per cent* of ₹ 27.41 crore) towards additional lease premium⁴², apart from a recurring rental liability of ₹ 2.34 lakh per month on account of continued hiring of administrative office at Ballard Pier, Mumbai. Further, the indecision

⁴⁰ Valuation of inter tidal land transferred to Rewas Port Limited, valuation of land transferred to Dighi Port Limited, resolution of issues in Rewas Project before transfer of huge tracts of land, recovery of wharfage charges at concessional rates without ensuring the commercial operation of Redi and Dighi Port, review of IWT projects *etc.*

⁴¹ With maximum permissible built-up area of 6,450 sq m

⁴² As per clause 2 (e) of the lease deed entered into with MMRDA, MMB had to pay a penalty of 35 *per cent* of the lease premium (₹ 27.41 crore) to MMRDA on account of delay of two years in construction of administrative building on the acquired land beyond the total permissible time limit of four years

also resulted in huge increase in the cost of construction of administrative building from an estimated ₹ 10 crore in June 2005 to ₹ 100 crore in July 2009.

During exit conference, the CEO, MMB stated that the delay in construction of administrative building was on account of various permissions to be given by MMRDA itself and MMB was following it up with the Chief Minister, who is the chairman of MMRDA.

2.1.12.8 Internal Audit Wing

MMB had an Internal Audit Wing (IAW) under the control of Accounts Officer assisted by one Assistant Accounts Officer and one Assistant Port Supervisor. Since there was no sanctioned post for the IAW, MMB resolved (September 2010) to constitute a full fledged IAW and a proposal in this regard was forwarded (September 2010) to GoM for approval, which was pending as of March 2012. The internal audit of the different units of MMB was in arrears since 2008-09 which has been commented in the Separate Audit Reports on the accounts of MMB for the year 2008-11.

2.1.13 Conclusion

MMB did not formulate any long term plan for the development of ports and therefore, the development of port activities was done in an ad-hoc manner. MMB did not streamline the port development activities by identifying and prioritizing the projects for development through Public Private Partnership. MMB awarded the development of all the six ports without inviting competitive bids. Out of the six ports taken up under Public Private Partnership with envisaged cargo handling of 100.23 million tones per annum, only two ports having cargo handling capacity of 10.8 million tonnes per annum were operational as of December 2012. Seven out of eight inland water transport projects approved under the Centrally Sponsored Schemes during 2003-06 were incomplete/not started even as of December 2012. No objection certificates for sand extraction were issued in two districts where moratorium was in force. MMB did not take any action against the unregulated boat building activities. Regional Port Officers of MMB registered the vessels without certificate of survey issued by the Chief Surveyor-cum-Marine Engineer. There was shortfall in conduct of annual survey of vessels *vis-à-vis* total registered vessels. MMB did not follow the provisions of the Act while conducting examinations for competency certificate. The High Power Committee constituted by Government to review various port projects did not discuss vital issues related to valuation of land, extending concessional wharfage charges prior to commencement of commercial operation of the port, review of projects under IWT *etc.* in the meetings. There were vacancies in key posts and monitoring was lax. Non-levy and short-levy of fees/charges for various services rendered by MMB indicated weak internal controls. As of March 2012, there was huge surplus fund mainly due to unspent Government grants.

2.1.14 Recommendations

The Government may:

- Advise MMB to prepare a master plan for the development of ports and ensure transparency in selection of developers;

- Ensure that the terms of the concession agreements entered into with the developers of the ports projects under public private partnership are duly enforced;
- Ensure that MMB completes the long pending inland water projects in a time bound manner;
- Ensure that the no objection certificates for sand extraction are not given where moratorium has been imposed;
- Ensure that MMB follows the provisions of the Act while conducting examinations for competency certificate;
- Ensure that vacancies in crucial posts are filled up urgently; and
- Advise MMB to utilize the Government grants in a time bound manner.

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

Housing Department

Maharashtra Housing and Area Development Authority

2.2 Mumbai Building Repairs and Reconstruction Board

Performance audit on the working of the Mumbai Building Repairs and Reconstruction Board (MBRRB), established in 1971 for repairs and reconstruction of old and dilapidated cessed buildings in Mumbai, was conducted with a view to assessing the impact of implementation of various programmes. Audit scrutiny revealed that repairs, reconstruction and redevelopment projects were implemented without adequate plan, resources and monitoring. As a result the pace of reconstruction of cessed buildings by the MBRRB was found to be slow. Some of the significant findings are highlighted below.

Highlights

The adequacy and integrity of surveys conducted by MBRRB for ascertaining the old and distressed cessed buildings requiring major repairs was suspect. There were 37 deaths and injury to 39 persons between 2008 and 2011 due to collapse of seven cessed buildings, even as these buildings were surveyed by the Board. MBRRB also did not have a prioritised list of cessed buildings which required immediate structural repairs as mandated by MHADA Act.

(Paragraphs 2.2.6.1 and 2.2.6.2)

At the end of March 2012, the arrears in collection of cess and short-remittances by MCGM and the State Government to MBRRB was pegged at ₹ 907.81 crore which crippled MBRRB's ability to undertake increased repairs and reconstruction works. Structural repairs to 3,187 buildings though identified were not sanctioned due to fund constraints.

(Paragraphs 2.2.7.1 and 2.2.8.1)

Redevelopment of 562 old cessed buildings undertaken by private developers under Development Control Regulations 33 (7) was delayed by one to 20 years from the date of issue of NOC by MBRRB. In two cases MBRRB sustained a loss of ₹ 2.05 crore on account of short-recovery of 652.28 sqm of built-up area from the developers.

(Paragraphs 2.2.8.3(a) and 2.2.8.3(b))

Of the 20,661 transit tenements held by MBRRB as of October 2012, 8,824 transit tenements (43 per cent) were encroached upon by unauthorised persons. MBRRB also did not succeed in freeing 323 reconstructed tenements from the trespassers even after time lapse of 14 years.

(Paragraph 2.2.8.5)

The system of internal controls in the Board was deficient for it did not provide the management with reasonable assurance that assets were

safeguarded against loss, transactions and program management activities were executed in compliance with laws and regulations and that exposure to errors and irregularities was minimum.

(Paragraph 2.2.8.7)

2.2.1 Introduction

In the island city of Mumbai there are many old buildings built before 1940 and the rents paid by the tenants were frozen at the 1940 rates as per Bombay Rents, Hotel and Lodging Houses Rates Control Act, 1947. Since landlords received very little rent they did not show interest in maintaining the buildings and many of them were on the verge of collapse. Therefore, the State took upon itself to repair and wherever necessary, reconstruct these buildings. For this purpose, the State Government established the Mumbai Building Repairs and Reconstruction Board (MBRRB) in 1971 under the Bombay Buildings Repairs and Reconstruction Act, 1969⁴³ for carrying out repairs or reconstruction of dangerous cessed buildings⁴⁴. With the enactment of Maharashtra Housing and Area Development (MHAD) Act, 1976 and the formation of Maharashtra Housing and Area Development Authority (MHADA) in 1977, the activities of the MBRRB were brought under a separate wing of Bombay Housing and Area Development Board. In November 1992, a separate MBRRB was created under MHADA for carrying out the following activities in respect of the cessed buildings:

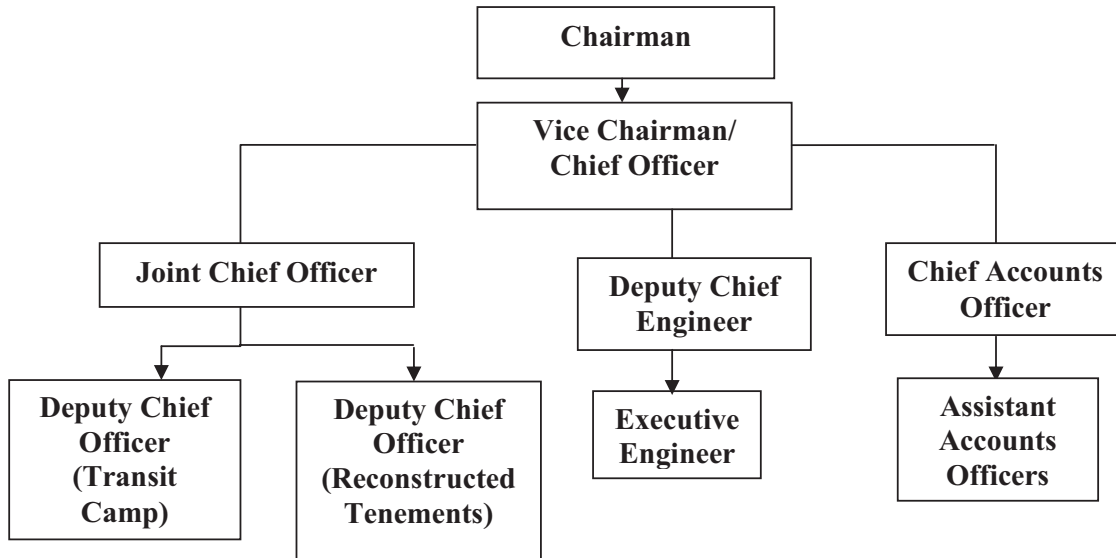
- Undertake and carry out structural repairs to the old and dilapidated buildings, without recovering any expenses from the owners or occupiers of such building;
- Provide temporary or alternative accommodation to the occupiers of any such buildings, when repairs are undertaken or a building collapses;
- Undertake, from time to time, the work of ordinary and tenantable repairs in respect of all the premises placed at the disposal of the Board;
- Move the State Government to acquire old and dilapidated buildings which are beyond repairs and to reconstruct or to get such buildings reconstructed;
- Issuance of 'No Objection Certificate' for redevelopment of old dilapidated building through private developers under Rule 33(7) of Development Control Regulation of 1991 (DCR); and
- Recover service charges from the tenants of transit camps and reconstructed tenements.

⁴³ The Act was replaced by MHADA Act, 1976

⁴⁴ A cessed building in Mumbai is one that was built before 1 September 1940 and up to 30 September 1969. Under Section 82 of the Maharashtra Housing and Area Development Act, 1976, a cess, known as the Mumbai Repairs and Reconstruction cess, is to be contributed by tenants of private buildings. It is a tax commonly referred to as the "repair fund"

2.2.2 Organisational setup

MBRRB is divided into four zones and 15 divisions. The organisational setup of MBRRB is as follows:



2.2.3 Audit objectives

The objectives of performance audit were to examine whether:

- planning was done properly to identify the dangerous buildings and requirement of repairs worked out effectively and efficiently;
- sufficient funds were available commensurate with planning;
- buildings taken up for reconstruction/repairs were completed as per plan;
- buildings taken up for redevelopment under DCR 33(7) were completed in time and eligible tenants were allotted tenement in the redeveloped buildings; and
- an effective monitoring and control system existed.

2.2.4 Audit criteria

The audit criteria used for the performance audit were:

- Provisions of MHADA Act, 1976;
- Development Control Rules, 1991;
- Government resolutions issued from time to time;
- Resolutions, circulars and orders issued by the MBRRB from time to time;
- Study group reports.

2.2.5 Scope and methodology of audit

The performance audit on the working of MBRRB was conducted during January 2012 to May 2012, covering the period 2007-08 to 2011-12. For this

purpose, records in Housing Department, Head office of MBRRB, two zones⁴⁵ (out of four zones) and five⁴⁶ divisions (out of 15 divisions) were selected on the basis of maximum number of cessed buildings. An entry conference was held on 29 March 2012 with the Principal Secretary, Housing Department, wherein the scope of audit, audit objectives and the audit criteria adopted for performance audit were discussed. Audit findings were discussed with the Principal Secretary, Housing Department in the exit conference held on 04 October 2012.

Audit Findings

The audit findings are discussed in the succeeding paragraphs.

2.2.6 Planning

A plan is a blueprint for goal achievement that specifies the necessary resource allocations, schedules, tasks, and other actions. Scrutiny in audit revealed the following deficiencies in planning:

2.2.6.1 Inadequate survey of buildings

The MBRRB conducts every year survey of cessed buildings to identify dangerous buildings as well as to ascertain the repairs to be carried out to cessed buildings. During such survey if any cessed building is found to be in a dilapidated condition and likely to collapse during monsoon then such building is declared dangerous and notice directing the occupants and the landlord to vacate the building is served. After carrying out structural repairs or reconstruction of such building the occupants are re-housed in the repaired or reconstructed building.

Audit scrutiny revealed that MBRRB was conducting survey of old and dilapidated buildings only by visual inspection to ascertain the distress/dangerous portion of the buildings.

MBRRB stated (October 2012) that most of the cessed buildings being composite and complex in nature, it was difficult to physically ascertain the deterioration or distress of structural members of the buildings. Therefore, there was no other option but to adopt the visual inspection methodology. During exit conference, the Deputy Chief Engineer, MBRRB informed (October 2012) that non-cooperation by tenants, existence of false ceiling in the cessed buildings, location of cessed buildings in narrow lanes *etc.*, were other practical reasons that confined the surveys to only by visual inspection.

While it is difficult to measure the efficacy of the survey methodology adopted by the Board, the fact that 37 deaths and injury to 39 persons between 2008 and 2011 due to collapse of seven cessed buildings, even after survey by the Board, is a pointer to inadequacies in the current system of survey.

2.2.6.2 Inadequate data on structurally weak cessed buildings

Sub-section (1) read with subsection (3) of section 88 of the MHADA Act mandates the MBRRB to undertake immediate structural repairs to those buildings which are reported to collapse, upon receipt of report of Municipal

⁴⁵ Zone II and IV

⁴⁶ Division I, II, III, F(North) and G (North)

Commissioner or its authorized officers. Sub-section (2) of section 88 of the Act further stipulates that MBRRB will prepare a list of cessed buildings that require immediate structural repairs in the order of priority, considering the degree of exigency and availability of resources.

However, MBRRB did not prepare any prioritised list of cessed buildings requiring immediate structural repairs. In the absence of priority list, it was not possible to verify whether the repair works were undertaken in order of priority as stipulated in the Act.

The Principal Secretary, Housing Department agreed in the exit conference that non-existence of priority list for carrying out repairs to the cessed buildings was a fact and an area of concern. The Principal Secretary further stated that there was a need to maintain transparency in notifying the norms, criteria and the principle followed in identification and prioritisation of repairs to the cessed buildings.

2.2.6.3 Absence of time bound plan for reconstruction and redevelopment of cessed buildings

As per the provisions of MHADA Act, where the whole building collapses or the building which cannot be repaired at a reasonable cost and rendered unfit for habitation, the MBRRB may, through the State Government, acquire such property and take further action to reconstruct new building on the site to accommodate the displaced occupiers and provide accommodation to the other tenants living in transit camp tenements based on seniority. Further, to accelerate the phase of reconstruction, State Government introduced (1984) the policy of allowing increased Floor Space Index (FSI)⁴⁷ for redevelopment of cessed building through participation of tenants and owner. Housing Policy of the State Government also emphasized (2007) reconstruction/redevelopment of old cessed building in order to provide better houses to the occupiers of the cessed buildings.

Audit, however, observed that MBRRB did not prepare any time bound plan or perspective plan for redevelopment of cessed buildings, indicating the broad nature of work to be done, resources required to do the works, time frame for repairs or reconstruction, mode of redevelopment - whether to be done on its own or through private developers. Consequently, out of 19,642 cessed buildings identified for reconstruction/redevelopment, MBRRB could reconstruct/redevelop merely 1,482 cessed buildings. Thus, the Board's objective to provide better dwelling units to the tenants of old and dilapidated buildings suffered due to absence of time bound plan for reconstruction and redevelopment.

MBRRB agreed that the percentage of reconstruction of buildings has reduced since 1999.

The reasons for poor performance in reconstruction and redevelopment are discussed in the succeeding paragraphs.

2.2.7 Financial management

The financial resources of the MBRRB comprise the following:

⁴⁷ The ratio of the total built-up area allowed to be constructed on the plot to the plot area

- Cess levied by the State Government and collected by the Municipal Corporation of Greater Mumbai (MCGM) from the owners of the cessed buildings, which is credited to the Bombay Repairs and Reconstruction Fund maintained by MBRRB;
- Annual grants/contributions made to the MBRRB by the State Government, MCGM and MHADA as per the provisions of the MHADA Act;
- Service charges recovered from the reconstructed tenements and transit camp tenements; and
- Other receipts on account of compensation, penalty, fines *etc.*

During 2007-12, the total receipts of the MBRRB from all sources aggregated to ₹ 655.72 crore and the expenditure was ₹ 701.84 crore.

2.2.7.1 Arrears in collection of cess

The responsibility for collection of repair and reconstruction cess, as per the provision of the MHADA Act, is entrusted to MCGM. The cess so recovered is to be remitted⁴⁸ to State Government within 15 days from the date of collection for further remittance to MBRRB. Further, the State Government is also required to contribute to MBRRB an amount equal to the amount recovered as cess by MCGM.

There was shortfall in remittances by MCGM to the State Government, shortfall in remittances by the State Government to MBRRB as well as short remittance of State Government's share to MBRRB, as indicated in the **Table 1** below:

Table 1: Statement showing amount of cess pending recovery from Government

(₹ in crore)									
Year	Cess to be remitted ⁵ to Govt. by MCGM	Cess credited to Govt. by MCGM	Amount of Cess not credited to Govt.	Amount of cess passed on to MBRRB by Govt.	Amount of cess retained by Govt.	Grant due from Govt. equal to cess recovered by MCGM	Actual Govt. grant to MBRRB	Balance contribution pending from Govt.	Amount of cess as well as contribution pending from Govt.
1	2	3	4 (2-3)	5	6 [3-5]	7	8	9 (7-8)	10 (6+9)
1997-07	382.24	382.24	Nil	279.76	102.48	402.36	357.13	45.23	147.71
2007-08	43.95	0.79	43.16	44.08	(-)43.29	46.26	38.00	8.26	(-)35.03
2008-09	43.41	21.54	21.87	22.30	(-)0.76	45.70	38.00	7.70	6.94
2009-10	74.33	60.64	13.69	46.55	14.09	78.24	38.00	40.24	54.33
2010-11	39.49	54.39	(-) 14.90	68.28	(-)13.89	41.57	38.00	3.57	(-)10.32
2011-12	57.97	63.28	(-)5.29	41.90	21.38	61.02	34.20	26.82	48.20
Total*	641.39	582.88	58.53	502.87	80.01	675.15	543.33	131.82	211.83

*Note: Does not include amount prior to 1997; Source: Data collected from Accounts Officer, MBRRB

At the end of March 2011, an amount of ₹ 637.45 crore was pending recovery towards repair cess to be collected from the tenants of dilapidated buildings by MCGM from 1997. More than 51 per cent of the arrears (₹ 326.18 crore) related to the period prior to 2007-08.

⁴⁸ The amount of cess to be remitted was after adjusting five per cent towards cost of collection by MCGM

Thus, the arrears in collection of cess and short remittances by MCGM as well as State Government worked out to ₹ 907.81⁴⁹ crore which impacted the finances of MBRRB and its ability to undertake the repairs and reconstruction works. This was demonstrated by the fact that against 7,736 buildings identified for structural repairs, estimates for only 4,549 repairs works were sanctioned, of which, repairs to 3,083 buildings were taken up during 2007-12 due to shortage of funds with the MBRRB. Further, the accounts of MBRRB did not depict the receivables from Government.

MBRRB accepted the facts and stated that the Government is being requested to give directions to MCGM for direct remittance of amount recovered by it to MHADA rather than through the Government.

2.2.7.2 Poor recovery of rent and service charges

The expenditure incurred by MBRRB towards payment of water charges, electricity charges, cost of sanitation, operation of water pumps *etc.*, in respect of reconstructed buildings was recoverable as service charges from the tenants. MBRRB also allots transit tenements to developers to accommodate project affected persons temporarily. Conditions regulating allotment of transit camps to developers *inter alia* required the developers to pay one year rent⁵⁰ in advance and three months' rent as earnest money deposit to MBRRB. Penalty was also leviable in case the developer failed to return the transit camp tenements within the prescribed time.

During 2007-12, MBRRB assessed service charges and rent to the extent of ₹ 121.75 crore, against which, the amount recovered was only ₹ 64.29 crore (53 *per cent*). The arrears of service charges and rent as on March 2012 stood at ₹ 57.46 crore. Out of the total arrears, an amount of ₹ 24.12 crore was pending recovery as of August 2012 from the 24 developers to whom 1,125 transit tenements were allotted between 1997 and 2011 (**Appendix 2.2.1**). The MBRRB neither fixed any recovery targets nor maintained any records to keep track on recoveries or initiated any action for surrender of tenements for non-payment of service charges.

MBRRB stated that notices had been issued to all the developers to make payment of outstanding dues within seven days and surrender the allotted tenements, since the allotment periods were already over. MBRRB added that the Housing Department had also been requested to instruct the concerned development authorities⁵¹ to initiate action against the developers for non-payment of dues and non-surrender of tenements.

2.2.8 Implementation of repair and reconstruction works

2.2.8.1 Delay in execution of structural repair works

The structural repairs works to the cessed buildings were carried out by MBRRB at the Permissible Cost Limit⁵² (PCL) of ₹ 1,200 per sqm from

⁴⁹ ₹ 637.45 crore + ₹ 58.53 crore + ₹ 211.83 crore = ₹ 907.81 crore

⁵⁰ Rent was recoverable from the developers whereas service charges were recoverable from the tenants

⁵¹ Municipal Corporation of Greater Mumbai and Slum Rehabilitation Authority

⁵² It is the ceiling limit of the cost of the structural repairs per sqm as may be specified by the State Government by notification in the official gazette

March 2004 to September 2008 and at ₹ 2,000 per sqm thereafter. Cost exceeding the ceiling limit was to be borne by the occupiers of the building.

Though MBRRB in the survey conducted during 2007-12 identified 7,736 cessed buildings for structural repairs, yet only 4,549 buildings were sanctioned for structural repairs. Structural repairs to the remaining 3,187 buildings were, however, not sanctioned due to fund constraints. Further, of the 4,549 buildings sanctioned for structural repairs, works in respect of 1,466 buildings were not taken up due to fund constraints and non-cooperation by tenants.

Scrutiny of monthly progress reports prepared by the five test-checked divisions revealed that repair works of 1,223 buildings though sanctioned were yet to commence (March 2012). In three divisions⁵³, 707 structural repair works were pending due to non-conducting of first joint inspection⁵⁴, non-receipt of plans and estimates from architect, non-payment of excess amount over PCL by the tenants, non-finalisation of agency for undertaking the repair works *etc.* The reasons for pendency of repairs in the remaining 516 buildings were not indicated in the monthly progress reports in two divisions⁵⁵. None of the divisions had maintained any records showing the year wise pendency of the cases. Further, the monthly progress report submitted by the divisions to MBRRB head office did not show the position of work sanctioned but not taken up, in order to enable the management to take appropriate decision in the matter.

MBRRB attributed the pendency of structural repairs of 516 buildings to lack of resources, non-cooperation of occupants of cessed buildings and their reluctance to pay repair cost beyond the PCL. MBRRB added that all the wards in the respective divisions were now maintaining an updated list of buildings pending for repairs.

2.2.8.2 Delay in reconstruction of dilapidated cessed building

The MBRRB identified 2,360 cessed buildings for reconstruction till March 2012, of which, reconstruction proposals in respect of only 1,326 buildings were processed. However, reconstruction of only 941 out 1,326 proposed buildings was completed. Of the remaining 385 processed cases, 295 cases were found not feasible due to narrow plots, reserved plots *etc.*, in 31 cases the work was in progress while in 59 cases the building proposals were pending at various level *viz.*, Collectors, MCGM *etc.* Out of 59 pending cases, 16 cases (27 *per cent*) were pending with MCGM for approval of plans. The MBRRB did not establish any mechanism for speedy clearance of proposals pending with MCGM despite the fact that the buildings in question were dilapidated cessed structures.

No contracts were awarded by the MBRRB for the reconstruction of the buildings during the period 2007-12. However, based on the reconstruction work taken up prior to 2007-08, the MBRRB had fixed yearly targets for the reconstruction of tenements. As against the target of 1,173 tenements fixed

⁵³ Division I, II and II

⁵⁴ Inspection of buildings conducted by concerned Engineer and Architect appointed for the buildings for preparation of repair estimates

⁵⁵ G (North) and F (North)

for reconstruction during 2007-12, the MBRRB completed reconstruction of only 234 tenements as shown in the **Table 2** below.

Table 2: Statement showing targets and achievements for reconstruction of tenements

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	Total
Target fixed	490	177	486	Nil	20	1173
Target achieved	Nil	177	39	Nil	18	234

Delay in reconstruction of dilapidated cessed buildings and shortfalls in meeting the targets displaced 7,872 inhabitants from the cessed buildings, who continued to occupy the transit camps for period ranging from one year to over 25 years as of March 2012.

MBRRB stated that all the cessed buildings which are declared dangerous are subsequently acquired by the Board and thus, become actionable for reconstruction by it. However, the targets remained unachieved due to court cases, dispute between owners and tenants, delay in vacating old buildings by the occupiers *etc.*, which were beyond its control. MBRRB further added that all the Deputy Chief Engineers of the zone have been directed to review the progress of the approvals of the plans for reconstruction quarterly and submit the status to the Chief Officer.

The fact remained that delays in execution of structural repair works and reconstruction of dilapidated cessed buildings puts the lives of the inhabitants in jeopardy. Huge pendency only demonstrated the inability of the MBRRB to put in place robust and workable systems and procedures for reconstruction of old cessed buildings.

2.2.8.3 Redevelopment of cessed buildings

Considering the slow pace of reconstruction of cessed buildings by the Board, the Government felt that the pace of redevelopment could be increased with the participation of landlords, tenants and private developers. With this in view, the Government framed the Development Control Regulations (DCR), 1991 for Mumbai. Regulation 33(7) of the DCR permitted redevelopment of old and dilapidated cessed buildings by the cooperative housing societies in collaboration with private developers.

The audit findings on test check of 66 redevelopment cases at random out of 283 cases sanctioned by MBRRB under rule 33(7) of DCR are discussed in the succeeding paragraph.

(a) Delay in redevelopment of cessed buildings by private developers

Though incentive/additional FSI was provided under DCR, only 553 buildings were redeveloped out of 19,642 cessed building as of March 2012. Redevelopment in respect of 562 buildings was under execution as of March 2012. However, delay in the redevelopment of these cessed buildings from the date of issue of no objection certificate (NOC)⁵⁶ by MBRRB ranged from one year to 20 years as indicated in **Table 3** below.

⁵⁶ NOC is issued by MBRRB after fulfilment of a number of conditions which *inter alia* included a stipulation to complete the redevelopment works for rehabilitation of old occupiers within 30 months from the date of issue of NOC

Table 3: Delay in redevelopment of cessed buildings by private developers

Delay (in years)	More than 20	15-20	10-15	5-10	1-5	Total
Number of buildings under redevelopment	1	42	99	148	272	562

MBRRB stated that there were several reasons for delay in execution of development works undertaken under NOC by private developers. Significant among them were non-cooperation and litigation cases filed by the unwilling/non-participating tenants, delay in accord of approval by various agencies viz., MCGM, environmental committee, CRZ committee, Heritage committee etc. Further, during the period 2006-2010 (four years), there was a cap on FSI and several other restrictions imposed by the Court, leading to delay in implementation of schemes under DCR 33(7). MMB further stated that NOC holders (private developers) who have not commenced work even after five years are being issued show cause notices.

Delay in redevelopment of cessed buildings not only deprived the benefits of redevelopment to the tenants but also delayed the availability of the surplus built-up area⁵⁷ (BUA) to MBRRB which was required to be surrendered by the developers as per third schedule of section 103-I (3) of MHADA Act. The scales showing the percentage of BUA to be reserved for the Board by the developers are indicated in **Appendix 2.2.2**. Audit observed that the surplus area in respect of 231⁵⁸ out of 283 redevelopment cases sanctioned under rule 33(7) of DCR, which were delayed beyond 30 months from the date of issue of NOC, worked out to 7,22,974.61 sq ft which could have facilitated shifting of 2,410⁵⁹ tenants from the transit camps.

As per NOCs issued for redevelopment, the developers were required to submit progress reports of redevelopment works to the Executive Engineer, and upon completion of construction, a joint inspection of the buildings was required to be carried out by MBRRB and MCGM officials. However, in none of the 66 redevelopment cases test-checked, progress reports were submitted by the developers. Further, in none of the cases, construction activities were supervised by MBRRB and MCGM officials, indicating lack of monitoring.

Audit further observed that MBRRB lodged FIR in 29 cases due to non-surrender of surplus BUA by the developers. In six out of 66 cases test-checked (**Appendix 2.2.3**), there was delay of 33 to 108 months in lodging FIRs against the defaulters from the dates of detection of unauthorised occupancy by the Board.

MBRRB accepted that there were delays in surrendering of surplus area by the NOC holders/developers. However, in order to safeguard its interest, it has now been made mandatory for the NOC holders/developers to execute a registered agreement with MHADA for surrender of surplus area, before issue of commencement certificate by MCGM. Now, all the schemes in which surplus area is required to be surrendered are closely monitored at ward level

⁵⁷ Residual area left after accommodating the old cessed occupiers in the redeveloped building as per their entitlement

⁵⁸ For the period from 1987 to 2008, considering rehabilitation of old occupiers within 30 months from the date of issue of NOC for redevelopment

⁵⁹ Number of tenants who could have been re-accommodated considering a minimum area of 300 sq ft per tenement = 7,22,974.61 sq ft ÷ 300 sq ft per tenement

and reviewed periodically. MBRRB added that criminal action against 29 defaulting builders had already been initiated; as a result, some of the builders have surrendered the surplus area.

(b) Short-recovery of surplus built-up area from developers

As per instructions issued by the Housing and Special Assistance Department in January 1989 (and reiterated in July 1991), a developer would not be allowed to have commercial or non-residential area more than what was available in the old and demolished building. In other words, for a building to be reconstructed with FSI 2.00, there would be no surplus accruing to the developer in commercial area, though the building may be having mixed use *i.e.*, residential and commercial. In such a situation, the entire building would be treated as residential and the surplus to be shared by the Housing Board would be worked out on the basis of residential use only, as per column 3 and 4 of the third schedule of section 103-I (3) of MHADA Act (**Appendix 2.2.2**).

