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Chapter III

Audit of Transactions

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

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. The audit findings on non-compliance with rules and regulations are indicated below.

Water Resources Department

3.1.1 Blocking of funds and avoidable loss of interest

Award of work without ensuring possession of land for a project coupled with grant of mobilization advance of ` eight crore resulted in blocking of funds to that extent and avoidable loss of interest of ` 3.03 crore to the Government.

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

Mention was made in the Reports of the Comptroller and Auditor General of India¹ regarding award of works without ensuring availability of land leading to time and cost overruns and blocking of funds. Despite repeated audit observations, the Government continues to incur capital expenditure on works services without ensuring availability of land. A case akin to those reported earlier is discussed below.

Work of construction of masonry dam, gated spillway earthen dam, guide walls, energy dissipation arrangement and design, manufacture, supply and erection of radial gates of Varkhed-Londhe barrage in Chalisgaon taluka, district Jalgaon was awarded (August 2009) to a contractor at a cost of ` 115.74 crore (14.98 *per cent* above the cost put to tender of ` 100.66 crore)

Report No. 5 (Economic Sector) for the year ended 31 March 2013

¹ (i) Para 4.14 of AR for the year ended 31 March 1992 (ii) Para 4.5, 4.12 of AR for the year ended 31 March 1998 (iii) Para 4.4.6 of AR for the year ended 31 March 2004 (iv) Para 4.2.7 of AR for the year ended 31 March 2007 (v) Para 3.5.1 of AR for the year ended 31 March 2009 (vi) Para 3.2.2 of AR for the year ended 31 March 2012 (Economic Sector Report)

to be completed in 84 months (August 2016). The project entailed acquisition of forest land (94.95 ha) and private land (19.34 ha).

As per tender Clause 21.11, the contractor was entitled to mobilization advance (advance) not exceeding 10 *per cent* of estimated cost of work on request, which carried an interest of 14 *per cent per annum*. The recovery of interest and principal amount was to commence after completion of the first 10 *per cent* of the value of work done and the entire recovery was to be completed by the time 75 *per cent* of the value of work was over. Further, Clause 21.12 provided relief to the contractor if the progress of work was adversely affected or totally stopped due to non-availability of key construction material and land, attributable to the Government. In such case, interest was to be totally waived off and recovery of installments for advance granted postponed.

Scrutiny of records (November 2011) of Executive Engineer, Minor Irrigation Division, Jalgaon revealed that an advance of ` eight crore was paid (April 2011) to the contractor on his request (April 2010) even though no land (either forest or private) was in the possession of the Department. The Department had approached the State Forest Department in December 2009 and the Ministry of Environment and Forest (MoEF), GoI in October 2011 to obtain clearances. The MoEF granted in-principle approval in January 2012, but the forest land was not released as of December 2013, as the Department deposited the Net Present Value (NPV) of only ` 3.50 crore against the total NPV of ` 13.84 crore payable. The Department acquired private land only in January 2013 and the dam work commenced only in February 2013. An expenditure of ` 2.70 crore was incurred on the project till July 2013.

Failure of the Department to ensure availability of land before issue of work order not only jeopardized the recovery of the principal amount (` eight crore) and interest (` 3.03 crore⁵⁵ up to December 2013) from the contractor due to applicability of Clause 21.12 but also led to delay in commencement of work by 42 months (August 2009 to February 2013). The work is likely to be further delayed until the outstanding NPV is paid by the Department and the forest land released by the MoEF.

The Chief Engineer, Tapi Irrigation Development Corporation, Jalgaon stated (November 2012) that at the time of sanctioning the advance, the land acquisition process was in progress and it was anticipated that the land would be easily available for commencing the work. He added that recovery of advance would be made from the upcoming work bills of the contractor.

The reply is not acceptable because issue of work order without ensuring that land was in possession violated the codal provisions. Thus, payment of advance of ` eight crore to the contractor not only blocked funds but was an unintended benefit to the contractor.

The matter was referred to the Government in April 2013; their reply was awaited as of January 2014.

⁵⁵ (i) Total period for computation of interest 20.04.2011 to 31.12.2013: -986 days
(ii) Advance paid ` eight crore
(iii) Interest due= ` 8,00,00,000x14 x 986 days÷365 x 100=` 3,02,55,340=` 3.03 crore

3.1.2 Avoidable extra expenditure

The Water Resources Department incurred an avoidable extra expenditure of ` 1.24 crore on change in canal alignment due to commencement of work without possession of land.