Audit observed that in redevelopment of two cessed buildings, the Board allowed the developers final BUA of 3,722.25 sqm and 111.41 sqm respectively, against the BUA of 46.84 sqm and 'nil' sqm originally available in the old building for commercial use. Even as the commercial or non-residential area was significantly more than what was available in the old building, the building was treated as residential and the reservation of surplus area was worked out on the basis of residential use, instead of mixed use, as per column 1 and 2 of the third schedule of section 103-I (3) of MHADA Act. This led to short-recovery of 652.28 sqm of BUA from the developers and resultant loss of ₹ 2.05 crore to MBRRB (**Appendix 2.2.4**).

MBRRB invited reference to Department's letter of July 1991 and reiterated that the entire building should be treated as residential and the surplus BUA should be worked out on the basis of the column 3 and 4 of the third schedule of the MHADA Act, 1976. It further stated that there should be no occasion to apply column 1 and 2 of the third schedule so far as the reconstructed buildings with FSI 2.00 are concerned.

The reply is not acceptable as the Department's letter of July 1991 provides for application of column 3 and 4 of third schedule only for those redeveloped buildings where the final BUA for commercial use is equivalent to the original BUA. However, in cases where the final BUA is significantly more than the original BUA, column 1 and 2 of third schedule will invariably apply.

(c) Irregular acceptance of compensation in-lieu of surplus built-up area

The MHADA Act does not provide for receipt of cash compensation from the developers in lieu of surrender of surplus BUA. However, in contravention of the Act, MBRRB accepted (August 2009) compensation of ₹ 18.69 crore from a developer in-lieu of surrender of surplus BUA of 771.44 sqm in respect of redevelopment of a cessed property⁶⁰. Though this exception was made with the approval of the Principal Secretary, Housing Department in June 2009, it vitiated the underlying objective of utilizing the surplus BUA received from

⁶⁰ Survey no 114; situated in Walkeshwar

the redevelopment schemes to re-house the occupants of other cessed and demolished buildings.

Further, parking spaces are to be provided wherever a property is developed or redeveloped as per scales laid down in Table No.15 under rule 36 of DCR. In the instant case, it was noticed that though MBRRB accepted compensation on the surplus area from the developer, it did not recover a compensation of ₹ 2.33 crore on account of 28 parking lots.

2.2.8.4 Improper maintenance of the master list

Section 90 and 91 of MHADA Act stipulate provision of transit camps to the occupants of old buildings pending completion of structural repairs or reconstruction of old buildings which suddenly collapse or become uninhabitable. The Act further provides for a master list of persons accommodated in transit camps to be maintained by MBRRB indicating the name of the occupier, name of the building from which the occupier was dis-housed, name of the transit camp, date of occupation of transit camp, *etc.* for determining the seniority of allotment in any transit camp. Audit observed that the master list prepared by the MBRRB did not indicate the area occupied by the tenants in the old cessed buildings, thus, failing to ensure that the allotments made in the transit camps were based on the area occupied earlier.

The MHADA Act also stipulated that the occupants of the cessed building who declined accommodation in transit camp had the right for accommodation in the new building free of cost with an area not less than or equal to the area occupied by them in the old building. However, MBRRB neither included the names of such persons in the master list who declined accommodation in the transit camps nor any separate list maintained to ensure that such persons were allotted tenements in the new buildings as per seniority to safe guard their interest. The sanctity of the master list was lost as allotment of surplus tenements in the reconstructed/redeveloped buildings was done in a haphazard manner. Audit observed that MBRRB allotted 175 tenements between 1996 and 2012 to tenants who had vacated their buildings between 1970 and 1991, while 89 tenants who had vacated their buildings upto the year 1975 were awaiting allotment.

Further, there was no system in place to update the master list from time to time. MBRRB conducted a special drive from January 2010 to March 2010 to update the master list. Out of 11,048 applications received by MBRRB, 3,315 applications were rejected due to failure of tenants to furnish the documents of cessed building from where they were dislocated. MBRRB formed (September 2010) four committees to conduct hearing of the remaining 7,733 tenants. These committees after hearing 4,936 applicants (between September 2010 and June 2011) found that only 970 tenants were eligible for inclusion in the master list. No hearing was done after June 2011 despite pendency of 2,797 applications. Lack of drive to update/validate the master list, which was a vital document to ensure transparency and equity in allotment, rendered the task of identification of unauthorized occupants in transit camps difficult, as discussed in paragraph 2.2.8.5 below.

While accepting the facts, MBRRB stated that in some cases the area of old cessed buildings was not available on record. In such cases, the tenants were

eligible for minimum of 300 sq ft of area. MBRRB further stated that as per policy decision taken in March 2011, the allotment of permanent alternate accommodation was being made solely on the basis of seniority and entitlement of the tenant/occupant. A massive computerization drive was also stated to have been undertaken and 35,000 allotment files were being scanned and exhaustive data was being entered in the software. MBRRB added that hearing of the remaining 2,797 applicants would be conducted in next two months after verification of those found eligible and a list of such tenants would be uploaded on the website.

2.2.8.5 Unauthorized encroachment in transit camp tenements/reconstructed tenements

As of October 2012, MBRRB maintained 20,661 transit tenements at various places in Mumbai. The unauthorized occupancy in transit tenements, which was merely 1,700 in 1997, shot up to 8,824 in October 2012. Though the Act empowered MBRRB to evict unauthorized occupants, eviction notices were issued only in 4,153 cases. Speaking orders were issued in 1,305 cases, out of which, 342 unauthorized occupants could finally be evicted. Thus, MBRRB could evict only four *per cent* of the unauthorized occupants as of October 2012. Scrutiny of records in five test checked divisions further revealed that regular supervision/surprise checks of transit camps were not conducted which led to unauthorized occupation of 5,135 out of 10,463 transit *tenements* (49 *per cent*) in the five divisions.

In 1998, MBRRB noticed trespassing in 323 reconstructed tenements. These tenements were purchased by the trespassers through agents or by obtaining bogus allotment orders from MBRRB. A High Power Committee established (May 2000) by MHADA to take decision on the matter, recommended regularisation of all the trespassed tenements. Though the process of regularisation was set in motion in October 2003, it was not accepted by the Government (March 2006) on the ground that it contravened the MHADA Act and Regulation⁶¹. The State Government after time lapse of more than four years eventually directed (August 2010) to take eviction action against 323 trespassers. Accordingly, the Deputy Chief Officer (Reconstructed Tenements) directed (June 2011) all the Executive Engineers concerned to initiate action for eviction. However, even as of October 2012, the Board did not succeed in freeing any of the 323 reconstructed tenements from the trespassers.

Unauthorised encroachment in 8,824 out of 20,661 transit tenements (43 *per cent*) was a matter of grave concern and indicated lack of internal controls in the Department in safeguarding the assets.

MBRRB admitted that there had been unauthorised encroachment in transit camps since inception. The transit camps were scattered at various places and the manpower for management of transit accommodations was limited and insufficient. It further stated that records of allotment of transit camps to the extent of 23,000 files have been computerised. During exit conference,

⁶¹ Section 95A(3) of MHADA Act and Regulation states that any person occupying any premises, land, building or structure of the Board unauthorisedly or without specific written permission of the Board in this behalf shall be liable for summary eviction

Principal Secretary, Housing Department also admitted that unauthorized occupancy has become a nuisance for the Board.

2.2.8.6 Delay in allotment of vacant surplus tenements

The MBRRB received surplus tenements from developers after redevelopment of cessed buildings under DCR 33 (7) as well as through reconstructed cessed buildings under MHADA Act. The tenements so received were meant for re-housing the displaced tenants of cessed buildings as per seniority in the master list. Audit observed that as of October 2012, 627⁶² tenements were lying vacant over a period of 20 years.

MBRRB stated that of the 627 tenements, 63 and 51 tenements having an area of less than 225 sq ft and more than 750 sq ft respectively have been transferred to the Mumbai Housing and Area Development Board, 92 tenements were being allotted to the tenants in the master list, while the remaining 421 tenements were in the process of being allotted through advertisement.

The fact remained that delay in allotment of vacant surplus tenements deprived rehabilitation of the displaced tenants of cessed buildings for significantly long period.

2.2.8.7 Internal control and monitoring

(a) Internal controls

The objectives of a system of internal control are to provide management with reasonable assurance that assets are safeguarded against loss, transaction and program management activities are executed in compliance with laws and regulations, and that exposure to errors and irregularities are minimum. The system of internal controls in the Board was deficient, as indicated below:

- Important records such as priority list of buildings requiring immediate structural repairs was not maintained and the master list of persons accommodated in transit camps from a cessed building was not updated;
- There was no system of carrying out regular supervision/surprise checks of tenements to detect and prevent unauthorised occupation;
- Receipt of monthly progress reports from developers was not ensured and periodical inspections were not conducted to ensure timely completion of repair and reconstruction works;
- The correctness of BUA to be surrendered by the developers was not ensured leading to undue benefit to developers; and
- An internal audit wing, which is part of internal control mechanism and helps the organisation identify the system defects, was not established.

MBRRB stated that as part of e-MHADA, software has already been developed in order to bring transparency and efficiency in the working of the Board. Complete database of cessed buildings having 38 fields has also been

⁶² 285 surplus tenements received from the developers and 342 tenements from the reconstructed buildings

prepared and presented in GIS platform, which will be available to public on the website of MHADA shortly. For periodical review of redevelopment, reconstruction, allotment, NOC *etc.*, detailed management information system has been put in place. On setting up an internal audit wing, the Board stated that the necessary structure and responsibility would be reviewed by a forum of experienced officials within the Board.

(b) Monitoring

The Board of MBRRB consisted of a Chairman and not less than 17 other members including a Vice Chairman and at least three other official members from MHADA. Though the term of office of the Board expired in October 2011, the State Government did not reconstitute the Board resulting in non-holding of Board meetings to monitor the key activities.

All the divisions submitted monthly progress report to their respective Deputy Chief Engineer heading the circle office, for further submission to the Board for monitoring. A test check of monthly progress reports rendered by the divisions revealed that there was no uniformity in the format used for reporting. Though the divisions submitted the details of number of pending repair cases, in none of the reports the period since the works were pending were mentioned. This information was also not available with the divisions. The reports submitted to the Board without age-wise break up of pending works, thus, served no useful purpose in decision-making.

During the period 2007-12, the vigilance and quality control cell of MHADA issued 664 observations to various divisions on quality of repairs and reconstruction works. Of these observations, only 317 observations were complied with.

MBRRB stated that uniform reporting formats have now been issued to all the Executive Engineers of the divisions and the responsibility for ensuring timely submission of reports, its correctness and monitoring have been entrusted to the Deputy Chief Engineers. MBRRB further stated that all the division-in-charge have been instructed to furnish compliance to the observations raised by the vigilance and quality control cell, before December 2012. The monitoring mechanism has also been made more effective through quarterly review.

2.2.9 Conclusion

Despite the fact that MBRRB came into existence in 1971, the pace of repairs and reconstruction/redevelopment of old cessed buildings undertaken by it had been sluggish. Out of 19,642 cess buildings identified, MBRRB reconstructed/redeveloped only 1,482 cessed buildings. The planning was deficient in the absence of priority list of cessed buildings which required structural repairs and lack of time bound plans for reconstruction and redevelopment. The poor recovery of cess and service charges had an impact on the finances of MBRRB thereby impeding its ability to carry out repairs and reconstruction works. Delays in the reconstruction and redevelopment of cessed buildings and consequent shortfalls in meeting the targets on one hand led to dislocation of 7,872 tenants from the cessed buildings who continued to occupy the transit tenements for period ranging from one year to over 25 years, while on the other hand, 627 surplus tenements received from

developers were lying vacant for more than 20 years without allotment. The shortfall in built-up area to be surrendered by the developers to MBRRB, lack of supervision/inspections of tenements to prevent unauthorised encroachments, which stood at a staggering 43 *per cent*, indicated inadequate internal controls in the Housing Department in safeguarding the assets. The master list of persons accommodated in transit camps was not adequately maintained to ensure transparency and equity in allotment.

2.2.10 Recommendations

The Government may :

- Review the adequacy and integrity of surveys conducted by MBRRB while detecting old and dangerous buildings;
- Evolve a transparent policy and criteria for prioritising the repairs of cessed buildings;
- Streamline the planning process in order to ensure that reconstruction and redevelopment of cessed buildings are completed within a fixed time frame;
- Ensure that cess collected and remitted to the Government by MCGM is full and prompt and the Government also releases the matching grants;
- Evolve a sound monitoring and inspection mechanism for effective implementation of NOC conditions in redevelopment of cessed buildings; and
- Take strict and adequate measures for eviction of unauthorised persons from transit camps and reconstructed tenements and fix responsibility against the erring officials.

The matter was referred to the Government in August 2012. The reply furnished by MBRRB was endorsed by the Government in October 2012.

CHAPTER - III

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AUDIT OF TRANSACTIONS 63 to 73

3.1.1 *Unfruitful expenditure*

3.2.1 *Infructuous expenditure on purchase of bio-medical
waste system*

3.3.1 *Unfruitful expenditure*

3.3.2 *Avoidable financial liability*

3.3.3 *Idling of ventilators*

Chapter III

Audit of Transactions

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

3.1 Non-compliance with rules and regulations

For sound financial administration and financial control, it is essential that expenditure conforms to the financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriations and frauds, but also helps in maintaining good financial discipline. Audit finding on non-compliance with rules and regulations is discussed below.

School Education and Sports Department

3.1.1 Unfruitful expenditure

Failure of the School Education Department to plan and implement the Central Scheme of continuing education for neo-literates in Chandrapur district in an effective and efficient manner led to unfruitful expenditure of ₹ 103.65 lakh.

Under the scheme of continuing education for neo-literates launched by the Government of India (GoI) in 1988, the Central Government provides 100 *per cent* financial assistance to the States for Continuing Education Programme (CEP) for the first three years, which is limited to 50 *per cent* during the next two years (the remaining 50 *per cent* is to be contributed by the State Government). After a period of five years, the Central Government does not extend any financial assistance for continued running of the established Continuing Education Centers (CECs) and the State Governments are expected to take over the responsibility for the continued running of the CECs through Panchyati Raj Institution or other local bodies. The objectives of the scheme are to enable the learners to continue their learning beyond basic literacy, improve their living conditions and overall quality of life.

The GoI sanctioned (November 2005) establishment of 53 Nodal Continuing Education Centers (NCECs) and 501 CECs in Chandrapur district of Maharashtra and approved a grant of ₹ 313.11 lakh. The first installment of the grant for the first year amounting to ₹ 176.24 lakh was released to Zilla Saksharta Abhiyan Samiti, Chandrapur in February 2006, through Maharashtra Rajya Saksharta Parishad, Pune (MRSP). It was specifically mentioned in the release order that first year CEP should be completed in a period of 12 months and the second installment for the first year CEP would be released only after details about utilization of funds of earlier grants were furnished.

Scrutiny of the records (April 2011) of Education Officer (Continuing Education), Zilla Parishad (ZP), Chandrapur revealed the following:

- Though the grant of ₹ 176.24 lakh was received in February 2006, the NCECs and CECs started functioning only from September 2006 i.e. after a time lapse of six months. GoI granted (September 2006) extension of time for utilization of first year grant up to February 2007, which was further extended up to May 2007. However, all the 554 NCECs and CECs ceased to function after February 2007 as the Central grant of ₹ 176.24 lakh could not be fully utilized during the short span of six months. The second installment of the grant for the first year was not released subsequently by the GoI. Thus, due to delay in commencement of operations and gross under-utilization of funds, the first year CEP could function only for six months (September 2006 to February 2007) against 12 months envisaged in the GoI release order.
- During the period from September 2006 to May 2007, the Zilla Saksharta Abhiyan Samiti, Chandrapur incurred a total expenditure of ₹ 103.65 lakh, of which, an expenditure of ₹ 73.19 lakh was incurred between September 2006 and February 2007. A further expenditure of ₹ 30.46 lakh was incurred between March 2007 and May 2007 on purchase of books, stationary, magazines, bicycles, sports and recreational material *etc.* the supply orders for which were placed before February 2007. Thus, while only 42 *per cent* of grant¹ could be utilized till the cessation of the functions in February 2007, the material purchased at a cost of ₹ 30.46 lakh were supplied after the closure of the centers and therefore, did not serve any useful purpose.
- The Zilla Saksharta Abhiyan Samiti has an unspent grant of ₹ 90.52 lakh² at the end of May 2007. The accounts were, however, closed in December 2010 and the unspent grant was refunded to GoI only in January 2011. Unnecessary retention of unspent grant of ₹ 90.52 lakh, thus, resulted in blocking of Central Government funds for nearly 3 ½ years.
- After the closure of the centers, the material purchased for the CEP was kept in the custody of the ZP primary schools for safety reasons. In a meeting held in November 2007, the Zilla Saksharta Abhiyan Samiti, Chandrapur decided to distribute the material to the students and neo-literates for their use, through the Head Masters of the ZP schools. However, no records of the distribution of material were available at the Panchayat Samiti level.

The School Education Department stated (April 2011) that the grant from MRSP was received late. It took some time to appoint the Preraks, select the sites for the centers, conduct specialist guidance training, create the environment for continuing education, *etc.* Further, due to general elections of Nagar Parishad (NP) and ZP, expenditure could not be incurred within the

¹ (₹ 73.19 lakh ÷ ₹ 176.24 lakh) * 100

² {₹ 176.24 lakh (grant amount) + ₹ 17.62 lakh (interest) + ₹ 0.31 lakh (income from sale of Tender applications)} minus ₹ 103.65 lakh (total expenditure)

stipulated period. The Department added that the bank account was closed on 31 December 2010 as per instructions of Director, Adult Education, Pune, therefore, there was delay in refund of grant to the GoI.

The case clearly demonstrates the failure of the School Education Department to plan and implement the Central scheme of continuing education in Chandrapur district in an effective and efficient manner. The scheme which was expected to run self-sustaining CECs in the district at the end of five years, failed miserably during the first year itself leading to an unfruitful expenditure of ₹ 103.65 lakh. The general elections of NP and ZP have no valid connection with the implementation of the programme.

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

3.2 Audit against propriety/Expenditure without justification

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

Medical Education and Drugs Department

3.2.1 Infructuous expenditure on purchase of bio-medical waste system

Inept handling of contract for procurement of a bio-medical waste system by Dr. V.M. Government Medical College, Solapur and the Medical Education and Drugs Department not only led to an infructuous expenditure of ₹ 1.85 crore, it eventually led to engagement of a private agency for the same work at a recurring monthly expenditure of ₹ 48,500.

The Maharashtra Pollution Control Board (MPCB) authorised (October 2007) M/s Bioclean Systems (India) Private Limited to operate a common bio-medical waste treatment and disposal facility on BOOT³ basis with Solapur Municipal Corporation for collection, transportation, storage and treatment of the bio-medical waste generated by all the hospitals/health centres located in Solapur. The Company was authorised to treat the bio-medical waste through incineration, disinfection/mutilation, autoclave, shredder *etc.*

Bioclean Systems submitted (September 2009) a quote of ₹ 46,000 per month to Chattrapati Shivaji Maharaj General Hospital, Solapur (hospital) for disposal of bio-medical waste being generated by it. However, no agreement could be reached as the Government Medical College⁴ (college) attached to the hospital had already submitted a proposal (June 2009) to Medical

³ Build, Own, Operate and Transfer

⁴ Dr. V. M. Government Medical College, Solapur

Education and Drugs Department, Government of Maharashtra (department) for procurement of a bio-medical waste system for the hospital using shredding and steam sterilization method for processing 80 to 100 kg of waste per day being generated by the hospital. The college justified direct procurement of the system on the following grounds:

- The existing incinerator was old and not working satisfactorily resulting in heavy expenditure on repairs;
- The new system would prevent air pollution by disposal of the bio-medical waste through incineration;
- Disposal/treatment of bio-medical waste through private agencies would result in recurring expenditure.

The department invited tenders for procurement of a bio-medical waste system in July 2009. Total five bids were received and on evaluation of the bids, the lowest offer of M/s Salaxmi Distributors, Pune at ₹ 1.85 crore was accepted by the department in September 2009. Accordingly, the college placed a purchase order (September 2009) on Salaxmi Distributors, Pune (supplier) for procurement of one bio-medical waste system (system) *ex-France*. The terms and conditions of purchase order *inter alia* stipulated the following:

- The system shall be delivered within one month from the date of receipt of order, failing which, penalty at the rate of 0.5 *per cent* of total cost of the system shall be charged for every week of delay;
- 90 *per cent* payment shall be released after installation and satisfactory report of the technical committee of the college and the remaining 10 *per cent* shall be released after 30 days of satisfactory working of the system and compliance to all documents indicated in the tender; and
- Warranty shall be for a period of two years from the date of installation of the system.

Audit scrutiny of the rationale for direct procurement of the system, its receipt, supply and installation, payment status and utilisation of the system by the hospital revealed the following inadequacies:

- The system was supplied and installed in July 2010, against the target date of October 2009. There was, thus, delay of nine months (approximately 37 weeks) in supply and installation of the system in the hospital. Payment of 90 *per cent* (₹ 1.67 crore) was released to the supplier in August 2010.
- Penalty amounting to ₹ 34.23 lakh⁵ resulting from delay of 37 weeks in supply of the system was not recovered from the supplier.
- The college applied for authorisation⁶ from MPCB for handling of bio-medical waste in August 2010. The authorisation was, however, granted by MPCB only in January 2011. As a result, the system remained non-operational for six months from July 2010 to December 2010.

⁵ ₹ 18,500,000 * 0.5 *per cent* = ₹ 92,500 * 37 weeks = ₹ 34,22,500

⁶ As per Rule 8 of the Bio-Medical Waste (Management and Handling) Rules, 1998

- After receipt of MPCB authorisation, the system was made operational only from 25 January 2011. However, the balance payment of 10 *per cent* (₹ 0.18 crore) was released to the supplier in January 2011 without operating the system for 30 days, as stipulated in the purchase order.
- Scrutiny of log book showed that the system was operated by the hospital only for 42 days between 25 January 2011 and 07 March 2011, during which only 204 kg of bio-medical waste was processed and disposed of, against the minimum estimated capacity of 3,360 kg⁷ of waste expected to be processed and disposed of by the hospital.
- The system could not be operated at all from 08 March 2011 due to breakdown of the main circuit breaker and some missing parts which were reportedly stolen from the system between April 2011 and August 2011.
- Though warranty on the system was valid up to June 2012, yet the college/department could not enforce any warranty repairs; because the supplier, under the terms and conditions of the tender, was not liable to replace the stolen parts. Consequently, the supplier declared the system “beyond repairs” and communicated the same to the college in May 2012.
- The hospital finally outsourced the collection and disposal of bio-medical waste to Bioclean Systems from January 2012 at a cost of ₹ 48,500 per month.

Evidently, inept handling of the contract by the college and the department for direct procurement of a bio-medical waste system not only led to an infructuous expenditure of ₹ 1.85 crore, it eventually led to engagement of a private agency for the same work at a recurring monthly expenditure of ₹ 48,500, thus, defeating the very rationale of direct procurement.

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

3.3 Failure of oversight/Governance

The Government has an obligation of improving the quality of life of the people for which it works by fulfilling certain goals in the area of health, education, development and upgradation of infrastructure and public services *etc.* However, Audit noticed instances where funds released by Government for creating certain public assets for the benefit of the community remained unutilised/ blocked and/or proved unfruitful/ unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few such cases have been discussed below.

⁷ 80 kg * 42 days = 3,360 kg

Higher and Technical Education Department

3.3.1 Unfruitful expenditure

The University of Mumbai failed to implement the SAP-ERP project for computerisation of its administrative processes in collaboration with the contractor despite time lapse of more than four years and an expenditure of ₹ 3.01 crore.

The Management Council of University of Mumbai (University) resolved in May 2006 to implement SAP-Enterprise Resources Planning (SAP-ERP) package for computerisation of its administrative processes. The IT enabled process was expected to lead to increased functional efficiency and facilitate prompt response to the colleges, students and other constituents interacting with the University. The project was estimated to cost ₹ 2.70 crore⁸.

Tenders for SAP implementation were invited in February 2006. Eight vendors submitted their technical and financial bids. The technical bids were evaluated by the technical committee in March 2006. On the basis of technical evaluation, three vendors⁹ were short-listed and the financial offer of M/s Tata Consultancy Services (TCS) being the lowest at ₹ 1.63 crore was accepted. Accordingly, the University signed an agreement with TCS in December 2006 for implementation of 18 SAP modules (which had many sub-modules) and four non-SAP modules by December 2007. As per the terms of the agreement, payment was to be released to TCS in four phases as under:

Milestones	Description	Payment
1	End of business blueprint document and Go-Live 1 st Phase (University portal + Admission related modules)	20%
2	End of realization and beginning of final preparation	20%
3	Final Go-Live	40%
4	End of hand-holding support	20%

Scrutiny of records of the Registrar of the University revealed (December 2010) that the University belatedly purchased the requisite software and hardware at a cost of ₹ 1.31 crore in March-April 2007 *i.e.*, three to four months after commencement of contract.

Further, schedule 6 of the agreement lays down the project milestones and deliverables by TCS as well the University. However, the University was not fully geared up to drive the project along with TCS, in a truly collaborative mode. There were delays and lapses on the part of the University in fulfilment of the project deliverables, as indicated below:

- The University did not deploy a core team on full-time basis; as a result, project planning, monitoring and tracking, project change management and organization change management could not be put in place during project implementation;

⁸ Development cost: ₹ 1.50 crore; Licensing cost: ₹ 0.56 crore; SAP maintenance: ₹ 0.09 crore; and Hardware: ₹ 0.55 crore

⁹ Hewlett Packard; PriceWaterHouse Coopers; and Tata Consultancy Services

- The project infrastructure was not adequately set up. There were delays in procurement of servers, UPS, tape and storage media, printers, desktops for the users;
- There were delays in sign-off of requirements, blueprints and design documents;
- There was delay of several months in conducting acceptance testing of delivered systems by the University;
- There were delays in data collection and data entry for all domains within University departments and by third parties;

Due to the inadequacies indicated above attributable to the University, TCS could not implement the programme package within the scheduled time frame of the contract. TCS and the University mutually agreed to extend the date of final ‘Go-live’ from time to time. However, the final ‘Go-live’ could not be achieved even by the third rescheduled date of 09 May 2008. Accordingly, TCS requested the University to convert the original contract into “Time and Material” contract by which the University would be liable to pay additional charges for the services rendered by TCS beyond the contract period. However, this was not agreed to by the University and consequently, TCS pulled out its team members from the work site and put the project on hold from July 2008. From July 2008 till August 2012 (50 months) the project continued to remain suspended.

As of May 2012, of the total 18 SAP modules to be implemented, the realisation was achieved only in nine modules; four modules were close to realisation but not completed; and five modules could not be implemented. Regarding the implementation of four non-SAP modules, except for ‘Institute of Distance Education (IDE)’ online module, the rest of the three modules on ‘Affiliation’; ‘Examination’; and ‘Enrolment’ were halfway. The University incurred a total expenditure of ₹ 3.01 crore, including committed liabilities up to August 2012, as under:

Sl. No.	Description	Payment (in INR)
1.	Servers (Hardware) from M/s HP	72,96,198
2.	SAP Licensing to M/s SAP	58,24,000
3.	SAP support to M/s SAP	9,79,481
4.	SAP implementation to M/s TCS (already paid)	62,00,000
5.	SAP implementation to M/s TCS (committed at Go-Live stage)	62,00,000
6.	SAP implementation to M/s TCS (committed at hand-holding stage)	36,40,600
	Total	3,01,40,279

The Registrar of the University stated (May 2012) that the tender was a “fixed cost” tender and the timeline set by TCS was very aggressive. Therefore, TCS probably quoted less than 50 *per cent* of the rates submitted by other vendors. When TCS found that they cannot complete the project in the stipulated time frame, they asked for converting the project from “fixed cost” contract to “Time and Material” contract. The Registrar added that TCS had its own learning curve of working in a University system and the project was out of radar of both the top management of TCS as well as the University.

The reply is not acceptable as the collaborative support expected of the University in smooth implementation of the project was deficient – either in ensuring timely availability of software and hardware or in service delivery in fulfillment of project milestones. Further, the technical offers of the three short-listed vendors (including TCS) were evaluated thoroughly by a committee led by an eminent IT expert and members from the Computer Science, Economics and Physics Department of the University. During technical presentation of the project in March 2006, the evaluation committee awarded a score of eight (in a scale of 10) to TCS on the criteria of “Education Domain Experience” and “Understanding of System Requirement Specifications of University of Mumbai”. In this backdrop, casting doubt over the capabilities of TCS *post facto* (who was otherwise technically competent and the lowest) lacked rationale.

Thus, delay in procurement of requisite hardware and software coupled with failure of the University of Mumbai to drive the project in collaboration with the contractor led to suspension of the SAP-ERP project for 50 months and an unfruitful expenditure of ₹ 3.01 crore.

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

Home Department

3.3.2 Avoidable financial liability

The Home Department incurred an avoidable financial liability of ₹ 78.81 lakh by inviting fresh tenders for body building on 42 number of troop carrier chassis after time lag of 17 months. While the new troop carriers remained unavailable for policing for significant period, the warranty on 42 chassis acquired between April and July 2010 at a cost of ₹ 3.15 crore expired in July 2011.

The Home Department (Department) sanctioned (March 2010) procurement of 63 troop carrier chassis and body building under the Centrally Sponsored Scheme of ‘Modernization of Police Force’. The vehicles were to be used as troop carriers. The Director General of Police (DGP) placed orders (March 2010) with M/s Tata Motors Limited for supply of 63 chassis at a cost of ₹ 4.73 crore¹⁰. The chassis were delivered between April and July 2010 with a warranty period of 12 months.