As per paragraph 1.4.10 of Public Works Department Hand Book, the canal alignment should be scrutinized to see whether it crosses important structures, valuable properties or places so that they can be spared. Further, as per the provisions of Maharashtra Public Works Manual and instructions issued by Government of Maharashtra (May 1998), no work should be started on land which is not acquired and not under the possession of the Department.

The construction of earth work, structures and lining in km one to six of Chinchala Branch Canal of Isapur Right Bank Canal (RBC) in Umri, district Nanded was awarded to a contractor (March 2007) at a cost of ` 6.35 crore (4.91 *per cent* above the cost put to tender) with stipulated period of completion of 36 months from the date of issue of work order (March 2010). The contractor executed the work to the extent of ` 1.36 crore and the work was under progress (July 2013).

Scrutiny of records of Executive Engineer, Upper Penganga Project Division, No.6, Nanded (EE) revealed (February 2011) that during execution of work of branch canal, the EE noticed that the original sanctioned alignment of the canal from chainage 1,300 metre to 2,130 metre was passing through an old and defunct railway line on the railway land. Though this fact was known to the Division from the beginning, no action was taken to change the canal alignment. When the Division approached (October 2007) the railway authorities for transfer of land to Water Resources Department, the Railway authorities opined that it would be a difficult and lengthy procedure to transfer the land. As a result, the Department decided (March 2008) to shift the alignment 20 metres towards command area, which was sanctioned by the Chief Engineer and Chief Administrator, Command Area Development Authority (CADA), Aurangabad in June 2008.

Audit observed that the Chief Engineer (CADA) approved (November 2008) an additional amount of ` 5.56 crore to the contractor for payment under Clause 38⁵⁶ of the contract. As a result, the overall cost of the work increased from ` 6.35 crore in March 2007 to ` 12.33 crore in November 2008. Further, of the additional amount ` 5.56 crore, an amount of ` 1.24 crore was approved for execution of additional quantities in respect of four items of work, due to shifting of the canal alignment (**Appendix 3.1**). As of July 2013, a payment of ` 88.55 lakh (out of ` 1.24 crore) had been made to the contractor.

The commencement of work without having land under possession resulted in avoidable extra expenditure of ` 1.24 crore. Further, the original project due to be completed in March 2010 has been delayed by over 40 months (August 2013) and the benefits of irrigation denied for agriculture.

⁵⁶ Additional price payable for variation/increase in quantity of items over and above 125 per cent of the tendered quantities, at the current schedule of Rates (CSR) or prevailing market rates (in the absence of CSR)

On this being pointed out, the EE admitted (June 2011) that the Division was aware of the fact that the original canal alignment was passing through the railway land but thought that the railway line being old and defunct, the land would be easily acquired. However, after refusal of the land by the railway authorities, an alternative alignment was decided upon.

The reply clearly indicated that the Department failed to ensure availability of land before commencement of work and in the process, violated the codal provisions, resulting in extra expenditure of ` 1.24 crore.

The matter was referred to the Government in May 2013; their reply was awaited as of January 2014.

3.1.3 Extra expenditure

Failure to conduct subsurface investigations before framing the estimates and change in dam design after award of work of Popatkhedha minor irrigation project stage-II led to an extra expenditure of ` 2.52 crore.

As per Public Work Hands Book and Government Circular of 17 April 1989, while designing and construction of earthen dams, the impervious stratum⁵⁷ on which Cut-off Trench (COT)⁵⁸ rests should be investigated thoroughly by taking trial bores *etc.* to avoid seepage and post-construction problems.

The estimates for main work for construction of Popatkhedha minor irrigation project (stage-II) were technically sanctioned by the Chief Engineer, Water Resources Department, Amravati in May 2008 at a cost of ` 21.49 crore. The work was awarded (December 2008) to a contractor for ` 23.42 crore (13.40 per cent above the cost put to tender of ` 20.65 crore). The stipulated period of completion of the work was 24 months (December 2010). The contractor executed works to the extent of ` 28.89 crore till March 2011 and the work was held up since October 2013 due to non-execution of work relating to head regulator portion of the dam.