As per the annual procurement plan (2009-10) of the Department, the DGP invited (September 2009) tenders for body building on 21 out of 63 troop carrier chassis. A technical committee of the Department evaluated six bids received within the validity period (15 October 2009) and found only two bids¹¹ to be eligible. As only two bidders were eligible, the Department issued extension notice for submission of tenders in December 2009. Of the seven bids received during the extended period (11 January 2010), five bids were rejected on technical grounds. Audit observed that two bidders who were

¹⁰ ₹ 7.51 lakh each as per DGS&D rate contract

¹¹ M/s Starline Motors Industries and M/s Anthony Garages

disqualified earlier and who resubmitted their bids, were treated as qualified though they did not meet the evaluation parameters of manual closed chamber, heating bulbs and exit fans.

The commercial offers of four¹² bidders (including two previously qualified bidders) were opened in February 2010 and the offer of M/s Sigma Auto Crafts Private Limited was found to be the lowest at ₹ 4 lakh per unit. Accordingly, the DGP placed a supply order (20 March 2010) on Sigma Auto Crafts for body building on 21 troop carrier chassis at a total cost of ₹ 84 lakh. It is pertinent to mention that Sigma Auto Crafts was one of the two bidders whose bids were initially rejected on technical grounds. As per supply order, Sigma Auto Crafts was required to complete the work within eight weeks. The work was, however, completed belatedly between June and December 2010 for which a penalty of ₹ 1.75 lakh was recovered in January 2011.

On release of further grants from the Department (March 2010), the DGP issued a repeat order (30 March 2010) on Sigma Auto Crafts for body building on the remaining 42 chassis, though the tender conditions stipulated repeat orders only to the extent of 25 *per cent* of the tendered quantity (five numbers)¹³. However, Sigma Auto Crafts communicated (May 2010) its inability to execute the repeat order and consequently, the DGP cancelled the order in December 2011. In the meantime, the DGP invited fresh tenders for body building on 42 chassis in November 2011 *i.e.* 17 months after Sigma Auto Crafts expressed its inability to execute the repeat order. The lowest offer of Antony Garages at ₹ 6.33 lakh per unit was accepted and submitted to the State Level Purchase Committee in March 2012 for approval which was pending as of August 2012.

Audit observed that there were no discernible reasons for the Department to invite fresh tenders after time lag of 17 months. In fact, as per tender conditions, the Department should have placed a repeat order on Sigma Auto Crafts for five chassis only at ₹ 4 lakh per unit and the requirements for the remaining 37 chassis should have been retendered simultaneously in March 2010, in order to take advantage of the offer of Antony Garages which was pegged at ₹ 4.20 lakh¹⁴ per unit. By not following this viable route, the Department incurred an avoidable financial liability of ₹ 78.81 lakh¹⁵. Besides, 42 chassis procured between April and July 2010 at a cost of ₹ 3.15 crore¹⁶ from Tata Motors Limited continued to lie idle, thus, depriving the Department of the benefit of warranty which had already expired between April and July 2011. The new troop carriers also remained unavailable for policing for significant period.

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

¹² M/s Starline Motors Industries, M/s Anthony Garages, M/s Sigma Auto Crafts and M/s Trimurti Enterprises

¹³ 25% of 21 troop carrier chassis

¹⁴ For 21 number of chassis, Antony Garages was the second lowest (after Sigma Auto Crafts) and his offer was valid up to 11 July 2010

¹⁵ (₹ 6.33 lakh – ₹ 4.20 lakh) x 37 chassis

¹⁶ ₹ 7.51 lakh x 42 chassis

Medical Education and Drugs Department

3.3.3 Idling of ventilators

Grant Government Medical College and Sir J.J. Group of Hospitals, Mumbai is saddled with 42 ventilators High End (ICU), procured centrally at a cost of ₹ 3.01 crore, for 33 months due to non-procurement of air compressor units.

Government of India (GoI), Ministry of Health and Family Welfare (MoHFW) launched (March 2006) the Pradhan Mantri Swasthya Suraksha Yojna (Scheme) with the objective to correct the imbalances in availability of affordable/reliable tertiary level of health care in the country in general and augmenting facilities for quality medical education in the under-served States. The Scheme *inter alia* envisaged up-gradation of 13 medical institutions through building up of super specialty blocks, trauma centres, nursing colleges, outpatient departments and procurement of medical equipment. Under the Scheme, the procurement of high end and common equipment costing ₹ 30 lakh and above was to be arranged by GoI upon receipt of indents from the beneficiary institutions.

Scrutiny of records of Grant Government Medical College and Sir J.J. Group of Hospitals, Mumbai (hospital) in July 2011 revealed that due to shortage of ventilators in the hospital and in order to cater to a large number of patients especially the poor section, the hospital submitted (July 2008) a proposal to MoHFW for supply of 42 ventilators¹⁷ under the Scheme. GoI placed a purchase order (April 2009) on M/s Meditronics Manufacturing Company Private Limited, Mumbai (company) through M/s HLL¹⁸ Lifecare Limited (procurement consultant) for supply of 151 ventilators High End (ICU) *ex-Argentina* at a total cost of USD 2.34 million, which included supply of 42 number for the hospital at a cost of USD 651,000 (₹ 3.01 crore)¹⁹.

Audit observed that while evaluating the technical specifications of the ventilators, the central technical evaluation committee did not include air compressor unit as an integral part of ventilator on the assumption that all the hospitals were equipped with compressed air supply line through a centrally operated compressor unit. The compressor was, therefore, included as an optional item in the tender enquiry. To an audit enquiry, the Dean of the hospital stated (August 2012) that the indent was submitted for 42 ventilators which was inclusive of compressor system. However, the hospital could not furnish any evidence to audit that the indent for ventilators placed on GoI was inclusive of air compressor system. Consequently, in the absence of air compressor system, 42 ventilators supplied by the company in December 2009 and installed by the hospital in June 2010 could not be made functional. The warranty on ventilators, which was valid for 24 months from the date of acceptance, expired in May 2012.

¹⁷ A ventilator is a vital life-saving equipment that helps a patient breathe in an emergency situation

¹⁸ Hindustan Latex Limited (A Government of India Enterprise)

¹⁹ USD 1 = ₹ 46.27 (Source: www.oanda.com; Historical Exchange Rates between April 2009 and December 2009)

Meanwhile, the Dean requested MoHFW (April 2010) to supply 42 compressors or a centralised air compressor system to enable the hospital to make the ventilators functional. The procurement consultant also took up the compressor issue with MoHFW in August 2010 and again in February 2011 to grant approval for procurement of 42 medical grade air compressor units by the hospital from the Scheme budget. The MoHFW, however, advised the hospital to procure the compressors from the institutional funds.

The hospital, accordingly, placed (February 2011) a purchase order on M/s Gunjan Surgical and Scientific Company, Mumbai (supplier) for supply and installation of a centralised medical air system at a cost of ₹ 71.46 lakh. As per the purchase order, the system was to be delivered within 12 weeks (May 2011). Audit further observed that though the system was supplied to the hospital in July 2011, it could not be installed due to non-completion of foundation and electrical works as of September 2012. As a result, 42 ventilators procured centrally by the hospital in December 2009 could not be made functional and put to use as of September 2012. Incidentally, though stipulated in the purchase order, the hospital did not obtain any bank guarantee (three *per cent*) and performance bank guarantee (five *per cent*) from the supplier on the plea that installation was not completed and no payment was released to the supplier.

Thus, lack of adequate planning and coordination between the hospital and MoHFW to include air compressor unit as an integral part of ventilator led to idling of 42 ventilators High End (ICU) procured at a cost of ₹ 3.01 crore for 33 months (January 2010 to September 2012). Further, considering that warranty on 42 ventilators installed in June 2010 had already expired in May 2012, additional expenditure on repairs to these ventilators at the time of their installation and thereafter can also not be ruled out. Due to idling of new ventilators for prolonged period, the shortage of ventilators continues in the hospital, thus, depriving a large number of patients, especially the poor section of this vital medical facility.

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

CHAPTER-IV

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**CHIEF CONTROLLING
OFFICER BASED AUDIT
OF WOMEN AND CHILD
DEVELOPMENT
DEPARTMENT**

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Chapter IV

Chief Controlling Officer based Audit of Government Department

4.1 Audit of Women and Child Development Department

The objectives of the Department are to improve the socio-economic status of women particularly rural women and reduce mortality and morbidity of children in the age group up to six years. Activities of the Department include providing nutrition, shelter, training and counselling for the women and children. For this purpose, the Department implements various schemes and ensures compliance to various Acts for the development of women and children in the State.

Chief Controlling Officer based Audit of the Department covering the period from 2007-08 to 2011-12 revealed that there were deficiencies in planning, conducting inspections of children's homes, non-provision of vocational training to the inmates of children's homes, supply of food having less calorific value than the prescribed norms, non-testing of food items provided to the beneficiaries etc. Some of the key findings are highlighted below.

Highlights

Children's homes were established without assessing actual requirements and adequate planning. Consequently, three out of 35 districts in the State accounted for 37 per cent of the children's homes. While there were no children's homes for boys and girls in 151 and 309 talukas respectively, 139 talukas did not have children's homes either for boys or girls.

(Paragraph 4.1.6.1)

The monitoring mechanism in the Department was weak. In eight out of nine districts test-checked, the shortfall in inspection of children's homes by the District Women and Child Development Officers ranged between 18.75 per cent and 97.92 per cent during 2008-12. The shortfall in inspection of anganwadi centres by the Child Development Project Officers ranged between one per cent and 90 per cent during 2007-12.

(Paragraphs 4.1.7.2 and 4.1.7.3)

There were persistent savings from the budget allocation during 2007-12. Of the total allocation of ₹ 8,444 crore made during 2007-12, there was overall saving amounting to ₹ 1,112.26 crore. Five out of seven Deputy Chief Executive Officers, Zilla Parishads did not remit the unspent grants of ₹ 5.83 crore received under Supplementary Nutrition Programme during 2007-10, as of June 2012.

(Paragraphs 4.1.9 and 4.1.9.2)

Expenditure incurred by the Department on implementation of individual benefit schemes for empowerment of women, such as, self-employment and vocational training schemes did not serve the intended purpose, in the absence of any follow-up and impact assessment mechanism. There was huge pendency of cases registered under the Domestic Violence Act, 2005.

The key post of Protection Officers was vacant for long periods and their responsibilities were entrusted to officials from other departments.

(Paragraphs 4.1.10.1, 4.1.10.2 and 4.1.10.3)

Under the Supplementary Nutritious Programme, there were gaps between the recommended dietary allowance and actual dietary intake of the beneficiaries in the age group of six months to six years. Nineteen out of 34 Child Development Project Officers did not check the nutritional value of the food supplied to the beneficiaries in anganwadi centres. In four out of nine districts test-checked, there was a delay of three to 70 days in supply of Take Home Ration to anganwadis due to delay in placing of demands.

(Paragraph 4.1.12.3)

Of the 95,335 anganwadi centres functioning in the State as of March 2012, 51,834 centres (54 per cent) were still functioning from rented and donated premises as well as from open spaces. Joint physical inspection of 54 anganwadi centres by audit revealed a number of inadequacies, such as, poor infrastructure, lack of basic facilities, non-maintenance of muster roll and other basic records, supply of supplementary nutrition to anganwadi workers etc.

(Paragraph 4.1.13)

4.1.1 Introduction

The Women and Child Development Department, Government of Maharashtra (Department) started functioning from June 1993¹. The main objectives of the Department are to improve the socio-economic status of women particularly rural women and reduce mortality and morbidity of children in the age group up to six years. The activities of the Department included providing nutrition, shelter, training and counselling for the women and children besides involving Non-Government Organizations (NGOs) in these activities. A Performance Audit on Internal Control Mechanism of the Department appeared in the Audit Report (Civil) for the year 2006-07.

The key functional areas of the Department for development of women *inter alia* included elimination of violence against women, improving the economic status of women, enhancement in community participation in Government activities by involving NGOs. The child development activities of the Department *inter alia* included improvement of the health and nourishment of children in the age group of zero to six years, building proper base for mental, physical and social development of children etc.

In the State, there are 46 children's homes run by the Department covering 1,849² children and 1,124 children's homes (including 19 homes for mentally deficient children) run by NGOs covering 69,833³ children as of March 2012. Further, there are 22 State Homes for Women and 13 Beggars Homes. The implementation of the Integrated Child Development Services (ICDS) is done

¹ Prior to June 1993, the Department was an integral part of Social Welfare, Cultural Affairs and Sports Department

² Observation homes: 336; After care homes: 27; Children's homes: 1,486

³ Observation homes: 2,951; After care homes: 60; Children's homes: 66,822

by the Department through 95,335 anganwadis centres⁴ (AWCs) and 9,894 mini-AWCs for providing benefits of ICDS to 82,42,983 children in the age group up to six years through 553 projects as on March 2012. The Department implements 16 schemes and ensures compliance to eight Acts for the development of women and children in the State. The details are given in **Appendix 4.1.1.**

4.1.2 Organizational set up

The Principal Secretary to the Government of Maharashtra, Women and Child Development (W&CD) is the Chief Controlling Officer (CCO) and the Head of the Department. The Commissioner, W&CD is the overall in-charge for the implementation of schemes for the welfare of women and children. The Commissioner is assisted by two Joint Commissioners viz., Joint Commissioner (Women and Child Development) and Joint Commissioner (Integrated Child Development Services). The Joint Commissioner (Women and Child Development) is assisted at the district level by District Women and Child Development Officers (DWCDOs). The actual implementation of the schemes relating to development of women and children is carried out by 35 DWCDOs, through 81 institutions⁵ run by the State Government. The implementation of the ICDS scheme is done by 553 Child Development Project Officers (CDPOs) as on March 2012. The implementation of ICDS in rural areas is directly monitored by the Commissioner through the Deputy Chief Executive Officer, Zilla Parishad (ZP).

4.1.3 Audit objectives

The audit objectives were to assess whether:

- adequate policy existed for development of women and children in the State
- central and State Plan schemes were implemented economically, effectively and efficiently;
- provision of fund was adequate and financial management was in adherence to the financial rules, budgetary procedure and the financial reporting system was sound;
- effective monitoring system and the internal controls existed; and
- human resources were adequate and utilised optimally to meet the departmental mandate.

4.1.4 Audit criteria

Appropriate criteria have been derived from the following documents:

- Rules, notification, guidelines and instructions issued by the State and Central Government from time to time;
- Maharashtra Budget manual;
- Maharashtra Treasury Rules;
- Bombay Financial Rules; and

⁴ AWC is the place where nutrition is provided to children in the age group of 0 to 6 years

⁵ Children's homes: 46; State homes for Women: 22; Beggars' homes- 13 (including four Reception homes)

- Maharashtra Contingent Expenditure Rules.

4.1.5 Audit scope and methodology

The offices of the Principal Secretary and the Commissioner were selected for audit. Nine⁶ districts from the four regions of the State viz., Konkan, Marathwada, Vidarbha and Western Maharashtra were selected on the basis of simple random sampling without replacement. Out of 166 CDPOs in the nine selected districts, 34 CDPOs (20 per cent) who were also discharging the functions of Drawing and Disbursing officers (DDOs) were selected on the basis of simple random sampling without replacement. Records of DWCDOs (also DDOs) and Deputy Chief Executive Officer of the ZP in the nine⁷ selected districts were also test-checked during audit. Further, out of 32 Superintendents of children's homes, women's homes and beggars' homes (also DDOs) in the nine selected districts, 12 institutions were selected for audit. In addition, joint physical verifications were also conducted in 54 AWCs along with the representatives of the Department. Implementation of six out of 16 schemes and three out of eight Acts for development of women and children in the State were also test-checked during audit (**Appendix 4.1.1**). The details of units test-checked in audit are indicated in **Appendix 4.1.2**.

The CCO based audit of the Department was conducted during February 2012 to June 2012 and records for the period from 2007-08 to 2011-12 were test-checked. Audit objectives, audit criteria and scope of audit were discussed with the Principal Secretary, Women and Child Development Department in an entry conference held on 11 April 2012. Further, audit findings were discussed with Principal Secretary during an exit conference held on 18 October 2012 in which all the recommendations were accepted.

Audit findings

Institutional weaknesses

A defined mandate covering the areas of activities with objectives and goals supported by policy framework and planning based on reliable inputs, internal control and monitoring mechanism are essential requirements for successful functioning of a Department. The institutional arrangements of the Department and weakness noticed in audit are discussed in succeeding paragraphs.

4.1.6 Planning

4.1.6.1 Non-preparation of plan for establishment of children's homes

As of April 2007, there were 46⁸ children's homes being run by the Department and 538⁹ children's homes being run by NGOs in the State. It was

⁶ Ahmednagar, Amaravati, Beed, Mumbai City, Mumbai Sub-urban, Nagpur, Osmanabad, Pune and Yavatmal

⁷ Mumbai City and Mumbai Suburban districts did not have the post of Deputy Chief Executive Officer, Zilla Parishad

⁸ Observation homes: 12; After care home: 01; Government Balgriha: 33

⁹ Observation homes: 45; After care homes: 02; Balgriha: 155; Bal Sadan: 191; Balakashram: 127; Orphanage home: 18

noticed in audit that there was no mechanism for assessing the number of children in need of care and protection so as to prepare time bound plan for establishing children's homes. The Minister, Women and Child Development in a meeting held (February 2008) decided that new proposals for opening children's homes (except for mentally deficient children, HIV affected children *etc.*) should not be accepted till the Master Plan stipulating the parameters for opening/sanction of new children's home was finalised. However, the Master Plan was not prepared even as of August 2012. Despite non-preparation of Master plan, the Department decided (May 2008) to sanction the proposals submitted by the NGOs for children's homes and accordingly approved (November and December 2008) opening of 527 new children's homes¹⁰. As on March 2012, there were 46 children's homes being run by the Department and 1,124¹¹ children's homes being run by NGOs in the State.

Establishment of children's homes without assessing the requirement and preparation of Master plan resulted in skewed establishment of children's home in the State. This was evident from the fact that three districts *viz.*, Beed, Nanded and Latur out of 35 districts accounted for 37 *per cent* of the children's homes in the State. There were no children's homes for boys and girls in 151 talukas (35 districts) and 309 talukas (11 districts) respectively. Moreover, in 139 talukas (35 districts) there were no children's homes either for boys or girls.

The Commissioner, W & CD stated (October 2012) that as directed by the Chief Minister, sanction of new children's homes would be done in the order of districts having the least number of children's homes. In the exit conference, the Principal Secretary stated (October 2012) that census of number of children in need and protection though not done would now be carried out through anganwadi workers as well as professional help, if required. The Principal Secretary, however, added that such an exercise in the urban areas would be difficult to conduct.

4.1.7 Monitoring

Audit has been reporting to the CCO regarding the shortfalls in inspection of children's home and AWCs by the departmental officials through the inspection reports and audit reports from time to time. However, despite the earlier observations, the deficiencies continued to persist as observed during the CCO based audit of the Department. It was also noticed that even in cases where inspections were carried out, compliance was not adequate as discussed.

4.1.7.1 Non-functioning of district level rehabilitation committee

The Department established (June 2000) a district level rehabilitation committee (DLRC) headed by the respective district Collectors. The DLRC was responsible for providing guidance to inmates leaving children's homes (boys: above 18 years and girls: above 21 years) regarding vocational training, assistance to start small business, information regarding various schemes implemented by the Government from time to time, extending support in

¹⁰ Balkashram: 388; Balsadan: 139

¹¹ As of April 2007: 538 + Sanctioned (November 2007 and November and December 2008): 673 – closed or not commenced: 87 = Balance (March 2012): 1124

getting financial assistance/loan from financial institutions *etc.* for their rehabilitation. The DLRC was to hold one meeting every quarter *i.e.*, 20 meetings were to be held during 2007-12. The DLRC was also responsible for submission of follow-up reports to the Commissioner regarding the status of rehabilitated children.

However, audit noticed that in seven¹² districts the DLRC held only two to 11 meetings during 2007-12. No meeting was held in Beed District as there were no beneficiaries in the age group of 18 years during 2009-12¹³, whereas in Amravati District, 20 meetings were held. The shortfall in holding the prescribed number of meetings indicated weakness in the institutional arrangement made for rehabilitation of children in the children's home.

The Commissioner stated that instructions have been issued in July 2010 and August 2012 to hold prescribed meetings of the DLRC. Further, show cause notices have also been issued to the DWCDOs who failed to conduct the meetings regularly.

4.1.7.2 Non-constitution of district inspection committee

As per Section 62 of the Juvenile Justice (Care and Protection of Children) Act, 2000 (JJ Act) of GoI, the State Government is required to constitute a State Advisory Board consisting of eminent social workers, representatives of voluntary organizations in field of child welfare, medical professional, concerned departments of the State Government *etc.* The State Advisory Board was responsible for advising the Government on establishment and maintenance of children's home, mobilization of resources, provision of facilities for education, training, and rehabilitation of children in need of care and protection and juvenile in conflict with law *etc.* Further, the district inspection committee constituted under Section 35 of the Act shall also function as the district advisory boards. As per Rule 11 of Maharashtra Juvenile Justice (Care and Protection of Children) Rules, 2002 the advisory boards shall inspect the various institutions and recommendations made shall be acted upon by the State Government.

Audit observed that the Department did not constitute (July 2012) the district inspection committees/advisory board in any of the nine test-checked districts.

The Commissioner stated that a proposal for formation of district inspection committees was forwarded to the Government in June and December 2011 and action was being taken at the Government level.

Non-constitution of the district inspection committees/advisory board, a vital institutional arrangement for inspecting the children's home as required under the Act, undermined proper monitoring of the children's home.

The impact of non-constitution of the district inspection committees/advisory board and the shortfall in inspection of children's home by the departmental officials are discussed below.

¹² District wise number of meetings held: Ahmednagar: 6 , Mumbai City: 3; Mumbai Sub-urban: 3; Nagpur: 8; Osmanabad: 5; Pune: 2; and Yavatmal: 11

¹³ Records prior to 2009 was not available

Shortfall in inspection of children's homes

The Commissioner prescribed (July 2004) surprise inspections¹⁴ and detailed inspections¹⁵ to be conducted by DWCDs in respect of children's homes being run by the Department and NGOs.

Scrutiny in audit revealed that there was significant shortfall in inspection (detailed and surprise) of children's homes during 2008-12¹⁶ in eight out of nine districts test checked in audit (**Appendix 4.1.3**). The shortfall in detailed inspections ranged between 18.75 per cent (Mumbai suburban) and 97.92 per cent (Yavatmal), while the shortfall in surprise inspection ranged between 4.17 per cent (Osmanabad) and 100 per cent (Mumbai Sub-urban) during 2008-12.

Based on an adverse newspaper report on the functioning of the children's homes, the High Court admitted (August 2010) a *suo motu* petition. Accordingly, the State Government appointed a State Co-ordination Committee and six Divisional Committees in November and December 2010 respectively for assessing and reviewing the quality of care and management in children's homes run by NGOs and the Department in the State. The Divisional Committees were responsible for conducting surprise visits and offer suggestions to the State Committee for improvement in the functioning of children's homes. The Divisional Committees visited (February and March 2011) six children's homes¹⁷ for mentally deficient children run by NGOs and observed that there were no education facilities for the inmates, sanitation facilities were unhygienic, no rehabilitation and reintegration plan was chalked out for the inmates leaving the children's homes, staffing pattern prescribed by the Department were not followed *etc.* Therefore, the Commissioner de-recognised (July 2011) all the six children's homes. The Committee also pointed out lack of monitoring of the children's home by the departmental officials.

Audit also observed that 16 out of 30 mentally deficient children residing in children's home located in Shirur, District Pune on its closure, based on the observations made by the Divisional Committee, were transferred to Government Senior Boys Children Home Yerwada, Pune, while the remaining 14 children were transferred to Observation Home, Shivajinagar, Pune meant for rehabilitating juveniles in conflict with law. Further, 100 mentally deficient children in two children's homes in Beed District were handed over to their parents on its closure (September 2011).

¹⁴ To check the quality of delivery of service like number of beneficiaries, attendance, clothing, bedding, food, recreation, education *etc.*

¹⁵ Administrative inspections to check staff position, maintenance of registers, expenditure *etc.*

¹⁶ Data for 2007-08 was not furnished by the Department

¹⁷ (i) Sankalp Sevadham Sanchalit Mentally Retarded Residential Home, Donje, District Pune (ii) Anand Mahila & Balkalyan Shikshan & Punarvasan Sanstha MDC home Nhavra Phata Shirur, District Pune (iii) Shiram Development & Rehabilitation Centre for Mental Retardation, Daund, (iv) Ashwaling Seva Bhavi Sanstha Matimand Balgruha Palwan Road, Beed, (v) Shri Gajanan Sevabhavi Sanstha Sanchalit Suryabhanrao Dhande MDC Home, Sidod, Beed (vi) Tulja Bhavani Apang Matimand Boys Home, Ekurgawadi Taluka Umerga, District Osmanabad

The mentally deficient children required special attention and have special needs. Thus, placing these children in observation/juvenile homes was not appropriate, as these homes were not geared-up to meet their special needs/requirements. The Department also failed to make alternative rehabilitation arrangements for these children in children's homes, suitably equipped with medical facilities.

The Commissioner stated that due to vacancies in the posts of District Inspection Officers and Inspection Officers, the targets could not be achieved.

4.1.7.3 Shortfall in inspection by field staff under ICDS

As per the guidelines issued (June and November 1976) by the Ministry of Social Welfare, Government of India, each CDPO was to undertake at least 18 days of field visits per month to AWCs for scrutiny of records, quality of food, attendance of children *etc.* However, there were shortfalls in conducting the prescribed number of field visits during 2007-12 ranging from one to 90 *per cent* in 31 out of 34 test-checked CDPOs (**Appendix 4.1.4**). The CDPOs attributed (April-June 2012) the shortfall in field visits to non-availability of vehicles, holding additional charges *etc.*

In August 1984, the Central Government prescribed that the Supervisors of ICDS should visit all the AWCs under their respective jurisdiction once in a month. The Department further prescribed (January 2010) that the Supervisors of ICDS should inspect all the AWCs under their jurisdiction once in a quarter. Scrutiny in audit revealed that shortfall in inspection by Supervisors during 2007-12 ranged between 0.42 *per cent* and 100 *per cent*. Thus, the monitoring of AWCs was poor due to shortfall in inspection by the field staff. The deficiencies noticed in functioning of AWCs during physical verification conducted by audit along with the officials of the Department indicated the adverse impact of deficient inspection, as discussed in Paragraph 4.1.13.2.

The CDPOs concerned replied (April-June 2012) that the shortfalls in inspections were due to entrustment of additional duties such as election duty, implementation of other Government schemes *etc.* to the Supervisors.

The Central Government prescribed (October 2010) revised norms for monitoring and supervision of ICDS projects and AWCs at various levels from Supervisors of ICDS to Secretary of the Department. The revised norms *inter alia* provided that CDPOs should visit at least 20 AWCs per month and ensure coverage of all the AWCs in a year while the supervisors should cover all the AWCs every two months. The Department, however, issued a resolution for the implementation of the revised norms only in September 2012 *i.e.*, after nearly two years.

The Commissioner stated that due to vacancies in the post of Supervisors and CDPOs, the targets could not be achieved. It was further stated that the Government has constituted (September 2012) a Monitoring and Reviewing Committee at various levels, which would enable effective monitoring of the projects.

4.1.7.4 Non-formation of vigilance squad

As per the GoM Resolution (September 2002), vigilance squads were to be formed at the State-level headed by the Joint Secretary, ICDS. Mention was

also made in Paragraph 5.1.10.4 of the Audit Report (Civil), 2006-07 regarding non-formation of vigilance squad to conduct surprise visits of ICDS projects and AWCs and inspect the delivery of services to the beneficiaries *i.e.*, supplementary nutrition and health checkups and working of ICDS functionaries.

However, it was observed that the vigilance squad headed by Joint Secretary, ICDS, W&CD was formed in the State only in August 2011 stipulating six visits to AWCs every year and report the findings to the Principal Secretary of the Department. Accordingly, the vigilance squad conducted four visits during August 2011 to March 2012 and issued instructions to the respective AWCs to rectify the deficiencies¹⁸ noticed during the visit. Visit reports were also submitted to the Principal Secretary.

The Commissioner stated that the functions of vigilance squad were being carried out by CDPOs and by Deputy CEOs in the intervening period.

4.1.7.5 Non-submission of returns to the CCO

There is an online system of submission of monthly progress reports on implementation of various components¹⁹ of ICDS to CCO by AWCs through CDPOs. However, the system did not provide for submission of any reports to the CCO on major deficiencies like non-provision of food having required calories to children in AWCs, inspection of children's homes, observations homes, women's homes, quality of food items served to the beneficiaries *etc.* A complete reporting system would have empowered the CCO to assess the programme impact and take suitable decisions.

During exit conference, the Principal Secretary accepted the audit observation and stated that a computerized monitoring and evaluation system is being developed so that reports are assimilated at the CDPOs, Commissioner and Secretary-level.

4.1.8 Internal controls

An effective Internal control system gives reasonable assurance on overall management process and shows the extent of monitoring of operations carried out by organization. Review of internal control system established in the Department disclosed weaknesses in maintenance of financial records and internal audit as discussed below:

4.1.8.1 Maintenance of cash book

As per Rule 98 (2) (iv) of Maharashtra Treasury Rules, 1968, at the end of every month the head of office should verify the closing cash balance in cash book with dated signature and outlining the balance in words and figures. However, it was noticed that 17 out of 34 test-checked CDPOs did not prepare any abstract showing the bill number, date of drawal of the amount during the last five years to ascertain the cash balances lying undisbursed for long period.

¹⁸ (i) Breakfast was not provided up to 11.30 a.m.; (ii) Acknowledgement of the beneficiaries was not taken while handing over 'Take Home Ration' packets

¹⁹ Population details of male, female, children, pregnant women, nursing mothers, adolescent girls, birth & death reports, children and women death analysis, details of institutional and home delivery

The Commissioner stated that detailed instructions have been issued to the concerned DDOs for proper maintenance of cash books. The fact that deficiencies noticed in maintenance of cash books during annual audit of field offices (2007-12) were being brought to the notice of the CCO from time to time, persistence of irregularities in maintenance of cash book indicated poor internal controls in the Department.