Scrutiny of records (August 2011) of the Executive Engineer, Minor Irrigation Division No. 2, Akola (EE) revealed that design and detailed estimates of Popatkhedha stage-II project were framed on the basis of design and data of Popatkhedha minor irrigation project stage-I which was completed in June 2004. It was also mentioned in the detailed estimates of stage-II project that the depth of COT would be decided at the time of actual execution. Accordingly, the depth of COT was initially estimated at five to seven metres and COT filling with black soil at 58,568 cum in the tender (at ` 167.60 per cum). The contractor completed the excavation for COT in January 2009 and noticed that due to striking of pervious strata at the depth of five to seven metres, excavation was required to be done at a depth of 20 metre to achieve bed rock of desired quality. As a result, quantity of black soil for COT

increased to 1,71,312 cum. The EE moved (December 2009) a proposal for payment to the contractor for increased quantity of black soil

⁵⁷ The type of strata viz., hard rock/ soft rock which does not allow water to permeate/seep through are called 'impervious' strata. The COT of the dam is rested on such strata so as to avoid seepage

⁵⁸ An excavation in the base of a dam or other structure filled with relatively impervious material to reduce percolation

under Clause 38 of the contract. The Executive Director, Vidarbha Irrigation Development Corporation (VIDC) sanctioned in February 2011 execution of excess quantity of 98,102⁵⁹ cum at the rate of ` 403.30 per cum. Failure to conduct subsurface investigations before framing the estimates thus, resulted in an extra expenditure of ` 2.31 crore⁶⁰.

Further, as per paragraph 55 (D) of Public Works Manual, the pre-construction planning and design of dams for major irrigation projects are to be referred to the Central Designs Organisation (CDO), Nashik for scrutiny and approval. Any changes suggested in the design and drawings by the CDO need to be incorporated and works executed accordingly.

Audit observed that the Superintending Engineer (SE), Buldhana Irrigation Project Circle, Buldhana submitted a proposal to the SE (Earthen Dams), CDO, Nashik for design of cross section of stage-II project based on slip circle analysis⁶¹ on 11 December 2008 *i.e.* four days before the award of work (15 December 2008). The SE, CDO, Nashik supplied (March 2009) the revised design of cross section of the earthen dam of stage-II project based on the results of stability calculations. Due to change in design of cross section of the dam, the quantity of casing zone increased considerably from 7,64,466 cum as provided in tender to 12,20,160 cum. Payment for increased quantity of casing zone (2,64,577 cum)⁶² was sanctioned (February 2011) under Clause 38 of contract resulting in an extra expenditure of ` 20.64 lakh⁶³.

On this being pointed out, the EE stated (April 2013 and June 2013) that Popatkhedha (stage-II) project is adjacent to the Popatkhedha (stage-I) project. Both being earthen dams, the cross section of stage-I project was used for preparing the estimates of stage-II project, which was approved in due course.

The reply is not acceptable as subsurface investigations were not carried out before framing the estimates, which not only violated the manual provisions and the Government instructions but also led to an extra expenditure of ` 2.31 crore. No reply was furnished by the EE for delay in submission of proposal to CDO, Nashik for approval of design and drawings of the dam, leading to the extra expenditure of ` 20.64 lakh.

The matter was reported to the Government in June 2013; their reply was awaited as of January 2014.

⁵⁹ i) Quantity as per agreement = 58,568 cum ii) Quantity permissible up to 125 per cent of the agreement quantity = 73,210 cum iii) Over all revised quantity = 1,71,312 cum iv) Excess quantity (iii-ii) = 98,102 cum

⁶⁰ ` 403.30 - ` 167.60 = ` 235.70 x 98,102 cum = ` 2,31,22,641.40

⁶¹ It is a method used for studying and analyzing the stability of slopes of earthen embankments of dams, canals etc.

⁶² (i) Original quantity as per agreement: 7,64,466 cum (at ` 109 per cum)

(ii) Quantity up to 125 per cent: 9,55,583 cum

(iii) Revised overall quantity: 12,20,160 cum

(iv) Excess quantity : 12,20,160 cum – 9,55,583 cum = 2,64,577 cum (at ` 116.80 per cum) ⁶³ Excess expenditure: 2,64,577 cum x ` 7.80 (` 116.80 - ` 109) = ` 20,63,700

3.1.4 Extra expenditure and unintended benefit to a contractor

Incorrect application of rates for excavation in hard rock by controlled blasting resulted in an extra expenditure of ` 38.43 lakh and an unintended benefit to the contractor to that extent.

The work of construction of balance earth work and lining in km 18.50 to 36.00 of Tirkaswadi Branch Canal of Isapur Right Bank Canal was awarded (April 2008) to a contractor at a bid cost of ` 9.01 crore (34.76 per cent above the estimated cost put to tender of ` 6.69 crore) with stipulated period of completion of 24 months (April 2010). The cost of work was revised to ` 28.23 crore in December 2009 and the contractor was granted extension up to 31 March 2012. The work was physically completed in March 2012 and the contractor was paid ` 28.10 crore up to 10th running account bill (January 2013).

The basic rates of items for excavation in hard rock by controlled blasting as mentioned in Regional Schedule of Rates (RSR) are inclusive of the cost of secondary blasting⁶⁴. The Superintending Engineer (SE), Aurangabad Irrigation Circle, Aurangabad, who framed the RSRs for the Aurangabad Region, also confirmed (June 2013) to Audit that the cost for secondary blasting is taken care of in the rate analysis of controlled blasting.

Audit scrutiny (November 2011) revealed that the EE submitted (November 2009) a proposal for sanction of EIRL for excavation in hard rock by controlled blasting in dry and wet conditions at a cost of ` 1.35 crore⁶⁵ and ` 53.55 lakh⁶⁶ respectively. The proposal was approved (December 2009) by the Chief Engineer and Chief Administrator, Command Area Development Authority (CADA), Aurangabad.

Scrutiny of rate analysis approved by the SE, Upper Penganga Project Circle, Nanded revealed that an element of secondary blasting at the rate of ` 146.70 per cum in dry condition was also added to arrive at the final rate of controlled blasting, leading to an extra expenditure and unintended benefit of ` 38.43 lakh to the contractor as detailed in the **Appendix 3.2**. Moreover, measurements for secondary blasting were not found recorded in the measurement book and the stock account of explosives were not produced to audit for verification of the quantity of explosives used for secondary blasting.

On this being pointed out, the EE stated (November 2011) that during excavation in hard strata, specific type of rock was met which required secondary blasting. The rate analysis was prepared as per site conditions and EIRL was got sanctioned from the competent authority. The EE further stated that once measurement of excavated quantity is recorded, it is not possible to record measurement of quantity excavated by secondary blasting accurately and even if it is measured, it would only be repetition of earlier recorded measurement.

⁶⁴ Secondary blasting is a method to re-blast a proportion of the rock on the quarry floor so as to reduce it to a size suitable for handling by the excavators and crushers available

⁶⁵ 26,349.44 cum at ` 512.10 per cum

⁶⁶ 8,783.15 cum at ` 609.65 per cum

The reply furnished by the EE is not acceptable as provision for secondary blasting is already included in the basic rates of RSR for controlled blasting. Further, detailed instructions for secondary blasting are given in paragraph 6.1.3.5 of the Public Works Handbook wherein the scale of explosives required for secondary blasting, based on the size of the boulders to be excavated, is laid down and by using the scale it was possible to record the measurement of secondary blasting and explosives used.

The matter was reported to the Government in June 2013; their reply was awaited as of January 2014.

**Agriculture, Animal Husbandry, Dairy Development and
Fisheries Department**

3.1.5 Loss of interest

Parking of grant-in-aid in the current account instead of savings account resulted in loss of interest of ` 74.21 lakh.

Administrative approval for release of grant-in-aid (GIA) of ` 21.60 crore was accorded (August 2009) by the Government of Maharashtra (GoM) for implementation of the 'Integrated Dairy Farm Project' (Project) in 23 districts of Vidarbha, Marathwada and Konkan regions during 2009-10 under the Centrally Sponsored Scheme of Rashtriya Krishi Vikas Yojana (RKVY). The GIA was released vide GoM resolution of November 2009 and the same was deposited and credited (17 December 2009) in the current account of the Commissioner, Dairy Development, Worli, Mumbai in the State Bank of India. As per the directive (August 2009) of the Ministry of Agriculture (Department of Agriculture and Co-operation), Government of India (GoI), the State Government/Implementing Agencies may earn interest from deposit of GIA in banks. The interest thus, earned and the unspent funds would be added to the respective scheme fund which would be authorized by respective programme

divisions by automatic revalidation, at the beginning of the each financial year, for utilization on approved activities of the scheme.