4.1.8.2 Non-reconciliation of cash books with bank accounts

The CDPOs, the Deputy CEOs and the DWCDOs were discharging the duties of DDOs. Funds received by the DDOs on account of diet, honorarium, implementation of various schemes and disbursement of salaries to staff were drawn from Treasury through Electronic Clearance System (ECS) and directly credited to the bank account of the DDO concerned.

Scrutiny of cash books in 11²⁰ CDPOs, two DWCDOs (Mumbai Suburban and Yavatmal) and two Deputy CEOs (Beed and Osmanabad) revealed that the difference between the bank balances and cash book balances amounting to ₹ 17.41 crore (**Appendix 4.1.5**) were not reconciled (March-April 2012).

The Commissioner stated that proposal for sanction of the posts of Accounts Officers and Assistant Accounts Officers had been sent to Government and on sanction of the posts, reconciliation would be done.

4.1.8.3 Internal audit

Scrutiny of records of the office of Commissioner revealed that an Internal Audit Wing was constituted (1993) for Women and Child Development wing consisting of an Assistant Accounts Officer, a Probation Officer and a Head Clerk. Against 156 units planned for audit during 2007-12, the internal audit wing conducted audit of 23 units only. During 2007-12 the internal audit wing issued 361 audit paragraphs to the respective units. However, compliance to 323 paragraphs were not received (April 2012) from the units. Further, even though ICDS functions started in Maharashtra since 1975, an internal audit wing for ICDS wing was constituted only in August 2011, which had not commenced its function till March 2012.

During the exit conference, the Principal Secretary stated that the Department has obtained necessary permission for instituting an internal audit wing in the office of Commissioner.

4.1.8.4 Response to Inspection Reports of the Principal Accountant General (Audit)

Audit of the Department was being conducted by the Principal Accountant General (Audit)-I, Maharashtra, Mumbai and Accountant General (Audit)-II, Nagpur. As of June 2012, 493 paragraphs in respect of 242 Inspection Reports (IRs) issued by both the audit offices were outstanding with the Department. The age-wise position of pending IRs and paragraphs in respect of IRs issued up 31 December 2011 and outstanding as on 30 June 2012 is shown in **Appendix 4.1.6**.

²⁰ Amravati district: Two CDPOs; Mumbai City: One CDPO; Mumbai Suburban: Four CDPOs; Osmanabad district: Two CDPOs; Yavatmal district: Two CDPOs

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

The Commissioner stated that a State level audit committee meeting was held in August 2012 for dealing with the outstanding IRs.

Compliance with the Acts, Rules, Regulations, Orders, Manuals etc.

4.1.9 Allocation of funds and budget management

Budget estimates (BEs) were required to be prepared at the DDO level for submission to the Commissioner on 10 September every year. The Commissioner was to consolidate the BEs for submission to the Government by 01 October every year. Expenditure incurred by the Department was routed through two Major Heads (MH) viz., MH 2235 and MH 2236. Major head 2235²¹ was operated for implementing the schemes for development of women and child whereas MH 2236²² was operated for providing nutrition to the children in the age group up to six years.

A synopsis of budget provisions vis-a-vis expenditure incurred under MH 2235 and MH 2236 is represented in **Table 1**.

Table 1: Budget provisions vis-à-vis expenditure during 2007-12(₹ in crore)

Year	Original	Revised	Expenditure	Savings	Percentage of savings
2007-08	876.28	1075.37	965.64	109.73	10.20
2008-09	1064.34	1128.40	971.57	156.83	13.90
2009-10	684.29	1784.53	1364.23	420.30	23.55
2010-11	1949.36	2055.49	1709.43	346.06	16.84
2011-12	2451.68	2400.58	2321.24	79.34	3.31
	7025.95	8444.37	7332.11	1112.26	13.17

Source: Budget estimates, Appropriation Accounts and VLC data

The deficiencies in management of budget and expenditure are discussed below:

- As per the Maharashtra Budget Manual, the spending departments are required to surrender their grants/appropriations or portions thereof to the Finance Department as and when the savings are anticipated. However, during 2008-09 and 2009-10 savings amounting to ₹ 89.97 crore and ₹ 50.14 crore respectively remained unsurrendered.
- During 2009-10, grant of ₹ 456.28 crore (Central share: ₹ 443.28 crore and State share: ₹ 13 crore) payable to ZPs (Section 123 and 261 of ZP & PS Act) was to be used towards establishment expenditure under ICDS. Against the grant, ₹ 48.01 crore was surrendered due to non-opening of 10,932 AWCs till March 2010 against total target fixed for new 15,528 AWCs.
- Provision of ₹ 514.22 crore was made under Non-Plan grant payable to ZPs by the Department for honorarium to Anganwadi workers and

²¹ 2235 Social Security and Welfare, 02-Socioal Welfare; 102-Child Welfare, 103-Women Welfare and 104-Welfare of aged infirm and destitute (including fund provided under Tribal Sub Plan)

²² 2236-Nutrition, 02-Distribution of nutrition food and beverages, 101- Special Nutrition Programme (including fund provided under Tribal Sub Plan)

towards diet charges for children in AWCs during 2009-10. Out of this, an amount of ₹ 135.91 crore was surrendered in March 2010 due to delay in opening of AWCs and non-application of revised rate²³ for diet charges.

- Under the State share and Central share, a provision of ₹ 50 crore each was made during 2009-10 towards diet charges for rural projects. Out of which an amount of ₹ 19.20 crore and ₹ 29.73 crore respectively was surrendered in March 2010 due to delay in opening of new AWCs in 102 new CDP offices and non-implementation of revised diet charges.

The MH-wise details of fund received and expenditure incurred during 2007-12 is indicated in **Appendix 4.1.7**.

The Commissioner stated that training regarding preparation of budget estimates considering the number of beneficiaries, vacant posts, functional anganwadis *etc.* was imparted through Commissionerate and YASHADA training centre. It was further stated that the posts of Class II and Class III from Maharashtra Finance and Accounts cadre in the DWCDO and Divisional Deputy Commissioner have been sanctioned by the Government and after filling up the said posts, preparation of budget estimates would be accurate.

4.1.9.1 Large pendency in submission of utilization certificates

As of March 2012, 21,382 utilisation certificates (UCs) aggregating ₹ 1,115.53 crore were pending, which indicated lack of monitoring by the Department in submission of UCs by the grantees (**Appendix 4.1.8**). Non-submission of UCs in time may result in mis-utilisation of the grants.

The Commissioner stated that UCs have been furnished to the offices of the Principal Accountant General (A&E)-I, Mumbai and Accountant General (A&E)-II, Nagpur and clearance certificate was awaited.

The reply is not acceptable as out of 18,704 UCs pending (November 2012), UCs in respect of 14,024 items were not received as ascertained from the office of the Principal Accountant General (A&E)-I, Mumbai.

4.1.9.2 Retention of unspent grants by ZPs

The Finance Department, GoM issued directives (June 2008) permitting the ZPs to utilize the grants till the end of the next financial year. Any unspent balances were to be remitted into Government account immediately.

Scrutiny of records of five out of seven Deputy CEO, ZP revealed that grant of ₹ 5.83 crore²⁴ received under 'Supplementary Nutrition Programme' during the period 2007-08 to 2009-10 remained unspent. But the respective Deputy CEOs did not remit the unspent grants into Government account as of June 2012.

²³ Rate for supplementary nutrition food was revised from ₹ 2 to ₹ 4 per child with effect from August 2009

²⁴ ZP Amravati ₹ 49.15 lakh for 2007-08; ZP Osmanabad ₹ 10.04 lakh for 2009-10 and 2010-11; ZP Beed ₹ 1.04 crore for 2009-10; ZP Nagpur ₹ 3.97 crore for 2007-08 and 2008-09; ZP Yavatmal ₹ 22.86 lakh for 2007-08 to 2009-10

The Commissioner stated that instructions have been issued to the Divisional Commissioners to assess the utilisation of grant.

4.1.9.3 Non-assessment of grants-in-aid released to ZPs

GoM gives grants-in-aid to ZPs through budget for implementing the Schemes which had been transferred to the ZPs or implemented by the ZPs under agency basis such as individual benefit scheme.

As per Rural Development and Water Conservation Department instructions (May 2000), grants released to ZPs were required to be assessed annually by the Controlling Officer during 10 April to 15 July, to see whether the grants were utilized for intended purposes. The excess and savings of expenditure were to be accordingly adjusted on yearly basis.

Scrutiny revealed that assessment of grants released to ZPs was pending since 1995-96. The details are given in **Table 2**.

Table 2: Assessment pending as of March 2012

Sr. No.	Name of Zilla Parishad	Assessment pending since	
		MH 2235 (Social Security and Welfare)	MH 2236 (Nutrition)
1	2 (Jalna, Parbhani)	1999-2000	1995-96
2	1 (Hingoli)	2001-02	1995-96
3	2 (Thane, Washim)	2006-07	1995-96
4	1 (Pune)	2007-08	1995-96
	2 (Kolhapur, Sindhudurg)	2007-08	2009-10
5	7 (Nasik, Nandurbar, Jalgaon, Gadchiroli, Wardha, Nanded, Latur)	2007-08	1995-96
6	9 (Raigad, Ratnagiri, Ahmednagar, Amravati, Nagpur, Bhandara, Chandrapur, Aurangabad, Beed)	2008-09	1995-96
7	1 (Satara)	2009-10	2008-09
8	1 (Buldhana)	2009-10	2009-10
9	4 (Sangli, Akola, Yavatmal, Gondia)	2010-11	1995-96
10	3 (Solapur, Dhule, Osmanabad)	2011-12	1995-96

Source: Information furnished by the Commissioner

The Commissioner stated that instructions have been issued (September 2009) to ZPs to furnish the details of unspent grants failing which further release of grant would be withheld.

The reply is not acceptable. Since timely assessment has not been carried out by the Controlling Officer, the Department, at this belated stage, may not be able to know whether grants released earlier had been used for the intended purpose.

Service Delivery

4.1.10 Implementation of schemes and Acts for empowerment of women

The Department has been implementing individual benefit schemes such as grant-in-aid for self-employment of women, stipend to girls for vocational training, marriage allowance for the marriages of daughters of destitute women, grant-in-aid for group marriages of daughters of farmers, maintenance allowance to devdasis, grant-in-aid to mahila mandals in urban area and through ZP in rural area. The objective of these schemes is to uplift the status of women belonging to economically weaker sections. Further, the

Department has also been implementing Acts such as the Protection of Women from Domestic Violence Act, 2005, Dowry Prohibition Act, 1961 *etc.*

Audit observations on the status of implementation of the test-checked Acts and schemes are discussed in the succeeding paragraphs.

4.1.10.1 Scheme of “Grant-in-aid for self employment of women”

In October 1985, the GoM introduced the Scheme of Grant-in-aid for self-employment of women. Under the scheme, a onetime financial assistance of ₹ 500 was to be paid to each woman to start a small business. The DWCDs and Deputy CEO were responsible for implementing the scheme in urban and rural areas respectively. The Government provided ₹ 3.36 crore during 2007-12 of which ₹ 2.57 crore was spent. In nine test-checked districts, ₹ 91.57 lakh was distributed among 18,314 beneficiaries during 2007-12.

Audit observed that the amount of financial assistance of ₹500 per beneficiary fixed in October 1985 was not revised. Further, there was no system to ascertain the impact of the scheme. As the quantum of financial assistance was too small to set up individual business, there was little incentive for the Department to establish a monitoring and impact assessment mechanism. The continuation of the scheme without enhancing the financial limit to a credible and workable level, was only waste of public money and defeated the very objective of the scheme.

The Commissioner, while accepting the fact that the amount of assistance was meagre, stated that a proposal has been sent to the GoM for revision of the amount of assistance.

4.1.10.2 Scheme of “Award of stipend to girls for vocational training in various crafts”

The GoM introduced (October 1985) the Scheme of award of stipend to girls for vocational training in various crafts wherein financial assistance of ₹ 100 per month was payable to girls from households belonging to economically weaker sections to get trained on the courses approved by Industrial Training Institutes (ITIs), nursing, telephone operations *etc.* The DWCDs and Deputy CEO were responsible for implementing the scheme in urban and rural areas respectively.

During 2007-12, the Department incurred an expenditure of ₹ 1.15 crore and ₹ 34.64 lakh in the State and in nine test-checked districts respectively. However, in the absence of any follow up mechanism in the Department, audit could not assess the impact of implementation of the scheme.

The Commissioner stated that since the financial assistance of ₹ 100 was not revised for the last 27 years, the response to the scheme was poor. It was further stated that a proposal has been sent to GoM for revision of the rates.

4.1.10.3 Implementation of the “Protection of Women from Domestic Violence Act, 2005”

The Protection of Women from Domestic Violence Act, 2005 (DV Act) was introduced in the State in October 2006 for protection of rights of women from physical injury, mental harm, sexual harassment, economic exploitation *etc.* Section 8(1) of the Act envisaged appointment of requisite number of

Protection Officers in each district by notification, to render assistance/support to the victims of domestic violence. The Protection Officer was responsible for preparing a Domestic Incident Report (DIR) and submit it to the Magistrate, who, in turn, was required to dispose off every application/case within 60 days from the date of its first hearing.

Audit scrutiny revealed that Protection Officers, who were to prepare the DIR and assist the Magistrate, were not appointed and responsibility of Protection Officer was entrusted to all urban CDPOs, officers from Revenue and Rural Development Department. Further, it was revealed that under the DV Act 12,484²⁵ cases were registered in the State during 2007-12 of which 3,258 cases were heard and relief granted to the victims. In seven²⁶ out of nine test-checked districts 5,849 cases were registered during the period 2008 to 2011 of which 1,503 cases (25.69 per cent) were heard and relief granted, while 4,346 cases (74.31 per cent) were pending for more than 60 days.

The Commissioner stated that recruitment of 111 posts of Protection Officers, Legal Advisors, data entry operators had been approved (February 2012) by the Government and the recruitment was in process. It further stated that a proposal for approaching Law and Judiciary Department to declare at least one or two courts as special courts for prompt disposal of cases filed under DV Act, was also under consideration.

4.1.11 Welfare of aged, infirm and destitute

Begging is a major social problem. People living in rural areas are migrating to urban areas due to industrialization and urbanization. People who could not get jobs for their livelihood prefer to beg to earn money. In view of this, Bombay Prevention of Begging Act, 1959 was enacted to rehabilitate the beggars by providing food, shelter, vocational training *etc.*, for their better livelihood. As of March 2012, there were nine beggars' homes in the State with intake capacity of 1,560. As of November 2011, there were 638 inmates.

During 2007-12, budget provision of ₹ 43.55 crore was made to implement the Act in the State. Out of an amount of ₹ 42.10 crore expended during 2007-12, the expenses on salary alone was ₹ 26.96 crore, ₹ 10.14 crore was expended on providing diet to inmates, ₹ 2.39 crore for material and supplies and the balance of ₹ 2.61 crore was spent on rent, rates and taxes *etc.* It was evident that of the total expenditure of ₹ 42.10 crore incurred during 2007-12, the expenses on salaries and establishment alone was ₹ 29.57 crore (70 per cent), leaving a meagre ₹ 12.53 crore (30 per cent) for the inmates of beggars' homes.

4.1.11.1 Non-revision of Bombay Prevention of Begging Act, 1959

As per High court directions in Writ Petition No.1639/1990, a Committee under the chairmanship of Sharadchandra Gokhale was appointed (July 1990) to study the working of the beggars homes in the State. The Committee *inter alia* recommended (December 1990) to:

- convert beggars' homes into welfare homes with the provision of voluntary admission to the helpless seeking shelter;

²⁵ Excluding Ahmednagar, Beed and Ratnagiri districts as information was not available

²⁶ Information in respect of Beed and Ahmednagar district were not available

- training and rehabilitation of beggars.

Further, another Committee headed by Justice Dharmadhikari (July 2010) also recommended (August 2011) to make appropriate rehabilitation plan for eligible male/female beggars with the co-ordination of District Industries Centres and Vocational Institutes and enact new Act within six months.

However, there was no progress (April 2012) in the matter despite recommendations made by the two committees to amend the Act and make appropriate rehabilitation plan for the inmates of the beggars homes.

The Commissioner stated that a Committee²⁷ was constituted in June 2012 for improvement of existing Rules and act upon the recommendations of earlier Committees.

4.1.11.2 Lack of efforts to rehabilitate beggars

As per Rule 25 of Maharashtra Prevention of Begging Rules²⁸, 1964 inmates in the beggars' home may be released before their detention period considering their overall behaviour and possibility of leaving begging habit. In this regard, Probation Officer functioning under the Superintendent of beggars' homes was responsible for keeping a watch on the daily behavior of the inmates, trace out the whereabouts of the relatives of the inmates, their training needs *etc.*

Scrutiny of records of the Superintendent, beggars' home at Ghaypatwadi, District Ahmednagar revealed that on an average, during 2007-12, there were 69 inmates per month against the intake capacity 150. However, none of the inmates were rehabilitated before the completion of detention period.

The Commissioner accepted the fact and stated that 23 new Probation Officers have been appointed with effect from September 2012 which would help early rehabilitation of the inmates.

4.1.11.3 Useful training not imparted to inmates

Section 13 of the Bombay Prevention of Begging Act, 1959 and Rule 26 of Maharashtra Prevention of Begging Rules, 1964 envisaged teaching of agricultural, industrial and other pursuits to the inmates of beggars' homes. The Commissioner also issued instructions (September 2005 and January 2006) for rehabilitation of inmates brought in beggars' homes by coordinating with District Small Scale Industries Centres, Maharashtra Industrial Development Corporation, NGOs, *etc.*, and chalk out proper training programme and arrange for marketing the products prepared by the inmates.

Of the two test-checked beggars' homes in Ghaipathwadi and Chembur, audit observed that the beggars' home at Ghaipathwadi was having 224.88 hectares of land. Though there was an opportunity to provide agriculture-related training to the inmates, yet no efforts were made to provide such training to the inmates.

The Commissioner, while accepting the facts, stated that the trades in Beggars' homes were out dated. Instructors for imparting training were not

²⁷ Having representatives of Tata Institute of Social Sciences, representatives from Court, Probation Officers, Police Officers, Superintendent of Beggars' Homes as members

²⁸ Formulated by GoM under Bombay Prevention of Begging Act, 1959

available. Offices where instructors were available, could not impart training for want of machinery and equipment. Agricultural training could not be imparted as no Agricultural Assistant was available.

4.1.11.4 Payment of gratuity to the inmates at reduced rates

Rule 27 of the Maharashtra Prevention of Begging Rules, 1964 provides for payment of gratuity not more than ₹ 500 per month²⁹ to trained inmates having satisfactory behaviour.

Scrutiny of records of the Superintendent, beggars' home, Ghaipathwadi revealed that the inmates were entrusted with the works like agriculture, cooking, cleaning works *etc.* but paid for at only ₹ 5 per month during 2007-11. Further, payment of gratuity was completely stopped from March 2011. Utilization of the services of inmates without paying gratuity at the prescribed rates resulted in undue exploitation of inmates and violation of the provision of Maharashtra Prevention of Begging Rules, 1964.

In the exit conference, the Principal Secretary agreed to take necessary action to implement the amended provisions.

4.1.11.5 Lack of basic amenities and inadequate security in women's hostel

Under the Social and Moral Hygiene Programme, 1973 a hostel³⁰ for mentally deficient women with a capacity of 100 inmates was established at Nagpur by the State Government. Against the capacity of 100 inmates, 58 inmates were living as on May 2012. A Joint physical inspection of the women's hostel conducted (May 2012) by audit along with the representatives of the Department revealed the following deficiencies:

- There was a single room of 2400 sq ft, which was not adequate for accommodating 58 inmates;
- Toilet blocks were unhygienic and did not have doors;
- There was no direct supply of water ;
- Firewood was used (since September 2011) for cooking and boiling of water;
- Fire extinguishers were not functioning;
- Transportation facilities were not available for carrying the patients to hospitals in emergency cases;
- There was no psychiatrist/occupational therapist for providing services to the inmates;
- There was only one sanctioned post of watchman for the entire campus having 3,148 sqm, which was common for the women's home and a Government Children's Home for Girls (Junior and Senior). There was no security cabin at the main entrance. Existing watchman was on duty only during the daytime. Further, the existing watchman was also entrusted with additional duties such as visiting Treasury Office; and
- The compound wall near the main entrance had collapsed in July 2011 and temporary arrangements were made with tin sheets in place of

²⁹ Revised from ₹ 5 to ₹ 500 in 1985

³⁰ Saraswati Mahila Vasatigruh

collapsed portion of the compound wall. Further, the compound wall near the main entrance had two big holes at base level through which an intruder can gain unauthorized entry.



Condition of the compound wall on the front side



Holes noticed at the base of the compound wall on the front side

The Superintendent of the women's hostel accepted (May and December 2012) the above observations and stated that additional space in the first floor though sanctioned (June 2001) by the Department, construction could not be started as of May 2012. The Superintendent also added that there was only one sanctioned post of watchman and Public Works Department was requested (August 2011) to reconstruct the collapsed compound wall. The inmates were regularly taken to hospital in auto-rickshaw as the hostel did not have its own transportation facility.

The Commissioner stated that the Department accorded (December 2011) administrative approval for renovation and extension of the women's hostel at a cost of ₹ 4.60 crore and work would be started on receipt of funds.

The fact remains that the mentally deficient women inmates continue to suffer in the absence of basic facilities, lack of hygiene and adequate security.

4.1.12 Implementation of Integrated Child Development Services

The ICDS is one of the flagship schemes being implemented by the Department. The objectives of ICDS launched by GoI and GoM in 1975 *inter alia* were to:

- improve the nutritional and health status of children in the age-group 0-6 years;
- lay foundation for proper psychological, physical and social development of children;
- reduce mortality, morbidity, malnutrition and school dropout;
- achieve effective co-ordination of policy and implementation amongst the various departments to promote child development; and
- enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education.

The above objectives of ICDS were to be achieved through a package of services such as supplementary nutrition, immunization, health check-up, referral services, pre-school non-formal education and nutrition and health education. During the audit period (2007-12), ₹ 7,494.98 crore was provided for implementation of ICDS in the State, of which, ₹ 6,514.38 crore was spent. Expenditure on providing supplementary nutrition was to be shared between the GoI and the GoM on 50:50 basis.

As on March 2012, there were 553 projects with 95,335 AWCs, 10,901 mini AWCs covering children in the age group of 0-6 years.

4.1.12.1 Malnutrition

Up to 2009-10, the status of malnutrition in children in the age group of six months to six years was measured on the basis of four key indicators *viz.*, Grade I: Moderately underweight, Grade II: Severely underweight; Grade III: Malnourished and Grade IV: Severely malnourished. However, from the year 2010-11 these norms were changed on the recommendations of the World Health Organisation (WHO). As per the revised norms, underweight children were indicated in two grades *viz.*, moderately underweight and severely underweight. Status of malnutrition in the State during 2007-12 is detailed in **Table 3**.

Table 3: Status of malnutrition during the period 2007-12

Year	Children weighed	Grade III and IV (Malnourished)	Percentage of malnourished children
2007-08	75,24,022	17,352	0.23
2008-09	75,32,165	13,130	0.17
2009-10	83,05,437	11,940	0.14
Revised Norms		Moderately & severely underweight	Percentage of moderately & severely underweight children
2010-11	63,35,849	14,32,396	22.61
2011-12	62,35,814	11,75,190	18.85

Source: 'www.icds.gov.in'

Maharashtra stood at the fifth³¹ place (2.33 *per cent*) in terms of severely underweight children in India. The status of malnutrition in the nine test-checked districts is indicated in **Appendix 4.1.9**. There was an improvement

³¹ 1st Bihar: 25.94 *per cent*; 2nd Chandigarh: 7.12 *per cent*; 3rd Orissa: 3.75 *per cent*; 4th Gujarat: 2.77 *per cent*

in the status of malnutrition in the nine test-checked districts during 2011-12 as compared to 2010-11. However, in two test-checked districts *i.e.*, Amravati (19.52) and Mumbai (26.48) the percentage of malnutrition was higher than the State's overall malnutrition percentage (18.85) during 2011-12.

4.1.12.2 Procurement of health supplements without preservation facilities

As per the instructions issued by the Dy. Commissioner, ICDS, Pune from time to time, medicines such as liquid protein, multi-vitamin syrups, food supplements *etc.*, were to be supplied to malnourished children (one year to six years), pregnant women and lactating mothers. The health supplements were required to be preserved at temperature below 25°C.

Audit scrutiny revealed that between March 2008 and January 2011, the department incurred an expenditure of ₹ 13.66 crore on procurement and administration of health supplements to 17,24,839 beneficiaries in 35,135 AWCs (total 200 projects). However, in the absence of any facilities (either at CDPOs level or AWCs) to preserve the health supplements at the requisite temperature, it was difficult to quantify the extent to which these supplements were useful in reducing malnourishment among children in the target age group and other beneficiaries such as pregnant women and lactating mothers.

The Commissioner stated that henceforth supplies of health supplements would be made during October-February. During exit conference, the Principal Secretary added that a GR emphasising the supply of syrups *etc.* between October and February is being issued to prevent chances of deterioration, which was high during summer months.

4.1.12.3 Supply of 'Take Home Ration'

In order to reduce malnutrition, GoI changed (February 2009) the nutrition calorific value to be provided to malnourished children. Each child in the age group of six months to three years was to be provided food supplements containing energy value of 500 kilo calories (K cal) and 12 to 15 grams of protein per day in the form of Take Home Ration (THR). Further, pregnant women and lactating women were also to be provided THR containing energy value of 600 K cal and 18 to 20 grams of protein per day.

As per the norms prescribed (August 2009) by the Department, nutrition containing a minimum of 500 K cal per day was to be provided to normal children and 800 K cal per day to malnourished children in the age group of three to six years. In tribal areas, 600 K cal per day and 950 K cal per day was to be provided to normal and malnourished children respectively in the age group of three to six years.

Nutrition was to be provided at AWCs in the form of breakfast and lunch. The recipe prescribed (October 2005 and revised in August 2009) by the Department was required to be adopted by each District Nutrition Committee (DNC) and to be informed to Self Help Groups³² (SHGs) and where SHGs were not ready to serve, then food was to be cooked based on the recipe by procuring the raw material from Maharashtra State Co-operative Consumers

³² Self Help Groups (or *Bachat Gat*) are groups of local women who supply 'ready to eat food' at AWCs

Federation Limited, a State level Consumer Society. Further, the GoM authorized (August 2009) the DNCs to change the recipe on the basis of geographical area and eating habits in the region.

There were gaps between the recommended dietary allowance and actual dietary intake in terms of calories and protein, deficiencies in testing of food samples as well as non-supply of THR for significant period, as discussed below in the succeeding paragraphs.

Supply of supplementary nutrition to severely malnourished children in anganwadi centres

Supplementary nutrition was to be provided to severely malnourished³³ children in the age group of six months to six years. Audit observed that the food supplied to severely malnourished children did not conform to the prescribed calorific norms as detailed in **Table 4**.

Table 4: Shortfalls in supply of nutritional food to severely malnourished children

Age group	Details of sanction	K cal provided	Deficiency
Six months to three years (THR)	As per Commissioner’s instructions (May 2010), supply of <i>Sattu</i> (THR) at 130 g per day for nine days in each month and additional <i>Sheera</i> of 60 g per day for 25 days was to be provided through AWCs	130 g <i>Sattu</i> : 504.89 Kcal + 60 g of <i>Sheera</i> : 272.48 Kcal = 777.37 Kcal ³⁴ against 800 K cal/day prescribed (August 2009) by the GoM.	22.63 Kcal/day
	As per the recipe modified (November 2011) by the Commissioner	130 g <i>Sattu</i> : 518.39 Kcal + 60 g <i>Sheera</i> : 275.93 Kcal = 794.32 Kcal/day against 800 K cal/day prescribed (August 2009) by the GoM	5.68 Kcal/day
Three to six years (THR and cooked food)	As per the Commissioner’s instructions (May 2010), cooked food at AWC and additional <i>Sheera</i> 60 g per day (THR) for 25 days was to be provided through AWCs	Cooked food : 500 Kcal/day + additional <i>Sheera</i> (THR) 272.48 K cal/day = 772.48 Kcal/day against 800 K cal/day prescribed (August 2009) by the GoM	27.52 Kcal/day
	As per the recipe modified (November 2011) by the Commissioner	Cooked food : 500 Kcal/day + additional <i>Sheera</i> (THR) 275.93 K cal/day = 775.93 Kcal/day against 800 K cal/day prescribed (August 2009) by the GoM.	24.07 Kcal/day
	Severely malnourished children in Navsanjivani area		
	As per the Commissioner’s instructions (May 2010), 650 Kcal/day and additional <i>Sheera</i> of 60 g containing 272.48 Kcal/day for Navsanjivani area (Dharni and Chikaladhara in Amravati District) was to be provided through AWCs	650 K cal/day + 272.48 K cal/day (<i>Sheera</i>) = 922.48 Kcal/day against the prescribed 950 K cal/day	27.52 Kcal

Thus, supply of supplementary nutrition having less calorific value than prescribed norms indicated poor oversight mechanism in the Department.

The Commissioner stated that instructions have been issued to the suppliers to maintain the required calorific value in THR.

Supply of supplementary nutrition to children in anganwadi centres

Scrutiny of records of eight³⁵ out of 34 test-checked CDPOs and two out of seven Deputy CEOs (Amravati and Beed) revealed that the diet chart adopted by the respective DNCs did not conform to the calorie norms prescribed by the

³³ The malnourishment status is measured on the basis of two parameters viz., age and weight

³⁴ Proportionate caloric value calculated as per GR: 100 gm of *sattu* = 388.38 K cal and 100 gm of *sheera* = 454.13 Kcal

³⁵ Ashti (Rural); Beed-1(Rural); Beed-2 (Rural); Osmanabad (Rural); Tuljapur (Rural); Daryapur (Rural); Dharni (Rural); Dhamangaon Railway (Rural)

Department in August 2009. There was shortfall of energy calories in the range of 12.02 K cal (Dharni, Amravati District) to 315.20 K cal (Tuljapur Rural, District Osmanabad). The details are indicated in **Appendix 4.1.10**.