Scrutiny of records (July 2010) of the Commissioner, Dairy Development, Worli, Mumbai revealed that while the GIA was credited on 17 December 2009, it was disbursed to 46 Dairy Co-operative Societies at ` 46.38 lakh each only on 14 July 2010. Further information provided by the Agriculture, Animal Husbandry, Dairy Development and Fisheries Department (Department) revealed that as on 31 March 2013 only ` 17.70 crore was utilized by the Dairy Co-operative Societies. Parking of GIA in current account (instead of savings account) for 209 days resulted in loss of interest of ` 74.21 lakh⁶⁷.

On being pointed out in audit (January 2012), the Government stated (March 2012) that detailed guidelines for utilization of GIA was received in February 2010 and the final approval for implementation of the Project was received only in July 2010. It further stated that the current account was

⁶⁷ Considering the period from 17 December 2009 to 14 July 2010 (209 days) the interest calculated @ 6 per cent on ` 21.60 crore if maintained in savings account would be ` 74.21 lakh ($\frac{21,60,00,000 \times 6\% \times 209}{365}$)

opened as per the GoM instructions of 29 August 2005. The Government added that it was not the objective of the State to earn interest on GIA but to utilise them as early as possible.

The reply is not relevant as the Commissioner, Dairy Development should have parked the GIA in savings account as per GoI directive of August 2009. By not parking the GIA in the current account, only ` 74.21 lakh on interest. Further, even after parking the GIA in the current account, only ` 17.70 crore out of ` 21.60 crore (82 per cent) was utilized by the Dairy Co-operative Societies as of March 2013, though the entire GIA was to be utilized during 2009-10 itself.

3.2 Audit against propriety/expenditure without justification

Authorization 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 instances of impropriety and inadmissible payment/unfruitful expenditure, which are discussed below.

Water Resources Department

3.2.1 Inadmissible payment

The Water Resources Department admitted the claim of a contractor for bringing sand from an alternate quarry in violation of the contract

conditions, leading to inadmissible payment of ` 2.14 crore to the contractor on account of extra lead charges.

Work of construction of Songiri Storage Tank, a part of Krishna-Marathwada Lift Irrigation Scheme, was awarded (November 2008) to a contractor at a bid cost of ` 54.21 crore on 'C' tender⁶⁸ with stipulated period of completion of 36 months (November 2011). Clause 1.4.3 of the contract conditions stipulated that the contractor may choose to collect sand in advance for use in work as the extent of annual replenishment of the sand sources was not known. The Clause further laid down that the contractor would make enquiries regarding adequacy, proper quality and cost of sand, approaches to quarries *etc.* He would also be responsible for making his own arrangements for quarrying and transportation of sand from the quarry to work site and no claim on this account would be entertained. Further, in the pre-bid meeting held on 21 February 2008, the Chief Engineer (Water Resources), Aurangabad (CE) clarified to the contractor that in the event of exhaustion of quantities or refusal of the Department to extract/use of material from quarries, extra lead charges for bringing material from an alternate quarry to work site would not be admissible. The contractor was granted extension up to December 2012 for completion of the work and payment of ` 75.39 crore was made up to July 2013.

⁶⁸ A lump sum contract where the contractor agrees to execute the work with all its contingencies in accordance with the drawings and specifications for a fixed sum

Scrutiny of records of Executive Engineer, Lift Irrigation Division, Osmanabad (EE) revealed (September 2011) that the EE submitted (July 2010) a proposal for sanction of ` 2.21 crore to the contractor, being the cost of extra lead charges, for bringing sand from an alternate quarry on the ground that the sand available at the designated quarries was not fit for utilization. The CE accorded (August 2010) approval for payment of ` 2.21 crore to the contractor for differential lead of 88 km (152 km-64 km) and up to 22nd Running Account bill, a payment of ` 2.14 crore was made (July 2013) to the contractor towards differential lead charges.

The EE stated (February 2013) that at the time of framing the estimates it was proposed to bring sand from Sina river. However, during execution of work appropriate quality and quantity of sand was not found at the designated quarry at Sina river by the contractor and the same had to be brought from an alternate site at Purushottampuri on Godavari river which was at a distance of 152 km from the work site. This led to payment of extra lead charges to the contractor.

The reply is not acceptable as payment of lead charges was inadmissible in terms of Clause 1.4.3 of the contract conditions and also in view of the clarification given by the CE in the pre-bid meeting held on 21 February 2008.

The payment of ` 2.14 crore already made may be recovered from the contractor.

The matter was referred to the Government in May 2013; their reply was awaited as of January 2014.