Deficiency of calories and proteins in food items supplied by SHGs/mahila mandals

In order to provide minimum calories and proteins to the beneficiaries, norms were fixed (August 2009) by the Department. Further, the Commissioner also issued (September 2009) instructions regarding recipe and food to be given to the beneficiaries.

Scrutiny of records of three out of 34 CDPOs (Borivali 2, Dharavi and Red Light Area) revealed that the tests reports (December 2008 - December 2011) of the food provided to the beneficiaries by various SHGs/ mahila mandals contained less calorific value as detailed in **Appendix 4.1.11**. The shortfall in calories ranged from 4.56 *per cent* in Dharavi (March 2010) to 48.27 *per cent* in Dharavi (February 2010) and the shortfall in protein ranged from 0.16 *per cent* in Red Light Area (May 2009) to 87.12 *per cent* in Dharavi (June 2011).

The Commissioner stated that the CDPOs have been directed to take action against the suppliers.

Deficiencies in testing of food samples

During the regular inspection of field offices under the Department, on 19 occasions audit pointed out that food items were not duly tested before supplying to the beneficiaries. However, CCO based Audit of the Department revealed that the shortfalls in testing the food samples were still persistent.

As per Para 10 of GR (October 2005), minimum two food samples per supplier per year were to be sent for testing the nutrition values. Scrutiny of records in 19³⁶ out of 34 test-checked CDPOs revealed that the food samples were never sent for testing during 2007-12. In one CDPO (Khed) information was not available and in respect of another CDPO (Purandar) testing was carried out. In respect of the remaining 13 CDPOs³⁷, shortfall in testing the food samples ranged from 1.2 *per cent* to 99 *per cent* during 2007-08 to 2011-12.

As per procurement agreement, the suppliers were required to submit batch-wise test report of THR from Government accredited testing laboratories. The Commissioner further directed (May 2010) all the Deputy CEO (Child Welfare), ZP and the CDPOs (Urban) to get the THR samples tested from the Government accredited laboratories.

Audit observed that the suppliers submitted test reports from Food Hygiene and Health Laboratory (FHHL), Pune which is a Government accredited testing laboratory. However, five Deputy CEOs and two CDPOs (Urban) also got the THR samples tested from the same laboratory (FHHL). Testing of

³⁶ Ahmednagar (Rural); Jamkhed; Rahata; Pathardi; Karjat; Kamptee; Nagpur (Rural); Nagpur (Urban); Ashti; Daryapur; Dharni; Dhamangaon; Beed Rural I; Beed Rural II; Wadgaon Maval; Tuljapur; Osmanabad (Rural); Yavatmal Urban; Yavatmal Rural

³⁷ Uruli Kanchan; Junner; Haveli; Borivali 2; Red Light Area Mumbai; Dharavi; Andheri (Urban); Goregaon (West); Kurla (Urban); Govandi (Urban); Parshivani; Umerkhed; Wani

samples from the same laboratory by the Department was not in the interest of the programme as it led to ‘conflict of interest’ (the laboratory was bound to give the same test results as already given to the suppliers). Further, seven CDPOs³⁸ and two Deputy CEOs (Nagpur and Pune) did not send the THR samples for testing on the ground that the suppliers have submitted the test reports and there was no budget provision for testing of THR departmentally.

Though CDPO, Yavatmal (Urban) received several individual complaints from the beneficiaries regarding poor quality of THR, (supply period January - February 2011), no action was taken to test the samples in the laboratory. The Food and Nutrition Board, GoI which conducted surprise testing of two samples in April 2011 also found that the samples did not conform to the prescribed norms. Two rural CDPOs (Dhamangaon Railway in Amravati district and Ahmednagar rural-I in Ahmednagar district) tested the samples of THR from District Public Health Laboratories, which revealed that the THR did not conform to the prescribed calorific values, as detailed in the **Table 5** below:

Table 5:- Quality of THR vis-à-vis prescribed norms (per 100 grams)

Item of THR	Caloric value as per agreement (K Cal)/GR dated 24/08/2009	Test result of THR (CDPO, Dhamangaon Rly dated 28/10/2010)	Shortfall in Caloric value (K Cal)	Test result of THR (CDPO, Ahmednagar Rural-I dated 19/11/2010)	Shortfall in Caloric value (K Cal)	Test result of THR (CDPO, Ahmednagar Rural-I dated 17/01/2011)	Shortfall in Caloric value (K Cal)
Sukhadi	480.89	403.66	77.23	386.90 (Batch No.SKP-1)	93.99	380.26 (Batch No 4-561)	100.63
Shira	454.13	404.22	49.91	392.14 (Batch No.SHC-P2)	61.99	388.38 (Batch No. SHW P-3)	65.75
Upma	490.98	405.36	85.62	383.30 (Batch No UPC-PO-1)	107.68	376.54 (Batch No. UPC P-6)	114.44

Despite the inadequacies indicated above and provision of penalty clause³⁹ in the procurement agreements, the Department did not levy any penalty on the suppliers for supply of THR of less calorific values. The Department instead extended validity of the agreements for a further period of two years on the basis of satisfactory performance reports furnished by the Deputy CEOs. The performance of suppliers were, thus, not assessed adequately before granting extensions, since it was not backed by test reports from laboratories different from the one furnished by the suppliers nor did it take into account the failure of the samples as mentioned above.

The Commissioner stated that there were around one lakh AWCs in the State and sufficient number of laboratories for food testing was not available. The hot and fresh diet supplied to AWCs become perishable and after 12 hours testing was not possible. Some laboratories in the State have also reported lack of sufficient amenities for food testing. The Commissioner, however, added that instructions have been issued to suppliers’ organization to supply the THR

³⁸ Mumbai: Govandi, Kurla, Goregaon (W), Borivili 2, Red light area; Nagpur: Nagpur Urban; Yavatmal: Yavatmal Urban

³⁹ If the product does not conform to the standard in terms of protein, calories and micronutrients, the suppliers need to replace THR packets immediately, failing which, penalty at 3 per cent of the invoice price or ₹ 10,000, whichever is greater, would be recoverable

food/ diet as per norms prescribed by the Government for calories and proteins.

Non-supply of THR or swallowable food for significant period

In four out of nine test-checked districts (eight blocks⁴⁰), it was noticed that there was a delay in placing demand⁴¹ for supply of THR, which resulted in non-supply of THR for three to 70 days during September 2010 to March 2012 (**Appendix 4.1.12**). In respect of Dhamangaon Railway, Uruli Kanchan, Vadgaon Maval, Junnar and Beed Rural I projects, delivery challans did not indicate the date of delivery, hence delay in supply, if any, could not be ascertained in audit.

The commissioner stated that due to complaints and litigation cases, the supply of THR was delayed. However, the THR was now being supplied regularly to the beneficiaries in the age group of six months to three years.

As per the order issued (May 2011) by the Mumbai High Court, THR was to be stopped in Melghat Project, Dharni, Amravati district from July 2011 and hot and cooked food was to be supplied to the beneficiaries (six months to six years).

Audit observed that CDPO, Dharni belatedly placed an order on 03 September 2011 for supply of raw material for cooking food for the month of August and September 2011 in respect of 24,032 children in the age group of six months to six years. The raw material was, however, received between 08 September 2011 and 18 September 2011 leading to feeding interruption for a period of 38 to 47 days. During the period, the said beneficiaries received neither THR nor swallowable/chewable food.

The Commissioner attributed the delay in supply of cooked food to delay in finalizing the diet chart for the children in the age group of six months to one year.

Scrutiny of records further revealed that in Melghat Project, Dharni, a uniform diet chart was being followed (August 2011) for all the children in the age group of six months to six years and there was no separate diet chart/recipe according to the age group of children.

4.1.13 Construction of anganwadi centres

Under the ICDS, 97,462 AWCs were sanctioned (as of March 2012) of which 95,335 were functioning. The AWCs meant for the children in the age group of zero to six years were required to run from constructed accommodation with all facilities like tapped drinking water, storage space for food, utensils, toys and proper seating arrangements. Up to 2007-08, ZPs were constructing AWCs in rural areas. The details of funds received and expenditure incurred for construction of AWCs during the period 2008-12 are given in **Table 6**.

⁴⁰ Daryapur; Dharni; Dhamangaon Railway (Amravati); Borivali-2; Red Light Area Worli; Dharavi (Mumbai); Osmanabad Rural; Tuljapur (Osmanabad)

⁴¹ In rural projects, CDPOs placed the demands at respective CEO/Zilla Parishad level and the CEO placed consolidated demand with the supplier. Whereas in urban projects, the CDPOs directly placed the demand with the supplier

Table 6: Details of funds provided for construction of AWCs

Funds provided under Major Head '2236- Nutrition' (₹ in crore)		
Year	Budget provision	Expenditure
2008-09	43.83	38.34
2009-10	98.57	98.54
2010-11	364.25	411.51
2011-12	173.78	73.49
Total	680.43	621.88

Source: Civil Budget Estimates and data provided by the office of the Pr. Accountant General (A&E)-I, Mumbai (Figures in respect of 2010-12 are un-reconciled)

4.1.13.1 Functioning of anganwadi centres in open spaces

Scrutiny of records of the Commissioner revealed that 7,658 AWCs were run from open spaces, under the trees *etc.* The details of AWCs running from owned premises, donated premises, open spaces are given in **Table 7**.

Table 7: Details of AWCs run from owned premises, open spaces etc.

Sanctioned AWC	AWCs functioning	Status of AWC functioning in				Total
		owned premises	rented premises	donated premises	open spaces	
97,462	95,335	43,501	21,786	22,390	7,658	95,335

Source: Monthly progress reports (March 2012) provided by the Commissioner

The “Type Plan” for construction of AWC and priority for construction was fixed (September 2009 and January 2010) by the Department. Accordingly, first priority for construction of AWC was to be given to AWCs functioning in open spaces. After completion of all first priority AWCs, a certificate to this effect was to be submitted to the Commissioner. Subsequent priority was to be given to the AWCs running from rented premises. However, the requisite certificates were not furnished to the Commissioner and the CCO, in the absence of which, audit could not ascertain whether construction of 7,658 AWCs functioning in open spaces was taken up in the order of priority.

The Commissioner stated that in many places land was not available for construction of AWCs. However, instructions have been issued to give priority to construction of AWCs operating in open spaces.

4.1.13.2 Visits to anganwadi centres

Audit conducted joint physical inspection of 54 AWCs along with the representatives of the Department. The detailed observations of audit are indicated in **Appendix 4.1.13**. Audit *inter alia* noted the following:

- Toilet facilities were not available in 30 AWCs including nine AWCs in Mumbai and two in Nagpur Urban (Tass Bagh No.148 and 153);
- In 24 AWCs, there was no open space for outdoor activities including 11 in Mumbai and two in Nagpur Urban (Tass Bagh No.148 & 153).
- Twenty one AWCs were functioning from rented premises including 13 AWCs in Mumbai. Four AWCs in Mumbai had an area of 80 sq ft, 85 sq ft, 240 sq ft and 240 sq ft accommodating 28, 50, 30 and 20 beneficiaries respectively.
- In 11 AWCs, register of referral services was not maintained. In two AWCs, diet chart was not observed. In six AWCs, THR

acknowledgements were not obtained. In nine AWCs, acknowledgements for medicines/syrups supplied were not obtained.

The Commissioner stated that due to space constraints in urban slum areas, it was not possible to provide playgrounds and separate toilets in the AWCs. The reply was, however, silent about the reasons for not providing basic facilities in rural AWCs.

4.1.14 Implementation of the Juvenile Justice Act

The Juvenile Justice (Care and Protection of Children) Act, 2000 was enacted in April 2001 with the basic objective of providing justice to children in conflict with law and children in need of care and protection by adopting child friendly approach and to rehabilitate them keeping in view their developmental needs.

4.1.14.1 Non-provision of vocational training to the inmates of children's homes

As per Rule 16 (8), 16 (9) and 29 (4) of the Juvenile Justice Rules, the inmates residing in children's homes should be provided useful, modern and marketable vocational training. The Department decided (August 2007) to provide vocational training⁴² to the inmates of children's homes through ITIs. Accordingly, the Department decided to provide ₹ 5,000 per inmate for imparting vocational training at ITIs in the age group 16 to 18 years. It was decided to impart the training on pilot basis in nine⁴³ districts initially.

Scrutiny of records of the Commissioner revealed that vocational training was provided (2007-08) to 456 eligible inmates in seven out of nine districts as detailed in **Table 8**.

Table 8: District-wise data of vocational training provided to inmates

Sr. No.	Name of the District	No. of inmates in children's homes who were imparted training during 2007-08		Payment to be made to ITI by (₹ in lakh)	
		Government	NGO	Government	NGOs
1	Aurangabad	58	33	2.90	1.65
2	Amaravati	70	-	3.50	-
3	Mumbai City	-	64	-	3.20
4	Nashik	40	53	2.00	2.05
5	Nagpur	19	-	0.95	-
6	Pune	41	28	1.63	0.83
7	Thane	32	18	2.37	0.38
8	Mumbai Suburban	Data not available			
9	Latur				
	Total	260	196	13.35	8.11

Source: Information collected from the Commissioner and the respective units

However, due to non-payment of fees amounting to ₹ 21.46 lakh by the Government and NGOs, the ITIs stopped imparting training from 2008-09. The Department paid ₹ 13.35 lakh in March 2010. Moreover, the

⁴² Welding of two/three wheelers and repairing, sanitary fitting, plumbing, beautician, bakery, mobile repairing *etc.*

⁴³ Pune, Mumbai City, Mumbai Suburb, Thane, Nashik, Aurangabad, Amravati, Latur and Nagpur

Commissioner could not ascertain whether the vocational training already provided to the inmates had yielded desired results.

The Commissioner directed (March 2008) all the DWCDOs in the State to submit proposals for providing vocational training to inmates. Accordingly, the Commissioner based on the proposals received, prepared and forwarded an annual plan for the year 2008-09 to the Department. However, the annual plan could not be implemented as no budget provision was made till 2011-12.

The Commissioner stated that the scheme could not be implemented for want of separate grant for vocational training.

4.1.15 Management of human resources

4.1.15.1 Manpower management

The status of sanctioned posts *vis-à-vis* men-in-position of the Department as of March 2012 is detailed in **Table 9**.

Table 9 : Status of sanctioned posts *vis-à-vis* men-in-position

Designation	Posts sanctioned	Persons in Position	Vacancies	Percentage of vacancies
DWCDO	29	18	11	37.93
District Probation Officer/ Superintendent	61	42	19	31.14
Probation Officers	263	161	102	38.78
Sr.Clerks/ Statistical Assistant	184	118	66	35.86
Junior Clerk	283	228	55	19.43
Nurse	52	40	12	23.07
Driver	46	26	20	43.47
Peon	165	160	5	3.03
Sr.Caretaker + Jamadar	216	194	22	10.18
Jr.Caretaker	267	261	6	2.24
Cook	21	18	3	14.28

As detailed above, there were significant shortages in key posts *i.e.*, District Probation Officers (31.14 *per cent*) and Probation Officers (38.78 *per cent*), who play a vital role in implementing the women and child development schemes in the State.

The manpower for ICDS is shown in **Table 10**.

Table 10 : Vacancies of staff involved in implementation of ICDS

Designation	Posts sanctioned	Persons in Position	Vacancies	Percentage of vacancies
CDPOs	553	447	106 (Urban 38 Rural & Tribal 68)	19.16
Supervisors (ICDS)	3898	3259	639 (Urban 54 Rural & Tribal 585)	16.39
Anganwadi Workers	97462	95335	2127	2.18
Anganwadi Helpers	97462	89618	7844	8.04

Source: Information furnished by the Commissioner

It would be seen that vacancy in the key post of CDPO was pegged at 19.16 *per cent*.

The Commissioner stated that meetings of Promotion Committee would be held to fill up the vacant posts.

4.1.16 Conclusion

There was no mechanism in the Department for assessing the number of children in need of care and protection, as a result, the planning for establishment of children's home was skewed. Monitoring by the Department was lax in that there was significant shortfall in holding of meetings by district level rehabilitation committees, while, district inspection committees were not constituted. The vigilance squad at the apex level was non-existent for long period to oversee the operations of AWCs. There was also shortfall in inspection of children's homes and AWCs by DWCDOs and CDPOs respectively. The mentally deficient children having special needs and requirements were not rehabilitated adequately. Various individual benefit schemes run by the Department for empowerment of women incurring sizeable expenditure were not effective in the absence of any follow up and impact assessment mechanism. More than 70 *per cent* of the total cases registered under Domestic Violence Act, 2005 during 2008-11 were yet to be heard and relief granted to the victims. The institutional arrangements made by the Department for rehabilitation of inmates of children's homes and beggars' homes through vocational education and training were not satisfactory. Under Supplementary Nutrition Programme (ICDS), there were gaps between the recommended dietary allowance and the actual dietary intake of the beneficiaries. Take Home Ration was not tested for its nutritional value on regular basis. There were delays in placing of demand for Take Home Ration and other raw material leading to feeding interruptions in the AWCs for significant periods.

4.1.17 Recommendations

The Government may

- Carry out a realistic assessment of the number of children in need of care and protection and prepare a time bound plan for systematic establishment of children's homes;

- Ensure that the children's homes, observation homes, beggars' homes, women's hostel *etc.* are inspected on regular basis and necessary reports are submitted to the Chief Controlling Officer for initiating timely remedial action;
- Evolve a system to ensure that women and children under institutional care are gainfully rehabilitated through proper implementation of various State-run schemes; and
- Strengthen the system of testing of food items being provided in anganwadis in order to ensure that they always conform to the prescribed norms in terms of calorific values.

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

Mumbai,
The 18 March, 2013



(MALA SINHA)
Principal Accountant General (Audit)-I,
Maharashtra

Countersigned



New Delhi,
The 19 March, 2013

(VINOD RAI)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1 (Reference :Paragraph 1.7.1; Page 8)																	
Department wise outstanding Inspection Reports/paras issued up to December 2011 but outstanding as on 30 June 2012																	
Sl. No	Name of Department	Mumbai/ Nagpur	Upto 2006-07		2007-08		2008-09		2009-10		2010-11		2011-12		Total		
			IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
General Sector																	
1.	Environment	Mumbai	0	0	5	11	5	10	5	25	4	27	5	36	24	109	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	0	0	5	11	5	10	5	25	4	27	5	36	24	109	
2.	Finance	Mumbai	7	11	6	10	4	11	5	10	2	5	4	19	28	66	
		Nagpur	13	21	2	2	6	9	3	5	0	0	0	0	24	37	
		Total	20	32	8	12	10	20	8	15	2	5	4	19	52	103	
3.	General Administration	Mumbai	8	14	1	2	10	12	5	10	14	45	6	28	44	111	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	8	14	1	2	10	12	5	10	14	45	6	28	44	111	
4.	Home	Mumbai	77	134	27	58	41	103	28	121	39	188	6	35	218	639	
		Nagpur	63	132	25	77	23	72	37	108	32	158	7	29	187	576	
		Total	140	266	52	135	64	175	65	229	71	346	13	64	405	1215	
5.	Law and Judiciary	Mumbai	20	23	2	8	14	22	7	31	1	6	0	0	44	90	
		Nagpur	16	23	17	28	16	30	28	54	15	33	3	11	95	179	
		Total	36	46	19	36	30	52	35	85	16	39	3	11	139	269	
6.	Maharashtra Legislature Secretariat & Parliamentary Affairs	Mumbai	1	5	1	3	1	1	0	0	1	2	1	8	5	19	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	1	5	1	3	1	1	0	0	1	2	1	8	5	19	
7.	Planning	Mumbai	3	3	0	0	0	0	1	1	1	2	1	12	6	18	
		Nagpur	1	1	0	0	0	0	3	3	0	0	0	0	4	4	
		Total	4	4	0	0	0	0	4	4	1	2	1	12	10	22	
8.	Maharashtra State Language	Mumbai	0	0	0	0	0	0	0	0	0	0	1	9	1	9	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	0	0	0	0	0	0	0	0	0	1	9	1	9	
9.	Employment and Self Employment	Mumbai	4	7	0	0	6	11	0	0	1	2	0	0	11	20	
		Nagpur	3	3	3	4	2	5	3	3	5	7	0	0	16	22	
		Total	7	10	3	4	8	16	3	3	6	9	0	0	27	42	

Appendix 1.1 (contd.)																
Social Sector																
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
10.	Higher and Technical Education	Mumbai	100	165	30	70	53	153	50	186	63	356	33	207	329	1137
		Nagpur	53	78	31	43	32	65	20	54	54	155	17	58	207	453
		Total	153	243	61	113	85	218	70	240	117	511	50	265	536	1590
11.	Housing	Mumbai	104	345	23	88	27	154	18	131	18	132	6	37	196	887
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	104	345	23	88	27	154	18	131	18	132	6	37	196	887
12.	Medical Education and Drugs	Mumbai	20	33	9	20	14	42	17	52	8	57	9	75	77	279
		Nagpur	30	51	8	27	10	36	12	35	8	46	9	84	77	279
		Total	50	84	17	47	24	78	29	87	16	103	18	159	154	558
13.	Public Health	Mumbai	80	126	18	42	19	61	12	62	21	97	15	80	165	468
		Nagpur	136	247	58	187	48	126	56	159	45	143	4	6	347	868
		Total	216	373	76	229	67	187	68	221	66	240	19	86	512	1336
14.	Social Justice and Special Assistance	Mumbai	36	64	46	89	15	34	15	61	34	147	1	13	147	408
		Nagpur	30	61	20	51	23	63	26	70	26	73	11	52	136	370
		Total	66	125	66	140	38	97	41	131	60	220	12	65	283	778
15.	School Education and Sports	Mumbai	65	98	10	28	16	54	23	74	23	76	9	48	146	378
		Nagpur	84	517	72	465	61	504	61	398	42	603	28	726	348	3213
		Total	149	615	82	493	77	558	84	472	65	679	37	774	494	3591
16.	Tribal Development	Mumbai	9	21	3	4	21	61	5	29	24	127	15	107	77	349
		Nagpur	30	68	14	51	20	64	26	68	27	82	13	58	130	391
		Total	39	89	17	55	41	125	31	97	51	209	28	165	207	740
17.	Women and Child Development	Mumbai	40	75	6	21	8	16	47	118	11	45	5	34	117	309
		Nagpur	36	49	9	15	4	7	8	13	6	12	4	8	67	104
		Total	76	124	15	36	12	23	55	131	17	57	9	42	184	413
18.	Water supply and Sanitation	Mumbai	72	98	14	16	21	40	31	100	18	136	14	131	170	521
		Nagpur	8	13	2	2	3	6	4	5	21	32	1	4	39	62
		Total	80	111	16	18	24	46	35	105	39	168	15	135	209	583

Appendix 1.1 (concl.)																	
Social Sector																	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
19.	Minorities Development	Mumbai	0	0	0	0	0	0	0	0	1	4	0	0	1	4	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	0	0	0	0	0	0	0	0	1	4	0	0	1	4	
20.	Food, Civil Supplies and Consumer Protection	Mumbai	11	19	11	24	8	13	18	34	19	61	0	0	67	151	
		Nagpur	0	0	0	0	3	4	1	2	0	0	0	0	4	6	
		Total	11	19	11	24	11	17	19	36	19	61	0	0	71	157	
21.	Revenue	Mumbai	148	306	73	176	48	160	37	138	37	159	15	133	358	1072	
		Nagpur	193	447	63	113	74	169	63	167	77	252	25	166	495	1314	
		Total	341	753	136	289	122	329	100	305	114	411	40	299	853	2386	
Grand Total			1501	3258	609	1735	656	2118	675	2327	698	3270	268	2214	4407	14922	

APPENDIX 1.2									
<i>(Reference: Paragraph 1.7.3; Page 8)</i>									
Statement showing no. of paragraphs/reviews in respect of which Government explanatory memoranda (UORs) had not been received									
Sl. No.	Name of Department	Upto 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total
	General Sector								
1.	Environment	--	--	1	--	--	--	2	3
2.	Finance	--	--	--	--	--	1	--	1
3.	General Administration	--	--	--	--	1	--	--	1
4.	Home	1	--	1	1	--	--	3	6
5.	Maharashtra Legislature Secretariat & Parliamentary Affairs	--	--	--	1	--	--	--	1
6.	Planning	3	--	--	--	1	--	1	5
	Social Sector								
7.	Food, Civil Supplies and Consumer Protection	1	--	1	--	--	--	--	2
8.	Higher and Technical Education	--	1	--	--	--	--	2	3
9.	Housing	3	--	--	--	--	--	2	5
10.	Medical Education & Drugs	2	--	--	--	--	1	--	3
11.	Public Health	5	--	1	--	3	1	--	10
12.	Revenue	--	--	--	--	--	1	--	1
13.	School Education and Sports								
14.	Social Justice and Special Assistance	7	1	--	--	--	1	--	9
15.	Tribal Development								
16.	Water Supply and Sanitation	--	--	--	--	--	2	--	2
	Total	22	2	4	2	5	7	10	52

Appendix 2.1.1 (Reference :Paragraph 2.1.8; Page 19) A comparative statement of changes in Port Policy year-wise in 1996, 2000 and 2002				
Sl. No.	Subject	Port Policy 1996	Port Policy 2000	Port Policy 2002
(1)	(2)	(3)	(4)	(5)
1.	Procedure for selection of developer of Port	In the first phase development of 7 ports by calling for tenders.	Development of Dighi and Rewas (Aware) ports through MOU route	Tender/MOU(Policy will be applicable for those ports which are being developed through MOU route)
2.	Concession period	30 years (to be increased to 50 years if necessary)	50 years (including 5 years of construction period)	50 years (including 5 years of construction period)
3.	Land for the project Government land	The developer to be given Government land on lease rent. If more land is required for development of small ports then Government will acquire the same and hand it over to the Company.	On transfer of Government land to MMB, MMB to allot land to developer on lease rent basis or it can be treated as Government equity.	The required land determined as per the approved DPR would be made available to the developer on a nominal lease rent of ₹ 1 per year for a period of 50 years. But the amount as fixed by the Government would be taken from the developer before handing over the land.
	Private land	Not separately mentioned	If there is private land near the port, then Government will acquire the same and recover the value along with service charges from the developer.	The required land determined as per the approved DPR can be purchased by the developer. On request of the developer and on payment of the market price of such land in advance, Government will obtain the land under the Land Acquisition Act and hand it over to the developer.
	Inter tidal land	Not mentioned separately	Not mentioned separately	Not mentioned separately (But as per clause 3.5.6 of the Concession agreement, the rate of inter-tidal land would be as decided by the Revenue and Forests Department and made available to the developer at market rates.
4.	Equity Structure of the Special purpose vehicle	Government share would be to the extent of 11 <i>percent</i> in the SPV and the share of the developer would be to the extent of 89 <i>per cent</i> .	No change	If the market value of the Government land is more than 11 <i>per cent</i> , the developer would pay this difference to the Government in cash.

Appendix 2.1.1 (concl.)				
(1)	(2)	(3)	(4)	(5)
5.	Roads	The entire expenditure on roads in the jurisdiction of the port was to be incurred by the Company. If the road to be constructed outside the port limits was to be utilized for the developer's purpose, then the entire cost was to be recovered from the developer. But if the road is used by the developer as well as the general public, then costs to the extent of 50 <i>per cent</i> was to be recovered from the developer. The same procedure was to be followed for the maintenance and repairs of the road.	The internal roads in the port were to be constructed by the developer at his own cost. The cost of the approach road to the port be shared equally by the developer and Government. The same procedure was to be followed for repairs also.	The internal roads in the port were to be constructed, maintained and repaired by the developer at his own cost. A six lane approach road from National Highway to Port be completed by the Company on BOT basis. If there is no response then the same will be constructed by the Government in Public Works Department by requisitioning funds from the Central Road Fund. If this was not possible in the given time then the approach road would be constructed by the developer at his own cost The share of the Government to the extent of 50 <i>per cent</i> (after adjusting remaining market value of Government land) would be adjusted against the lease premium payable by the developer to the MMB.
6.	Railway	No provision exists	No provision exists	No provision exists Note-The Board in its resolution of 22-9-2008 has agreed to a share capital of 11 <i>per cent</i> in a Special purpose vehicle created by Rail Vikas Nigam limited for connecting the port through railway.
7.	Wharfage charges	In private ports Government would levy ₹ 3 per ton . This rate would vary every year as determined by the Government. This, however, would not be more than double the earlier determined rate.	No change	After the port is commissioned, the rate of ₹ 3 per tone or at ₹ 36 per loaded container would be payable by the developer to MMB. This rate will be at ₹ 3 per tone and thereafter every year there will be an increase of 20 <i>per cent</i> over the previous year. This would be applicable up to 15 years from the date of commissioning. If such payment is delayed by the Developer then delayed payment charges at 2 <i>per cent</i> per month would be recovered from the developer.

Appendix 2.1.2 (Reference :Paragraph 2.1.8; Page 20) Glossary of terms used in the performance audit report	
All Weather Port	A port which can be operational throughout the year
Clearances	Obtaining all statutory clearances, including environmental clearance, from various Governmental and other agencies
Commencement of Operations	The date of commencement of operations of the port shall be the date of issue of Landing and Shipping Declaration by the Customs
Concession Agreement (CA)	An agreement entered into with the developer for development of ports on BOOST basis
Contracted Assets	Those assets for which the licensor shall undertake to pay compensation to the Licensee at the time of Termination
Detailed Engineering Design	The licensee within a period of 6 months from the Zero Date shall prepare at its cost all engineering drawings, plans, designs, specifications etc. in conformance to the approved DPR
Detailed Project Report	The licensee within 14 months of the signing of concession agreement, shall submit to the licensor a detailed project report which shall contain the information on projected cargo to be handled for first 5 years along with estimated port charges, different equipment and assets proposed to be created, cost of construction, financing cost, land requirement etc.
Effective date	Date of signing of the Concession agreement
Environment Impact Assessment	An assessment carried out to identify and evaluate the potential benefits and adverse impacts of a development project on environmental and ecological systems.
Fair Weather Port	A port, which cannot be operational during monsoons
Financial Closure	Means the fulfillment of all conditions precedent to the initial availability of funds under the Financing documents and receipt of commitments for the equity required for phase I of the project/ immediate access to funds.
Green Field Port	Green field port is a port which is to be developed newly
Landing and Shipping Declaration	During the period of Phase I Construction, the Licensee may inform the Licensor on completion of any material part of the Phase I Contracted Assets, that the facilities are ready for declaration of the port as a Landing and Shipping place for cargo.
Lead Promoter	The shareholder of the licensee company which holds more than 26 <i>per cent</i> of the equity shares in case the special purpose vehicle is incorporated at the time of signing of CA or the company which has signed the CA with MMB for undertaking the responsibility to plan, design, construct, operate and maintain the port project as outlined in the DPR
Letter of Intent (LoI)	The letter issued to the developer for obtaining of all clearances required for development of ports.
Licensee	The Licensee is a company incorporated under the Companies Act, 1956 for the purpose of undertaking development of Port.
Licensor	The Licensor is a statutory body incorporated under the Maharashtra Maritime Board Act 1996.
Net Present Value (NPV)	The difference between the present value of cash inflows and the present value of cash outflows. NPV is used in capital budgeting to analyze the profitability of an investment or project.
Port Limits	Any portion of the shore or bank within 50 yards of high water mark
Scheduled Construction Period	The scheduled construction period shall be a period of 5 years starting from the effective date or such period indicated in the Detailed Engineering Design, whichever is earlier
Special Purpose Vehicle (SPV)	The project company specifically formed for development of the port. This SPV would be the Licensee for the purpose of Concession Agreement
Techno-economic Feasibility Studies (TEFS)	The initial study report submitted by the potential developer which will depict area of the port to be developed and necessary investment to be made
Zero date	Zero date means the date on which all the conditions precedent set out have been satisfied and the following conditions have been fulfilled. The environment clearance from the Ministry of Surface Transport/ Ministry of Environment has been received. The identified milestones necessary for the commencement of construction in the approved DPR are complete. Financial closure has been achieved.

Appendix 2.1.3 (Reference :Paragraph 2.1.8.1; Page 20) Various stages involved in development of Ports on BOOST basis	
1.	Submission of TEFS by potential developer
2.	Initial vetting of TEFS by Consultant
3.	Approval by MMB
4.	Approval by the Government
5.	Issue of LoI to developer for fulfillment of terms and conditions including obtaining of statutory clearances (environmental clearances <i>etc.</i>).
6.	Entering in to indenture of Lease (Concession Agreement) after obtaining development guarantee.
7.	Formation of a SPV Company (Project Company) which would be the Licensee for the purpose of Concession Agreement and development of the port Developer (Lead Promoter) who signed the concession agreement to maintain the individual share holding of key promoters not less than that proposed in the CA during the development phase. B) Lead promoter to maintain minimum of 26 <i>per cent</i> of share holding in the SPV till the completion of seven years from the date of commencement of operations
8.	Submission of DPR within fourteen months from effective date
9.	Achievement of Zero date within 24 months from effective date
10.	DPR to be vetted by the proof Consultant and approved by the board
11.	Approval to Contracted Assets by licensor (MMB) within six months of approval of DPR
12.	Submission of Detailed Engineering Design (DED) by developer within six months from zero date.
13.	DED to be vetted by the proof Consultant and approved by MMB
14.	Developer to acquire land (private/govt./inter tidal) as per approved DPR
15.	Developer to commence and complete construction within three years from zero date
16.	The Licensor to verify that the Licensee has constructed the facilities in accordance the CA and applicable laws
17.	Developer to obtain landing and shipping declaration from Customs after completion of material part of contracted assets
18.	Commencement of operations wherein Greenfield concessional rates for cargo handled would be applied

Appendix 2.1.4 (Reference :Paragraph 2.1.8.1; Page 21) Status of ports being developed through MoU route							
Name of BOOST Project	Concession Agreement signed on	Developer	Name of SPV	DPR Approval and cost	Projected cargo in MTPA	Proposed Period of completion and Commencement of operations	Current status of the project
Rewas-Aware Port	17 March 2002	Ammalines/ Reliance Group	M/s Rewas Ports Ltd.	09 May 2011 (Detailed Project Implementation Report) Cost: ₹ 5200 crore	50	five years from the date of signing of CA i.e. March 2007	Construction not started.
Dighi Port	17 March 2002	Balaji Group	M/s Dighi Port Ltd.	17 August 2004 Cost: 607.40 crore	13.7	five years from the date of signing of CA i.e. March 2007	Two berths out of five are constructed, one of which is ready for commissioning.
Dhamankhol-Jaigad Port	24 June 2008	Jindal Group	M/s JSW Jaigarh Port Ltd.	Phase-I: 18 June 2009 Cost: ₹ 649.20 crore Phase-II: 06 March 2012 Cost: ₹ 3017 crore	5.8	five years from the date of signing of CA i.e. June 2013	Phase I Commissioned. (August 2009).
Lavgan-Jaigad Port (Angre Port)	28 March 2008	Chowgule Group	Chowgule Port & Infrastructure Pvt. Ltd.	7 January 2010 Cost: ₹ 742.77 crore	5	five years from the date of signing of CA i.e. March 2013	Cargo handling commissioned. (April 2012). Construction of Shipyard with ship lift system was in progress.
Redi Port	25 February 2009	Earnest Young Group	M/s Redi Port Ltd.	20 September 2011; Cost ₹ 4400 crore	13.68	five years from the date of signing of CA i.e. February 2014	Construction not started.
Vijaydurg Port	28 March 2008	HPIPL Group	M/s Vijaydurg Ports Pvt. Ltd.	Yet to be approved.	12.05	five years from the date of signing of CA i.e. March 2013	DPR under scrutiny.

Appendix 2.1.5 (Reference :Paragraph 2.1.8.6; Page 29) Details of ship building/repairs projects approved by MMB	
1. Name of developer: M/s Bianco Hotel Resort, Vasai Previous experience: Hotel business	<ul style="list-style-type: none"> ➤ Permission granted for ship building /ship repair, water sports activity from January 2008 and extended to May 2009 without any environment clearance. ➤ Port Inspector informed (March 2008) CEO MMB that the developer was engaging in unauthorized reclamation of land ➤ Commissioner, Mira – Bhayandar Municipal Corporation, the Special Planning Authority forwarded (February 2011) the developer’s proposal for construction of boat repairing yard on a plot of 5850 sq m (falls under CRZ III and CRZ I) to the Urban Development Department for approval. There was no evidence of Government approval to the project. However, MMB entered into an agreement (August 2011) with the developer for five years for use of the water front, consisting of inter-tidal land of 1678 sq m and under water area of 747sq m without ascertaining the past experience of the developer. No clause was included in the agreement that reclamation be done only after obtaining environmental clearance.
2. Name of the developer: JSW Infrastructure at Village Usgaon in Dabhol creek Previous experience: Manufacturing (steel , port development)	<ul style="list-style-type: none"> ➤ LOI for ship building / ship repair and captive jetty for 24 months was issued in September 2009. LOI was issued without ascertaining past experience in the field. ➤ Business plan depicting project cost, mode of financing, status of environmental clearance <i>etc.</i>, was not submitted by the developer. However, MMB entered into a lease agreement in February 2010 for five years. ➤ Open tenders not invited despite the existence of major players in the vicinity.
3. Name of the Developer: Pandurang Timbolo Industria at Trishul sakha in Dabhol creek Previous experience: Ship building and ship repair	<ul style="list-style-type: none"> ➤ MMB permitted the developer (December 2009) to carry out hydrographic survey in inter tidal land, geotechnical investigation and sampling for environment studies up to 25 May 2010. However, whether such survey, study, investigation were conducted was not on record. MMB directed (September 2010) the developer to submit business plan. ➤ MMB issued LOI (November 2010) granting lease of water front for five years. MMB also permitted the developer to dredge 53,000 cu m to achieve depth of seven metres below chart datum. However, environment clearance obtained if any was not on record. Without environmental clearance MMB leased inter tidal land of 73600 sq m and underwater area of 85,700 sq m and entered (April 2011) into lease deed agreement for five years with provision to extend it up to 30 years. No clause was included in the agreement that reclamation be done only after obtaining environmental clearance.
4. Name of the Developer: Prince marine Transport Services Pvt. Ltd Previous experience: Marine transport	<ul style="list-style-type: none"> ➤ MMB issued LOI to developer (April 2011) for setting up shipyard facilities at village Kole and Adiwade in Bankot creek in Raigad district. Lease deed was executed in April 2011 with developer for five years initially for setting up ship yard facility. Before executing the lease agreement, MMB did not taken in to cognizance a FIR lodged (December 2009) against the developer for destruction of mangroves in the same area and construction of kachcha road for approach to the water front before issue of LOI to the developer. No clause was included in the agreement that reclamation be done only after obtaining environmental clearance.
5. Name of developer: Mech marine Engineers Pvt. Ltd. Previous experience: Ship building	<ul style="list-style-type: none"> ➤ RPO Bandra reported (May 2008) that the developer was executing three big oil tanker projects on their own land without obtaining NOC from MMB. However, based on developer’s request, LOI was issued in November 2008 for setting up ship yard. Lease deed for five years signed in April 2010 with inter tidal land of 17,775 sq m and under water area of 7,225 sq m. Permission was also granted by MMB to launch new vessels for sea trials from ship building yards. Commencement of activities without obtaining environmental clearance and Environmental Management Plan was irregular.

Appendix 2.1.5 (Concl.)

<p>6. Name of Developer: Bharti Shipyard limited Previous experience: Ship yard Building</p> <ul style="list-style-type: none"> ➤ LOI is issued in March 2007 for development of shipyard at Dabhol creek. Lease deed for five years was signed in April 2007. Lease deed mentioned reclaimed land but no lease rent was mentioned and neither any environmental clearance for reclamation was obtained. Collector intimated that Government land at Survey No.102 (part) required for Bharti shipyard was in Coastal Regulation Zone and had mangroves requiring environment clearance. Port Inspector, Dabhol directed the developer (November 2007) to stop reclamation. However, the developer continued the reclamation work (January 2008) and also started constructing one rig vessel and work of small dredger. MMB also permitted from time to time dredging and disposal of dredged material between July 2008 and January 2010 without environmental clearance. ➤ Environmental clearance to Phase I of the project was given by GOI subject to submission of detailed mangrove management plan including afforestation of five hectares of mangroves to be submitted within one month. MMB signed a 30 year lease deed for 62062.50 sq m inter-tidal land and underwater area of 2906.25 sq m. However, mangrove management plan if any submitted was not on record. No clause was included in the agreement that reclamation be done only after obtaining environmental clearance.
<p>7. Name of Developer: Maldar Dredgers and Salvages Pvt. Ltd. Previous experience: Ship repairs</p> <ul style="list-style-type: none"> ➤ LOI was issued in November 2008 for water front of 200 m for setting up a ship yard. There was no documentary evidence of business plan, TEFS report received before issue of LOI. ➤ A lease deed for 5 years was entered in May 2009 without ensuring that conditions spelt out in LOI were fulfilled. Environmental clearance was not obtained before executing the lease deed. ➤ Developer brought to the notice of MMB that the said plot was encroached and only 60 <i>per cent</i> of the waterfront was handed over.
<p>8. Name of Developer: M/s Das Offshore Engineering Pvt. Ltd. Previous experience: Fabrication works of ships</p> <ul style="list-style-type: none"> ➤ On receipt of a proposal for shipyard project at Village Rohini, Taluka Mhasala, MMB directed the developer to submit the business plan. ➤ In July 2008, MMB issued LoI for setting fabrication yard. The RPO, Rajpuri reported (June 2009) about huge reclamation and protest by the villagers. ➤ However, MMB ignored the issues pointed by the RPO, Rajpuri and entered into a five year lease agreement from August 2009. In January 2010, the developer reported MMB that the waterfront was covered with mangroves and refused to pay the annual lease rent of ₹ 56 lakh payable in April 2010 and April 2011. However, MMB reallocated the waterfront to the developers.

Appendix 2.1.6			
(Reference :Paragraph 2.1.8.7; Page 30)			
List of unauthorised shipyards operating under the jurisdiction of MMB			
Sl. No.	Name of the Shipyard Operator	Port where operating	No. of vessels built in last two years
1.	Bharti Shipyard Ltd.	Vasai Port	20 Barges
2.	Aqua World	Vasai Port	1 Catamaran
3.	Neptune Marine Pvt. Ltd.	Vasai Port	3 Motor Launches
4.	Orion Agencies Ltd.	Vasai Port	1 Barge
5.	OK Marine Services	Vasai Port	1 Barge
6.	Michigan Engg. Pvt. Ltd.	Vasai Port	1 Barge
7.	Vinayaga Marine Pvt. Ltd.	Vasai Port	2 Barges
8.	Blue fin Marine	Vasai Port	1 Barge
9.	N.N. Ship builders	Vasai Port	2 Barges
10.	Great Offshore Pvt. Ltd.	Vasai Port	2 pontoons
11.	Enrich Shreya Marine Infrastructure	Vasai Port	1 Motor launch
12.	Arcadea Shipping Ltd.	Vasai Port	1 Barge
13.	Kalayan Marine Engineering works	Kalyan Port	4 Barges
14.	Kunal Bhoir	Kalyan Port	1 Barge
15.	Sajid Mukadam	Kalyan Port	4 Barges
16.	Horizon Trading & Manufacturing	Kalyan Port	1 Pontoon
17.	Sabbir Kazi	Kalyan Port	2 pontoons
18.	Shree Tirupati Balaji Marine Engg.	Kalyan Port	2 Barges
19.	Ragini Khandelwal	Kalyan Port	1 Barge
20.	Shreya Marine	Kalyan Port	2 Barges
21.	Shadab Tanki	Kalyan Port	1 Dredger and 1 Motor Launch
22.	Indian Marine Engineering	Kalyan Port	2 Barges and 1 Pontoon
23.	Sea Royal Engineering	Kalyan Port	1 Barge
24.	Fabritech Marine Engineering	Kalyan Port	3 Barges
25.	Shemoon Imamuddin Kazi	Kalyan Port	2 Barges
26.	Miral Marine Transport Co.	Kalyan Port	1 Barge
27.	Fahad Iqbal Majid	Kalyan Port	1 Barge
28.	Zaid I Kungle	Kalyan Port	1 Barge
29.	Wasim H. Bhadela	Kalyan Port	1 Barge
30.	Four Star Marine Services	Kalyan Port	1 Motor Launch
31.	Prashant Patil	Kalyan Port	1 Barge
32.	Gurudayal Singh Dhanotra	Thane Port	4 Grab Dredgers
33.	Enrich Shreya Marine Pvt. Ltd.	Thane Port	2 Barges
34.	S.K. Marine Pvt. Ltd.	Belapur Port	Not available
35.	Perfect Marine Pvt. Ltd.	Belapur Port	Not available
36.	Saibaba Marine Works	Bhiwandi Port	1 Barge and 1 Motor Launch

Appendix 2.1.7
(Reference :Paragraph 2.1.9.2; Page 31)
Details of IWT projects sanctioned under CSS

Sl. No.	Name of the Project	Date of Sanction by GOI	Sanctioned cost (₹in crore)	Scope of work	Stipulated date of completion	Status of the project as of December 2012
1.	Vishnupuri	19 March 2004	₹ 2.72	Construction of jetties, booking offices, waiting halls, approach roads and providing street lighting at ten locations.	March, 2005	As stated by MMB in December 2012, project was commissioned in June 2012|
2.	Rajpuri	26 March 2004	₹ 4.69	Construction of new jetty, approach road, providing passenger shed, cafeteria, ticket counter, fire-fighting and life saving appliances and dredging of navigation channel	March, 2006	The project was abandoned in initial stage and the contract was terminated in August 2008. The project is yet to be started.
3.	Mandwa	29 March 2004	₹ 4.11	Providing passenger shed, cafeteria, ticket counters, toilets etc., dredging of navigation channel, breakwater and fire-fighting system.	March, 2006	As stated by MMB in December 2012, the project was commissioned. Only terminus building was taken up and commissioned. However, major items of work such as dredging, break water of 150 m, fire-fighting etc. were not taken up.
4.	Karanja	29 March 2004	₹ 4.82	Construction of new jetty, approach road, providing passenger shed, cafeteria, ticket counter, fire-fighting and life saving appliances and dredging of navigation channel	March, 2006	Not taken up.
5.	Janjira	31 March 2004	₹ 1.25	Construction of new jetty, provision for link span and providing of water supply, fire-fighting and life saving appliances.	March, 2006	Not taken up.
6.	Agardanda	1 December 2004	₹ 3.34	Construction of new jetty, approach road, provision for link span and providing of water supply, fire-fighting and life saving appliances and dredging of navigation channel.	March 2008	Not taken up.
7.	Ishapur	10 January 2005	₹ 3.90	Construction of jetties, booking offices, waiting halls, approach roads and providing street lighting at 12 locations	March 2008	Not taken up.
8.	Dighi	31 March 2005	₹ 4.99	Construction of new jetty, approach road, providing passenger shed, cafeteria, ticket counter, fire-fighting and life saving appliances and dredging of navigation channel	March, 2007	Only approach road was taken up at the tendered cost of ₹94.70 lakh which was completed at a cost of ₹66.63 lakh (as stated by MMB in December 2012). Remaining items are yet to be taken up.

Appendix 2.1.8 (Reference :Paragraph 2.1.11.3; Page 40) Revised passenger levy vis-à-vis actual levy					
Sl. No.	Type of the passenger vessel	Class	Ticket rates being charged by the ferry operators from passengers (in ₹)	Old rates of levy (in ₹)	Revised levy approved by GoM in June 2010 but notification not issued (in ₹)
1.	Ordinary vessels	Ordinary	Below 20	1	1
			From 20 to 30	2	2
			Above 30	2	3
2.	Luxury launches	Special	Any rate	5	5
		Ordinary		2	5

Appendix 2.2.1 (Reference : Paragraph 2.2.7.2; Page 52) Statement showing outstanding dues from Developers					
Sl No.	Name of developer	Transit camp location	No of transit camp tenements	Year of First Payment	Outstanding dues as on 31.08.2012 (in ₹)
1.	M/s Jainam Construction	Mahim	4 t/s	2002	7682876.57
2.	M/s Khambati Developers	Pratiksha Nagar Sion	30 t/s	2003	6893295.42
3.	M/s Progressive Corporation	Antop Hill, Wadala	28 t/s	2002	3472756.99
4.	M/s Janky Developers	Pratiksha Nagar Sion	96 t/s	2001	9070888.96
5.	M/s Abu Enterprises	Magathane	1 t/s	2003	234464.11
6.	M/s K.S.A&Associate	Pratiksha Nagar Sion	2 t/s	2003	262076.95
7.	M/s Pankty Developer	Vinoba Bhav Nagar	100 t/s	2000	9004533.24
8.	M/s Rekha Developer	Siddharth Nagar	7 t/s	2002	2472696.34
9.	Jayant Developer	Gorai Road	25 t/s	2003	3224444.87
10.	M/s National (India) Construction and Engg	Siddharth Nagar	5 t/s	2005	579125.79
11.	M/s Bhavi Developers	Pratiksha Nagar Sion	2 t/s	2002	288787.92
12.	M/s Pankty Developers	Dharavi	88 t/s	1999	16467618.40
13.	M/s Ramesh Shah	Vinoba Bhav Nagar	3 t/s		130353.37
14.	M/s Karnataka CHS	Pratiksha Nagar Sion	13 t/s	2001	3916492.50
15.	M/s Dee Jay Developers	Sahakar Nagar Vinobha Bhav Nagar	46 t/s	2005	5056509.44
16.	M/s Jai Key Developers	Pratiksha Nagar Sion	36 t/s	2000	1806900.00
17.	M/s Faithfull Developer	Pratiksha Nagar Sion	128 t/s	2001	20943489.65
18.	M/s Pankty Developers	1) Dharavi 2) Bharat Nagar	125 t/s	1998	48093885.40
19.	M/s KKS Developers	Bharat Nagar	50 t/s		5729062.50
20.	M/s S.D.Corporation	M.P.Mill Compound	168 t/s		63363943.01
21.	M/s K.K.Krushnan	Vinoba Bhav Nagar	12 t/s	1997	689968.91
22.	M/s Omkar CHS	Pratiksha Nagar Sion	3 t/s	2002	409292.91
23.	M/s Mayur Developer	Pratiksha Nagar Sion.	103 t/s	2000	24851935.79
24.	M/s Omkar Relators	Pratiksha Nagar Sion	50 t/s	1997	6595062.41
TOTAL			1125 t/s		241,240,461.45 ₹ 24.12 crore

Appendix 2.2.2 <i>(Reference : Paragraphs 2.2.8.3(a) and 2.2.8.3 (b); Pages 55 and 56)</i> Scales showing the percentage of built-up area to be surrendered by the co-operative housing societies/developers to the Board (Third Schedule of MHADA Act, 1976)			
In building reconstructed for mixed use i.e., residential and commercial		In building reconstructed for residential use only	
Surplus Area	Built-up area to be reserved/surrendered to the Board	Surplus area	Built-up area to be reserved/surrendered to the Board
Column 1	Column 2	Column 3	Column 4
Up to 40 percent	Nil	Up to 50 per cent	Nil
Up to 45 per cent	5 per cent	Up to 55 per cent	5 per cent
Up to 55 per cent	10 per cent	Up to 65 per cent	10 per cent
Up to 60 per cent	15 per cent	Up to 70 per cent	15 per cent
Up to 65 per cent	20 per cent	Up to 75 per cent	20 per cent
Up to 70 per cent	25 per cent	Up to 80 per cent	25 per cent
Up to 80 per cent	30 per cent	Up to 90 per cent	30 per cent
Up to 85 per cent	35 per cent	Up to 95 per cent	35 per cent
Up to 90 per cent	40 per cent	Above 95 per cent	40 per cent
Above 90 per cent	50 per cent		

Appendix 2.2.3 (Reference : Paragraph 2.2.8.3(a); Page 55) Statement showing delay in lodging FIRs against the developers						
Sl. No.	Name of Scheme	Name of developer/ NOC holder	Surplus area to be surrendered (in sq m)	Date of NOC	Month in which Board noticed unauthorised occupancy in the redeveloped buildings.	Date of lodging FIR
1.	Redevelopment of property @ CS No 564/ 10 of Matunga Division Plot No:743 of Dadar Matunga Estate, Dadar(E), Mumbai.	M/s Ramakant Jadhav	58	February 1996	March 2008	December 2010
2.	Redevelopment of property @ CS No 557/ 10 of Matunga Division Plot No:750 of Dadar Matunga Estate, Dadar(E), Mumbai.	M/s Ramakant Jadhav	67.56	February 1996	March 2008	December 2010
3.	Redevelopment of property bearing CS No. 332 of Tardeo Division Bldg No. 30-40, 44-80, 80A and 30A, Dr Dadashaeb Bhadkamkar Marg, known as Hazi Kasam Chawl	M/s Parekh Holders	277.07	May 2003	May 2007	July 2011
4.	Redevelopment of property @ CS No.381, Mazgaon Division, Building No. 6B Sheth Motisha Lane Mazgaon	M/s Arvind Properties	2047.73	October 1999	March/ Apr 2005	December 2010
5.	Redevelopment of property @ CS no.399, Mazgaon Division, Sheth Motisha Lane Mazgaon	M/s Sumer Associates	2883.24	August 1999	Jan 2004	December 2010
6.	Redevelopment of property bearing CS No. 248 of Tardeo Division situated at 31 Dr Bhadkamkar Marg, Mumbai	M/s Honesty Builders	334.262	April 1991	July 2006	July 2011
7.	Redevelopment of property @ FP No 567, Mahim Division Gokhale Road, Mumbai	M/s BuildArch	115.19	Apr 1997	Out of a total surplus area of 318.66 sqm to be surrendered, the developer surrendered only 212.44 sqm in 2003. Till date 106.22 sqm of BUA has not been surrendered by the developer.	

Appendix 2.2.4 (Reference : Paragraph 2.2.8.3(b); Page 56) Short recovery of surplus built-up area									
SI No	Name of Scheme	Plot Area / FSI/ Built Up Area (in sqm)	Original BUA	Final BUA	Calculation as per Board (in sqm)		Calculation as per MHADA Act 1976 (in sq m)		Monetary loss to Board on account of short recovery of surplus area as ready reckoner 2011
			Provided for commercial use (in sqm)	Rehab area	Surplus built up area to be surrendered to Board at residential use	Rehab area	Surplus area to surrendered to Board at residential + non residential		
1.	Redevelopment of property @ FP NO: 953, TPS IV of Mahim Div, Mumabi.	2750 / 2.5 / 6875.00	46.84	3722.25	2633.75	424.14	2633.75	848.25	424.11 sqm * ₹ 31500 = ₹ 13359465 (Refer working details below)
2.	Redevelopment of property @ CS No 352 of Sion Matunga, CS No FN 5606, 2847, Road no-6, Sion (E), "Shanti Kunj"	1015.86 / 2.5 / 2539.65	0.00	111.41	257.92	684.52	257.92	912.692	228.17 sqm * ₹ 31500 = ₹ 7187355
Total loss				652.28 sqm amounting ₹ 20,546.820 i.e. ₹ 2.05 crore					

Working detail:

Plot area = 2750 sqm

Permissible built-up area with FSI 2.5 = 6875 sqm

Less : Rehab area = 2633.75 sqm

Total (Surplus area) = 4241.25 sqm

Percentage of surplus area = $4241.25 \div 6875 * 100 = 61.69 \%$ Surplus area to be recovered = $20\% * 4241.25 = 848.25$ sqm

(as per column 1 and 2 of Third Schedule of MHADA Act, 1976 for mixed use)

Short recovery of surplus area = 848.25 sqm - 424.14 sqm = 424.11 sqm

Appendix 4.1.1						
<i>(Reference: Paragraphs:4.1.1 and 4.1.5; Page 77 and 78)</i>						
Details of Schemes implemented by the Department and expenditure incurred thereon						
(₹in crore)						
Sl. No.	Scheme	2007-08	2008-09	2009-10	2010-11	2011-12
1.	Grant-in-Aid to Mahila Arthik Vikas Mahamandal	0.03	9.69	2.77	4.3	11.10
2.	Schemes for Rehabilitation of Devdasi	0.16	0.15	0.01	0	0
3.	GIA to State Women Commission	0.80	0.83	0.87	1.02	0.99
4.	Marriage allowance towards 'Marriage of the Daughters of Widow, Distressed and Deserted Women	0.11	0.14	0.08	0.11	0.07
5.	Establishment of Women Multi-purpose Community Centre	0	0.23	0.07	0.06	0.28
6.	Subsistence Grant to Devdasi	2.16	2.18	2.24	2.24	0.45
7.	Marriage allowance to Voluntary agencies for Farmer's daughters marriage (test-checked)	6.48	11.84	11.22	10.95	23.78
8.	GIA to Voluntary Agencies for Running the Children in Need of Care & Protection, Non- institutional Service for Destitute Children and JJ Programme (test-checked)	53.13	52.90	60.69	66.97	86.89
9.	Reception Centre and State Home	3.89	4.65	6.30	6.30	7.71
10.	Ahilyabai Holkar Award	0	0	0	0.93	0.33
11.	Establishment of Women Counselling Centre (test-checked)	0.42	4.59	0.43	0.74	1.01
12.	Grant in Aid to Mahila Mandal	0.63	0.63	0.52	0.96	2.45
13.	Award of stipend to Girls for Vocational Training (test-checked)	0.49	0.30	0.22	0.08	0.06
14.	Self Employment for Women (test-checked)	1.12	0.78	0.43	0.17	0.15
15.	Abolition of Dowry System	0.28	0.86	3.32	0.25	0.02
16.	Integrated Child Development Services (ICDS) Scheme (test-checked)	857.42	834.25	1198.77	1533.15	2036.87
	Total	927.12	924.02	1287.94	1628.23	2172.16
Sources: Budget Estimates of GoM for 2007-12						
Details of Acts being implemented by the Department						
1.	The Protection of Women from Domestic Violence Act, 2005 (test-checked)					
2.	The Devdasi System (Abolition) Act, 2005					
3.	The Probation Offenders Act, 1958					
4.	The Bombay Prevention of Begging Act, 1959 (test checked)					
5.	The Dowry Prohibition Act, 1961					
6.	Immoral Traffic (Prevention) Act, 1956					
7.	Child Marriage Restraint Act, 1929					
8.	The Juvenile Justice (Care and Protection of Children) Act, 2000 (test-checked)					

Note: Expenditure on ICDS is being shared by the GoI and GoM. All other schemes, Acts and Rules mentioned above are being implemented by GoM.