3.2.2 Unfruitful expenditure

The Water Resources Department disbursed ` 1.69 crore to 3,688 beneficiaries in Bhandara and Nagpur districts, displaced by Gosikhurd irrigation project, for computer training. The expenditure however, proved to be unfruitful as none of the beneficiaries turned up for training at the designated institutes and the training grants were retained by them.

With a view to creating employment opportunities for the project affected persons (PAPs) of Gosikhurd irrigation project, the Government of Maharashtra (GoM), as a special case, sanctioned (February 2010) a scheme for imparting employment oriented technical training of six months duration to one person per PAP family with approved maximum cost of ` 10,000 per training per trainee. The GoM also issued a GR (2 February 2010) according approval for incurring an expenditure of ` 14.62 crore in respect of 6,298 PAP families of Bhandara district and 8,325 PAP families of Nagpur district under the scheme. As per the GR, payment was to be made to the beneficiaries through the Collectors of districts for which funds were to be placed at the disposal of Collectors as per their demand, by the Vidarbha Irrigation Development Corporation, Nagpur (VIDC). Training in basic computers was one of the job oriented programmes that was prescribed under the scheme.

Scrutiny of records (April 2013 and June 2013) of the Executive Engineers of Gosikhurd Rehabilitation Division (Ambadi), Bhandara and Gosikhurd Rehabilitation Division, Nagpur (EEs) revealed that no guidelines were

framed for effective implementation of the scheme such as, selection of institutes for imparting training, cost and duration of training, mode of payment *etc.* However, the Superintending Engineer (SE) instructed (November 2011) both the Divisions to disburse amount directly to the beneficiaries *via* crossed cheques, on production of following documents:

- An affidavit to the effect that the beneficiary is undergoing/completed the training programme at the training institute (name to be indicated) duly signed by the beneficiary;
- Bonafide certificate of the institute imparting training to the beneficiary; and
- A copy of school leaving certificate.

An amount of ` 3.40 crore was paid to 3,400 beneficiaries by the Bhandara Division and ` 1.08 crore was paid to 1,088 beneficiaries by the Nagpur Division between April 2011 and June 2013 on the basis of above mentioned

certificates/documents submitted by the beneficiaries. Further audit enquiries at three training institutes in Bhandara district⁶⁹ and four institutes in Nagpur district⁷⁰ revealed that these institutes had issued bonafide certificates to 1,688 out of 4,488 beneficiaries but none of the beneficiaries had turned up for training after collecting the certificates. Three institutes in Bhandara district further confirmed that the beneficiaries gave false assurances that once they get the certificate, the Government would issue cheque in the name of the institute.

Because of the absence of specific guidelines and mechanism to implement the computer training programme, an expenditure of ` 1.69 crore⁷¹ incurred proved to be unfruitful as 1,688 beneficiaries did not attend the training classes but retained the training grant disbursed to them.

On this being pointed out, the EEs accepted (April 2013 and June 2013) the fact that amount of training grant was paid directly to the PAPs on the basis of instructions received (November 2011) from the SE. The SE stated that there were no clear guidelines for disbursement of training grant to PAPs. There were numerous complaints from PAPs on this issue and in order to bring uniformity in the procedure of disbursement of grants and to avoid delays, instructions for direct payment were issued. The SE added that surprise verification of training institutes was not conducted by the Divisions as PAPs had given affidavits.

The reply is not acceptable as the GR of 2 February 2010 clearly stipulated payment to beneficiaries only through the Collectors. Further, while the Divisions took great pains in ensuring that there were no delays in disbursement of training grant to the beneficiaries, the Divisions did not

⁶⁹ (i) Globe Computer Institute (546), (ii) Advance Computer, Bhandara (141) and (iii) Oss Computer Education (494)

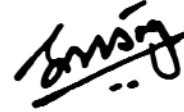
⁷⁰ (i) Om Computer Training Institute Nagpur (221), (ii) Abhilasha Computer Training Institute (80), (iii) Oasis Computer Academy (88) and (iv) GMK Computer Academy Nagpur (118)

⁷¹ 1,688 PAPs x ` 10,000 = ` 1,68,80,000

conduct any verification subsequently to ensure that computer training was actually availed of by the beneficiaries after receipt of grant.

The matter was reported to the Government in June 2013; their reply was awaited as of January 2014.

Nagpur,
The 29 May, 2014



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

Countersigned



New Delhi,
The 2 June, 2014

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India