Appendix 4.1.2			
<i>(Reference: Paragraph:4.1.5; Page 78)</i>			
Details of Units and DDOs test-checked			
Sl. No.	Name of the District	CDPOs (also DDOs)	Balgruha/State Home for Women/Beggar Observation Homes
1.	Mumbai City	1.Red Light Area 2. Dharavi(U)	--
2.	Mumbai Suburban	3. Borivali 2 4. Andheri (U) 5. Kurla (U) 6.Gowandi (U) 7.Goregaon (W)	1. Kasturba Mahila Vastigruha, Chembur (W) 2. Beggars Home, Chembur (B)
3.	Amravati	8.Dharni 9.Daryapur 10.Dhamangaon Railway	3.Govt observation Home for Sr. Boys, Amravati (C) 4.Observation Home for Girls and Children Homes for Girls, Amravati (C)
4.	Nagpur	11.Parashivani 12.Kamptee 13.Nagpur (R) 14.Nagpur (U)	5. Govt Remand Home for Boys and Govt Jr. Boys Balgriha (C) 6. Saraswati Hostel for Women, Katol (W)
5.	Yavatmal	15.Yavatmal (R) 16.Yawatmal (U) 17.Umarkhed 18.Wani	7. Govt Observation Home & Balgruha
6.	Beed	19.Beed 2 20.Beed (R) 21.Ashti (R)	8.Govt Observation Home
7.	Osmanabad	22.Osmanabad (R) 23.Tuljapur	
8.	Ahmadnagar	24.Ahmednagar -1(R) 25.Jamkhed 26. Rahata 27.Pathardi 28.Karjat	9.Beggars' Home, Ghaipatwadi(B) 10.Govt Girls Sr/Jr Balgruha, Rahuri(C)
9.	Pune	29.Khed 30.Purandar 31.Haveli 32.Wadgaon Mawal 33.Junnar 34. Urali Kanchan	11.Sr Boys Observation Home, Yarwada(C) 12.Pt. J Nehru Observation Home, Yerwada.
In addition to the above, records of one District Women and Child Development Officer and one Deputy Chief Executive Officer, Zilla Parishad (Except Mumbai City and Suburban District) in each sampled district were also test-checked.			

Appendix 4.1.3 (Reference: Paragraph:4.1.7.2; Page 81)															
Statement showing detailed inspections, surprise inspections of children's homes by the DWCDOs															
Name of the Project	2008-09			2009-10			2010-11			2011-12			Total		
	T	A	S	T	A	S	T	A	S	T	A	S	T	A	S (Percentage)
DWCDO Ahmednagar															
Detailed	12	104	0	12	58	0	12	33	0	12	32	0	48	229	0 (0)
Surprise	48	59	0	48	44	4	48	132	0	48	64	0	192	299	0 (0)
DWCDO Amravati															
Detailed	12	6	6	12	5	7	12	0	12	12	0	12	48	11	37 (77.0)
Surprise	48	20	28	48	41	7	48	5	43	48	11	37	192	77	115 (59.9)
DWCDO Beed															
Detailed	12	12	0	12	0	12	12	0	12	12	0	12	48	12	36 (75.0)
Surprise	48	41	7	48	0	48	48	0	48	48	0	48	192	41	151 (78.6)
DWCDO Mumbai City															
Detailed	12	7	5	12	0	12	12	0	12	12	0	12	48	7	41 (85.4)
Surprise	48	34	14	48	0	48	48	0	48	48	4	44	192	38	154 (80.2)
DWCDO Mumbai Suburb															
Detailed	12	39	0	12	0	12	12	0	12	12	0	12	48	39	9 (18.75)
Surprise	48	0	48	48	0	48	48	0	48	48	0	48	192	0	192 (100)
DWCDO Nagpur															
Detailed	12	6	6	12	1	11	12	0	12	12	4	8	48	11	37 (77.0)
Surprise	48	19	29	48	36	12	48	0	48	48	23	25	192	78	114 (59.4)
DWCDO Osmanabad															
Detailed	12	7	5	12	3	9	12	2	10	12	0	12	48	12	36 (75.0)
Surprise	48	51	0	48	62	0	48	36	12	48	35	13	192	184	8 (4.17)
DWCDO Pune															
Detailed	12	11	1	12	8	4	12	0	12	12	37	0	48	56	0 (0.0)
Surprise	48	26	22	48	58	0	48	0	48	48	57	0	192	141	51 (26.6)
DWCDO Yavatmal															
Detailed	12	1	11	12	0	12	12	0	12	12	0	12	48	1	47 (97.92)
Surprise	48	49	0	48	36	12	48	10	38	48	45	3	192	140	52 (27.0)

Source: Data collected from the respective offices during the field visits

T: Target; A: Achievement; S: Shortfall

Appendix 4.1.4

(Reference: Paragraph:4.1.7.3; Page 82)

Statement showing shortfall in inspection by CDPOs

Name of the Project	2007-08		2008-09		2009-10		2010-11		2011-12		Total				
	Annual target	Achievement	Short fall	Achievement	Short-fall	Achievement	Short-fall	Achievement	Short-fall	Achievement	Short fall	Annual target	Achievement	Short fall	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1.CDPO Wadgaon Mawal, Distt. Pune.	216	0	216	293	0	423	0	298	0	20	196	1080	1034	46	4
2.CDPO Purandar Distt. Pune.	216	178	38	191	25	168	48	199	17	205	11	1080	941	139	13
3.CDPO Junner, Distt. Pune.	216	189	27	239	0	124	92	131	85	171	45	1080	854	226	21
4.CDPO, Beed Rural-1 Dist Beed	216	116	100	105	111	57	159	139	77	168	48	1080	585	495	46
5.CDPO Beed Rural-2 Dist Beed.	216	0	0	0	0	0	0	76	140	181	35	432	257	175	41
6.C.D.P.O., Ashti., Distt. Beed.	216	34	182	45	171	21	195	15	201	97	119	1080	212	868	80
7.CDPO, Tuljapur, Distt. Osmanabad.	216	413	0	325	0	54	162	164	52	233	0	1080	1189	0	0
8.CDPO, Osmanabad Rural	216	138	78	161	55	147	69	168	48	105	111	1080	719	361	33
9.CDPO, Daryapur, Distt. Amravati.	216	216	0	216	0	216	0	216	0	216	0	1080	1080	0	0
10.CDPO, Dharni., Distt. Amravati.	216	200	16	210	6	180	36	203	13	209	7	1080	1002	78	7
11.CDPO., Dhamangaon, Distt. Amravati.	216	216	0	216	0	214	2	210	6	213	3	1080	1069	11	1

Appendix 4.1.4 (contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
12.CDPO. Borivali-2, Mumbai.	216	48	168	0	216	48	168	36	180	24	192	1080	156	924	86
13.CDPO. Dharavi, Mumbai.	216	222	0	219	0	210	6	205	11	215	1	1080	1071	9	1
14.CDPO Redlight Area, Worli, Mumbai.	216	60	156	63	153	83	133	60	156	81	135	1080	347	733	68
15.CDPO., Urulikanchan, Pune.	216	59	157	183	33	179	37	191	25	182	34	1080	794	286	26
16.CDPO. Govandi(U), Mumbai Suburban	216	433	0	199	17	155	61	162	54	244	0	1080	1193	0	0
17.CDPO. Umerkhed (R), Yavatmal	216	480	0	280	0	260	0	240	0	380	0	1080	1640	0	0
18.CDPO. Andheri (U), Mumbai Suburban	216	0	216	0	216	61	155	40	176	10	206	1080	111	969	90
19.CDPO. Goregaon (W), Mumbai Suburban	216	30	186	36	180	57	159	30	186	25	191	1080	178	902	84
20. CDPO, Haveli, Pune	216	75	141	172	44	176	40	167	49	83	133	1080	673	407	38
21. CDPO, Karjat Dist Ahmadnagar	216	219	0	217	0	220	0	221	0	232	0	1080	1109	0	0
22. CDPO, Rahata, Ahmadnagar	216	283	0	541	0	504	0	489	0	521	0	1080	2338	0	0

Appendix 4.1.4 (concl.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
23. CDPO, Jamkhed, Ahmadnagar	216	228	0	234	0	356	0	240	0	257	0	1080	1315	0	0
24. CDPO, Pathadi, Ahmadnagar	216	227	0	220	0	224	0	271	0	290	0	1080	1232	0	0
25. CDPO, Vani, Yawatmal	216	475	0	479	0	474	0	480	0	470	0	1080	2378	0	0
26. CDPO, Khed, Pune	216	54	162	58	166	75	141	80	136	98	118	1080	365	715	34
27. CDPO, Kurla (U), Mumbai	216	386	0	0	216	300	0	305	0	163	53	1080	1154	0	0
28. CDPO, Yawatmal (U)	216	0	216	0	216	310	0	330	0	260	0	1080	900	180	17
29. CDPO, Ahmadnagar, Rural	216	240	0	267	0	250	0	261	0	222	0	1080	1240	0	0
30. CDPO, Kamtee, Nagpur	216	240	0	200	16	210	6	190	26	260	0	1080	1100	0	0
31. CDPO, Yawatmal, Rural-I	216	240	0	240	0	242	0	236	0	240	0	1080	1204	0	0

Source: Data furnished by the respective CDPOs

Note: Information in respect of three CDPO's viz. Parshivani, Nagpur Rural and Nagpur Urban were awaited

Appendix 4.1.5					
<i>(Reference: Paragraph:4.1.8.2; Page 84)</i>					
Statement showing non-reconciliation of cash book with pass book					
Sl. No.	Name of the Office (Bank Account Number)	Balance as on	Closing balance as per Cash Book (in ₹)	Closing balance as per Bank Statement/ Pass Book (in ₹)	Difference (in ₹)
1.	The Dy CEO, Zilla Parishad, Beed. (62095504608)	30.04.2012	18,400	1,05,467	87,067
2.	The Dy CEO, Zilla Parishad, Osmanabad (52192502038)	30.03.2012	3,63,494	6,10,091	2,46,597
3.	The C.D.P.O. Taluka (62015539738)	30.03.2012	0	31,30,566	31,30,566
4.	The C.D.P.O., I.C.D.S. Distt. Osmanabad (62010833279)	30.04.2012	0	98,511	98,511
5.	The C.D.P.O., Taluka Dharni, (30642231082)	31.03.2012	34,65,590	1,08,95,597	74,30,007
6.	The C.D.P.O. Dhamangaon Railway (30520184505)	31.03.2012	0	43,66,710	43,66,710
7.	The C.D.P.O. Borivali 2, Mumbai (316802010083630)	31.3.2012	0	54,97,646	54,97,646
8.	The C.D.P.O., Dharavi, Mumbai. (734819505)	31.03.2012	1,37,06,262	83,40,367	53,65,895
9.	The C.D.P.O.Red light, Mumbai (060010200002332)	31.03.2012	24,22,284	22,57,537.95	1,64,746.05
10.	The C.D.P.O. Yavatmal (Urban) (Current account)	31.03.2012	86,651	3,93,012	3,06,361
11.	The C.D.P.O. (R) Umerkhed (Current account)	31.03.2012	47,022	11,86,905	11,39,883
12.	The C.D.P.O. Goregaon (W), (Current account)	31.03.2012	51,98,229	30,68,771	21,29,458
13.	The C.D.P.O. Andheri (U), (Current account)	31.03.2012	0	17,84,099	17,84,099
14.	O/o The D.W. & C.D.O Yavatmal, (Current account)	31.03.2012	10,46,712	51,74,645	41,27,933
15.	O/o The D.W. & C.D.O. Mumbai Suburban.(Current account)	31.03.2012	19,78,40,569	31,51,470	19,46,89,099
	Total		22,41,95,213	5,00,61,394.95	(-) 17,41,33,848.05 i.e., ₹ 17.41 crore
Source: Data collected from the respective office during the field visits					

Appendix 4.1.6 <i>(Reference: Paragraph:4.1.8.4; Page 84)</i> Response to Inspection Reports		
Year of Local Audit	Inspection Reports	Paragraphs
Up to 2006-07	137	231
2007-08	14	32
2008-09	12	23
2009-10	55	131
2010-11	15	34
2011-12	9	42
Total	242	493

Appendix 4.1.7
(Reference: Paragraph:4.1.9; Page 86)

Major Head-wise details of funds received and expenditure incurred

(₹ in crore)

Year	State									Central		
	Non-Plan			Plan			TSP			Original	Revised	Expr Percentage
	Original	Revised	Expr Percentage	Original	Revised	Expr Percentage	Original	Revised	Expr Percentage			
Major Head 2235												
2007-08	55.72	55.27	55.07 99.63	42.61	54.94	44.46 80.92	1.94	1.94	Nil	5.00	8.00	8.69 108.60
2008-09	60.88	65.83	66.73 104.51	74.52	124.56	64.07 51.44	2.05	2.05	1.38 67.31	5.00	5.00	5.14 102.70
2009-10	78.18	83.08	105.32 92.79	41.52	110.79	48.23 76.53	0.68	2.06	1.58 76.70	1.67	8.50	10.33 121.58
2010-11	85.22	92.06	86.60 94.06	83.03	84.39	75.63 89.61	3.79	3.79	3.72 98.15	11.50	10.34	10.33 99.90
2011-12	87.53	90.97	87.18 92.27	131.57	125.01	123.43 98.73	6.84	5.81	5.78 99.48	15.00	15.00	14.06 93.73
Total	367.53	387.21	400.90 103.53	373.25	499.69	355.82 71.20	15.30	15.65	12.46 79.61	38.17	46.84	48.55 103.65
Major Head 2236												
2007-08	329.72	402.57	415.60 103.23	71.46	128.46	59.14 46.03	62.05	60.53	45.43 75.05	307.78	363.66	337.25 92.74
2008-09	368.90	375.70	355.07 94.50	27.01	29.28	24.04 82.10	22.04	22.04	14.75 66.92	503.94	503.94	440.39 87.39
2009-10	377.15	602.69	429.89 71.32	9.76	343.68	153.10 96.60	7.35	26.43	14.37 54.37	167.98	607.30	601.41 99.03
2010-11	756.51	745.56	642.62 86.19	262.37	392.91	204.09 51.94	40.19	83.19	75.64 90.92	706.75	643.25	610.80 94.95
2011-12	469.10	469.10	456.04 97.21	506.14	477.89	476.75 99.76	70.18	59.65	54.14 90.76	1165.32	1157.15	1103.86 95.39
Total	2301.38	2595.62	2299.22 88.58	876.74	1372.22	917.12 66.83	201.81	251.84	204.33 87.38	2851.77	3275.30	3093.71 94.46

Source : Civil Budget Estimates of GoM and Appropriation Accounts by Pr.Accountant General (A&E)

Appendix 4.1.8 (Reference: Paragraph:4.1.9.1; Page 86) Utilisation certificates outstanding in respect of Grants-in-aid released to ZPs and NGOs (Status as of 31 March 2012)						
Period	Grant-in-aid disbursed		Utilisation Certificates Received		Utilisation Certificates Outstanding	
	No. of Items	Amount (in ₹)	No. of Items	Amount (in ₹)	No. of Items	Amount (in ₹)
Upto 2006-07	7607	10373119760	5938	8885206025	1669	16689113735
2007-08	5859	3522435072	3667	2211766403	2192	1310668669
2008-09	7419	3340675892	3244	1497446166	4175	1856999726
2009-10	9135	4341490895	2282	1105028960	6853	3236461995
2010-11	2651	2092122568	456	409761292	2185	1682361276
2011-12	6777	3235299806	800	166470444	5977	3068833362
Total	31841	16532024233	10449	5390473265	21382	11155325028
Source: Data obtained from the office of the Pr. Accountant General (A&E)-I, Mumbai						

Appendix 4.1.9															
<i>(Reference: Paragraph:4.1.12.1; Page 93)</i>															
Status of malnutrition in the test-checked districts during 2007-12															
District	2007-08			2008-09			2009-10			2010-11			2011-12		
	Children weighed	Grade-III & IV (malnourished)		Children weighed	Grade-III & IV (malnourished)		Children weighed	Grade-III & IV (malnourished)		Children weighed	Moderately and Severely underweight		Children weighed	Moderately and Severely underweight	
		Children	Percentage		Children	Percentage		Children	Percentage		Children	Percentage		Children	Percentage
Ahmadnagar	398440	952	0.24	391180	767	0.20	446452	455	0.10	341651	52098	15.25	338049	27428	8.11
Amravati	191383	1683	0.88	194154	1265	0.65	194973	1140	0.58	169220	47706	28.19	167507	32695	19.52
Beed	255775	279	0.11	261120	408	0.16	262040	344	0.14	200658	41447	20.66	184014	19075	10.37
Mumbai	299121	536	0.18	337468	408	0.12	409181	359	0.09	289099	87097	30.13	272264	72097	26.48
Nagpur	236566	653	0.28	239747	610	0.25	244214	586	0.24	209754	51824	24.71	213848	39950	18.68
Osmanabad	142953	135	0.09	139639	146	0.10	154451	181	0.12	112529	19800	17.60	113590	11010	9.69
Pune	422243	375	0.08	422290	315	0.07	480830	307	0.06	365493	70340	19.04	370879	46261	12.47
Yavatmal	251820	1350	0.54	243195	683	0.28	246926	540	0.22	203216	47398	23.32	200491	23761	11.85

Source: Figures (2007-11) furnished by the Department and for 2011-12 figures adopted from GoM's website 'www.icds.gov.in'

Note: There was no separate data for Mumbai City and Mumbai Suburban Districts

Appendix 4.1.10						
<i>(Reference: Paragraph:4.1.12.3; Page 96)</i>						
Statement showing less calorie value food served by the Anganwadis						
Name of District	Name of Block	Calorie norms as per Govt.Res dt 24-8-2009	Recipe served	Calorie consumed	Calorie less Consumed	
Beed	Beed 1, Beed 2 & Ashti	500	Dist Nutrition Committee decision dtd 25-8-2010			
			Matki	266	234	
			Moong	266	234	
			Chana	223.60	76.40	
			Paushtik Halva	487	13	
			Sweet Dalia	410	90	
			Groundnut Laddu	403.66	96.34	
Amravati	Non Tribal Blocks	500	Dy CEO ZP Amravati letter dtd 26-4-2010			
		By Bachat Gat	Laddu Plus Khichadi on every Monday	180.05 Plus 279.89	40.06	
		By Bachat Gat	Boiled Potato Plus Usal every Tuesday	139.25 Plus 318.59	42.16	
		By Bachat Gat	Rajgira Laddu Plus Varan Bhat every Friday	103.50 Plus 309.59	86.91	
		By Bachat Gat	Jaggery Phutane plus Upma every Saturday	130.06 Plus 279.89	90.05	
	By purchasing raw material through Federation in					
	Dhamangaon & Daryapur	500	Chavali Usal for Monday , Tuesday Thursday & Friday	355.34	144.66	
	Dharni Block	6 months to 6 years Normal Children 600 calorie		Dy CEO ZP Amravati August 2011	174.49 Plus 394.89	30.62
				Chavali Usal 48 Gm Plus Khichadi on every Monday		
				Chavali Usal 68 Gm Plus Veg Pulav on every Thursday	242.29 Plus 337.94	19.77
				Chavali Usal 48 Gm Plus Khichadi on every Friday	174.49 Plus 394.89	30.62
				Chavali Usal 68 Gm Plus Paushtik Khichadi on every Monday	242.29 Plus 516.29	191.42
Vatana Usal 88 Gm Plus Varan Bhat Palak on every Wednesday				300.49 Plus 637.49	12.02	
Chavali Usal 98 Gm Plus Veg Pulav every Thursday				339.19 Plus 561.29	49.52	
Osmanabad Rural	500		Matki / Moong Usal 55 Gm	253.20	246.80	
			Matki / Moong Usal 60 Gm	271.80	228.20	
			Matki/Chavali Usal (45 Gm)	207.00	293	
			Matki Usal (74 Gm)	311.28	188.72	
			Moong Dal Usal(52 Gm)	314.36	185.64	
			Matki Usal 55 Gm	240.60	259.40	
			Moong Usal 40 Gm	184.80	315.20	
Osmanabad	Tuljapur Rural	500	Matki Usal 55 Gm	240.60	259.40	
			Moong Usal 40 Gm	184.80	315.20	
			Matki Usal 55 Gm	240.60	259.40	
			Moong Usal 40 Gm	184.80	315.20	
			Matki Usal 55 Gm	240.60	259.40	
			Moong Usal 40 Gm	184.80	315.20	

Source: Data obtained from the respective field offices

Appendix 4.1.11 (Reference: Paragraph:4.1.12.3; Page 96)										
Statement showing substandard quality of food provided to the AWCs by SHG/MM (Dharavi)										
Sl. No.	Name of SHG/MM	Name of food	As per the Commissioner's letter		As per Result dt. 22.02.10		Shortfall			
			Calories/ 100 gm	Protein/ 100 gm	Calories/ 100 gm	Protein/ 100 gm	Calorie	Percentage	Protein	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Bharati Swayansahyata BG	Lapsi	331.6	7.73	186.39	6.87	145.21	43.79	0.86	11.13
2.	Omkar Mahila Mandal	Lapsi	331.6	7.73	171.54	8.12	160.06	48.27	0	0
3.	Hariom Mahila Mandal	Lapsi	331.6	7.73	175.05	6.87	156.55	47.21	0.86	11.13
4.	Priyanka Mahila Mandal	Lapsi	331.6	7.73	180.25	6.25	151.35	45.64	1.48	19.15
5.	Pradyna Mahila Utpad Sahakari Sanstha	Lapsi	331.6	7.73	183.75	6.81	147.85	44.59	0.92	11.9
As per Result dt. 29.04.10										
6.	Savitribai Phule Mahila Mandal	Usal	295.2	16.3	203.44	8.12	91.76	31.08	8.18	50.18
		Chiwda	489.2	10.74	445.86	13.12	43.34	8.86	0	0
7.	Renukamata Mahila Mandal	Usal	295.2	16.3	203.39	8.75	91.81	31.1	7.55	46.32
		Chiwda	489.2	10.74	446	12.5	43.2	8.83	0	0
8.	Samruddhi Mahila Bachat Gat	Usal	295.2	16.3	205.11	8.12	90.09	30.52	8.18	50.18
		Chiwda	489.2	10.74	447.06	12.5	42.14	8.61	0	0
9.	Pragati Mahila Mandal	Usal	295.2	16.3	203.09	7.5	92.11	31.2	8.8	53.99
		Chiwda	489.2	10.74	447.65	13.12	41.55	8.49	0	0
10.	Pragati Mahila Bachat Gat	Usal	295.2	16.3	203.08	8.12	92.12	31.21	8.18	50.18
		Chiwda	489.2	10.74	446.37	13.12	42.83	8.76	0	0
As per Result dt. 29.05.10										
11.	Fulora Mahila Seva Sanstha	Chiwda	331.6	7.73	201.15	5.62	130.45	39.34	2.11	27.3
			489.2	10.74	424.3	8.12	64.9	13.27	2.62	24.39
12.	Jagruti Mahila Vikas Sanstha	Chiwda	331.6	7.73	206.3	6.25	125.3	37.79	1.48	19.15
			489.2	10.74	421.18	8.12	68.02	13.9	2.62	24.39
13.	Indira Mahila BG	Chiwda	331.6	7.73	206.39	5.62	125.21	37.76	2.11	27.3
			489.2	10.74	422.85	7.5	66.35	13.56	3.24	30.17
14.	Rupa Mahila Audyogik Utpadak Sanstha	Chiwda	331.6	7.73	202.03	5.62	129.57	39.07	2.11	27.3
			489.2	10.74	422.47	8.12	66.73	13.64	2.62	24.39
15.	Pallavi Mahila Mandal	Chiwda	331.6	7.73	203.67	6.25	127.93	38.58	1.48	19.15
			489.2	10.74	424.24	8.12	64.96	13.28	2.62	24.39
As per Result dt. 19.07.10										
16.	Gitanjali Mahila Sahakari Sans	Lapsi	331.6	7.73	249.68	11.25	81.92	24.7	0	0
17.	Pragati Mahila Mandal		331.6	7.73	217.63	11.87	113.97	34.37	0	0
18.	Saptshrungi Bhakti MM		331.6	7.73	248.94	11.25	82.66	24.93	0	0
19.	Annpurna Swyam MBG		331.6	7.73	249.55	11.25	82.05	24.74	0	0
20.	Ambika MM		331.6	7.73	250.1	11.25	81.5	24.58	0	0
As per Result dt. 30.07.10										
21.	Jai Bhawani MBG	Khichdi	260.1	9.28	220.94	9.37	39.16	15.06	0	0
22.	Prabhawati MBG		260.1	9.28	173.23	8.12	86.87	33.4	1.16	12.5
23.	Prapti MBG		260.1	9.28	172.85	7.5	87.25	33.54	1.78	19.18
24.	Mamta MBG		260.1	9.28	170.26	8.12	89.84	34.54	1.16	12.5
25.	Pratibha Vikas Mandal		260.1	9.28	170.76	8.12	89.34	34.35	1.16	12.5
As per Result dt. 20.05.2011										
26.	Salveshan Woomens Welfare Centre	Usal	295.2	16.3	230.02	13.72	65.18	22.08	2.58	15.83
27.	Pragati MBG		295.2	16.3	230.38	13.75	64.82	21.96	2.55	15.64
28.	Jijamata MBG		295.2	16.3	230.22	13.75	64.98	22.01	2.55	15.64
29.	Krushna Mai Mahila BG		295.2	16.3	253.67	11.87	41.53	14.07	4.43	27.18
30.	Ashvini MM		295.2	16.3	253.75	11.87	41.45	14.04	4.43	27.18

Report No. 3 (GSS) for the year ended March 2012

Appendix 4.1.11 (contd.)										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
As per Result dt. 24.06.2011										
31.	Pragati MM	Usal	295.2	16.3	220.84	2.2	74.36	25.19	14.1	86.5
32.	Sakhi MBG		295.2	16.3	220.63	2.1	74.57	25.26	14.2	87.12
33.	Ambika MM		295.2	16.3	220.49	2.2	74.71	25.31	14.1	86.5
34.	Mahia Aadhar Utpadak		295.2	16.3	218.74	2.1	76.46	25.9	14.2	87.12
As per Result dt. 04.08.2011										
35.	Annapurna MBG	Khichdi	260.1	9.28	209.25	7.5	50.85	19.55	1.78	19.18
36.	Jaybhawani MBG		260.1	9.28	241.03	6.25	19.07	7.33	3.03	32.65
37.	Sapsashrungi MBG		260.1	9.28	235.2	6.87	24.9	9.57	2.41	25.97
38.	Annapurna MBG	Chiwda	489.2	10.74	443.46	8.75	45.74	9.35	1.99	18.53
39.	Jaybhawani MBG		489.2	10.74	445.9	9.37	43.3	8.85	1.37	12.76
40.	Sapsashrungi MBG		489.2	10.74	432.25	6.87	56.95	11.64	3.87	36.03
As per Result dt. 14.12.2011										
41.	Samrudhi MSSBG	Khichdi	260.1	9.28	172.3	5.82	87.8	33.76	3.46	37.28
42.	Sukhdayini		260.1	9.28	162.8	5.15	97.3	37.41	4.13	44.5
43.	Mamata MSSBG		260.1	9.28	173.56	5.82	86.54	33.27	3.46	37.28
44.	Krantijyoti MNSS		260.1	9.28	163.78	6.25	96.32	37.03	3.03	32.65
45.	Priyadarshini MNSS		260.1	9.28	163.74	6.25	96.36	37.05	3.03	32.65
46.	Samrudhi MSSBG	Chiwda	489.2	10.74	443.13	9.85	46.07	9.42	0.89	8.29
47.	Sukhdayini		489.2	10.74	407.17	8.25	82.03	16.77	2.49	23.18
48.	Mamata MSSBG		489.2	10.74	422.7	6.25	66.5	13.59	4.49	41.81
49.	Krantijyoti MNSS		489.2	10.74	446.17	9.85	43.03	8.8	0.89	8.29
50.	Priyadarshini MNSS		489.2	10.74	445.53	9.85	43.67	8.93	0.89	8.29
As per Result dt. 27.09.2011										
51.	Pragati Mahila Vikas Mandal	Usal	295.2	16.3	252.19	13.75	43.01	14.57	2.55	15.64
52.	Priti Mahila Vikas Mandal		295.2	16.3	251.46	13.75	43.74	14.82	2.55	15.64
53.	Pratibha MM		295.2	16.3	236.9	13.75	58.3	19.75	2.55	15.64
54.	Sanjivni MBG		295.2	16.3	235.94	13.75	59.26	20.07	2.55	15.64
55.	Bhagyshri MBG		295.2	16.3	234.34	13.75	60.86	20.62	2.55	15.64
As per Result dt. 02.01.2010										
56.	Sanjivani MBG	Protovita Powder	551.4	16.6	395.75	11.87	155.65	28.23	4.73	28.49
57.	Sakhi MBG		551.4	16.6	395.48	11.25	155.92	28.28	5.35	32.23
58.	Nimiti MBG		551.4	16.6	396.38	11.87	155.02	28.11	4.73	28.49
59.	Pratap MBG		551.4	16.6	395.86	11.87	155.54	28.21	4.73	28.49
60.	Unnati MBG		551.4	16.6	395.43	12.5	155.97	28.29	4.1	24.7
61.	Jijamata MBG		551.4	16.6	396.37	11.87	155.03	28.12	4.73	28.49
62.	Rupa MBG		551.4	16.6	395.78	12.5	155.62	28.22	4.1	24.7
63.	Pallavi MBG		551.4	16.6	396.53	13.12	154.87	28.09	3.48	20.96
64.	Prdnya MBG		551.4	16.6	396.54	11.87	154.86	28.08	4.73	28.49
65.	Bhagyshri MBG		551.4	16.6	397.17	11.87	154.23	27.97	4.73	28.49
As per Result dt. 29.03.2010										
66.	Ashwini MM	Lapsi	331.6	7.73	307.26	5.62	24.34	7.34	2.11	27.3
67.	Hira MM		331.6	7.73	307.66	5.62	23.94	7.22	2.11	27.3
68.	Sukhdayani		331.6	7.73	316.49	5	15.11	4.56	2.73	35.32
69.	Shramjivi MNSS		331.6	7.73	316.21	5	15.39	4.64	2.73	35.32
70.	Dharavi MASS		331.6	7.73	315.57	4.87	16.03	4.83	2.86	37
71.	Ashwini MM	Protovita Powder	551.4	16.6	392.09	11.25	159.31	28.89	5.35	32.23
72.	Hira MM		551.4	16.6	391.14	11.25	160.26	29.06	5.35	32.23
73.	Sukhdayani		551.4	16.6	391.57	11.25	159.83	28.99	5.35	32.23
74.	Shramjivi MNSS		551.4	16.6	391.01	10.62	160.39	29.09	5.98	36.02
75.	Dharavi MASS		551.4	16.6	391.43	10.62	159.97	29.01	5.98	36.02

Appendix 4.1.11 (contd.)										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
As per Result dt. 29.03.2010										
76.	Bharti M ASS	Protovita Powder	551.4	16.6	392.57	11.87	158.83	28.8	4.73	28.49
77.	Sai MM		551.4	16.6	392.51	11.87	158.89	28.82	4.73	28.49
78.	Sagarkanya SSBG		551.4	16.6	394.86	11.87	156.54	28.39	4.73	28.49
79.	Aarya SSBG		551.4	16.6	393.89	11.25	157.51	28.57	5.35	32.23
80.	Bharti MM		551.4	16.6	392.6	11.87	158.8	28.8	4.73	28.49
81.	Bhakti Sangam MM		551.4	16.6	392.68	11.87	158.72	28.78	4.73	28.49
82.	Sagarkanya SSMM		551.4	16.6	393.54	11.87	157.86	28.63	4.73	28.49
83.	Vinayki MVM		551.4	16.6	392.89	11.25	158.51	28.75	5.35	32.23
84.	Bhakti Sangam Swyam Saha BG		551.4	16.6	392.56	11.25	158.84	28.81	5.35	32.23
85.	Aarya MM		551.4	16.6	392.64	11.25	158.76	28.79	5.35	32.23
Statement showing substandard quality of food provided to the AWC by SHG/MM Red Light Area (Test result dt. 5 May 2009)										
1.	Shri Marleshwar Mahila Sewa	Chana Usal	242.4	11.2	206.9	6.2	35.5	14.65	5	44.64
2.	Suyash Mahila Sewa		242.4	11.2	204.06	6.3	38.34	15.82	4.9	43.75
3.	Mahila Vikas Audyogik		242.4	11.2	203.72	5.9	38.68	15.96	5.3	47.32
4.	Samidha Mahila Sewa		242.4	11.2	204.16	6.1	38.24	15.78	5.1	45.54
5.	Yashodeep Mahila Sewa		242.4	11.2	203.94	6	38.46	15.87	5.2	46.43
As per Result dt. 14.05.09										
6.	Hirakani	Khichadi	201	6.13	145.91	6.18	55.09	27.41	0	0
7.	Indrayani		201	6.13	146.1	6.12	54.9	27.31	0.01	0.16
8.	Shabari		201	6.13	146.85	6.16	54.15	26.94	0	0
9.	Vrundavan		201	6.13	146.57	6.14	54.43	27.08	0	0
10.	Kamdhenu		201	6.13	145.86	6.16	55.14	27.43	0	0
As per Result dt. 15.04.09										
11.	Shivtej Mahila Sewa	Lapsi	256.6	5.57	153.28	5.6	103.32	40.27	0	0
12.	Shreeshakti Mahila		256.6	5.57	151.8	5.4	104.8	40.84	0.17	3.05
13.	Archa Mahila Audyogik		256.6	5.57	148.16	5.26	108.44	42.26	0.31	5.57
14.	Sidhhi Mahila Audyogik		256.6	5.57	157.84	5.3	98.76	38.49	0.27	4.85
15.	Varsha Mahila Sewa		256.6	5.57	157.62	5.18	98.98	38.57	0.39	7
16.	Sangharsh Mahila Mandal		256.6	5.57	154.18	5.26	102.42	39.91	0.31	5.57
As per Result dt. 02.04.09										
17.	JanJagruti Loksea MM	Khichadi	201	6.13	166.52	9.16	34.48	17.15	0	0
18.	Kamdhenu Mahila Seva		201	6.13	174.06	8.92	26.94	13.4	0	0
19.	Hirkani Mahila Sanstha		201	6.13	167.07	9.14	33.93	16.88	0	0
As per Result dt. 03.12.08										
20.	Hirakani	Lapshi	256.6	5.57	193.38	6.14	63.22	24.64	0	0
21.	Indrayani		256.6	5.57	193.72	5.96	62.88	24.51	0	0
22.	Shabari		256.6	5.57	190.77	6.12	65.83	25.65	0	0
23.	Vrundavan		256.6	5.57	178.34	6.04	78.26	30.5	0	0
24.	Kamdhenu		256.6	5.57	185.16	5.88	71.44	27.84	0	0
Statement showing substandard quality of food provided to the anganwadi center by SHG/MM (Borivali 2) (Result dt. 12 October 2009)										
1.	Manasi Mahila Utpadak Sanstha	Khichdi	260.1	9.28	221.13	7.01	38.97	14.98	2.27	24.46
2.	Nandai mahila mandal		260.1	9.28	222.39	8.29	37.71	14.5	0.99	10.67
3.	Nandai Nagari Seva Sanstha		260.1	9.28	220.43	7.01	39.67	15.25	2.27	24.46
4.	Jyoti Mahila Sanstha		260.1	9.28	221.9	7.65	38.2	14.69	1.63	17.56
5.	Ruperi Mahila Seva Sanstha		260.1	9.28	219.99	7.01	40.11	15.42	2.27	24.46

Appendix 4.1.11 (contd.)										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
6.	Pradnaya Mahila Seva Sanstha		260.1	9.28	220.88	7.65	39.22	15.08	1.63	17.56
7.	Shrmila Swyansidha Sanstha		260.1	9.28	221.97	7.65	38.13	14.66	1.63	17.56
8.	Chetna Mahila Mandal		260.1	9.28	218.56	7.65	41.54	15.97	1.63	17.56
9.	Disha Samaj Vikas Sanstha		260.1	9.28	161.74	7.01	98.36	37.82	2.27	24.46
10.	Goverdhan Mahila bachat gat		260.1	9.28	174.01	7.01	86.09	33.1	2.27	24.46
11.	Nandanvan Mahila bachat gat		260.1	9.28	174.19	7.01	85.91	33.03	2.27	24.46
12.	Kanchanmurg Mahila Mandal		260.1	9.28	171.76	7.65	88.34	33.96	1.63	17.56
13.	Konkan Kanya Mahila Sanstha		260.1	9.28	200.7	8.94	59.4	22.84	0.34	3.66
Statement showing substandard quality of food provided to the anganwadi center by SHG/MM (Borivali 2)										
(Test result dt. 13.8.10)										
1.	Manasi Mahila Utpadak Sanstha		260.1	9.28	200.9	8.96	59.2	22.76	0.32	3.45
2.	Nandai mahila mandal		260.1	9.28	201.04	8.94	59.06	22.71	0.34	3.66
3.	Nandai Nagari Seva Sanstha		260.1	9.28	200.94	8.96	59.16	22.75	0.32	3.45
4.	Jyoti Mahila Sanstha		260.1	9.28	201.3	8.94	58.8	22.61	0.34	3.66
5.	Ruperi Mahila Seva Sanstha	Khichdi	260.1	9.28	201.22	8.9	58.88	22.64	0.38	4.09
6.	Prdnaya Mahila Seva Sanstha		260.1	9.28	200.42	8.96	59.68	22.95	0.32	3.45
7.	Shrmila Swyansidha Sanstha		260.1	9.28	200.56	8.92	59.54	22.89	0.36	3.88
8.	Disha Samaj Vikas Sanstha		260.1	9.28	200.86	8.96	59.24	22.78	0.32	3.45
9.	Mahila Utkarsha Seva Samiti		260.1	9.28	200.8	8.94	59.3	22.8	0.34	3.66
Statement showing substandard quality of food provided to the anganwadi center by SHG/MM (Borivali 2)										
(Test result dt. 5.5.11)										
1.	Mauli Morai Mahila Mandal	Lapsi	331.6	7.73	228.37	6.25	103.23	31.13	1.48	19.15
2.	Devarshri Mahila Mandal	Lapsi	331.6	7.73	228.38	6.25	103.22	31.13	1.48	19.15
3.	Parameshwari Mahila Mandal	Lapsi	331.6	7.73	228.45	5.62	103.15	31.11	2.11	27.3
4.	Mauli Morai Audyogik Sahakari Sanstha	Lapsi	331.6	7.73	228.84	5.62	102.76	30.99	2.11	27.3
5.	Omsai Seva Sanstha	Lapsi	331.6	7.73	228.86	6.25	102.74	30.98	1.48	19.15
6.	Madhura Mahila Mandal	Lapsi	331.6	7.73	227.85	6.25	103.75	31.29	1.48	19.15
7.	Saishraddha Mahila Seva Sanstha	Lapsi	331.6	7.73	228.57	5.62	103.03	31.07	2.11	27.3
8.	Mangalmurti Seva Sanstha	Lapsi	331.6	7.73	227.88	5.62	103.72	31.28	2.11	27.3
9.	Matabhavani Mahila Mandal	Lapsi	331.6	7.73	214.09	5.62	117.51	35.44	2.11	27.3
10.	Zunzar Mahila Mandal	Lapsi	331.6	7.73	214.82	5.62	116.78	35.22	2.11	27.3

Appendix 4.1.11 (concl.)										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Statement showing substandard quality of food provided to the anganwadi center by SHG/MM (Borivali 2) (As per Result dt. 26.5.11)										
1.	Manasi Mahila Utpadak Sanstha	Khichdi	260.1	9.28	193.9	5.62	66.2	25.45	3.66	39.44
2.	Nandai mahila mandal	Khichdi	260.1	9.28	194.44	5.62	65.66	25.24	3.66	39.44
3.	Nandai Nagari Seva Sanstha	Khichdi	260.1	9.28	194.66	5.62	65.44	25.16	3.66	39.44
4.	Jyoti Mahila Sanstha	Khichdi	260.1	9.28	185.21	6.25	74.89	28.79	3.03	32.65
5.	Disha Samaj Vikas Sanstha	Khichdi	260.1	9.28	194.1	5.62	66	25.37	3.66	39.44
6.	Anusaya Mahila Bachat Gat	Lapsi	331.6	7.73	201.87	6.87	129.73	39.12	0.86	11.13
7.	Dibadevi Mahila Bachat Gat	Lapsi	331.6	7.73	202.38	6.87	129.22	38.97	0.86	11.13
8.	Pimpleshwar Mahila Bachat Gat	Lapsi	331.6	7.73	207.73	7.5	123.87	37.36	0.23	2.98
9.	Shri Samartha Mahila Bachat Gat	Lapsi	331.6	7.73	207.36	7.5	124.24	37.47	0.23	2.98

MM – Mahila Mandal; BG – Bachat Gat; MBG – Mahila Bachat Gat

Appendix 4.1.12 (Reference: Paragraph:4.1.12.3; Page 98)							
Statement showing the position of non supply of Take Home Ration (THR)							
Sl. No.	Name of Block	Date of Demand	Demand	Period of Supply	Period of Non supply	No. of days during which supply was not available	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Daryapur	12.07.2010	01 September to 30 September 2010	26.09.2010 to 05.10.2010	01.9.2010 to 27.9.2010/ 04.10.2010	27 to 32 days	As per the date of demand supply was to be made before 26.8.10. Hence there was delay in supply for 31 to 40 days.
		03.11.2010	01 October, 30 November 2010	23.11.2010 to 01.12.2010	01.11.2010 to 23.11.2010/ 01.12.2010	23 to 31 days	Demand for the month October 2010 was made on 3 November 2010.
2.	Dharni	12.07.2010	01 September 2010	13.09.2010 (161 Anganwadis)	01.9.10 to 13.9.2010	13 days	As per the date of demand supply was to be made before 26.8.10. Hence there was delay in supply for 18 days.
		03.11.2010	01 October, 30 November 2010	02.11.2010 to 15.11.2010	01.10.2010 to 03.11.2010/ 15.11.2010	33 to 45 days.	Demand for the month October 2010 was made on November 2010.
3.	Dhamangaon	12.07.2010	01 September 2010	01.10.2010 to 15.10.2010	01.9.2010 to 30.9.2010 /14.10.10	30 to 44 days	As per the date of demand supply was to be made before 26.8.10. Hence there was delay in supply for 36 to 50 days.
		03.11.2010	01 October, 30 November 2010	25.11.2010 to 01.12.2010	01.11.2010 to 25.11.2010/ 01.12.2010	25 to 31 days.	Demand for the month October 2010 was made on November 2010.
4.	Borivali-2	09.06.2010	01 July to 31 August 2010	15.07.2010 to 01.08.2010	01.7.10 to 14.7.2010 /1.8.10	14 to 31 days	Demand for the month of July 2010 was to be made before 17 th May. Hence, delay in placement of demand for 22 days. As per date of demand, supply was to be made before 23.07.2010. Hence there was a delay in supply for 9 days.
		01.09.2010	01 September & 30 October 2010	23.11.2010 to 25.11.2010	15.09.2010 to 23.11.2010 01.10.2010 to 25.11.2010	54 to 70 days.	Demand for the month September 2010 was to be made before 17 th July. Hence, there was a delay of 45 day in placement of demand. As per date of demand, supply was to be made before 16.10.2010. Hence there was a delay in supply for 38 to 40 days.

Appendix 4.1.12 (contd.)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
5.	Red Light Area	09.06.2010	01 July 31 August 2010	30.07.2010 to 02.08.2010	01.7.10 to 30.7.2010/ 02.8.10	30 to 32 days	Demand for the month of July 2010 was to be made before 17 th May. Hence, delay in placement of demand for 22 days. As per date of demand supply was to be made before 23.07.2010. Hence there was a delay in supply for 7 to 9 days.
		31.8.2010	01 September and 31 October 2010	09.11.2010 to 12.11.2010	01.10.2010 to 12.11.2010	40 to 42 days.	Demand for the month of September 2010 was to be made before 18 th July. Hence, delay in placement of demand for 44 days. As per date of demand, supply was to be made before 15.10.2010. Hence there was a delay in supply for 25 to 28 days.
6.	Dharavi	09.06.2010	01 July to 31 August 2010	14.07.2010 to 21.07.2010	01.7.10 to 14/21.7.10	14 to 21 days	Demand for the month of July 2010 was to be made before 17 th May. Hence, delay in placement of demand for 22 days.
		31.8.2010	01 September & 31 October 2010	30.09.2010 to 09.10.2010	14.9.2010/ 22.9.2010 to 30.9.2010/ 9.10.2010	17 to 18 days	Demand for the month of September 2010 was to be made before 18 th July. Hence, delay in placement of demand for 44 days.
		18.11.2010	01 November to 31 December 2010	10.12.2010 to 16.12.2010	30.11.2010 to 10.12.2010/ 16.12.2010	10 to 16 days.	Demand for the month of November 2010 was to be made before 17 th September. Hence, delay in placement of demand for 31 days.
7.	Osmanabad Rural	15.10.2010	01 October & 30 November 2010	28.10.2010 to 31.10.2010	01.10.10 to 28/31.10.10	28 to 31 days	Demand for the month October 2010 was made on October 2010.
		27.12.2010	01 December & 2010 & 30 January 2011	10.1.2011 to 11.1.2011	01.1.2011 to 11.1.2011	11 days	Demand for the month December 2010 was made on December 2010.
		23.2.2011	01 February & 31 March 2011	17.3.2011 to 20.3.2011	10/11.3.2011 to 17/20.3.2011	8 to 11 days	Demand for the month February 2011 was made on February 2011.
		28.2.2012	01 February & 31 March 2012	27.3.2012 to 31.3.2012	21.3.2012 to 27/31.3.2012	7 to 11 days	Demand for the month February 2012 was made on February 2012.
8.	Tuljapur	21.7.2010	01 July to 31 August 2010	26.8.2010 to 1.9.2010			Demand for the month July 2010 was made on July 2010.

Appendix 4.1.12 (concl.)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
9.	Uruli Kanchan	15.10.2010	01 October & 30 November 2010	08.11.2010 to 16.11.2010	01.11.2010 to 08/16.11.2010	8 to 16 days	Demand for the month October 2010 was made on October 2010.	
		27.12.2010	01 December 2010 & 31 January 2011	07.1.2011 to 16.1.2011				Demand for the month December 2010 was made on December 2010.
		23.2.2011	01 February & 31 March 2011	16.3.2011 to 24.3.2011	09.3.2011 to 16/24.3.2011		8 to 16 days	Demand for the month February 2011 was made on February 2011.
		18.4.2011	01 April & 31 May 2011	11.5.2011 to 20.5.2011	17.5.2011 to 20.5.2011.		3 days	Demand for the month April 2011 was made on April 2011.
		02.1.2012	01 December 2011 & 31 January 2012	20.1.2012 to 23.1.2012	17.1.2012 to 20/23.1.2012		4 to 7 days	Demand for the month December 2011 was made on January 2012.
		28.2.2012	01 February & 31 March 2012	14.3.2012 to 24.3.2012	20.3.12 to 24.3.2012		5 days	Demand for the month February 2012 was made on February 2012.
		27.1.2011	01 February 2011 to 28 February 2011	No supply		01.2.2011 to 28.2.2011	28 days	Demand for the month February 2011 was to be made before 16 th December 2010. Hence there was delay in placement of demand for 41 days.

Appendix 4.1.13 (Reference: Paragraph:4.1.13.2; Page 99) Observations made during joint physical inspection of Anganwadis								
Name of the CDPO	Name of Anganwadi	No. of beneficiary (3-6 years age) enrolled	No. of beneficiaries present at time of visit	Space for outdoor activities	Owned or Rented and area	Toilet facility	Referral services	Pre-school education activity are undertaken
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. CDPO, Haveli, Pune	Gore Budruk-1	28	14	No	Owned size 150 sq ft	Yes	Register not maintained	No
	Remarks: 1.Weight of quantity of food supplied by bachat gat was not taken before consumption of food. The quantity was noted by multiplying number of present beneficiaries with quantity to be provided (Khidi-169.10 g, lapsi 176 g, usal 116 g); and 2. Diet chart to be observed by the anganwadi was not available.							
2. CDPO, Urali Kanchan, Pune	Talekar wadi	34	Attendance not taken on day of visit	Yes	Owned 200 sq ft	Yes	Register not maintained	Yes
	Remarks: 1. Attendance on day of visit was not taken 2. In diet stock register quantity was noted by multiplying number of present beneficiaries with quantity to be provided (Khidi-169.10 g, lapsi 176 g, usal 116 g); 3.Dead stock register, consumable stock register, distribution of article to beneficiaries and acknowledgement etc was not maintained.; and 4.Only 13 visits had been made by the Supervisor, CDPO, ACDOs to the anganwadi during September 2008 to March 2012.							
3. CDPO, Purandar, Pune	Sewri-2, ANNo.167	26	0	No	GP 500 sq ft	No	Register not maintained	Yes
	Remarks: 1.Beneficiaries were not found present on the day of visit. Further attendance of beneficiaries was not taken from 21.4.2012. 2. Ready to cook food was not supplied by the bachat gat. Bachat gat only supplied raw material and food was cooked by anganwadi sevika in the anganwadi. On day of visit only chana usal was prepared. Breakfast was not prepared. 3. THR for the month of April and May was not distributed and lying in the aganwadi.; and 4. Diet register was incomplete since April 2011.							
4. CDPO, Junnar, Pune	Darandale	20	0	No	Owned 500 sq ft	Yes	Register not maintained	Register not maintained
	Remarks: 1. Total quantity of food supplied by bachat gat was not entered in the register.; and 2.Anganwadi Sevika was not aware of per day per beneficiary norms of food to be given.							
5. CDPO, Vadgaon-Maval, Pune	AWC no.1, Malwadi	54	22	Yes	Owned 300 sq ft	Yes	Register not maintained	Register not maintained
	Remarks: 1. Distribution of consumable stock register not shown to audit.; 2. Survey register was incomplete since August 2011. and 3. Acknowledgement of THR distributed was not taken for the month of 3/12 and 4/12.							
6. CDPO, Ashti, Beed	Bhim nagar	17	17	Yes	School 500 sq ft	Yes	Yes	Yes
	Remarks: 1.Attendance of beneficiaries not taken since 23.4.2012. 2.No food was served in the Anganwadi between 13.3.2012 to 28.3.2012 due to strike. 3. Premises of the anganwadi is not hygienic. 4. Raw material was cooked in the Anganwadi by the Anganwadi sevika and 5.Acknowledgement of THR and medicine distribution was not taken.							
7. CDPO, Beed-2, Rural	Aher dhanora	29	17	Yes	Owned 375 st ft	No	Register not maintained	Register not maintained
	Remarks: 1.Acknowledgement of THR and medicine distribution was not taken.							
8. CDPO, Beed-1, Rural	Malapuri No.2	47	25	No	Rented 150 sq ft	No	Register not maintained	yes
	Remarks: 1. On day of visit only Khichadi was served in the Anganwadi. No breakfast was provided and 2. Acknowledge of distribution of medicine was not taken.							
9. CDPO, Osmanabad Rural	Ankur, Devlali Ano.140	28	24	Yes	Owned 240 sq ft	Yes	Yes	Yes
	Remarks: 1.Acknowledgement of distribution of medicine was not taken; and 2.Attendance of anganwadi sevika and helper was not taken from October 2011 onwards.							

Appendix 4.1.13 (contd.)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
10. CDPO, Tuljapur, Osmanabad	Angan wadi No.23, Mhasla	45	40	Yes	Owned 240 sq ft	Yes	Yes	Yes
	Remarks: 1.Acknowledgement of distribution of medicine was not taken.; 2.Weight of the cooked food was not taken before consumption. From the records it was seen that only lunch was provided by the bachat gat. Anganwadi Worker stated that bachat gat started supplying breakfast from November 2011; 3.Medicine kit was not available in the aganwadi.							
11. CDPO, Daryapur, Amravati	Umbri Kuran khed	18	10	Yes	School 256 sq ft	Yes	Register not maintained	Yes
	Remarks: 1.Anganwadi runs in ZP school premises. When keys of the school was not available, anganwadi runs in school veranda; and 2. Acknowledgement of distribution of medicine was not taken.							
12. CDPO, Dharni, Amravati	Bairagad, AWC no.2	41	--	Yes	Gram sevak quarter 96 sq ft	No	Register not maintained	Yes
	Remarks: 1.Condition of the anganwadi building was very bad due to which, AWC was running from the quarter of gram sevak; 2. Attendance register for AWW was not maintained 3. Acknowledgement of THR and medicine distribution was not taken. 4.Stock Register (medicine, toys, book) not maintained and 5.Survey register not maintained properly.Audit could not ascertain when last survey was conducted.							
13. CDPO, Dhamangaon Railway, Amravati	A no.85, Chinch avli	28	--	Yes	Owned bldg. 500 sq ft	Yes	Yes	Yes
	Remarks: 1.Attendance of beneficiaries not taken on the day of visit and 2.Acknowledgement of distribution of medicine was not taken.							
14. CDPO, Borivali-2, Mumbai	Gaondevi No.43	30	24	No	Rented 100 sq ft	No	Yes	Yes
	Remarks: 1.Acknowledgement of THR and medicine distribution was not taken and 2.Anganwadi was very congested.							
15. CDPO, Dharavi, Mumbai	Nawabnagar no.69	50	8	No	Rented 85 sq ft	No	Register not maintained	Register not maintained.
	Remarks: 1.Bachat gat (Saptshringi Bhakti Mahila Mandal) has not supplied breakfast and lunch to the Anganwadi till the time of visit. 2.Weight of breakfast and lunch supplied by Mahila Mandal was not taken and kept on record. 3. SNP was also provided to AWWs; 4. Records not produced to audit in respect of attendance of AWWs. ; 5. Acknowledgement of distribution of THR was not taken. Medicine distribution register not shown to audit and 6. Anganwadi was very much congested.							
16. CDPO, Red Light Area, Worli, Mumbai	Ganesh Krupa Mandal, A no.20	30	16	No	Rented 240 sq ft	No	Yes	Yes
	Remarks: 1.Acknowledgement of THR and medicine distribution was not taken.							
17. CDPO, Yavatmal (Urban), Yavatmal	Netaji Nagar I	50	50	No	Rented-size 90 sq ft	No	Yes, but Register not maintained from Dec 2010	Yes
	No remarks							
18. CDPO, Yavatmal (Urban), Yavatmal	Netaji Nagar-2	40	14	No	Rented 110 sq ft	No	Yes, but Register not maintained from Dec 2010	Yes , but number books and toys were not available
	Remarks: 1. Attendance register not maintained properly.							
19. CDPO, Yavatmal (Rural), Yavatmal	Jam No 1	76	.....	Yes, a small ground	In Samaj Mndir 330 sq ft	No	No	Yes
20. CDPO, Yavatmal (Rural), Yavatmal	Mulki No 2	50	.....	A small roadside open space	Owned 400 sq ft	Yes	Yes	Yes

Appendix 4.1.13 (contd.)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
21. CDPO, Yavatmal (Rural), Yavatmal	Mulki No 3	40	15	A small roadside open space	Owned 330 sq ft	No	Yes	Yes
22. CDPO, Umerkhed, Yavatmal	Hardada	48	42	Yes	Samaj Mandir 300 sq ft	Yes	Yes	Yes
23. CDPO, Umerkhed, Yavatmal	Brahamanpur No 4	32	32	Yes	Owned 400 sq ft	No	Yes	Yes
24. CDPO, Umerkhed, Yavatmal	Dhanki No 10	69	50	Yes	Owned 360 sq ft	No	Yes	Yes
25. CDPO, Wani, Yavatmal	Bagdara	201	.....	Yes, A small space is available	Owned 330 sq ft	Yes	Yes	Yes
26. CDPO, Wani, Yavatmal	Chikhhalgaon	83	27	Yes	Samaj Mandir 300 sq ft	Yes	Yes	Yes
27. CDPO, Goregaon (West), Mumbai Suburban	Anganwadi No 55	40	15	No	Rented 225 sq ft	Yes	Yes	Yes
28. CDPO, Goregaon (West), Mumbai Suburban	Anganwadi No 6	34	8	No	Rented 150 sq ft	No	Yes	Yes
29. CDPO, Andheri (Urban), Mumbai Suburban	Anganwadi No 49	40	20	No	Rented 225 sq ft	Yes	Yes	Yes
	Remarks: Attendance register of beneficiaries not maintained separately. Muster of AWW and AWH not kept separate at Anganwadi, it was kept combined with other anganwadi.							
30. CDPO, Andheri (Urban), Mumbai Suburban	Amboli	23	15	No	Rented 120 sq ft	No	Yes	Yes
	Remarks: Attendance register of beneficiaries maintained Separately from 2012; and Muster of AWW and AWH not kept separate at Anganwadi, it was kept combined with other Anganwadi.							
31. CDPO, Kurla (Urban), Mumbai Suburban	Maha nanda Nagar, No 109	42	18	No	Rented 90 sq ft	No	Yes	Yes
32. CDPO, Kurla (Urban), Mumbai Suburban	Shiwaji Chowk, No 104	28	19	No	Rented 80 sq ft	No	Yes	Yes
33. CDPO, Kurla (Urban), Mumbai Suburban	Alidada Estate No 55	40	16	No	Rented 200 sq ft	No	Yes	Yes
34. CDPO, Govandi (Urban), Mumbai Suburban	P L Lokhande marg, No 110	20	15	Yes	Rented 240 sq ft	No	Yes	Yes

Appendix 4.1.13 (contd.)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
35. CDPO, Govandi (Urban), Mumbai Suburban	Anganwadi No 38	53	22	No	Rented 180 sq ft	No	Yes	Yes
36. CDPO, Nagpur(Urban), Hanuman Nagar	Tass bagh-148			No	Rented-size 100sq ft	No	Yes,	Yes
37. CDPO, Nagpur(Urban), Hanuman Nagar	Tass bagh-153			No	Rented 80 sq ft	No	Yes,	Yes
38. CDPO, Kamptee, Nagpur	Mahadula ANo.4	21	12	No	Rented 80sq ft	Availa ble	Yes,	Yes
39. CDPO, Kamptee, Nagpur	Yerkheda no.2	18	8	No	Owned 500 sq ft	No	Yes	Yes
40. CDPO, Parshivani, Nagpur	ANo.155	28	18	No	Rented 360 sq ft	No	Yes	Yes
41. CDPO, Nagpur (Rural)	Phetary-165			No	Rented 101 sq ft	No	Yes	Yes
42. CDPO, Nagpur (Rural)	Chincholi			Yes	Samaj Mandir 160 sq ft	Yes	Yes	Yes
43. CDPO, Pathardi, Ahmednagar	Indira Nagar	61	16	Yes, A small space is available	Owned 376 sq ft	Yes	Yes	Yes
44. CDPO, Pathardi, Ahmednagar	Niwrunge Saothan	47	32	Yes, A small space is available	Owned 376 sq ft	Yes	Yes	Yes
45. CDPO, Rahata, Ahmednagar	Babhaleshwar AN-46	50	20	Yes, A small space is available	Owned 600 sq ft	Yes	Yes	Yes
46. CDPO, Rahata, Ahmednagar r	Astangaon	60	20	Yes, A small space is available	Owned 500 sq ft	Yes	Yes	Yes
47. CDPO, Rural-1 Ahmednagar	Dewadiga	43	20	Yes, A small space is available	Owned 500 sq ft	Yes	Yes	Yes
48. CDPO, Rural-1 Ahmednagar	Pargaon Maula	27	25	Yes, A small space is available	Owned 500 sq ft	No	Yes	Yes
49. CDPO, Jamkheda, Ahmednagar	Banjarwadi		10	Yes, very small space	Owned 320 sq ft	Yes	Yes	Yes
50. CDPO, Jamkheda, Ahmednagar	Jawala No-1	41	37	No	Primary School 300sq ft	No	Yes	Yes
51. CDPO, Karjat, Ahmednagar	Shahuji nagar	38	25	No	Rented 225 sq ft	No	Yes	Yes

Appendix 4.1.13 (concl.)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
52. CDPO, Karjat, A Ahmednagar	Kaarjat-5	35	21	Yes	Owned 500 sq ft	No	Yes	Yes
53. CDPO, Umarkhed Rajgurunagar, Pune	Mahalunge Ingale	55	42	No	Rented 100sq ft	No	Yes	Yes
54. CDPO, Umarkhed Rajgurunagar, Pune	Chandoli-II		12	Yes	150sq ft	Yes	Yes	Yes